We remain focused on balancing an economically viable pathway to decarbonization while ensuring the safety and compliance of our existing system. With this order, National Grid commits to greater system investments, aligned with our commitment to provide fairer, cleaner, and more affordable gas service to our customers.

Stephen Woerner
National Grid President for New England

Massachusetts Gas: 2021 Rate Case Order

Key elements of 2021 rate case order

| Mass Gas revenue increase | $72m |

1. Not including the existing recovery of $72m of leak prone pipe investment which is currently recovered via our capital tracker (GSEP). Recovery will be moved from the capital tracker to base rates as part of the filing.

- Allowed ROE 9.7%
- Debt/common equity structure of 46.6%/53.4%
- Additional annual revenue to cover increased operating costs and investments
- Order includes a Performance Based Rate Mechanism (PBRM), with an I-x formula (where I=inflation, x=productivity factor)
- 5 year rate plan (October 2021 to October 2026)
- Order supports capital investment of approximately $267m annually (Note: Leak prone pipe investments are recovered under separate mechanisms)
- Incremental operating expense of $65m
- Incremental 133 FTEs to meet our work plans over the next five years
- New rates effective from October 1, 2021

Financing assumptions

<table>
<thead>
<tr>
<th></th>
<th>Cost of equity</th>
<th>Cost of debt</th>
<th>Weighted average cost of capital</th>
<th>Assumed equity capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>MA Gas</td>
<td>9.7%</td>
<td>3.86%</td>
<td>6.98%</td>
<td>53.4%</td>
</tr>
</tbody>
</table>

Customer impact

Average residential heating increase of approximately 8% for Boston Gas and 10% for former Colonial Gas.

2. Increase based on information provided by DPU in its order. Final customer bill impacts will be presented in the Company’s compliance filing to be submitted in mid-October.
Opex
$65m increase reflects:
- $42m in labor, benefits and other core O&M
- $6m in incremental FTEs
- $10m in property taxes
- $7m increase in income and payroll taxes

Revenue increase ($m)

Capex
- Order includes capital investment of approximately $267m annually
- Rate Base to be updated to include all investments through March 2020, except GSEP

2020/21 RoE/Rate base ($m)

Rate Case / Regulatory History
2019 On November 16, National Grid filed for new rates with the Massachusetts DPU. The filing requested a new Performance Based Rate Mechanism (PBRM) to fund both capital and operational expenditure across the duration of the rate plan, ensuring inflation is factored into the cost base.

2018 Last rate case was effective October 1, 2018, and based on a historic test year of calendar year 2016. The 2018 rate case increased base distribution rates, included recovery of Gas Business Enablement program, funding to modernize IT infrastructure that supports our core gas distribution operating capabilities and recovery of incremental FTE’s for enhanced gas main replacement, repair work and overtime reduction.

2015 On April 30, 2015 the Massachusetts DPU issued an order implementing a new recovery mechanism for leak-prone natural gas pipeline outside of base rates

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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 236 to 239 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 Equiniti. 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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