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National Grid PLC

October 3, 2025

This report does not constitute a rating action.

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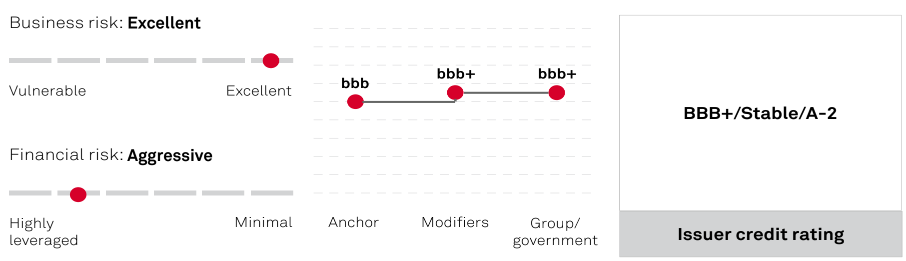
Ratings Score Snapshot



Credit Highlights

Overview

Key strengths	Key risks
Sources most of its earnings from fully regulated, low-risk activities in the U.K. and the U.S.	Significant uptick in capital expenditure (capex) to £60 billion over fiscals years 2025-2029 (ending March 31) poses major execution risk.
Large-scale earnings and regulatory system diversity translated into an asset base of £67.5 billion as of March 31, 2025--sizable investments expected to reinforce the group's footprint in high-growth, regulated electricity networks until the end of the decade.	Persistently negative discretionary cash flow (DCF) due to high capex and significant dividend payouts limits meaningful prospects of deleveraging.
Strong operating performance in the U.K. and the U.S. reflects reliable network operations.	High regulatory reset risk in the U.K., with a relatively challenging draft determination to date and final determinations under the regulatory period RIIO-ET3 due by year-end 2025.

National Grid PLC (NG) has entered a high growth phase with its £60 billion investment plan for 2025-2029, nearly doubling capex over the past five years. The plan led to record investments of £9.8 billion in the first year, marked by significant progress in the construction of six of the group's electricity transmission projects in the U.K. These projects, part of wave 1 of the

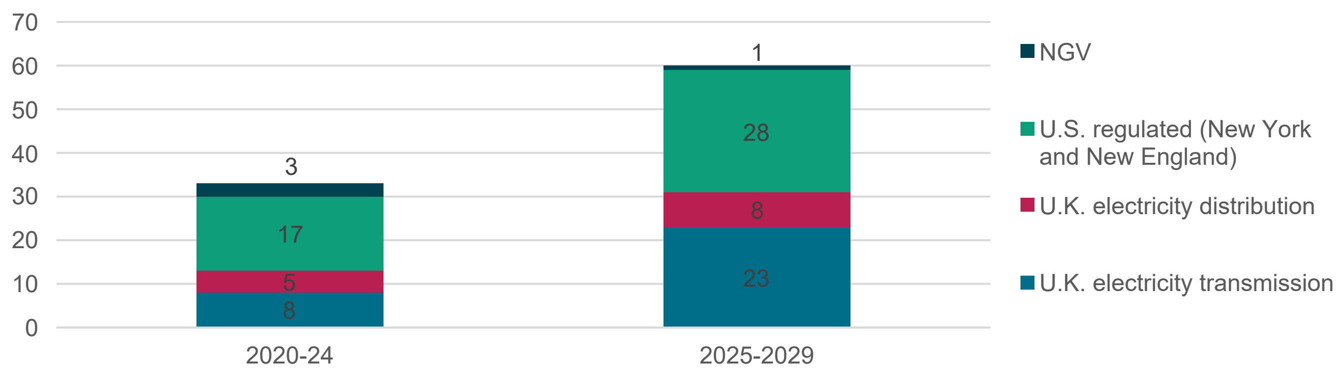
Accelerated Strategic Transmission Investment (ASTI) framework, alongside major substation upgrades and 4 gigawatts of new generation connected to the network, totaled about £3 billion.

NG plans to focus more than 90% of the investments on regulated activities, with most of the growth sourced from electricity transmission infrastructure. In the U.K., the group plans to invest around £23 billion in electricity transmission and £8 billion in electricity distribution over the five years until 2028-2029. These will cover asset replacement, reinforcement, and new connections, facilitating the infrastructure for electric vehicles, heat pumps, and directly connected generation.

In the U.S., NG plans to invest around £17 billion in New York and £11 billion in New England over the five years until 2028-2029. The group announced it has secured about two-thirds of the supply chain and the execution of its plan, which targets an annual asset growth of about 10%, is taking place after a rights issue of £7 billion announced in May 2024. Under this investment plan, we forecast funds from operations (FFO) to debt at 11%-13% through fiscal 2029. NG demonstrates a strong commitment to maintaining the 'BBB+' rating, and while we see significant headroom due to the new equity, we expect credit metrics will gradually return to historical levels.

NG's capital investments in FY2025-2029 versus FY2020-2024

(Bil.£)



Source: National Grid PLC. NGV--National Grid Ventures.

National Grid Electricity Transmission's (NGET's) massive capex plan aligns with the expected increase in capital spending in electricity transmission networks over RIIO-ET3--estimated to be the largest-ever in the U.K. In July 2025, Great Britain's energy regulator Ofgem published its Draft Determinations (DDs) for the RIIO-ET3 price control mechanism for electricity transmission, gas distribution, and gas transmission networks in the U.K., effective from April 2026 to March 2031. NGET's baseline total expenditure (totex) represents £4.2 billion in Ofgem's DD against the £9.2 billion initially submitted.

The network is facing significant cost challenges with Ofgem's proposal in its DD to disallow about 27% of baseline expenditure, and considering costs moved by the regulator outside of RIIO-ET3 (£2.8 billion) to uncertainty mechanisms (£0.5 billion). We note that this proportion of disallowed costs, based on Ofgem's DD, is broadly in line with the sector average.

Most of NGET's investments fall outside of the scope of RIIO-ET3 given the ASTI framework. Of the about £34 billion totex planned over the regulatory period RIIO-ET3 as per Ofgem's DD, we expect sizable investments under the ASTI framework. These infrastructure projects are critical to enabling energy transition and establishing a decarbonized electricity network in the 2030s. NGET has 17 ASTI-licensed projects, which will be a significant element of the group's investments and remuneration until 2031. Of the £35 billion business plan NGET submitted in December 2024, £19 bn was related to increasing network capacity--the majority was for ASTI projects.

Change in weighted average cost of capital (WACC) assumptions supports NG's creditworthiness. The semi-nominal WACC, introduced in July 2024, and changes in the debt funding mechanism will also improve cash flow generation over RIIO-3.

The semi-nominal WACC (5.52% or 4.49% in terms of real consumer price index, including owner occupiers' housing costs) excludes the inflation-based exposure on the proportion of fixed-rate debt in the regulatory asset value (RAV), accelerating cash flows. This means the proportion of fixed-rate debt will be subject to a nominal allowance, while the equity and index-linked debt portions will continue to be indexed to outturn inflation.

The baseline allowed return on equity (ROE) of 5.64% in real terms also compares favorably with 5.03% under the Sector Specific Methodology Decision (midpoint, assuming a 55% gearing level) and 4.55% under RIIO-2. We note Ofgem sets significant investment requirements for electricity transmission players, which compete with other large infrastructure projects across the world to attract capital. The regulator notably assumes, in its DD, an additional equity injection of £8 billion-£9 billion into NGET over RIIO-ET3 (on a notional gearing of 55%).

National Grid—WACC

WACC allowance	NGET (ET)
Notional gearing	55%
Cost of equity allowance (real)	5.64%
Cost of debt allowance (semi-nominal)	5.43%
WACC allowance (real)	4.49%
WACC allowance (Semi-nominal)	5.52%
WACC allowance (nominal)	6.60%

Source: Ofgem. WACC--Weighted average cost of capital.

More protective sharing factors are in play. Ofgem has proposed a significant reduction in sharing factors with a new stepped version of the totex incentive mechanism (TIM). The framework notably indicates that networks would not share any overspending/underspending beyond 15% of totex, which will entirely be passed through to customers. We view this measure as supportive to the network in minimizing the risk borne by NGET given its large investment pipeline and that large scale and capital-intensive projects are often subject to cost overruns. Importantly, Ofgem indicated that the stepped TIM will also be applied to ASTI projects and other expenditure.

Ofgem's investigation into the North Hyde Substation fire and loss of supplies on March 20, 2025, which led to the temporary closure of Heathrow Airport, is still underway. The fire at one of three NG/SSE-operated substations supplying power to led to outage and severe disruption at Heathrow, one of the busiest airports in the world. The National Energy System Operator (NESO) indicated in its July 2 report that a preventable, technical fault caused the fire. Ofgem subsequently opened an investigation on NG's critical assets and their status and whether the issues identified in NESO's report were one-off in nature or more systemic across the group.

Representatives of Heathrow Airport also indicated that they are considering legal action but it is unclear whether this will be directed against NG (which owns the substations around the airport), or SSEN, which owns the distribution network in the area. If Ofgem finds that NGET breached its obligations under the Electricity Act 1989 or/and its transmission license, the regulator may impose financial penalties of up to 10% of NGET's turnover.

We expect National Grid North America (NGNA) will effectively manage regulatory risk across its utility subsidiaries. In August 2025, the New York Public Service Commission unanimously approved Niagara Mohawk Power Corp's (NIMO)'s joint settlement proposal with the New York Department of Public Utilities over rate increases. The plan, effective May 2025-March 2028, outlines phased increases for both its electric and gas segments over the three-year period. The approved rate increases are based on a return on equity of 9.5%, versus the 9.0% approved in earlier years, and the authorized equity is unchanged at 48%.

The plan also includes the utility's continued use of several credit-supportive mechanisms such as decoupling, and increased storm allowance limits (approximately $160 million per rate plan year). In addition, the plan includes a bad debt recovery mechanism, and a rate adjustment mechanism for major storms and property taxes that exceed allowance limits (subject to a 2% revenue cap).

Massachusetts Electric Co (MECO) recently received regulatory approval for an increase in the electricity rate to $90.2 million in Massachusetts. The rate order maintained the utility's authorized equity at 52.83% but lowered its ROE to 9.35% from the previously approved 9.60%. This includes regulatory approval for the next five-year term of performance-based rates (PBR), as well as a capital tracking mechanism and adjustments for operating expenses. The new rates kicked in from Oct. 1, 2024. MECO has typically earned below its authorized ROE in recent years, largely owing to rising costs as well as untimely cost recoveries for certain investments and costs. In addition, the utility's storm-related expenses have frequently exceeded the storm recovery mechanisms permitted in its customer rates, which has led to additional regulatory lag.

The rate order also boosts MECO's storm cost recovery mechanism, including enhancing cost recovery limits and broadening the scope of covered storm events. It preserves MECO's decoupling mechanism, and includes other mechanisms designed to adequately recover the company's capital investments and operating expenses. We expect these factors will together support MECO's ability to earn closer to its authorized ROE over the period of the rate plan.

Downstate New York gas utilities: In August 2024, the NYDPU approved a joint proposal in rate cases for NGNA gas utility subsidiaries KeySpan Gas East Corp. (KeySpan) and The Brooklyn Union Gas Co. The rate plan covers the April 2024-March 2027 period and includes multi-year rate step increases based on an authorized ROE of 9.35%, and a 48% equity layer. Overall, we view these outcomes as supportive of the gas utilities' credit quality.

Recent divestments demonstrate NG's pivot to electricity networks and portfolio refocusing, while strengthening its balance sheet amid large investment needs. In May 2025, National Grid North America completed the sale of its onshore renewables business in the U.S. to Brookfield Asset Management and its institutional partners, including Brookfield Renewable Partners, for about $1.74 billion. More recently, on August 13, 2025, the group announced it would sell its U.K.-based Grain LNG business to a consortium of Centrica plc and Energy Capital Partners LLC (ECP) for £1.66 billion (including a pre-completion dividend and subject to regulatory and government approvals). We expect the divestments to be reflected in the group's FY26 accounts. These follow the sale of NG's 20% residual stake in National Gas Transmission for £686 million in September 2024.

Overall, we view these transactions as supportive of NG's credit quality, reinforcing the group's footprint in high-growth, regulated electricity networks. The execution of the group's asset rotation plan, apart from its recent £7 billion rights issue, also demonstrates its objective to mitigate the impact of a significant step-up in capital spending on its balance sheet.

Outlook

The stable outlook on NG reflects our expectation that, over the RIIO-ET3 period from April 2026 to March 2031, the group will maintain average adjusted funds from operations (FFO) to debt above the 10% downside trigger for the rating and that NGET will continue to benefit from a supportive regulatory framework over this period. It also reflects our view that the group's operations will remain sizable and diversified after the completion of the portfolio repositioning.

Downside scenario

We could downgrade NG in case of a sustained and extended decline in consolidated average adjusted FFO to debt to less than 10%. This could occur if operating costs are sustainably higher than expected and not mitigated by revenue increases, or if NG cannot achieve expected returns in its various regulatory jurisdictions, notably via a significant gap in allowances compared to submitted business plans ahead of the upcoming RIIO-ET3 regulatory update.

Upside scenario

We would consider raising the ratings if NG maintains adjusted FFO to debt consistently above 13% and demonstrates above-average operating performance and a clear plan to transition toward the net zero goal.

Our Base-Case Scenario

Assumptions

- Inflation at 3.2% in fiscal 2026 (ended March 31, 2026), 3.7% in fiscal 2027, and 2.9% in fiscal 2028, as measured by the U.K. retail price index. We forecast inflation at 2.8% in fiscal year 2026, 3.0% in fiscal 2027, and 2.2% in fiscal 2028, as measured by the U.K. consumer price index.
- Corporation tax at 25% in the U.K.
- Regulatory gearing to fall to the low 60% range by March 2026 and to trend toward the high 60% range by the end of RIIO-T3, reflecting the gradual increase in capex.
- Consolidated capex will rise to about £12 billion per year on average in the five years until 2029, from about £9.3 billion in fiscal 2025.
- No significant financial impact related to Ofgem's current investigation into NGET's role in the North Hyde Substation fire.
- No divestment after the completion of the sale of Grain LNG and NGNA's onshore wind assets, expected to conclude in fiscal 2026.

Key metrics

National Grid PLC--Forecast summary

Period ending	Mar-31-2024	Mar-31-2025	Mar-31-2026	Mar-31-2027	Mar-31-2028
(Mil. GBP)	**2024a**	**2025a**	**2026e**	**2027f**	**2028f**
EBITDA	7,723	7,032	7,750-8,250	9,000-9,500	9,750-10,250
Funds from operations (FFO)	5,584	5,132	5,500-6,000	6,750-7,250	7,300-7,800
Capital expenditure (capex)	7,453	9,306	10,250-10,750	11,250-11,750	12,500-13,000
Dividends	1,756	1,543	1,700-1,900	1,700-1,900	1,800-2,000
Debt	43,719	42,269	44,000-46,000	50,000-52,000	56,000-58,000
Adjusted ratios					
Debt/EBITDA (x)	5.7	6.0	5.3-5.8	5.3-5.8	5.5-6.0
Funds From Operation/debt (%)	12.8	12.1	12.0-14.0	13.0-15.0	12.0-14.0
Discretionary Cash Flow/debt (%)	(8.1)	(13.0)	(12.0)-(14.0)	(11.0)-(13.0)	(11.0)-(13.0)

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. GBP--pound sterling.

Company Description

NG is a regulated utility that owns and operates electricity and gas networks in the U.K., and transmission and distribution utilities in the U.S.

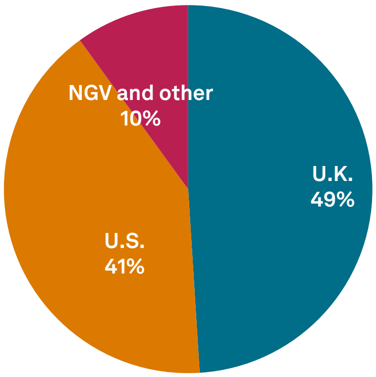
In the U.K., NG owns the high-voltage electricity transmission system in England and Wales through NGET. It also operates the system across Great Britain. The company owns and operates electricity distribution networks in Great Britain through NGED, which was consolidated in June 2021. Its electricity distribution services are available in the Midlands, southwest England, and south Wales. NG provides balancing services for the supply and demand of electricity in Great Britain's electricity transmission system and acts as an agent on behalf of transmission operators.

In the U.S., several regulators supervise operations. State regulators in New York and Massachusetts govern energy distribution, while the Federal Energy Regulatory Commission regulates a variety of transmission and interconnection businesses.

Additionally, through National Grid Ventures, NG owns some modest related businesses that operate outside of traditional regulatory price controls. These include the Grain liquefied natural gas terminal (its sale will conclude by the end of fiscal year 2026), electricity interconnectors between England and continental Europe, renewable energy projects, property, and 3.8 GW of power supply under a long-term contract in Long Island, New York.

NG's assets by geography

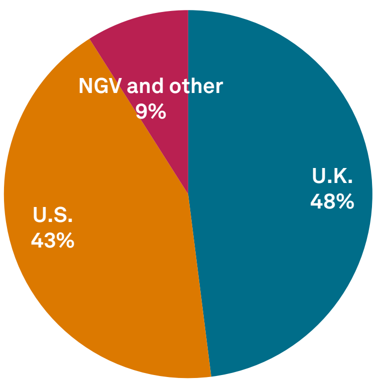
As of March 31, 2025



Source: National Grid PLC. NGV--National Grid Ventures.

NG's assets by geography

As of Sept. 30, 2020



Source: National Grid PLC. NGV--National Grid Ventures.

Peer Comparison

NG's closest peers are large European and North American utilities. The group compares favourably with peers in terms of size, mix of power and gas exposure, and diversification of regulatory jurisdiction. Compared with U.S. peers, the company benefits from a very supportive regulatory framework in the U.K. We view the 50% contribution from regulated activities in the U.K. as positive.

National Grid PLC--Peer Comparisons

	National Grid PLC	PPL Corp.	Duke Energy Corp.	Enel SpA	Terna SpA	TenneT Holding B.V.
Foreign currency issuer credit rating	BBB+/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2
Local currency issuer credit rating	BBB+/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/A-2	BBB+/Stable/A-2

National Grid PLC--Peer Comparisons

Period	Annual	Annual	Annual	Annual	Annual	Annual
Period ending	3/31/2025	12/31/2024	12/31/2024	12/31/2024	12/31/2024	12/31/2024
Mil.	GBP	GBP	GBP	GBP	GBP	GBP
Revenue	18,341	6,759	24,265	63,220	3,039	8,258
EBITDA	7,032	2,465	12,123	17,055	2,124	3,852
Funds from operations (FFO)	5,132	2,026	9,680	10,839	1,554	3,059
Interest	1,793	601	3,235	3,358	302	612
Cash interest paid	1,906	537	2,762	2,981	263	528
Operating cash flow (OCF)	5,360	1,867	9,944	10,262	1,266	3,809
Capital expenditure	9,306	2,225	9,649	7,466	2,170	8,454
Free operating cash flow (FOCF)	-3,946	-358	296	2,796	-904	-4,645
Discretionary cash flow (DCF)	-5,496	-968	-3,087	-1,806	-1,472	-5,767
Cash and short-term investments	5,903	244	251	6,634	2,264	2,922
Gross available cash	5,903	244	251	6,634	2,264	2,922
Debt	42,269	13,413	69,589	57,666	9,985	26,566
Equity	38,140	11,436	40,558	38,080	5,480	8,395
EBITDA margin (%)	38.3	36.5	50.0	27.0	69.9	46.6
Return on capital (%)	6.6	6.0	6.5	12.0	10.3	8.8
EBITDA interest coverage (x)	3.9	4.1	3.7	5.1	7.0	6.3
FFO cash interest coverage (x)	3.7	4.8	4.5	4.6	6.9	6.8
Debt/EBITDA (x)	6.0	5.4	5.7	3.4	4.7	6.9
FFO/debt (%)	12.1	15.1	13.9	18.8	15.6	11.5
OCF/debt (%)	12.7	13.9	14.3	17.8	12.7	14.3
FOCF/debt (%)	-9.3	-2.7	0.4	4.8	-9.1	-17.5
DCF/debt (%)	-13	-7.2	-4.4	-3.1	-14.7	-21.7

Business Risk

Our assessment of NG's business risk profile as excellent is supported by the group's monopoly status in network activities and the broadly supportive regulatory frameworks in the U.K. and U.S. under which it operates. Regulated operations fall under regimes that are constructive and support stable financial performance. Notably, Ofgem's RIIO framework is forward-looking and incentive-based, incorporating a return on the RAV and inflation indexation. These features underpin our assessment of the U.K. regulatory space as strong and are a source of stability for NG.

More than 90% of NG's underlying operating profit comes from low-risk regulated activities in the U.K. and the U.S. The company has above-average earnings and regulatory system diversity because of its dual market focus on the U.K. and the U.S.-- the latter has multiple regulatory regimes. We view this positively because it spreads the regulatory reset risks and reduces dependence on a single regulator while all frameworks are either ‘strong’ or ‘strong/adequate’. NG's focus on low-risk, highly rated countries also supports its credit quality.

National Grid--Regulatory period and ROE

Region	Networks	Reg. Framework assessment	Regulatory Period	Regulatory Debt/Equity assumption (%)	Latest achieved Return on Equity (%)	Base or Allowed Return on Equity (%)
U.K.	NGET (Electricity Transmission)	Strong	April 1, 2021, to March 31, 2026	55/45	8.3	7.3
U.K.	NGED (Electricity Distribution)	Strong	April 1, 2023, to March 31, 2028	60/40	7.9	7.7
New England	MECO (Electricity Distribution) NEP (Electricity Transmission) Boston Gas (Gas Distribution)	Strong/Adequate	MECO: October 1, 2024 to September 30, 2029; Boston Gas: October 1, 2021 to September 30, 2026	Avg. 45/55	9.1	9.9
New York	NIMO (Electricity Transmission and Distribution, Gas Distribution), KEDNY (Gas Distribution), KEDLI (Gas Distribution)	Strong/Adequate	NIMO: May 1, 2025 - March 31, 2028 KEDNY, KEDLI: April 1, 2024 - March 31, 2027	Avg. 52/48	8.7	9.2

ROE--Return on equity. Source: National Grid PLC & National Grid North America Inc. NGET: National Grid Electricity Transmission, NGED: National Grid Electricity Distribution, MECO: Massachusetts Electric Company, NEC: Nantucket Electric Company, NEP: New England Power Company, NIMO: Niagara Mohawk Electric and Gas, KEDNY: The Brooklyn Union Gas Company/National Grid NY, KEDLI: KeySpan Gas East Corporation.

The repositioning of NG's portfolio has marginally benefited its business risk profile given the shift toward electricity networks and away from gas networks. National Grid completed the sale of its remaining 20% equity interest in National Gas Transmission to a consortium of long-term infrastructure investors led by Macquarie Asset Management. This followed the consortium exercising its option to acquire the remaining 20% in 2024. With the execution of NG's asset rotation plan, we expect its asset base to move to around 80% electric by 2028/29, up from 60% in 2021. We see electricity networks as supportive to the group's business risk profile, given the growth opportunities that come with the electrification of countries with long-term carbon neutrality plans. The group's large scale--with its asset base estimated at about £100 billion by 2029 (up from £63 billion in 2024)--along with its enhanced geographical diversification also support the business risk profile.

In the U.K., regulatory frameworks for NG's electricity transmission networks (RIIO-ET2 until 2026) and electricity distribution networks (RIIO-ED2 until 2028) are currently assessed as strong. Like all regulated U.K. utilities, NG is exposed to periodic regulatory reset risks and we note that RIIO-3 packages will be subject to significant scrutiny amid investability concerns in the context of significant growth and investment requirements. NG targets outperformance of 100 bps-125 bps across the price control period for NGED, having achieved RORE of 7.9% over FY25, and NGET delivered about 100 bps of outperformance in the third year of RIIO-T2, having recorded RORE of 8.3% over FY25.

We see stable regulatory risk for NGNA's operations. Its rate base is regulated by:

- The New York Public Service Commission;
- The Massachusetts Department of Public Utilities; and
- The Federal Energy Regulatory Commission.

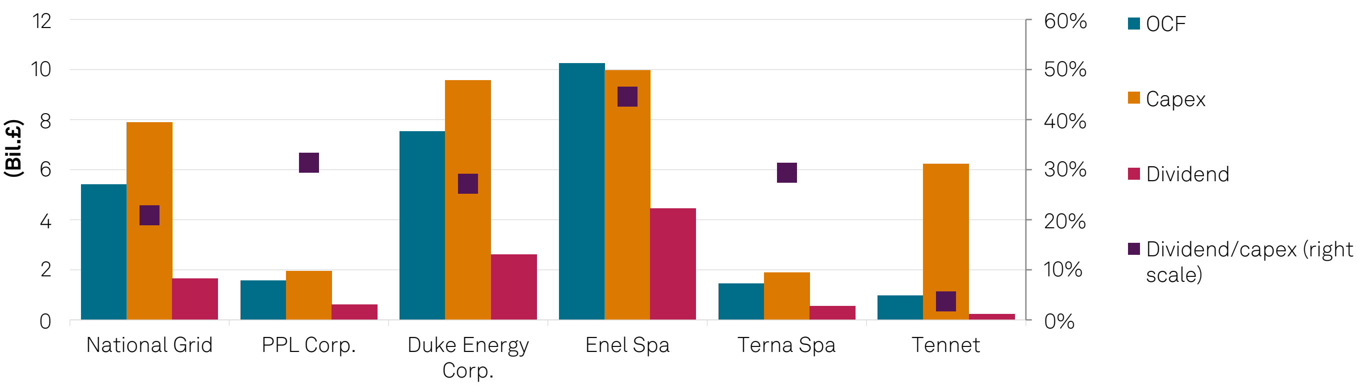
All jurisdictions demonstrate stable regulatory environments and frameworks that are generally constructive, resulting in rate-case outcomes that have supported financial performance over time. Rates support regulated companies' capital structures and the increased use of forward test years. With respect to financial stability, almost all states offer various credit-supportive mechanisms, such as decoupling, commodity pass-through, weather normalization mechanisms, and capital cost-recovery riders. Despite improvements over the past few years, we view NG's operational performance in the U.S. as slightly weaker than in the U.K., in relation to its allowed returns and profitability.

Financial Risk

Our assessment of NG's financial risk profile reflects the strong cash-flow-to-debt measures as well as its large capital intensity, resulting in recurring negative free cash flows and limiting the prospects for debt reduction. This is further magnified by a relatively inflexible distribution policy. Despite this, we see the group's dividend-to-capex ratio as favorable compared to peers, indicating that the company reinvests a majority of its profits into the business, rather than distributing them. We expect leverage will remain within the group's thresholds at the BBB+ rating level, with FFO to debt well above our 10% threshold and debt to EBITDA stabilizing at 5.5x-6.5x over 2025-2027.

NG's peer dividend ratio

Average of past three financial years

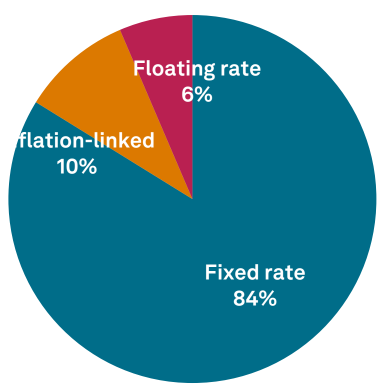


OCF--Cash flow from operations. Capex--Capital expenditure. Source: S&P Global Ratings.

Debt maturities

NG's debt profile

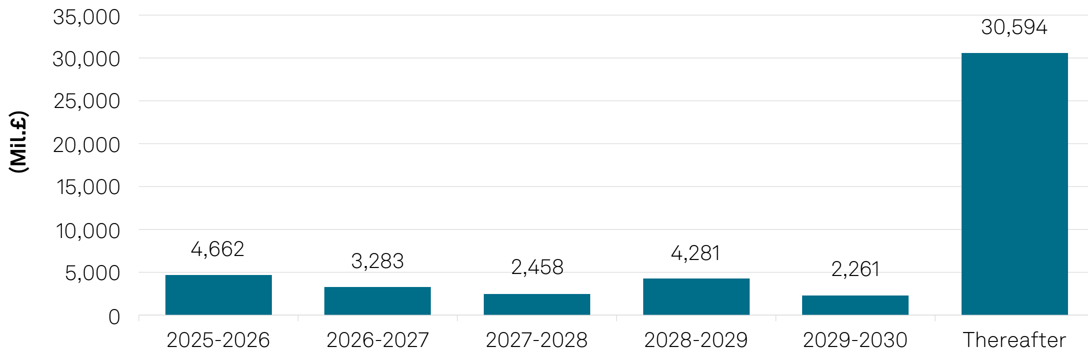
As of March 31, 2025



Source: National Grid PLC

NG's debt maturity schedule

As of March 31, 2025



Source: National Grid PLC

National Grid PLC--Financial Summary

Period ending	Mar-31-2020	Mar-31-2021	Mar-31-2022	Mar-31-2023	Mar-31-2024	Mar-31-2025
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	GBP	GBP	GBP	GBP	GBP	GBP
Revenues	14,540	14,754	18,562	21,623	19,809	18,341
EBITDA	5,059	4,623	5,929	6,558	7,723	7,032
Funds from operations (FFO)	3,781	3,585	4,375	4,595	5,584	5,132
Interest expense	1,156	1,072	1,198	1,714	1,653	1,793
Cash interest paid	918	797	1,015	1,391	1,589	1,906
Operating cash flow (OCF)	3,945	3,760	4,681	5,207	5,674	5,360
Capital expenditure	4,900	4,763	5,544	6,892	7,453	9,306
Free operating cash flow (FOCF)	(955)	(1,003)	(863)	(1,685)	(1,779)	(3,946)
Discretionary cash flow (DCF)	(1,892)	(2,456)	(1,826)	(3,331)	(3,539)	(5,496)
Cash and short-term investments	1,024	1,589	2,151	1,890	3,632	5,903
Gross available cash	1,024	1,589	2,151	1,586	3,269	5,903
Debt	30,820	31,354	43,746	40,838	43,719	42,269
Common equity	20,638	20,892	24,883	30,611	30,926	38,140
Adjusted ratios						
EBITDA margin (%)	34.8	31.3	31.9	30.3	39.0	38.3
Return on capital (%)	7.0	5.7	6.7	6.6	7.6	6.6
EBITDA interest coverage (x)	4.4	4.3	4.9	3.8	4.7	3.9
FFO cash interest coverage (x)	5.1	5.5	5.3	4.3	4.5	3.7
Debt/EBITDA (x)	6.1	6.8	7.4	6.2	5.7	6.0
FFO/debt (%)	12.3	11.4	10.0	11.3	12.8	12.1
OCF/debt (%)	12.8	12.0	10.7	12.8	13.0	12.7
FOCF/debt (%)	(3.1)	(3.2)	(2.0)	(4.1)	(4.1)	(9.3)
DCF/debt (%)	(6.1)	(7.8)	(4.2)	(8.2)	(8.1)	(13.0)

Reconciliation Of National Grid PLC Reported Amounts With S&P Global Adjusted Amounts (Mil. GBP)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Mar-31-2025									
Company reported amounts	46,710	37,803	18,378	7,181	4,934	1,395	7,032	6,808	1,529	9,306
Cash taxes paid	-	-	-	-	-	-	(183)	-	-	-
Cash interest paid	-	-	-	-	-	-	(1,920)	-	-	-
Lease liabilities	829	-	-	-	-	-	-	-	-	-
Intermediate hybrids (debt)	(314)	314	-	-	-	(14)	14	14	14	-
Postretirement benefit obligations/ deferred compensation	-	-	-	23	23	-	-	-	-	-
Accessible cash and liquid investments	(5,903)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	294	-	-	-	-
Share-based compensation expense	-	-	-	37	-	-	-	-	-	-
Dividends from equity investments	-	-	-	71	-	-	-	-	-	-
Asset-retirement obligations	1,928	-	-	-	-	118	-	-	-	-
Nonoperating income (expense)	-	-	-	-	424	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(1,462)	-	-
Noncontrolling/ minority interest	-	23	-	-	-	-	-	-	-	-
Debt: Fair value adjustments	(981)	-	-	-	-	-	-	-	-	-
Revenue: Customer contribution	-	-	(37)	(37)	(37)	-	-	-	-	-
EBITDA: Share-based compensation expense	-	-	-	37	-	-	-	-	-	-
EBITDA: Dividends received from equity investments	-	-	-	71	-	-	-	-	-	-
EBITDA: Remeasurement of commodity contract	-	-	-	(127)	(127)	-	-	-	-	-

Reconciliation Of National Grid PLC Reported Amounts With S&P Global Adjusted Amounts (Mil. GBP)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
EBITDA: Reversal of exceptional charges	-	-	-	(116)	(116)	-	-	-	-	-
Funds from operations: Interest received	-	-	-	-	-	-	341	-	-	-
Funds from operations: Indexation accrual on inflation-linked debt	-	-	-	-	-	-	(152)	-	-	-
Total adjustments	(4,441)	337	(37)	(149)	167	398	(1,900)	(1,448)	14	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	42,269	38,140	18,341	7,032	5,101	1,793	5,132	5,360	1,543	9,306

Liquidity

We assess NG's liquidity as adequate. We forecast that the group's liquidity sources--including cash, operating cash flow, and available bank lines--will exceed projected uses (mainly necessary capex, debt maturities, and dividends) by more than 1.1x in the 12 months started March 31, 2025. Our assessment of NG's liquidity profile incorporates its excellent access to capital markets. We understand there are no restrictive covenants in the documentation for the group's debt.

Principal liquidity sources

- Access to unrestricted short-term cash and marketable securities of about £5 billion as of March 31, 2025;
- Undrawn committed liquidity lines of £7.8 billion across multiple facilities maturing in more than 12 months, which are available for general corporate purposes;
- Cash FFO of £6.0 billion-£6.1 billion, and:
- Asset sales of £3 billion.

Principal liquidity uses

- Capex of £10 billion-£105 billion over the next 12 months;
- About £2.8 billion of debt maturities; and
- Dividend payments of £1.7 billion-£1.8 billion.

Environmental, Social, And Governance

Environmental, social, and governance factors have no material influence on our credit rating analysis of NG. The utility's networks will continue to play an important part in energy transition in the markets where it operates. The group also has several of its own targets to improve environmental metrics, such as reducing scope 1 and 2 greenhouse gas emissions by 60% by 2030 (from a 2018-2019 baseline), a 37.5% reduction in scope 3 greenhouse gas emissions by 2034 (from the 2018-2019 baseline), reaching net zero by 2050, and reducing sulfur hexafluoride emissions from operations by 50% by 2030 (from the 2018-2019 baseline). In addition, the company operates gas and electricity networks with a clear focus on shifting away from gas and toward electricity. NGNA's New York operations received heightened public scrutiny under the previous governor's administration over 2011-2021 owing to the restrictions the company imposed on new electricity connections. However, we think political intervention risks have subsided materially since the appointment of a new administration.

Group Influence

We base our rating on NG on our assessment of all U.K. and U.S. entities as a complex group under our group rating methodology criteria.

We assess NG's group credit profile (GCP) 'bbb+' based on the consolidated cash flows and debt at the level of NG PLC. We view all of NG's U.K. and U.S. subsidiaries--except for National Grid Generation LLC (BBB/Stable/--), which is assessed as strategically important--as core entities because their activities are aligned with the group's strategic focus on regulated networks. Group management and commitment to financial resources are strong and the management is reasonably successful. Moreover, both the U.K. and U.S. operations constitute a significant portion of the consolidated group and are fully integrated into the group's activities. Therefore, the 'BBB+' issuer credit rating (ICR) for each entity is determined by NG's GCP.

Issue Ratings--Subordination Risk Analysis

Capital structure

NG's group capital structure consists of £46.7 billion of debt, mostly unsecured as of March 31, 2025.

Analytical conclusions

We rate around £7.0 billion of NG's unsecured debt 'BBB', one notch below the ICR, which reflects the structural subordination of holding company debt to subsidiary debt. This is because about 85% of NG's debt is issued at the intermediate holding company or operating company level.

We treat the hybrid debt as intermediate equity content and rate it two notches below the ICR ('BBB-'). The two notches reflect the subordination and deferability risks.

Rating Component Scores	
Foreign currency issuer credit rating	**BBB+/Stable/A-2**
Local currency issuer credit rating	**BBB+/Stable/A-2**
Business risk	**Excellent**
Country risk	Low
Industry risk	Very Low
Competitive position	Strong
Financial risk	**Aggressive**
Cash flow/leverage	Aggressive (medial volatility table)
Anchor	**bbb**
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Positive (+1 notch)
Stand-alone credit profile	**bbb+**

Related Criteria

- General Criteria: Hybrid Capital: Methodology And Assumptions, Feb. 10, 2025
- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Four U.K. Gas Distribution Networks Ratings Affirmed Following Regulatory Draft Determinations; Outlooks Stable, July 29, 2025
- Greening Up Without Blackouts: Boosting European Power Grids' Resilience May Dent Credit Quality, July 2, 2025
- National Grid North America Inc. , June 5, 2025
- Tear Sheet: Niagara Mohawk Power Corp.'s Joint Rate Settlement Proposal Is Supportive Of Its Credit Quality, May 13, 2025
- Industry Credit Outlook 2025: EMEA Utilities, Jan. 14, 2025
- Industry Credit Outlook 2025: North America Regulated Utilities, Jan. 14, 2025
- Tear Sheet: Massachusetts Electric Co, Oct. 30, 2024
- Utilities Power Handbook 2024: Western European Regulated Power, Sept. 10, 2024
- National Grid PLC, June 14, 2024
- Bulletin: Part Of National Grid's Proposed Equity Raise Counts As Replacement For Hybrid, May 23, 2024

Ratings Detail (as of October 03, 2025)*	
National Grid PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Foreign Currency	A-2
Senior Unsecured	BBB
Issuer Credit Ratings History	
02-Mar-2021	BBB+/Stable/A-2
25-Aug-2020	A-/Negative/A-2
24-Aug-2007	A-/Stable/A-2
Related Entities	
Boston Gas Co.	
Issuer Credit Rating	BBB+/Stable/NR
Senior Secured	A
Senior Unsecured	BBB+
Brooklyn Union Gas Co. (The)	
Issuer Credit Rating	BBB+/Stable/NR
KeySpan Gas East Corp.	
Issuer Credit Rating	BBB+/Stable/--
Senior Unsecured	BBB+
Lattice Group Ltd.	
Issuer Credit Rating	BBB+/Stable/--
Massachusetts Electric Co.	
Issuer Credit Rating	BBB+/Stable/A-2
Preferred Stock	BBB-

Ratings Detail (as of October 03, 2025)*

Senior Unsecured	BBB+
National Grid Electricity Distribution (East Midlands) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
National Grid Electricity Distribution PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB
National Grid Electricity Distribution (South Wales) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
National Grid Electricity Distribution (South West) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
National Grid Electricity Distribution (West Midlands) PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB+
National Grid Electricity Transmission PLC	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	
Foreign Currency	A-2
Senior Unsecured	BBB+
National Grid Generation LLC	
Issuer Credit Rating	BBB/Stable/--
National Grid Holdings One PLC	
Issuer Credit Rating	BBB+/Stable/A-2
National Grid North America Inc.	
Issuer Credit Rating	BBB+/Stable/A-2
Commercial Paper	A-2
Senior Unsecured	BBB
National Grid USA	
Issuer Credit Rating	BBB+/Stable/A-2
Senior Unsecured	BBB
New England Power Co.	
Issuer Credit Rating	BBB+/Stable/A-2
Preferred Stock	BBB-
Senior Unsecured	BBB+
Niagara Mohawk Power Corp.	
Issuer Credit Rating	BBB+/Stable/A-2
Preferred Stock	BBB-
Senior Unsecured	BBB+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.