

# KEDNY and KEDLI:

## 2024 Settlement Joint Proposal

Investor Relations | April 2024

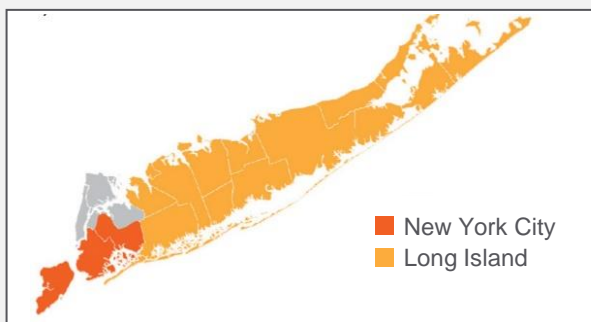


**“National Grid is committed to building a smarter, stronger, cleaner energy future while ensuring the safety and reliability of our energy networks. This rate settlement enables us to continue our broad support of New York’s energy goals and meeting the challenges of climate change. The settlement also enables National Grid to maintain the overall resiliency and affordability of the energy systems serving downstate New York for the benefit of our customers.”**

**Rudy Wynter**

National Grid President, New York jurisdiction

### KeySpan Energy Delivery New York (KEDNY) and KeySpan Energy Delivery Long Island (KEDLI)



- Downstate New York Gas distribution utilities
- 1.9 million natural gas customers, 3,000 employees
- 1.3 million New York City; 620,000 Long Island
- 12,700 miles of gas distribution and transmission pipe
- 4,254 miles New York City; 8,455 miles Long Island

### Meeting our commitments . . .

#### . . . since the last rate settlement in 2020

- Increased customer participation in energy efficiency and gas conservation programs (+50% in energy efficiency savings over the last two years)
- Retired more than 500 miles of leak-prone gas main in downstate New York to enhance safety and reduce system emissions; significant reductions in leaks.
- Met or exceeded our gas safety performance and customer service quality metrics in every year of the current rate plan.

### Financing assumptions

	Cost of equity	Cost of debt	Rate of Return	Assumed equity capitalization
<b>KEDNY</b>	9.35%	4.71%	6.94%	48%
<b>KEDLI</b>	9.35%	4.57%	6.86%	48%

### Key elements of the proposed rate settlement

Requested revenue increase (pre-levelisation)	RY1 (2024/25)	RY2	RY3
<b>KEDNY Annual</b>	\$428m	\$166m	\$127m
<b>KEDNY Cumulative</b>	\$428m	\$594m	\$721m
<b>KEDLI Annual</b>	\$242m	\$114m	\$74m
<b>KEDLI Cumulative</b>	\$242m	\$356m	\$430m

### The three-year rate plan includes the following terms:

- O&M and capex allowances that support inflation/supply chain impacts
- A new rate adjustment mechanism that consolidates certain deferral balances into a surcharge for annual recovery capped at 2% of operating revenues
- Additional surcharges for incremental energy efficiency costs, environmental remediation costs, and pending pipeline safety rulemaking changes – enabling more timely cost recovery of these uncertain and potentially material costs
- Maintains true-up mechanisms for property taxes, pension/OPEBs, and environmental remediation; new tracker for uncollectible expense
- FY25 capex of \$924m KEDNY and \$646m KEDLI
- Recovery of KEDNY’s \$196m regulatory assets over 10 yrs; returning KEDLI’s \$41m regulatory liabilities over 5 yrs
- Projects and program to significantly reduce system leaks and associated emissions
- Approximately \$60 million in Rate Year 1 bills credits for low-income eligible customers
- Earnings Adjustment Mechanism and other incentives
- New rates effective in April 2024

### Customer impact (total bill)

- To mitigate bill impacts, the rate increases will be implemented on a levelized basis (total bill increase of 10.5% for KEDNY and 9.4% for KEDLI annually over the life of the rate plan).

## Advancing New York's energy policy

- Approximately \$75 million of annual funding for energy efficiency programs; new residential weatherization programs
- Reducing GHG emissions over the period of the rate plan by eliminating system leaks and other measures
- Promoting non-pipes alternatives and electrification referrals

## KEDNY Significant Programs

### Capex

- Capital investment of \$924m for FY25
- Retiring a minimum of 45 miles/year of LPP gas main (compared to 41 under the current plan)
- New safety and reliability programmes
- Pipeline integrity projects to enhance reliability

### Opex

\$147m increase reflects:

- Funding to support core operations; offset by efficiencies
- Increased funding for environmental remediation
- Implement pipeline safety programmes
- New leak detection and repair programmes
- Low income eligible and energy efficiency programmes

## KEDLI Significant Programs

### Capex

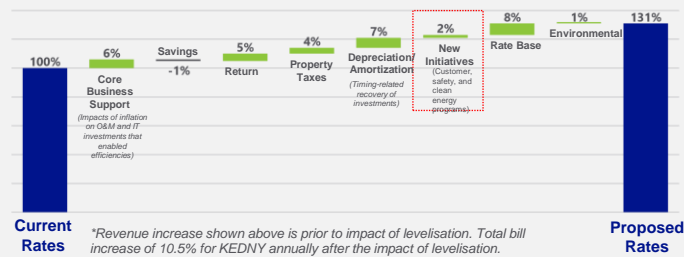
- Capital Investment of \$645m for FY25
- Retiring a minimum of 119 miles/year of LPP (compared to 114 under the current plan)
- New safety and reliability programmes
- Pipeline integrity projects to enhance reliability

### Opex

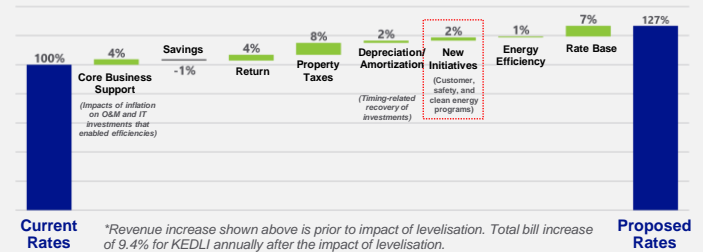
\$132m increase reflects:

- Funding to support core operations; offset by efficiencies
- Property taxes
- Implement pipeline safety programmes
- New leak detection and repair programmes
- Low income eligible and energy efficiency programmes

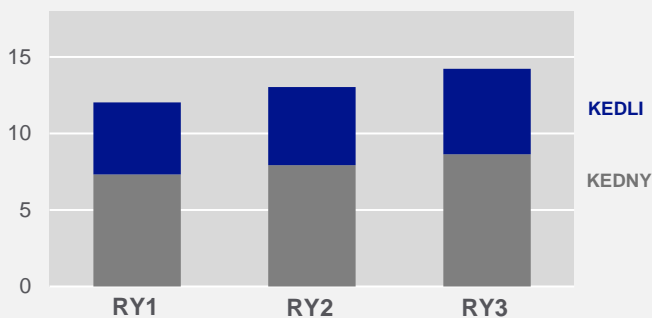
## KEDNY Year-1 delivery revenue increase (31%)\*



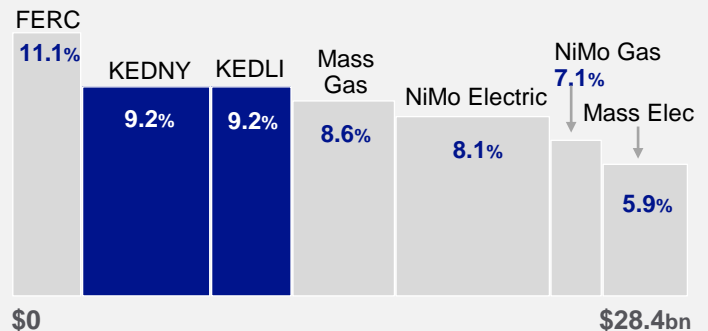
## KEDLI Year-1 delivery revenue increase (27%)\*



## KEDNY/KEDLI rate base forecast (\$bn)



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



## 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](http://www.nationalgrid.com) or from Equiniti 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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