Good afternoon everyone and welcome to our London headquarters for today’s event focused on our Electricity Distribution business.

It’s been just over 2 years since we completed our acquisition of Western Power Distribution. It now makes up a significant part of the reshaped Group and accounts for 20% of our regulated assets. To give a sense of its scale, as a standalone business, it could be a FTSE 50 company.

At the time, we said that this acquisition, together with our decision to sell a majority stake in UK Gas Transmission, would be transformational for our UK business.

And we’re even more convinced of that today than we were two years ago.

And my hope is that you’ll leave this event as excited about Electricity Distribution and its strong growth prospects as I am.

In a moment I’m going to hand over to Cordi O’Hara, our new Electricity Distribution President and Darren Pettifer, its CFO; but a handful of key points before I do.
Since completion, we’ve done a lot to integrate and establish Electricity Distribution within the group.
- We’ve introduced a new leadership team;
- We’ve agreed RIIO-ED2, our new 5-year price control, and today we’re announcing that we’re targeting 100 to 125 basis points of outperformance over the period;
- We’ve changed the name from Western Power Distribution and rolled out the new branding;
- We’ve integrated our corporate and back-office functions, including financial reporting, treasury and procurement; and
- We’ve identified £100 million of synergies, which will be delivered over the next three years.

I’m particularly pleased that during this time of significant change, we’ve continued to deliver operational excellence and top quartile performance across all our key metrics, demonstrating the strong foundations we have to build upon.

And as I said, the strategic rationale that we set out at the time of the acquisition is even more compelling today:
- First, as the UK’s largest electricity transmission and distribution owner, we’ve significantly enhanced our exposure to electrification and by doing so, materially improved the Group’s long-term growth outlook.
- Second, we’ve a critical role to play at the heart of the energy transition. Since the acquisition we’ve seen clear opportunities to leverage complementary capabilities that will benefit customers and shareholders.
- And finally, with the strategic pivot, we’ve maintained the benefits of geographic and regulatory diversity.
So, taking each of these areas in turn.

First, our improved growth outlook as a result of the increased exposure we have to electricity. Most energy commentators in the UK forecast up to a doubling of electricity demand by 2050.

To accommodate this huge growth, local distribution networks, which have remained relatively static over the last 50 years, will undergo significant change over the next two decades. They’ll become smarter, multidirectional and flexible, whilst also becoming much larger, to accommodate the growth in electricity demand.

Our strategic pivot fundamentally shifted the group from low growth gas transmission, to higher, more visible longer-term growth in electricity. And we’re already seeing this translate with a step change in investment for customer connections and reinforcements, including a 30% step up in annual spend from RIIO-ED1 to RIIO-ED2.

And we can see sustainable waves of investment over the next decade and beyond as we connect more renewables and enable the roll-out of electric vehicles and heat pumps.

Secondly, by adding UK electricity distribution alongside our existing businesses, we’ve significantly enhanced our role in the energy transition. As the biggest energy networks company in the UK, we have the opportunity to take a whole system approach. This enables us to offer a broader range of solutions for our customers, as well as support the development of local decarbonisation plans. We’re focused on building resilient and flexible systems that can ultimately lower costs for consumers, whilst creating new jobs across the communities that we operate within.
This whole system approach includes finding opportunities to optimise investment across UK transmission and distribution.

We’re already doing this, from collaborating on major projects like the Hinkley Connection, to works on individual substations. As an example, recently at a substation in Coventry we were able to accelerate a new connection by 30 months and save £2 million.

We’re also bringing together the best of Electricity Distribution’s local operational strengths, with our track record of engineering excellence and complex project delivery.

And we’re more focused on customers than ever, applying learning from Electricity Distribution’s leading customer satisfaction performance to drive improvement across all of our businesses.

Through seizing these opportunities, alongside our focus on efficiency, we expect to deliver £100 million of synergies across the group over the next 3 years.

Three quarters will come from the UK, helping to underpin our outperformance targets, and the remainder from the US helping to support achieved returns.

And finally, with our diversified portfolio, our investor proposition is clear. We have a balance of assets that provide:

- Both attractive growth and yield; and
- A resilient mix of real and nominal regulation within stable jurisdictions.
The addition of UK Electricity Distribution has pivoted our business so that 70% of the Group’s assets are focused on electricity. We have an asset base that is balanced across the UK and US.

This ability to achieve the best of both yield and growth has been fundamental to our delivery of a progressive dividend over the past 20 years and a total shareholder return that has significantly outperformed the FTSE100 over the last decade.

And as I’ve said previously, there’s never been a more exciting period for our industry. With the strategic pivot now complete and with Electricity Distribution now well established within the Group, it’s;

- great to have a chance to talk about this part of National Grid,
- the benefits that have been achieved so far, and
- the significant growth opportunities, that will deliver waves of investment for many, many years to come.

Today is all about our UK Electricity Distribution business and so I’ll leave you in Cordi’s very capable hands. I look forward to joining you for a drink after the presentations. Thank you.