

# Niagara Mohawk Electric and Gas

## 2024 Rate Review

Investor Relations | May 2024

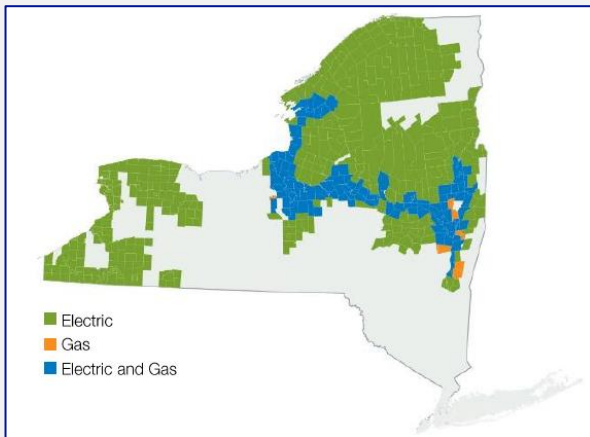


“National Grid’s vision is to be at the heart of a clean, fair, and affordable energy future, while ensuring the safety and reliability of our energy networks. These rate filings demonstrate National Grid’s commitment to continuing its support of New York’s energy goals and meeting the challenges of climate change, while also ensuring overall reliability, resiliency, and affordability for customers.”

Rudy Wynter

National Grid President, New York jurisdiction

### National Grid and Niagara Mohawk (NiMo)



- Upstate New York electric and gas distribution utilities
- 1.7 million electricity customers; 0.6 million gas customers
- 4,000 employees
- 85,000km electricity lines; 14,000km gas pipeline
- Regulated by the New York Public Service Commission

### Meeting our commitments . . . since the 2021 rate case

- Invested \$4.4bn electric and \$1.1bn gas to modernize our networks, including investments to improve reliability and unlock renewable generation
- Consistently met or exceeded our Electric Reliability and Gas Safety performance metrics; maintained strong operational performance through severe weather events
- Reduced system emissions through mains retirement and leak reductions

### Financing assumptions

	Cost of equity	Cost of debt	Rate of Return	Assumed equity capitalization
<b>Electric</b>	10.0%	4.26%	7.01%	48.0%
<b>Gas</b>	10.0%	4.26%	7.01%	48.0%

### Key elements of 2024 rate review

Requested revenue increase	RY1 (2025/26)	RY2	RY3	RY4
<b>Electric Annual</b>	\$525m	\$249m	\$348m	\$219m
<b>Electric Cumulative</b>	\$525m	\$774m	\$1.1bn	\$1.3bn
<b>Gas Annual</b>	\$148m	\$53m	\$44m	\$50m
<b>Gas Cumulative</b>	\$148m	\$201m	\$245m	\$295m

- Requested RoE of 10.0%
- Requested debt:equity structure of 52%/48% for Rate Year 1; increasing to 49% equity in RY2; and 50% equity in RY 3 & 4
- 4-year rate plan (May 2025 to end March 2029)
- \$1.7bn capex electric and \$338m capex gas for FY26
- Investments to modernize our networks and provide a strong foundation for New York’s clean energy future
- Integrated energy planning to promote electrification
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEBs, and environmental remediation
- Funds more than 800 new positions over four years
- Continuing bill assistance and Consumer Advocate programmes to maintain affordability for our most vulnerable customers
- Earnings Adjustments Mechanisms and incentives
- Anticipate new rates effective in May 2025

### Customer impact (total bill)

- **Electric:** Typical residential electric customers will see an average net bill increase of 15.3% or \$18.92 per month
- **Gas:** Typical residential gas customers will see an average net bill increase of 20.2% or \$18.34 per month

## Electric Capex and Opex

### Capex

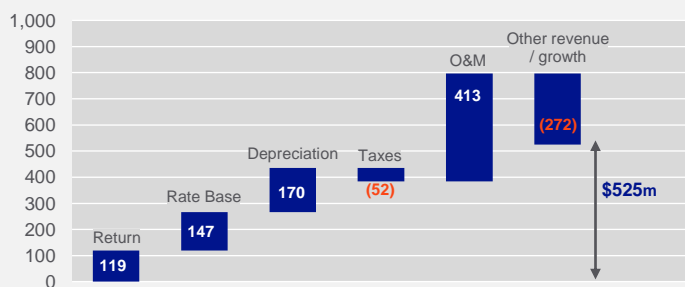
- Capital investment of \$1.7bn for FY26
- Transmission investments are designed to address the State's transmission needs for integrating renewables
- Investments in battery storage to improve reliability and reduce outages experienced by customers in the area
- Line and substation upgrades to strengthen transmission facilities to withstand more intense weather
- EV Highway projects will create over 100MW of capacity for fast-charging across approximately 300 miles of the I-90 corridor

### Opex

\$413m increase reflects:

- Significant investment in energy efficiency and demand response programmes
- Focused programmes to enhance transmission inspections and vegetation management
- IT investments intended to facilitate certain clean infrastructure and O&M initiatives

### Electric Year-1 revenue increase (\$m)



## Gas Capex and Opex

### Capex

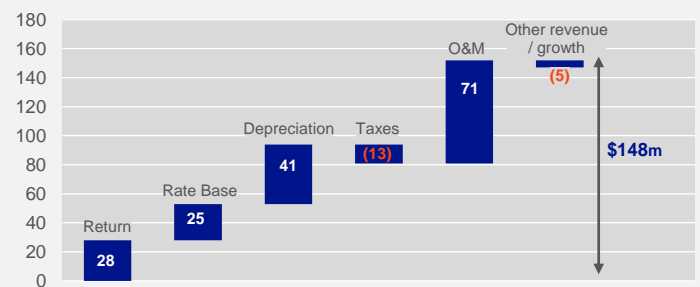
- Capital Investment of \$338m for FY26
- Reducing methane emissions from the gas distribution system through pipe replacements and identifying, prioritizing, and repairing large-system leaks
- Replacing at least 27 miles of leak prone pipe each year
- Advancing geothermal projects enabled by the Utility Thermal Energy Network and Jobs Act
- Integrating biomethane supplies into the gas network

### Opex

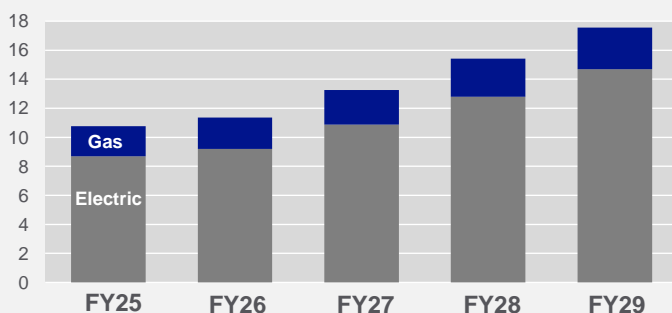
\$71m increase reflects:

- Significant investment in energy efficiency and demand response programmes
- Repairing gas leaks to reduce emissions, including a new programme to prioritize the repair of high-emitting leaks
- Implement pipeline safety programmes
- Low income and energy affordability programmes

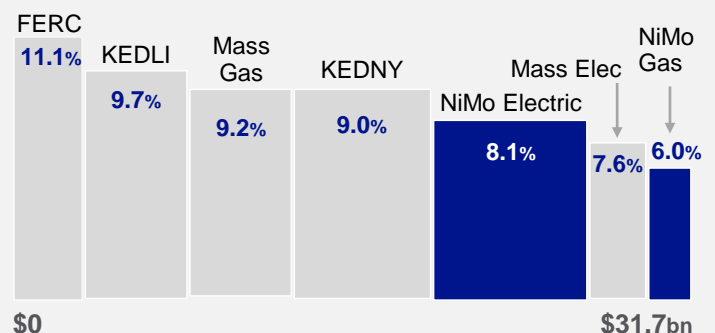
### Gas Year-1 revenue increase (\$m)



### NiMo rate base forecast (\$bn)



### 2023/24 Achieved RoE/Rate base



### 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 (the Company) 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. These forward-looking statements are not guarantees of National Grid's future performance and are subject to assumptions, risks and uncertainties that could cause actual future results to differ materially from those expressed in or implied by such forward-looking statements or targets. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control, predict or estimate precisely, such as changes in laws or regulations and decisions by governmental bodies or regulators, including those relating to current and upcoming price controls in the UK and rate cases in the US, as well as the future of system operation in the UK; the timing of construction and delivery by third parties of new generation projects requiring connection; breaches of, or changes in, environmental, climate change and health and safety laws or regulations, including breaches or other incidents arising from the potentially harmful nature of its activities; network failure or interruption, the inability to carry out critical non-network operations and damage to infrastructure, due to adverse weather conditions including the impact of major storms as well as the results of climate change, or due to counterparties being unable to deliver physical commodities; reliability of and access to IT systems, including or due to the failure of or unauthorised access to or deliberate breaches of National Grid's systems and supporting technology; failure to adequately forecast and respond to disruptions in energy supply; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, as well as against targets and standards designed to support its role in the energy transition; and customers and counterparties (including financial institutions) failing to perform their obligations to the Company. Other factors that could cause actual results to differ materially from those described in this document include fluctuations in exchange rates, interest rates and commodity price indices; restrictions and conditions (including filing requirements) in National Grid's borrowing and debt arrangements, funding costs and access to financing; regulatory requirements for the Company to maintain financial resources in certain parts of its business and restrictions on some subsidiaries' transactions such as paying dividends, lending or levying charges; the delayed timing of recoveries and payments in National Grid's regulated businesses, and whether aspects of its activities are contestable; the funding requirements and performance of National Grid's pension schemes and other post-retirement benefit schemes; the failure to attract, develop and retain employees with the necessary competencies, including leadership and business capabilities, and any significant disputes arising with National Grid's employees or breaches of laws or regulations by its employees; the failure to respond to market developments, including competition for onshore transmission; the threats and opportunities presented by emerging technology; the failure by the Company to respond to, or meet its own commitments as a leader in relation to, climate change development activities relating to energy transition, including the integration of distributed energy resources; and the need to grow the Company's business to deliver its strategy, as well as incorrect or unforeseen assumptions or conclusions (including unanticipated costs and liabilities) relating to business development activity, including the sale of a stake in its UK Gas Transmission and Metering business, its strategic infrastructure projects and joint ventures and the separation and transfer of the ESO to the public sector. For further details regarding these and other assumptions, risks and uncertainties that may impact National Grid, please read the Strategic Report section and the 'Risk factors' on pages 226 to 231 of National Grid's Annual Report and Accounts for the year ended 31 March 2024, which is published today. In addition, new factors emerge from time to time and National Grid cannot assess the potential impact of any such factor on its activities or the extent to which any factor, or combination of factors, may cause actual future results to differ materially from those contained in any forward-looking statement. Except as may be required by law or regulation, the Company undertakes no obligation to update any of its forward-looking statements, which speak only as of the date of this document.

### Further information

**Nick Ashworth**  
 Director of Investor Relations  
 M +44 (0) 7814 355 590  
 nicholas.ashworth@nationalgrid.com

**Angela Broad**  
 Senior Investor Relations Officer  
 M +44 (0) 7825 351 918  
 angela.broad@nationalgrid.com

**James Flanagan**  
 Investor Relations Manager (US)  
 M +44 (0) 7970 778 952  
 james.flanagan2@nationalgrid.com

**Dan Evans**  
 Investor Relations Analyst  
 M +44 (0) 7593 598 877  
 dan.evans1@nationalgrid.com

National Grid plc  
 1-3 Strand  
 London WC2N 5EH  
 United Kingdom

investors.nationalgrid.com

**nationalgrid**