

Political Positions

National Grid advocates on a number of issues that impact how we deliver power to our consumers. The following rise to the level of most impactful.

The energy industry is undergoing huge change, as the transition to a low carbon future continues. This includes new tools for system balancing, an evolving role for networks, great potential for decarbonising transport, and new opportunities to engage with consumers. Our positions on public policy issues in the US and UK – the laws, regulations and decisions that affect the way we and others in the industry operate are managed in an integrated way. We advocate policies that Bring Energy to Life, which include:

- **Enabling future networks** to provide low-carbon power, heat and transport, by driving consumer value and innovation
- **Developing a smarter, more flexible system** to incentivise resilience, consumer engagement and lower costs
- **Facilitating international connection** to efficiently safeguard supply
- **Supporting a responsible business environment** in which companies do the right thing.

Across National Grid, policies and statements of intent are in place, as ultimately defined and determined by our Board, to ensure consistent governance and integrated political management, including on the following;

Future of Gas

National Grid is leading the Future of Gas project to facilitate debate on the role gas should play out to 2050. We are engaging with customers and stakeholders to understand their perspectives on the future, and National Grid's role in delivering or facilitating the changes required.

Our position

- Gas is critical to security of supply now and as the UK transitions to a low-carbon future. Gas and decarbonised gas can play a crucial role in the decarbonisation agenda not just for power, but for heat, industry and transport too
- There is a clear, enduring need for gas out to 2050. It is a flexible, reliable and cost-effective energy source favoured by many consumers
- Heat needs to be decarbonised by 2050 in the most affordable and least disruptive way. Eight out of ten homes use gas for heating – continued use of existing infrastructure is likely to maximise value to consumers and minimise disruption

Nationalisation

The GB gas industry was privatised in 1986, and electricity in 1990. The goals were to introduce private investment and competition, helping to deliver the best possible deal for consumers. In their 2017 General Election Manifesto the Labour Party stated its intent to,

“regain control of energy supply networks through the alteration of operator license conditions, and transition to a publicly owned, decentralised energy system.”

Our position

- The cost of Britain's energy networks has fallen 17% since privatisation, and the cost of our electricity transmission network has fallen by 30%. National Grid is responsible for only 3% of the average dual fuel bill, equivalent to less than 10p per day
- We have invested £12bn over the past decade, helping the UK to cut carbon emissions by the most among G7 countries, and enjoy electricity transmission reliability of 99.9999%
- We will continue to invest over £1bn every year in transmission networks, to deliver cleaner power and heat
- The UK needs investment in infrastructure to deliver clean growth. Now is not the time to lose focus and put this investment at risk

Transport Decarbonisation

Transport decarbonisation is increasingly in focus due to: climate change targets, air quality problems, and the role electric vehicles (EVs) could play in supporting the automotive sector as part of the Industrial Strategy. The UK Government intends to ban the sale of new diesel and petrol cars and vans by 2040.

Our position

- EVs are vital to the UK and northeastern US achieving its low carbon targets, and countering poor urban air quality.
- A full charging solution requires a range of options, including at home, at the workplace, local fast charging, fleet and along the motorway network.
- To overcome range anxiety is most cost efficient way, a network of ultra-rapid chargers (up to 350kw) is required. This is best met through ultra-rapid charging infrastructure at existing motorway service areas.
- We are exploring how to develop a backbone of these charging points at motorway service stations and other strategic locations.
- EVs are likely to mean higher peak transmission demand. This increase will be manageable, at ~3.5GW by 2030 and ~5GW by 2040 (FES Two Degrees), if consumers can use smart charging
- National Grid joint litigation in June 2018 to support Obama-era greenhouse gas emissions standards for model year 2022-25 light-duty vehicles. The Trump Administration recently withdrew from these standards.
- The Company firmly believes that supporting existing fuel economy standards are an integral component to electrification efforts and remain a promising way to decarbonize on-road transport.

Brexit

Following the EU referendum in 2016, the Government has recognised that the coordinated European energy trading relationships have helped to lower prices and improve the security of supply, and believe that our future partnership will be supported by continued close cooperation in highly-regulated areas such as energy.

Our position

- UK-EU cooperation on energy is positive for UK and EU consumers in terms of security of supply, affordability and decarbonisation.
- The UK and EU should work hard to ensure all consumers maintain the benefits of continued cooperation on energy post-Brexit, including ongoing UK participation in industry and regulatory bodies, such as ENTSO-E, ENTSO-G and ACER.
- Continued barrier-free access should ensure no tariffs or taxes (direct or indirect) are placed on energy trading.
- There should be early clarity for both UK and EU energy markets on the rules that will apply post-Brexit, with sufficient time for both markets to transition to any new arrangements.

Committee on Foreign Investment in the United States (CFIUS)

The United States Congress recently passed legislation that would expand the scope of transactions reviewed by the Committee on Foreign Investment in the United States (CFIUS). The legislation's scope has the potential to capture investments companies like National Grid want to make in the critical technology or critical infrastructure space in the United States

Our position

- National Grid supports the Committee on Foreign Investment in the United States' (CFIUS) efforts to review transactions that might affect U.S. national security.
- Once the legislation is passed into law, CFIUS, in conjunction with its member government agencies, should provide guidance on the countries that will be covered under the legislation's new provisions and further clarity on the types of transactions that will be subject to greater scrutiny.

Infrastructure

- In February, President Trump released his infrastructure proposal to upgrade roads, airports and other public works. The plan aims to levy Federal incentives and investments to spur additional private and local funding, shorten project permitting time to two years, and capitalize rural projects and improve worker training. Under the proposal, the government would spend \$200 billion to spur states, localities and the private sector to raise the \$1.3 trillion balance, giving Congress a blueprint and wide latitude to approve an implementing legislative initiative.
- Last month, House of Representatives Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA-9th) released a [draft discussion](#) that would establish a financing mechanism, create incentive project grants, reauthorize existing programmatic accounts and streamline permitting processes. Of particular interest to National Grid and the energy sector, this [proposal](#) would direct one Federal agency

rather than several different entities to conduct project reviews, amend the timelines to two years for consideration under bedrock environmental laws like the decades-old National Environmental Policy Act (NEPA), and reform the Clean Water Act certificate process (known as Section 401), which could considerably impact pipeline permitting processes.

Our position

- We continue to work closely with our trade associations, industry stakeholders and policymakers to contribute policy recommendations on electrification of transport, permitting and siting, hydropower licensing, regulatory stability and defense facilities, and ensure alignment with our service territories' 80 percent greenhouse gas emissions reductions by 2050.

Environmental Regulations

President Trump's energy and environmental policies represent a sharp departure from those of his predecessor, including withdrawal of the United States from Paris Climate Accord, directive for the Environmental Protection Agency (EPA) to rescind and replace the proposed Carbon Pollution Standards for New and Existing Power Plants (known as the Clean Power Plan (CPP)), and more recently, the EPA's proposal to amend the existing greenhouse gas emissions standards for 2022-2025 light-duty vehicles by freezing fuel economy standards after 2020 and revoking California's authority to set its own efficiency and electric vehicle rules.

Our position

- National Grid has taken a leadership role in analysis aimed at achieving 80x2050 targets, publishing a [Northeast 80x50 Pathway](#) and briefing stakeholder, policymakers and other officials on a blueprint for a clean energy future.

Tax Reform

In December 2017, the US enacted significant tax reform which included the reduction of the corporate tax rate from 35% to 21%. The change in tax law holds significant benefits for our customers by reducing the costs we pass on to them for our services, while being economically neutral for National Grid over the long-term.

Our position

- The Treasury Department and Internal Revenue Service should provide clear guidance on the implementation of tax reform including in the area of interest deductibility.

As this is a working document; the positions outlined are subject to change at short notice.