Across the period 2023-28: RIIO-ED2 will help further accelerate our delivery of smart, decarbonised electricity distribution networks in the UK, at the lowest cost to customers

Key highlights
- Total investment (Totex): £5.9bn
  - with embedded efficiency savings of over £700m
- Capex: £4.6bn

Financial highlights

<table>
<thead>
<tr>
<th>Cost of equity</th>
<th>Cost of debt</th>
<th>Cost of Capital</th>
<th>Gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.23 %</td>
<td>3.01% / 3.07 %</td>
<td>3.90% / 3.93%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Note: CPH real, RIIO-2 average. Will be updated as gilt rates change through the price control

1. Our East Midlands network is deemed a frequent issuer by Ofgem, producing a marginally lower allowed debt funding than our three other networks

- Totex capitalisation rate: ex-ante 77-79% (Cap rate 1)
- 45-year straight line depreciation for new assets

Uncertainty Mechanisms (UMs)
- The price control has a total of 37 UM
- Estimated additional spend: £290m (75% automatic/Vol driver)
- Capitalisation rate: 85% (Cap rate 2)

Return on Incentives
- Incentive mechanism RoRE range: 2.65 – 4.00%

Other key financial highlights
- £4.8m Business Plan Incentive (BPI) outcome

Delivering for our customers and communities
- To provide timely, affordable, low carbon connections, enabling:
  - up to an additional 1.5m EVs
  - 360,000 new heat pumps
- 1.2m vulnerable customers to be offered a smart energy advice plan, every two years
- £1m ‘Community Matters’ support fund
- Target to reduce the average customer power cut to 22 minutes

We own and operate electricity distribution networks in The Midlands, South West and in Wales, serving c.8million customers

UK-ED baseline totex

- Non Load Network Investment and Reinforcement
- Engineering Management
- Network Operating Costs
- IT & Telecoms
- Vehicles, Property & Engineering Equipment
- Other

Baseline totex £1.2bn² per annum

² 2020/21 prices

Further information
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