“This rate settlement, which reflects the input of a broad range of stakeholders, is an important step for advancing New York’s energy future. The settlement will fund the investments and programs necessary to modernize our energy networks, while advancing metering technology, electric vehicles, energy storage, and transmission investments to unlock cleaner energy for customers.”

Rudy Wynter
National Grid President, New York jurisdiction

Key elements of 2021 Joint Proposal

<table>
<thead>
<tr>
<th>Requested revenue increase</th>
<th>RY1 (2021/22)</th>
<th>RY2</th>
<th>RY3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Annual</td>
<td>$49m</td>
<td>$96m</td>
<td>$110m</td>
</tr>
<tr>
<td>Electric Cumulative</td>
<td>$49m</td>
<td>$145m</td>
<td>$255m</td>
</tr>
<tr>
<td>Gas Annual</td>
<td>$13m</td>
<td>$29m</td>
<td>$33m</td>
</tr>
<tr>
<td>Gas Cumulative</td>
<td>$13m</td>
<td>$42m</td>
<td>$75m</td>
</tr>
</tbody>
</table>

- Allowed ROE of 9.0%
- Debt:equity structure of 52%/48% in RY1-RY3
- 3-year rate plan (July 2021 to end June 2024)
- $751m capex electric and $214m capex gas for RY1
- $3.3bn capex over the term of the rate plan
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEB’s, and environmental remediation
- Updated major storm tracker with new minor storm tracker and pre-staging cost mechanism
- Funds approximately 331 new positions over 3 years
- Managing our customers’ bills in response to economic downturn caused by the COVID-19 pandemic
- Investment to ensure affordable, decarbonized heating, including expansion to renewable natural gas
- Adopt additional innovative rate design elements, including performance-based rates, incentives and new earnings adjustment mechanisms
- New rates retrospective to July 2021

Customer impact (total bill)

- **Electric**: For RY1, typical residential electric customers will see an average total net bill increase of 2.2% or $1.88 per month
- **Gas**: For RY1, typical residential gas customers will see an average total net bill increase of 2.0% or $1.51 per month

Meeting our commitments . . .

- Over $2bn capex to modernize electric and gas networks
- Completed major infrastructure projects
  - Asset reliability and reinforcement
- Strong operational performance through severe weather events
- Consistently met regulatory reliability metrics

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>Electric</td>
<td>9.0%</td>
<td>3.41%</td>
<td>6.08%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Gas</td>
<td>9.0%</td>
<td>3.41%</td>
<td>6.08%</td>
<td>48.0%</td>
</tr>
</tbody>
</table>
**Electric Capex and Opex**

**Capex**
- Capital investment of $751m for FY1
- Deploying advanced metering infrastructure (AMI) to enable more efficient operations and customer-focused programmes
- Investing in transmission projects to unlock increased renewable generation

**Opex**
- $55m increase reflects:
  - Unprecedented investment in energy efficiency and demand response programmes
  - Increased vegetation management and storm resilience as well as Opex related to capital programmes
  - Focused programmes to address tower painting, enhanced transmission tower inspections
  - IT investments to facilitate clean infrastructure and O&M initiatives
  - Increase in Pension/OPEB costs offset by decreases in environment costs

**Gas Capex and Opex**

**Capex**
- Capital Investment of $214m for FY1
- Reducing methane emissions from the gas distribution system through pipe replacements. Identifying, prioritizing, and repairing large-system leaks; targeting a 60 percent reduction by 2035
- Replacing, on average, approximately 50 miles of leak prone pipe each year after CY21

**Opex**
- $10m increase reflects:
  - Enhancing safety and reliability programmes, including leak repair and damage prevention programmes, first responder training, and contractor safety inspections
  - Empowering and enabling customers to sustainably meet their heating needs through programmes, products, and demonstration projects aimed at empowering and enabling customers to take control of their energy usage

### Electric Year-1 revenue increase ($m)

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Return &amp; Rate Base</th>
<th>Depreciation</th>
<th>Taxes</th>
<th>O&amp;M</th>
<th>Excess ADIT Amortisation</th>
<th>Other revenue</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>21</td>
<td>33</td>
<td>22</td>
<td>56</td>
<td>(98)</td>
<td>(16)</td>
<td>$49m</td>
</tr>
</tbody>
</table>
```

### Gas Year-1 revenue increase ($m)

```
<table>
<thead>
<tr>
<th>Year</th>
<th>Return &amp; Rate Base</th>
<th>Depreciation</th>
<th>Taxes</th>
<th>O&amp;M</th>
<th>Excess ADIT Amortisation</th>
<th>Other revenue</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY21</td>
<td>5</td>
<td>17</td>
<td>9</td>
<td>10</td>
<td>(34)</td>
<td>6</td>
<td>$13m</td>
</tr>
</tbody>
</table>
```

### NIMO rate base forecast ($bn)

- **Gas**
  - FY20: $0
  - FY21: $2
  - FY22: $5
  - FY23: $8
  - FY24: $11

- **Electric**
  - FY20: $6
  - FY21: $10
  - FY22: $14

### 2020/21 RoE/Rate base ($m)

- **FERC**
  - Rhode Island Electric 10.0%
  - Rhode Island Gas 7.2%
- **KEDU**
  - NiMo Gas 6.3%
  - KEDNY 6.1%
- **Rhode Island Gas 8.8%

**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 customary financial statements and does not contain sufficient information to allow for an 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 ‘Risk factors’ section on pages 236 to 339 of National Grid’s most recent Annual Report and Accounts for the year ended 31 March 2021. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Equinit. 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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