

nationalgrid

# Green Financing Report

2025/26



# Introduction

National Grid plc is one of the world's largest investor-owned energy utilities, committed to delivering electricity and gas safely, reliably and efficiently to the customers and communities we serve.

Alongside other network companies, we have a unique role to play in supporting the energy system transition. The biggest impact that we can have on supporting system decarbonisation is through enabling the connection of low carbon generation and storage and the adoption of electric heating and transport. While we remain focused on reducing our own carbon emissions, we also enable the deployment of low carbon energy supply by building the network of the future.

We are scaling a once-in-a-generation increase in network capacity to connect and transport electricity. By building out the networks of the future, we are enabling the deployment of renewable energy supply to meet society's growing electricity needs, while bringing down its emissions. To do so, we are investing heavily in our networks to deliver low carbon energy and the issuance of green financing instruments supports our efforts and reinforces our commitment to the clean energy transition.

Over the last year we have executed almost £3 billion of new green financing, including €1.35 billion (£1.2 billion) of green bonds and £1.7 billion equivalent of undrawn green export credit agency-backed loans.


The following pages report on the allocation of proceeds and environmental impact of the two bond issuances, namely:

- National Grid North America Inc's (NGNA) €700 million 10-year green bond, settled in June 2025; and
- National Grid Electricity Transmission plc's (NGET) €650 million eight-year green bond, settled in February 2026.

In addition, we also report on the reallocation of proceeds from two National Grid plc green bonds issued in 2021 and 2023, where a portion of the proceeds were allocated to projects at National Grid Renewables and National Grid Smart Ltd, entities that were divested in May 2025 and September 2023 respectively. Proceeds have been reallocated to 100% eligible green projects within NGET in accordance with our Green Financing Framework published in 2021 (the "2021 Framework"), consistent with the approach in the original 2022 and 2023 Green Financing Reports.

The NGNA and NGET green bonds were issued in accordance with National Grid's Green Financing Framework as updated in May 2025 (the "2025 Framework"). The 2025 Framework is aligned with the four components of the International Capital Market Association's (ICMA) Green Bond Principles 2021, as well as the Loan Market Association's (LMA), the Asia Pacific Loan Market Association's (APLMA) and the Loan Syndications & Trading Association's Green Loan Principles 2025. It is also aligned, where possible and relevant, with the latest EU Taxonomy Delegated Acts on Climate Change Mitigation and Adaptation.

Moody's provided a second party opinion (SPO) on our 2025 Framework and assigned it an SQS1 (excellent) sustainability quality score. ISS-ESG provided the SPO on the 2021 Framework.

 Deloitte have provided independent limited assurance over selected information, identified with this leaf symbol within this Green Financing Report.

The 2021 and 2025 Frameworks, SPOs and Deloitte's independent limited assurance report are available on our website: <https://www.nationalgrid.com/investors/debt-investors/green-financing>.

The Green Financing Committee and Audit & Risk Committee have reviewed and approved this Green Financing Report 2025/26.

Our Green Financing Framework supports our ambitions and commitments towards the environment and our efforts in tackling climate change. Our Responsible Business Charter (RBC) outlines near-term greenhouse gas (GHG) emissions reduction targets, validated by the Science Based Targets initiative (SBTI), whilst our Climate Transition Plan (CTP) outlines a credible pathway to achieve these targets. For more information on our commitments and ambitions under the RBC and CTP, please refer to the Responsible Business Fundamentals section of our website at <https://www.nationalgrid.com/responsibility/responsible-business-fundamentals>.



London Power Tunnels, UK

Table 1: Final terms of National Grid North America Inc. (2025) and National Grid Electricity Transmission plc (2026) green bonds

Issuer	National Grid North America Inc.	National Grid Electricity Transmission plc (NGET)
Bond rating* (Moody's/S&P/Fitch)	Baa2 / BBB / NR	Baa1 / BBB+ / A-
Documentation/status	EMTN / Senior unsecured, Reg S	EMTN / Senior unsecured, Reg S
Currency	EUR	EUR
Size	€700m	€650m
USD/GBP equivalent**	\$794.3m	£560.9m
Trade date	May 27, 2025	January 27, 2026
Settlement date	June 03, 2025	February 03, 2026
Maturity	June 03, 2035	February 03, 2034
Coupon	3.917%	3.563%
Denominations	€100,000 + €1,000	€100,000 + €1,000
Primary listing	London	London
ISIN	XS3086253112	XS3286502821

\* Rating as at date of issuance. \*\*For the NGNA bond, USD equivalent amount is based on the foreign exchange (FX) rate at the settlement date (€1: \$1.1347). For the NGET bond, GBP equivalent amount is based on the FX rate at the settlement date (€1: £1.15895).

Table 2: Final terms of National Grid plc (2021) and National Grid plc (2023) green bonds

Issuer	National Grid plc (2021)	National Grid plc (2023)
Bond rating* (Moody's/S&P)	Baa2 / BBB / BBB	Baa2 / BBB / BBB
Documentation/status	EMTN / Senior unsecured, Reg S	EMTN / Senior unsecured, Reg S
Currency	EUR	EUR
Size	€850m	€750m
USD/GBP equivalent**	£727.6m	£665.0m
Trade date	August 25, 2021	January 09, 2023
Settlement date	September 01, 2021	January 16, 2023
Maturity	September 01, 2028	January 16, 2029
Coupon	0.250%	3.875%
Denominations	€100,000 + €1,000	€100,000 + €1,000
Primary listing	London	London
ISIN	XS2381853279	XS2575973776

\* Rating as at date of issuance. \*\*For the NG plc 2021 bond, GBP equivalent amount is based on the FX rate at the settlement date (€1: £1.16822). For the NG plc bond 2023, GBP equivalent amount is based on the FX rate at the settlement date (€1: £1.12782).

# NGNA (June 2025) Allocation and annualised impact report

## National Grid North America Inc. (NGNA) green bond

The NGNA green bond has been fully allocated between 1 July 2024 to 31 March 2025.





It has been fully allocated for refinancing purposes to eligible green expenditure in NGNA's New England and New York businesses, including projects that have been approved as 100% eligible green by the Green Financing Committee and projects subject to a green ratio (see footnote 6 on page 4). Allocation details are presented in table 3 below.

The spend is included within the Electricity Networks category of the 2025 Framework and relates to expenditure in four US operating companies which are subsidiaries of NGNA: Niagara Mohawk Power Corporation (NIMO) in our New York business unit; and Massachusetts Electric Company (MECO), Nantucket Electric Company (NANT) and New England Power Company (NEP) in our New England business unit.

In addition to allocation details, table 3 includes an estimate of the environmental benefits related to the eligible green projects funded by this green bond. This is presented in the table under 'Impact analysis' as 'Estimated annualised tCO<sub>2</sub> emissions avoided'. The methodology used to calculate emissions avoided can be found on page 4.

Further information on allocation principles and eligible categories can be found in the 2025 Framework published on our website at <https://www.nationalgrid.com/investors/debt-investors/green-financing>.

Table 3: Eligible Green Expenditure and Environmental Impact

Eligible Green Category	EU Economic Activity	Invested amount <sup>1</sup> (€ in millions)	Eligibility for Green Financing Instruments (%)	Eligible amount <sup>2</sup> (€ in millions)	Allocated amount (€ in millions)	Share of green bond allocation (%)	Impact analysis	
							Estimated annualised tCO <sub>2</sub> emissions avoided (tCO <sub>2</sub> e)	Contribution to specific UN SDGs
Electricity Networks	4.9 Transmission and distribution of electricity <sup>3, 4, 5, 6</sup>	 1,716.4	61.8 %	 1,060.3	 700.0	100.0 %	 273,311.2	UN SDG 7, 9, 13
<b>Total</b>		1,716.4	61.8 %	1,060.3	700.0		273,311.2	

Note: Deloitte have provided independent limited assurance over selected information, identified with the symbol  to the left hand side of the assured figure.

Projects approved as 100% eligible green projects, against which proceeds have been allocated from the NGNA green bond, include:

- Smart Path Connect (New York) - upgrading and installing transmission lines to support New York State's goal of reducing transmission system congestion/curtailment of renewable generation supply from upstate to downstate New York.
- Climate Leadership and Community Protection Act (CLOPA) Phases 1 and 2 (New York) - transmission investment to unlock renewable generation through increased line capacity.
- Advanced Metering Infrastructure (New York and New England) - the installation of smart meters and field area network equipment through upstate New York and across New England. Smart meters provide and carry information to users for remotely acting on consumption, including customer data hubs.
- 20-75 Capital Investment Projects (New England) - infrastructure upgrades to enable new, clean, distributed generation resources to interconnect to National Grid's electric grid network.

### Notes to the Allocation and annualised impact report (previous page)

- The 'invested amount' in Table 3 includes the total invested amount prior to green ratios in New York and New England being applied to projects under eligible maintenance capex. Applying the green ratio then derives the 'eligible amount' of investment against which the bond proceeds are allocated. US\$ capital investment has been converted to € at the exchange rate of €1: \$1.1347, for reporting purposes. Note, capital expenditure presented in Table 3 represents US GAAP capex figures, net of capital prepayments and customer contributions.
- Note that there is a small difference between the value in the eligible amount column in Table 3 and the value calculated using the invested amount and eligibility for green financing instruments percentage due to rounding.
- Information on our compliance with the EU Taxonomy alignment substantial contribution, do no significant harm and minimum safeguards criteria can be found in our EU Taxonomy Reporting for the relevant period(s) here ([Our reporting suite | National Grid](#)).
- In line with our 2025 Framework, we have elected to allocate proceeds from the NGNA green bond to (a) projects that have been approved as '100% eligible green projects' and (b) projects that fall under the designation of eligible maintenance capex where a green ratio is applied. Information on how business unit-level expenditure contributes to our overall eligibility and alignment to the EU Taxonomy criteria is set out in our reporting for the relevant period(s) here ([Our reporting suite | National Grid](#)).
- Projects approved as 100% eligible green projects account for €334 million of allocated bond proceeds; projects designated as eligible maintenance capex account for €366 million of allocated bond proceeds. When 100% eligible green projects and projects designated as eligible maintenance capex are combined, the eligible green financing instruments represent 61.8% of the total invested amount (as shown in table 3). Both types of projects contribute to maintaining and improving our electricity transmission and distribution networks, including enhancing their capacity to more efficiently deliver higher levels of variable renewable energy to meet the needs of the future energy system.
- We recognise that the electricity in our system is generated from a combination of renewable and non-renewable sources, and we therefore apply a green ratio to the eligible maintenance capex equal to the renewable proportion of generating capacity over the period covered by the bonds. The green ratio is defined as the share of installed renewable nameplate capacity versus the total peak load on our electric networks in the respective US jurisdictions of our US operating companies, and is calculated as:
  - the sum of (A) the distribution active demand response (our ability to shift customer demand of electricity based on available supply), and
  - (B) the installed renewable resources nameplate capacity of electricity generators connected to our transmission and distribution systems (excluding large-scale hydroelectricity plants (>25MW)), each located within our service territory (the intended full-load sustained output of a generation facility connected to our transmission or distribution networks. Generation resources in our distribution systems consist of small and geographically dispersed generation sources such as solar, energy storage, and demand response resources located on the distribution system);
  - divided by (C) the total forecast peak load (weather and econometric-adjusted customer demand, net of distributed energy resources).

For MECO, NANT and NEP, we applied the 2024/25 green ratio of 47.8% to the New England projects designated as eligible maintenance capex in the allocation period, and for NIMO we applied the 2024/25 green ratio of 57.6% to the New York projects designated as eligible maintenance capex in the same period.

### Impact methodology NGNA: Estimated annualised CO<sub>2</sub>e emissions avoided (tCO<sub>2</sub>e)

The eligible capital expenditure for this bond supports the maintenance and enhancement of our US electricity transmission and distribution networks. The avoided emissions estimate reflects the impact this expenditure has on the continuous transmission and distribution of renewable electricity.

Estimated tonnes of CO<sub>2</sub>e avoided is calculated as the savings from connected renewable generation capacity (which has zero emissions) compared to those that would have occurred from the average generation mix and the relevant carbon intensity factor for the applicable service region. The avoided CO<sub>2</sub>e emissions over the allocation period of the bond have been calculated by multiplying the following:

- The total electric load onto each of our distribution and transmission networks over the allocation period of the bond (in MWh);
- The green ratio, calculated by using the installed renewable<sup>A</sup> nameplate capacity on the day of the peak load within 2024/25 as a proportion of the total peak load on our electric networks during 2024/25 (57.6% for New York and 47.8% for New England); and
- The latest available carbon intensity factor relating to the allocation period, obtained from the EPA's eGRID<sup>B</sup>. In line with the UK Government GHG Conversion Factors for Company Reporting, the Group applies Global Warming Potential factors from the Intergovernmental Panel on Climate Change Fifth Assessment Report to convert to CO<sub>2</sub>e.

The resulting avoided emissions attributable to the bond are then reached by dividing the nominal amount of the bond by the total PPE net book value<sup>C</sup> for MECO, NEP, NANT and NIMO Electric and multiplying by the total avoided emissions on the network over the allocation period of the bond. This reflects the contribution of the bond-financed capital expenditure as part of the wider network that collectively enables avoided emissions across the power system.

Finally the avoided emissions are annualised to allow for comparability of impact between green financial instruments.

Please note that the avoided emissions estimate presented here is solely for green bond reporting purposes and excludes absolute (gross) GHG emissions from the construction phase and ongoing operations of the associated capital expenditure projects. For comprehensive details on our corporate GHG reporting, including Scope 1, 2 and 3 performance against our SBTi GHG reduction targets, please refer to our latest Annual Report and Accounts<sup>D</sup>.

A. Solar, wind, small hydro (<25MW capacity)

B. Available from <https://www.epa.gov/egrid/historical-egrid-data>

C. Plant, property and equipment net book values as at 31 March 2025

D. Available from <https://www.nationalgrid.com/investors/resources/reports-plc>

# NGET (February 2026) Allocation and annualised impact report

## National Grid Electricity Transmission plc green bond





The green bond has been fully allocated for refinancing purposes to four specific NGET project categories, with capital expenditure in the period from 1 April 2024 to 31 March 2025. The spend is included within the Electricity Networks category of the 2025 Framework. Allocation details are presented in table 4 below for these four project categories only. Additional eligible green capital expenditure from other projects during the period 1 April 2024 to 31 March 2025 is not included.

In addition to allocation details, table 4 includes an estimate of the environmental benefits related to the 100% eligible green projects funded by this green bond.

This is presented in the table under 'Impact analysis' as 'Estimated annualised tCO<sub>2</sub> emissions avoided'. The methodology used to calculate emissions avoided can be found on page 6.

Further information on allocation principles and eligible categories can be found in the 2025 Framework published on our website at <https://www.nationalgrid.com/investors/debt-investors/green-financing>.

Table 4: Eligible Green Expenditure and Environmental Impact

Eligible Green Category	EU Economic Activity	Invested amount (€ in millions)	Eligibility for Green Financing Instruments (%)	Eligible amount (€ in millions)	Allocated amount (€ in millions)	Share of green bond allocation (%)	Impact analysis	
							Estimated annualised tCO <sub>2</sub> emissions avoided (tCO <sub>2</sub> e)	Contribution to specific UN SDGs
Electricity Networks	4.9 Transmission and distribution of electricity <sup>2</sup>	 733.6	100.0 %	 733.6	 650.0	100.0 %	 281,545.7	UN SDG 7, 9, 13
<b>Total</b>		733.6	100.0 %	733.6	650.0		281,545.7	

Note: Deloitte have provided independent limited assurance over selected information, identified with the symbol  to the left hand side of the assured figure.

Proceeds have been allocated against the following 100% eligible green project categories<sup>1</sup>:

- Overhead lines and substations - network reinforcement driven substation works (extensions and rebuilds), and overhead line reconductoring and refurbishment works.
- London Power Tunnels 2 (LPT2) - the second phase of a project to future proof London's electricity supplies, replacing oil-filled cables between Wimbledon to Crayford. The investment is needed to replace three existing electricity circuits and improve the reliability of electricity supplies to the capital. LPT2 replaces oil-filled cables, dating back to the 1950s-70s, with modern, high capacity, solid insulated cables with a lower risk of faults.
- Visual Impact Provision - projects that reduce the landscape impact of high-voltage overhead lines in protected areas (such as Areas of Outstanding Natural Beauty and National Parks) by replacing pylons with underground cables.
- Hinkley Connection Project - a new high-voltage electricity connection between Bridgwater and Seabank near Avonmouth to connect new sources of low-carbon energy to homes and businesses, including Hinkley Point C, EDF Energy's new power station in Somerset.

## Notes to the Allocation and Impact Report (previous page)

- Under the Electricity Networks category of our 2025 Framework, all NGET capital expenditure incurred (against which proceeds from the NGET bond have been allocated) is deemed 100% eligible as it complies with point (a) of the EU Taxonomy substantial contribution criteria, namely that the network in which the capital expenditure is deployed is within the European system which includes the interconnected system of the United Kingdom. Any capital expenditure dedicated to creating or expanding a direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100g CO<sub>2</sub>e/kWh measured on a life cycle basis is not compliant (in accordance with our 2025 Framework) and is therefore removed from any capital expenditure figures against which proceeds from this bond are allocated.
- Information on our compliance with the EU Taxonomy alignment substantial contribution, do no significant harm and minimum safeguards criteria can be found in our EU Taxonomy Reporting for the relevant period(s) here ([Our reporting suite | National Grid](#)).



Sandford substation, part of the Hinkley connection project, UK

## Impact methodology NGET: Estimated annualised CO<sub>2</sub>e emissions avoided (tCO<sub>2</sub>e)

The eligible capital expenditure for this bond supports the maintenance and enhancement of our electricity transmission network, which in turn serves the increased demand for electricity, enables the transition to low-carbon electricity, and ensures the reliability and security of electricity supply. The avoided emissions estimate reflects the impact this expenditure has on the continuous transmission of renewable electricity in Great Britain, enabled by our transmission network in England and Wales.

Estimated tonnes CO<sub>2</sub>e avoided is calculated as the savings from a portion of the electricity system's load supplied from connected renewables generation (which has zero emissions) compared to those that would have occurred using the average generation mix over the allocation period of the bond. The avoided CO<sub>2</sub>e emissions over the allocation period of the bond have been calculated by multiplying the following, obtained from the National Energy System Operator (NESO):

- The electricity delivered across our electricity transmission network over the allocation period of the bond (in GWh)
- The average share of renewable<sup>A</sup> electricity generation as a percentage of total electricity generation in Great Britain over the allocation period of the bond<sup>B</sup>
- Average carbon intensity factors over the allocation period of the bond<sup>B</sup>

The resulting avoided emissions attributable to the bond are then reached by dividing the nominal amount of the bond by NGET's PPE net book value<sup>C</sup>, and multiplying by the total avoided emissions on the network over the allocation period of the bond. This reflects the contribution of the bond-financed capital expenditure as part of the wider transmission network that collectively enables avoided emissions across the power system.

As the bond proceeds were allocated across an entire financial year, no further steps were taken to annualise the avoided emissions calculated.

Please note that the avoided emissions estimate presented here is solely for green bond reporting purposes and excludes absolute (gross) GHG emissions from the construction phase and ongoing operations of the associated capital expenditure projects. For comprehensive details on our corporate GHG reporting, including Scope 1, 2 and 3 performance against our SBTi GHG reduction targets, please refer to our latest Annual Report and Accounts<sup>D</sup>.

A. Solar, wind and hydro

B. Available from [https://www.neso.energy/data-portal/historic-generation-mix/historic\\_gb\\_generation\\_mix](https://www.neso.energy/data-portal/historic-generation-mix/historic_gb_generation_mix)

C. Plant, property and equipment as at 31 March 2025

D. Available from <https://www.nationalgrid.com/investors/resources/reports-plc>

# National Grid Renewables and Smart Ltd Reallocation of proceeds

## National Grid plc green bonds (2021 and 2023)

National Grid Renewables was a US-based developer and operator of large-scale solar, wind and battery storage projects. The company was acquired by National Grid in 2019 but was subsequently sold to Brookfield Asset Management and its institutional partners including Brookfield Renewable Partners in May 2025.

National Grid Smart Ltd was a UK based meter asset provider that financed and leased approximately 200,000 smart meters to energy suppliers. National Grid sold the business to Arcus Infrastructure Partners in 2023.

Proceeds originally allocated to National Grid Renewables and National Grid Smart Ltd under the 2021 and 2023 National Grid plc green bonds were reported in our June 2022 and June 2023 Green Financing reports and amounted to:

- National Grid Renewables: £282.8 million (NG plc 2021 green bond), £220 million (NG plc 2023 green bond)
- National Grid Smart Ltd: £14.2 million (NG plc 2021 green bond).








Proceeds totalling £517 million have therefore been reallocated to NGET projects approved by the Green Financing Committee as 100% eligible green projects under our 2021 Framework, for which the eligible green categories are shown in tables 5 and 6 below. As the original allocations were made under our 2021 Framework the reallocation of proceeds to NGET projects has been made against eligible green categories under the same framework.

The bond proceeds were reallocated to eligible green projects between 1 April 2022 to 31 March 2024.

In addition to allocation details, table 5 and 6 includes an estimate of the environmental benefits related to the eligible green projects funded by the reallocation of proceeds. This is presented in the table under 'Impact analysis' as 'Estimated annualised tCO<sub>2</sub> emissions avoided'. The methodology used to calculate emissions avoided can be found on page 8.














Further information on allocation principles and eligible categories can be found in the 2021 Framework published on our website at <https://www.nationalgrid.com/investors/debt-investors/green-financing>.


Table 5: Eligible Green Expenditure and Environmental Impact - reallocation from National Grid plc green bond 2021

Eligible Green Category	EU Economic Activity	Invested amount (£ in millions)	Eligibility for Green Financing Instruments (%)	Eligible amount (£ in millions)	Allocated amount (£ in millions)	Share of green bond allocation (%)	Impact analysis	
							Estimated annualised tCO <sub>2</sub> emissions avoided (tCO <sub>2</sub> e)	Contribution to specific UN SDGs
Energy Efficiency	4.9 Transmission and distribution of electricity	 202.8	100.0%	 202.8	 202.8	68%	 208,551.3	UN SDG 7, 9, 13
	7.3 Installation, maintenance and repair of energy efficiency equipment							
Environmental Sustainability	4.9 Transmission and distribution of electricity	 95.3	100.0%	 95.3	 94.2	32%		UN SDG 7, 9, 13
<b>Total</b>		298.1	100.0 %	298.1	297.0		208,551.3	

Note: Deloitte have provided independent limited assurance over selected information, identified with the symbol  to the left hand side of the assured figure.

Table 6: Eligible Green Expenditure and Environmental Impact - reallocation from National Grid plc Green Bond 2023

Eligible Green Category	EU Economic Activity	Invested amount (£ in millions)	Eligibility for Green Financing Instruments (%)	Eligible amount (£ in millions)	Allocated amount (£ in millions)	Share of green bond allocation (%)	Impact analysis	
							Estimated tCO <sub>2</sub> emissions avoided (tCO <sub>2</sub> e)	Contribution to specific UN SDGs
<b>Renewable Energy</b>	4.9 Transmission and distribution of electricity <sup>1, 2</sup>	 180.6	100.0%	 180.6	 180.6	82%		UN SDG 7, 9, 13
<b>Energy Efficiency</b>	4.9 Transmission and distribution of electricity 7.3 Installation, maintenance and repair of energy efficiency equipment	 12.3	100.0%	 12.3	 12.3	6%		UN SDG 7, 9, 13
<b>Clean Transportation</b>	4.9 Transmission and distribution of electricity 6.15 Infrastructure enabling low-carbon transport 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	 17.4	100.0%	 17.4	 17.4	8%	 154,482.5	UN SDG 11
<b>Pollution Prevention and Control</b>	4.9 Transmission and distribution of electricity	 11.9	100.0%	 11.9	 9.7	4%		UN SDG 9, 11, 12
<b>Total</b>			222.2	100.0 %	222.2	220.0	154,482.5	

Note: Deloitte have provided independent limited assurance over selected information, identified with the symbol  to the left hand side of the assured figure.

Examples of projects against which proceeds have been reallocated from the National Grid plc 2021 green bond:

- Energy Efficiency - London Power Tunnels 2 (LPT2) between New Cross and Wimbledon in London, upgrading 275kV circuits to 400kV by installing new cables in deep tunnels. The project reinforces and improves the resilience of the grid network across the city.
- Environmental Sustainability - Visual Impact Provision, Snowdonia, removing pylons and overhead lines in Eryri National Park, replacing them with two circuits in a 3.4 km underground tunnel to reduce the visual impact of overhead lines and rehabilitate the natural landscape and environment.

Examples of projects against which proceeds have been reallocated from the National Grid plc 2023 green bond:

- Renewable Energy - substation reinforcements, including the Harker Transformer Banking project in Cumbria to allow for higher power flows across the Scotland-England border.
- Energy Efficiency - overhead line refurbishments, including full refurbishment of an overhead line section on the Drax to Thornton transmission route.
- Clean Transportation - EV charging point investment, including charging infrastructure across National Grid Electricity Transmission sites to support the electrification of transport.
- Pollution Prevention and Control - SF<sub>6</sub> emission abatement projects across the grid network.

### Notes to the Reallocation of proceeds report (previous page)

- For our 100% eligible green expenditure, we have removed an estimate of expenditure related to SF<sub>6</sub> gas, a highly effective insulator used in our circuit breakers necessary for the efficient functioning of our electricity networks, primarily within our transmission assets. However, SF<sub>6</sub> is a greenhouse gas and it can leak from our assets in very small volumes. Under our 2021 Framework, capital expenditure associated with SF<sub>6</sub> is excluded from eligible green expenditure. This is calculated by taking the total SF<sub>6</sub> related expenditure across the allocation period and proportioning it to the level of 100% eligible green expenditure against which proceeds have been reallocated. We have also excluded projects that are specifically financed from customer contributions and from other borrowing sources and spend recoverable in the short term through our regulatory mechanisms.
- Information on our compliance with the EU Taxonomy alignment substantial contribution, do no significant harm and minimum safeguards criteria can be found in our EU Taxonomy Reporting for the relevant period(s) here ([Our reporting suite | National Grid](#)).



An example of undergrounding work at our Visual Impact Provision project in Dorset, UK

### Impact methodology National Grid Renewables and National Grid Smart Ltd: Estimated annualised CO<sub>2</sub>e emissions avoided (tCO<sub>2</sub>e)

The eligible capital expenditure reallocated to these bond supports the maintenance and enhancement of our electricity transmission network, which in turn serves the increased demand for electricity, enables the transition to low-carbon electricity, and ensures the reliability and security of electricity supply. The avoided emissions estimate reflects the impact this expenditure has on the continuous transmission of renewable electricity in Great Britain, enabled by our transmission network in England and Wales.

Estimated tonnes CO<sub>2</sub>e avoided is calculated as the savings from a portion of the electricity system's load supplied from connected renewables generation (which has zero emissions) compared to those that would have occurred using the average generation mix over the allocation period of the bond. The avoided CO<sub>2</sub>e emissions over the allocation period of the bond have been calculated by multiplying the following, obtained from the National Energy System Operator (NESO):

- The electricity delivered across our electricity transmission network over the allocation period of the bond (in GWh).
- The average share of renewable<sup>A</sup> electricity generation as a percentage of total electricity generation in Great Britain over the allocation period of the bond<sup>B</sup>.
- Average carbon intensity factors over the allocation period of the bond<sup>C</sup>.

The resulting avoided emissions attributable to the bond are then reached by dividing the nominal amount of the bond by NGET's PPE net book value<sup>C</sup>, and multiplying by the total avoided emissions on the network over the allocation period of the bond. This reflects the contribution of the bond-financed capital expenditure as part of the wider transmission network that collectively enables avoided emissions across the power system.

Finally the avoided emissions are annualised to allow for comparability of impact between green financial instruments.

Please note that the avoided emissions estimate presented here is solely for green bond reporting purposes and excludes absolute (gross) GHG emissions from the construction phase and ongoing operations of the associated capital expenditure projects. For comprehensive details on our corporate GHG reporting, including Scope 1, 2 and 3 performance against our SBTi GHG reduction targets, please refer to our latest Annual Report and Accounts<sup>D</sup>.

A. Solar, wind and hydro

B. Available from [https://www.neso.energy/data-portal/historic-generation-mix/historic\\_gb\\_generation\\_mix](https://www.neso.energy/data-portal/historic-generation-mix/historic_gb_generation_mix)

C. Plant, property and equipment as at 31st March 2024

D. Available from <https://www.nationalgrid.com/investors/resources/reports-plc>

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