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Building our energy future: transforming electricity transmission

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Good afternoon everyone. I'm delighted to see so many of you here today, for a deep dive on the critical work that we're doing to build the next generation of networks.

You've heard me say many times before, that this is an enormously exciting time for our industry. In my 35 years, I've never seen as much opportunity for growth as I see right now.

As you know, this is driving our plans to invest £60 billion through to March 2029. And as I said in our results presentation this morning, our visibility of that investment has improved even further over the last 12 months, underpinning our confidence to deliver asset growth of around 10% per annum, underlying earnings per share growth of 6 to 8% and an inflation-protected dividend.

And our track record of delivering complex infrastructure is outstanding. In the last few years alone we've built:

- The Hinkley Connection between Bridgwater and Avonmouth, which will enable 6 million homes and businesses to access low carbon electricity;
- London Power Tunnels 1 and 2, encompassing 64 kilometres of tunnels to modernise the electricity network and rewire the capital;

- New Interconnectors, where we've built the world's largest portfolio of sub-sea cables with 7.8GW of links to France, the Netherlands, Belgium, Denmark, and Norway;
- And in New England we've recently concluded a significant refurbishment of 50 miles of transmission lines across Massachusetts and Rhode Island.

Today, we're delivering extraordinary change, implementing the largest ever overhaul of our networks in all the jurisdictions we serve. Across our 5-year frame around half of our capex will be invested in "**electricity transmission**", including major projects like:

- the 17 Accelerated Strategic Transmission Investments projects, known as ASTI, to address system constraints and enable the connection of offshore wind in the UK;
- And our \$4 billion New York Upstate Upgrade, the largest investment in the state's electricity network for a century.

The scale of activity on both sides of the Atlantic today is at record levels. And it's backed by governments' and regulators' who are focused on domestic energy security, cleaner sources of generation, and energy affordability for customers.

And over the last few years the policy and regulatory environment has evolved at pace to support this shift. For example in the UK we've seen:

- The Government's Clean Power 2030 plan and formation of the National Energy System Operator;
- Significant progress in moving forward planning, consenting and connections reform;
- A new statutory duty given to Ofgem to support net zero;

- The introduction of anticipatory investment, which is enabling us to build infrastructure in advance of need.
- And various regulatory mechanisms that enable faster delivery of projects, including the Advanced Procurement Mechanism.

And in the US we've seen:

- For the first time, anticipatory investments in electricity infrastructure, enabled through New York's Climate Leadership and Communities Protection Act, or CLCPA;
- The reconvening of the "State Energy Board", to draft a roadmap to build a clean, secure and affordable energy system in New York;
- The Climate Bill in Massachusetts, which includes reforms to the state's siting and permitting process, for utility infrastructure and clean energy projects;
- And approval of our Electricity Sector Modernisation Plan where we've filed for up to \$2 billion of investment to help deliver the state's clean energy goals.

This momentum is vital, but of course, so is our approach to delivery.

So, this afternoon we want to lift the hood up, on how we're successfully delivering this huge step up in investment, in ways that are innovative, efficient and safe.

You'll hear more about that in our breakouts but before that, I want to spend a moment on how we've approached the supply chain and then invite two of our most valued partners on stage for a discussion.

As we all know, the global energy supply chain is facing unprecedented challenges as a result of geo-political turmoil, inflation and military conflict. Furthermore, with our

utility peers around the world significantly increasing their investment spend, demand is outpacing supply for many transmission assets.

It's against this challenging backdrop that National Grid needs to ensure that it's the client of choice across all aspects of the supply chain - the partner that everyone wants to work with.

To enable this, we've transformed our delivery model.

Firstly, in April 2023, we created our Strategic Infrastructure division, to specifically oversee the delivery of ASTI. We've invested heavily in our procurement and supply chain capabilities and significantly enhanced our ability to manage risk and complexity. And we continue to build our internal capabilities, and the division now stands at over 1000 employees.

Secondly, we're working more closely with our supply chain partners by putting in place the right contractual frameworks to deliver the program of work. We recognised that our businesses are competing globally, and we needed to put in place programs that give our partners the visibility and the transparency of the work we're doing, over the next decade.

We also wanted to ensure that we had the right regulatory frameworks in place, to deliver this work in a programmatic way, rather than on a project-by-project basis, which is how things have been done historically.

And finally, we've leveraged National Grid's scale to create future demand transparency, committing spend to suppliers to allow investment in capabilities, and ensure continuity and availability of supply. We've also invested in relationships with

our partners and have made it a priority to develop strong executive level ties across our most important suppliers.

As you'll hear today, this approach has been transformational for National Grid. It's enabled us to secure the delivery mechanisms for more than two thirds of our £60 billion of capital expenditure. And as I said at the start, this strongly underpins our confidence to deliver on the five-year frame and beyond.

I'm pleased that Carl, President of Strategic Infrastructure and Sally, our New York President, are here today to explain our approach in more detail. They both know that I'm incredibly proud of the work that they and their teams are doing to pioneer change in this fast moving and high growth environment.

But before I hand over to Carl and Sally, I'd like to invite two of our most important Supply Chain Partners, John Murphy, CEO of J. Murphy & Sons and Tim Holt, Executive Board Member of Siemens Energy and they are going to join me to provide their perspective first hand.

For those of you who aren't familiar with the work we do with Siemens Energy;

- *they were a key partner on the record breaking Viking Link interconnector project*
- *they are a member of our £24bn HDVC converter framework*
- *and they provide key equipment to National Grid, including circuit breakers and transformers*

and I'm very pleased to welcome Murphy Group who are;

- *working on the EGL1 and 2 subsea links between England and Scotland, as part of the ASTI portfolio*
- *The London Power Tunnels 2, a flagship transmission project in the capital*

- *and our Bramford to Twinstead reinforcement project.*