The New York Business

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Welcome and Overview

National Grid New York
65% of the NGUSA business

21,000 miles of pipeline
53,000 miles of electric lines

85% reduction in GHG emissions by 2050

3 Operating Companies
4.1m Customers
$2bn FY21 capex
$15.8bn FY21 Rate Base 8% growth from FY20

Principal offices
- Syracuse
- Brooklyn

Electric
Gas
Electric and Gas
Electricity transmission network
New York – delivering for the Group

How New York aligns to the Group 5-year financial framework:

- capex spend of $14bn (£10bn)

Delivered through:
- Focus on efficiency
- Strong growth opportunities

New rates for our regulated businesses:

- Alignment with environmental aims
- Good sight on delivering efficiencies
- Capex visibility under new rate agreements
Driving efficiency across the business
Key to operational performance and affordability

New York share of Group efficiency programme – £175 million over 3 years
- Minimise customer bill impact
- Control costs
- Maximise our regulatory return

Achieve this across gas and electric through:
- Reducing external spend
- Enhancing work and asset management capabilities
- Digitalising and automating our work processes

Enabling us to deliver:
Investing affordably for our customers

10% more efficient capex investment

95% ROE target for shareholders
Our growth opportunities

Our sources of growth in New York

- Gas Distribution
- Electric Distribution
- Electric Transmission

Crucial to delivering the affordable energy transition

New York
£10bn capital investment, FY22 to FY26
Growing the business
Our gas network

80% Investment mandated for safety and reliability

Leak Prone Pipe increases reliability

Reduces CO₂ equivalent emissions

Underpins growth – 5,000 miles replaced since 2011

Another 10-15 years to run on Leak Prone Pipe program

£6bn in capital investment over the next 5 years

New York
£10bn capital investment, FY22 to FY26

InvestorDay
The Future of Heat
Our gas network

- Leak Prone Pipe program future proofs our network for low carbon gas blending
- Recently published pathways to decarbonise Downstate NY
- Role for electrification – but not practical to electrify all heating
- Gas network has a role in net zero
- New York hydrogen blending project
- Blending ‘green’ hydrogen into our network

Pathways to Carbon-Neutral NYC: MODERNIZE, REIMAGINE, REACH

Co-authored by National Grid, New York City Mayor’s Office, and Con Edison

Envisages a future role for the gas network in a carbon neutral New York.
Growing the business – Pursuing a Hydrogen Hub

Establishing a hydrogen hub on Long Island

- 15x increase in hydrogen production
- Could fuel 1 GW generation
- Low carbon fuel for gas network
- Potential $5bn investment over next decade
Growing the business
Electric distribution and transmission

- One third of capex deployed in our electric distribution networks
- Hardening the network against storm activity – 82% of our lines are above ground
- 900MW renewables connected since 1998
- Another 4GW awaiting connection to the network
- 16,000 EV charging points over next 3 years
- Transmission upgrades – up to $2 billion in addition to our FY22/26 capital investment guidance

£4bn
in capital investment
over the next 5 years

New York
£10bn capital investment, FY22 to FY26
Growing the business – Smart Path Solution
Transmission in Upstate New York

- 2021 – New York Power Authority selected National Grid as a partner
- Approved by PSC – due to commission in 2025
- Upgrades 100+ miles of existing transmission line

- >1 million tons of CO₂ avoided each year
- 1,000 MW increase in renewable energy flow
- $500 million investment opportunity
- $400 million in congestion savings annually

National Grid to upgrade 46 miles of 230kV lines to 345kV
NYP A to upgrade 55 miles of 230kV lines to 345kV

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Growing the business
Long Island Transmission project

Connect over **3GW** of offshore wind to Long Island

Requires **3GW** new transmission to connect to NY

Bids requested **October 2021**

National Grid submitted bid under its NY Transco JV, partnering with NYPA under the name Propel New York Energy

**Expertise** with local, commercial and technical knowledge

Projects of 3-6GW represent a **$3-$5 billion** investment opportunity
Delivering growth in New York

Investment driven by:
- Regulatory agreements
- Growth opportunities
- Efficiency programme

New York to target £175m efficiency savings over the next 3 years to deliver flat, controllable costs

FY22 to FY26:
- Capex: $14bn (£10bn)
- Rate base growth: 8% CAGR
- Underlying profit growth: 8% CAGR
A strong outlook for our regulated business – long term growth fundamentals

- **Gas Distribution**
  - Leak prone pipe replacement (10-15 year program)

- **Electric Distribution**
  - 4 GW renewable connections, customer growth, storm hardening

- **Electric Transmission**
  - 10 year workplan, reinforcing the network

- **Electric Vehicles**
  - Further transmission upgrades

2021 - 2030