

Massachusetts Electric:

2023 Rate Case Filing

Investor Relations | November 2023

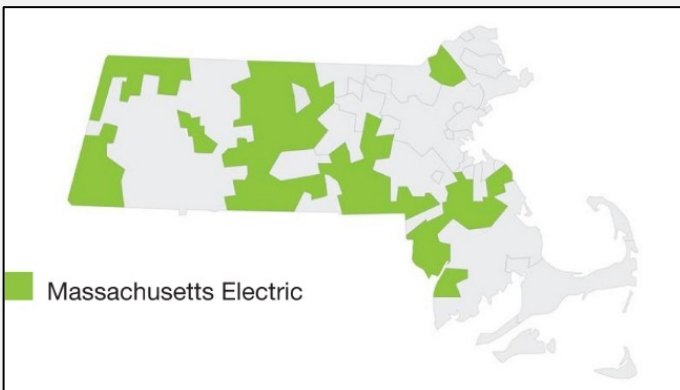


“The proposal we’ve filed today, coupled with our Electric Sector Modernization Plan, Future Grid, will help deliver the fair, affordable and clean energy transition for all our customers and communities. Fulfilling this mission requires a smarter, stronger, cleaner grid that can meet the rising power demand driven by electrification to support the Commonwealth’s climate and clean energy goals, while ensuring the system is there when customers need it – no matter the weather. Today’s proposal reflects the core investments necessary to strengthen the local electric grid, while holding ourselves accountable to meeting our customers’ expectations.”

Nicola Medalova, COO of Electricity for National Grid New England

National Grid and Massachusetts Electric

- Massachusetts Electric distribution companies



- 1.3 million electric customers
- 6,200+ 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

- Invested approximately \$2 billion to maintain reliability, increase resilience, accommodate economic growth, and prepare for more electrification and more clean energy resources connecting to the grid;
- Replaced 62,000 poles, 25,000 transformers, and more than 1,200 high voltage switches to strengthen and secure the electric system;
- Connected more than 39,000 distributed energy resources to the grid -- enough to power 140,000 homes;
- Created efficiencies saving customers \$40m per year since 2018.

Key elements of 2023 rate case filing

	Revenue request
Mass Electric Year 1 revenue increase	\$131m
• Requested ROE of 10.5%	
• Requested common debt:equity structure of 46.5%/53.5%	
• 5-year rate plan (October 2024 to October 2029)	
• Introduces a new capital recovery mechanism that will adjust annually to recover the costs of the Company’s core investment needs as well as any investment to help the State meet its clean energy objectives up to a recovery cap.	
• Includes a Performance Based Rate Mechanism (PBRM) targeted at Core O&M expense.	
• Increased Storm Cost Recovery	
• Includes proposal for symmetrical performance incentive mechanisms worth approx. 50bp	
• Increases in Depreciation Rates and seeks to recover any remaining AMR meter investment (prior to full AMI deployment)	
• Earnings sharing mechanism triggered when actual ROE exceeds the allowed ROE by 100 bps (75/25 sharing between customer and company)	
• New rates expected from October 1, 2024	

Financing assumptions

	Cost of equity	Cost of debt	Weighted average cost of capital	Assumed equity capitalization
MA Electric	10.5%	4.70%	7.80%	53.5%

Customer impact – total bill

Typical residential electric customers will see an average year 1 net bill increase of 3.7% or \$7.86 per month.

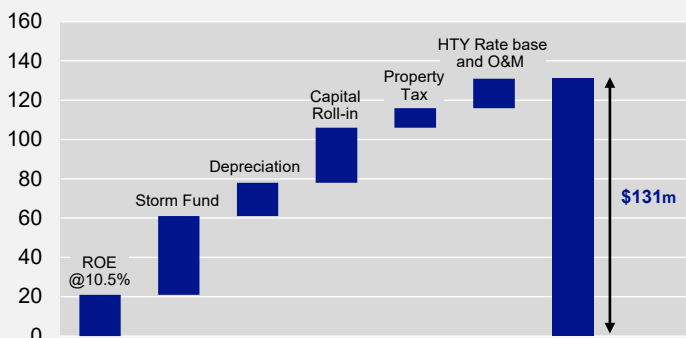
Average annual increase over 5-year rate term is 3.0% including Electric Sector Modernization Plan investment.

Opex

\$131m year 1 increase reflects:

- \$15m HTY Rate base & O&M Increases
- \$21m ROE increase to 10.5%
- \$40m increase in the annual contribution to the storm fund
- \$17m increased depreciation expense based on an updated depreciation study
- \$10m Amortization of Property Taxes
- \$28m Capital Roll-In

Revenue increase (\$m)



Timetable

November 2023	Proposal filed
Spring / Early Summer 2024	Evidentiary Hearings
Late September 2024	Commission order
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.

Important notice

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include information with respect to National Grid's financial condition, its results of operations and businesses, strategy, plans and objectives. Words such as 'aims', 'anticipates', 'expects', 'should', 'intends', 'plans', 'believes', 'outlook', 'seeks', 'estimates', 'targets', 'may', 'will', 'continue', 'project' and similar expressions, as well as statements in the future tense, identify forward-looking statements. This document also references climate-related targets and climate-related risks which differ from conventional financial risks in that they are complex, novel and tend to involve projection over long term scenarios which are subject to significant uncertainty and change. Furthermore, this document, which is provided for information only, does not constitute summary financial statements and does not contain sufficient information to allow for as full an understanding of the results and state of affairs of National Grid, including the principal risks and uncertainties facing National Grid, as would be provided by the full Annual Report and Accounts, including in particular the Strategic Report section and the 'Internal control and risk factors' section on pages 225 to 228 of National Grid's most recent Annual Report and Accounts for the year ended 31 March 2023, as updated by National Grid's unaudited half-year financial information for the following six month period. Copies of the most recent Annual Report and Accounts are available online at www.nationalgrid.com or from Equinix Limited. Except as may be required by law or regulation, National Grid undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document. The content of any website references herein do not form part of this document.

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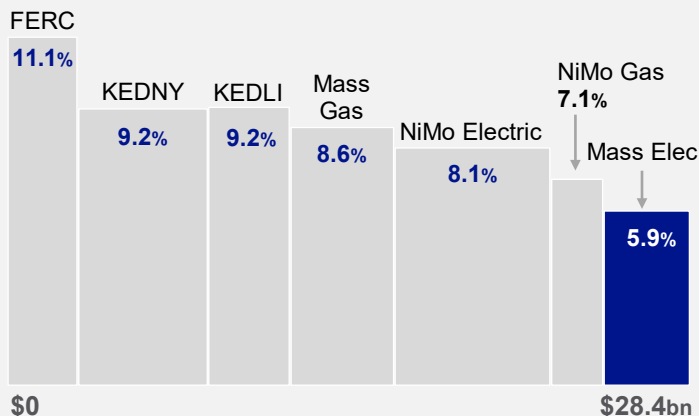
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Capex

- Filing supports an average annual core capital investment of approximately \$790m and puts in place a recovery mechanism for an additional \$440m of investment annually to help the State meet its clean energy objectives if separately approved.
- 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.

2022/23 RoE/Rate base (\$m)



Previous agreement

	Equity/Debt (%)	Allowed RoE	FY22 Achieved RoE
Mass Electric	53/47	9.6%	5.9%

nationalgrid