

Massachusetts Electric:

2024 Rate Case Order - updated for ESMP

Investor Relations | October 2024, updated June 2025

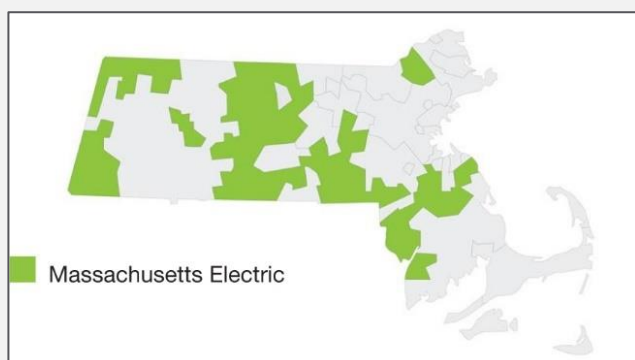


“Building a smarter, stronger, cleaner electric grid is foundational to our commitment of providing safe, reliable service to our customers as Massachusetts pursues its clean energy goals. The new plan enables the critical investments in our energy network, as well as a first-of-its-kind tiered discount rate program for income-eligible customers that promotes greater equity. As always, we are focused on providing the high levels of service our customers and communities expect and deserve.”

Lisa Wieland, President of National Grid New England

National Grid and Massachusetts Electric

Massachusetts Electric distribution companies



- 1.4 million electric customers
- 6,800+ employees in Massachusetts
- Over 18,000 miles of electric distribution lines
- Regulated by Massachusetts Department of Public Utilities

Meeting our commitments

Since the 2019 rate case we have:

- Invested approximately \$2 billion to maintain reliability, increase resilience, accommodate economic growth, prepare for more electrification, and more clean energy resources connecting to the grid.
- Replaced 54,000 poles, 24,000 transformers, and more than 1,500 high voltage switches to strengthen and secure the electric system;
- Connected more than 58,000 distributed energy resources to grid -- enough to power 200,000 homes;
- Created efficiencies saving customers \$47 million/year since 2018.

Key elements of 2024 rate case order

Mass Electric Year 1 revenue increase \$90.2 million

- Allowed ROE of 9.35%
- Common debt:equity structure of 47.17%/52.83%
- 5 year rate plan (October 2024 to October 2029)
- Introduces a new mechanism that enables timely recovery of growing capital investment needs up to a cap
- Includes a Performance Based Rate Mechanism (PBR-O) providing recovery of core operating and maintenance costs
- Increases Storm Cost Recovery by \$42 million per year in base rates plus an additional \$18 million in the Storm Fund Replenishment Factor (SFRF)
- Earnings sharing mechanism triggered when actual ROE exceeds 100 bps above allowed ROE (75/25 sharing between customer and company)
- Symmetric Performance Incentive/Penalty structure for low income program enrollment and Distributed Energy Resource (DER) Interconnections
- Multi-tiered low income discount rates to address energy burdens and promote rate equity
- New rates in effect from October 1, 2024

Financing assumptions

	Cost of equity	Cost of debt	Weighted average cost of capital	Assumed equity capitalization
MA Electric	9.35%	4.56%	7.09%	52.83%

Customer impact

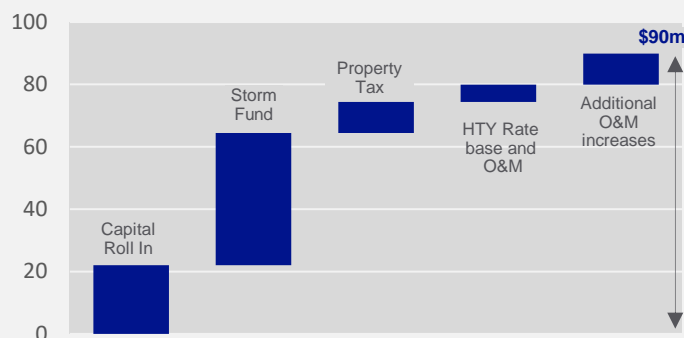
Typical residential electric customers will see an approximate year 1 net bill increase of ~ 3.5% or \$6 to \$7 per month.

Opex

\$90.2 million year 1 increase reflects:

- \$22m Capital Roll-In
- \$42m increase in annual storm fund costs, excluding the increases in the SFRF
- \$10m Amortization of Property Taxes
- \$6m Historic Test Year (HTY) Rate base and O&M Increases
- \$10m additional O&M increases

Revenue increase (\$m)



Timetable

16 November 2023	Proposal filed
Spring / Early Summer 2024	Evidentiary Hearings
30 September 2024	Commission order
1 October 2024	New rates effective

Rate Case / Regulatory History

2019 The last rate case became effective October 1, 2019 and was based on historic test year of CY2017. A five year rate plan was approved that increased base distribution rates and put in place the Company's first PBRM.

2016 Effective on October 1, 2016 and based on a split historic test year of 2014 and 2015. The 2016 rate case increased base distribution rates, included all previously unremunerated investments, increased the annual capex tracker and storm fund contribution.

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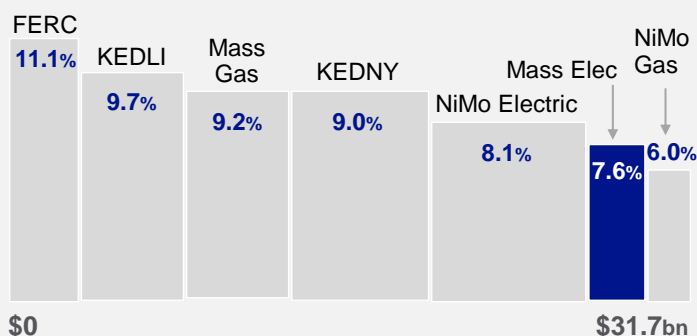
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Capex

- The filing presents a Comprehensive Performance and Investment Plan that proposes a separate cost recovery mechanism for any capital investments placed in-service in prior calendar year subject to a recovery cap, supporting increasing investments with timely recovery.

2023/24 Achieved RoE/Rate base



Previous agreement

	Equity/Debt (%)	Allowed RoE	FY24 Achieved RoE
Mass Electric	53/47	9.6%	7.6%

ESMP Filing (June 2025)

- The DPU approved a \$700 million in cost recovery including capital investments in networks and supporting technology, associated operating costs, and new non-wires alternatives over the next 5 years, from July 2025.
- This includes a cost recovery mechanism, balances State decarbonisation goals with ratepayer affordability, and aligns to National Grid's 5-year financial framework.
- Some anticipatory investment was not approved within the filing, but the order states that if actual demand supports it, investments may be changed from 'anticipatory' to 'needed' and could then be recovered through the current MECO capital tracking mechanism.

nationalgrid