London Stock Exchange	NG.
New York Stock Exchange	NGG
Bloomberg Debt Ticker	NGGLN

National Grid
Debt Investor Update

As one of the **world's largest public utilities** focused on the **transmission and distribution of electricity and gas**, we play a vital role in **connecting people** to energy they use, and are positioned to be at the **heart of the energy transition**.

July 2024

NEW 5-year framework FY25-29

Capital investment

c.£60bn
FY25-29 Capital investment

c.£51bn
Green[1],
aligned to EU taxonomy

c.£23bn
UK Electricity Transmission

c.£8bn
UK Electricity Distribution

c.£17bn
New York Regulated

c.£11bn
New England Regulated

c.£1bn
NG Ventures

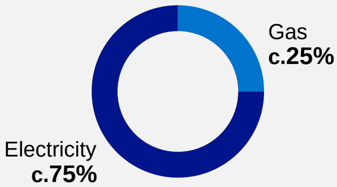
Group asset growth	**c.10%** CAGR[2]
Underlying EPS	**6-8%** CAGR[3]
Credit metrics	Committed to strong investment grade credit rating Credit metrics above current rating thresholds[4]
Dividend	Aim to grow dividend per share in line with UK CPIH[5]

Geographic and regulatory diversity

FY24 asset base[6]

Geographical split

Energy split



1. Aligned to EU Taxonomy, directly invested into the decarbonisation of energy networks.
2. Group asset compound annual growth rate from a FY24 baseline. Forward years based on assumed USD FX rate of 1.25; and long run UK CPIH and US CPI. Assumes sale of ESO, Grain LNG, and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to group asset growth.
3. EPS compound annual growth rate from a FY25 baseline. Forward years based on assumed USD FX rate of 1.25; long run UK CPIH, US CPI and interest rate assumptions and scrip uptake of 25%. Assumes sale of ESO, Grain LNG and National Grid Renewables before 2029. Assumes remaining 20% stake in UK Gas Transmission treated as a discontinued operation and therefore does not contribute to underlying EPS.
4. Until at least the end of the RIIO-T3 period.
5. Aim to increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue.
6. Calculated as proportion of closing FY24 asset base and no longer includes UK Gas Transmission and Metering.

FY24 Highlights

Group financial summary full year ended 31 March 2024
Underlying results

Operating profit	Underlying EPS	Dividend growth	Capital investment
£4,773m ⬆6%	**78.0p** ⬆6%	**58.52p** ⬆5.55%	**£8,235m** ⬆11%
FY23: **£4,518m**	FY23: **73.6p**	FY23: **55.44p**	FY23: **£7,430m**

Underlying results from continuing operations excluding exceptional items, remeasurements, deferrable major storm costs (when greater than $100m), timing, the contribution from UK Gas Transmission and Metering, which are classified as a discontinued operation for accounting purposes, and the impact of deferred tax in UK regulated businesses (NGET and NGED).

Operating profit, underlying EPS and capital investment calculated at constant currency. Capital investment includes investment in JVs and capital prepayments and no longer includes investments in NG Partners. Comparatives have been restated.

Underlying EPS restated to reflect change in definition to remove the impact of deferred tax in UK regulated businesses (NGET and NGED).

A refocused strategy on energy networks: Investing around £60 billion over the next 5 years, almost entirely into energy networks, backed by a comprehensive financing plan, including the intended sale of our UK Grain LNG terminal and US renewables businesses.

Record Group capital investment: £8.2bn In the UK, we completed tunnel boring at LPT2, and erection of all 116 T-pylons at our Hinkley-Seabank Connection project. In the US, we continued to progress our Grid Modernization programme in Massachusetts, and in New York continued work on our $550m Smart Path Connect transmission project.

Good FY24 financial results a little higher than expectations, reflecting higher regulated revenues. Exceeded £400m cost efficiency target: £531m

ASTI progress Joint construction projects signed for Eastern Link 1 and 2 with preferred suppliers selected for HVDC cable and converter stations. Launched the 'Great Grid Partnership' with seven industry partners to help deliver network design and construction works on nine major projects.

Updated Responsible Business commitments New SBTi aligned near-term emissions targets, including a new aim to reduce Scope 1 and 2 emissions by 60% by 2030 from a 2018/19 baseline, whilst remaining committed to reduce Scope 3 emissions by 37.5% by 2034.

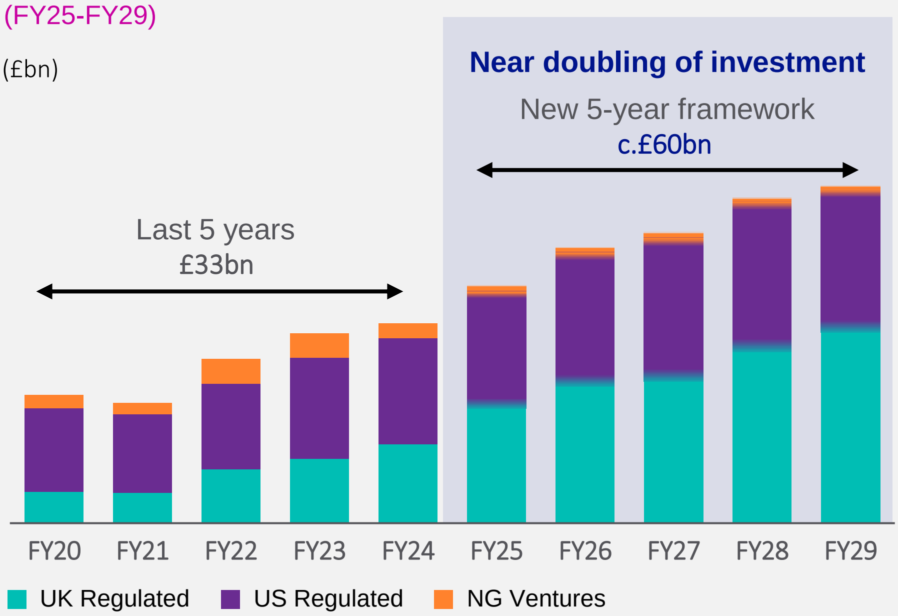
Increased clarity on investment plans

	UK Electricity Transmission	US Regulated
Scale	**17 Accelerated Strategic Transmission Investment (ASTI) projects in licence** • Mid-high teens £billions **“Beyond 2030”** Electricity System Operator report **RIIO-T3 business plan development**	**Downstate NY KEDNY/KEDLI rate plan** • c.$5bn capex over 3 years **Upstate NY Niagara Mohawk** (NiMo) rate filing in May **$4bn “Upstate Upgrade”** **Massachusetts Electric** (MECO) rate filing **Electric Sector Modernization Plan** (ESMP): $2bn over 5 years
Profile	**ASTI supply chain progress** • Eastern Green Links 1 & 2 contracts awarded • c.£9bn enterprise partnership model **Planning & consenting progress** **UK policy progress** • Updated energy National Policy Statements • Transmission Acceleration Action Plan	**Supply chain progress** • Engineering contracts for $2.9bn CLCPA[1] transmission projects Good visibility of investment in electric distribution and leak prone pipe replacement programme
Regulation	**New Ofgem duties:** growth and net zero **Ofgem RIIO-T3 SSMC[2]:** introduction of investability **Ofgem strategy update:** “enabling infrastructure for net zero at pace”	**KEDNY/KEDLI** • 9.35% allowed return on equity (up 55bps) **NiMo rate filing** **MECO & ESMP rate filing** • Productive discussions with Regulator (DPU)

1. Climate Leadership and Community Protection Act
2. Sector specific methodology consultation (SSMC)

Driving a significant step-up in investment & growth

c.£60bn capital investment
(FY25-FY29)



c.85%
Green investment
aligned to EU taxonomy

c.10%
group asset growth
CAGR FY25-29

c.£100bn
Group assets
by FY29[1]

1. Assuming average UK CPIH inflation of 2.5%

An attractive proposition of growth and yield

Backed by a comprehensive financing plan

A strong investment grade balance sheet
positioned to deliver an unprecedented step up in capital investment

Equity	• Raise of £7bn supports increased investment levels • 7 new shares for every 24 existing shares. Issue price of 645 pence
Debt	• Continued issuance of senior debt across the Group • Expect to use hybrid debt later in 5 year framework to maintain balance sheet strength and investment flexibility
Credit metrics	• Committed to strong investment grade credit rating • Credit metrics above current rating thresholds[1]: FFO/net debt >10% and RCF/net debt >7%
Portfolio	• Announcing sale process for Grain LNG and NG Renewables
Dividend	• Continued progressive dividend policy, maintaining total level of dividend. Grow DPS in line with UK CPIH • Implies a DPS rebase from FY25[2] • Scrip dividend maintained given high asset growth

1. Until at least the end of the RIIO-T3 period.
2. Aim to increase the FY25 DPS by UK CPIH following the rebase of the FY24 DPS of 58.52 pence, after taking account of the new shares issued following the Rights Issue.

Responsible Business 2023/24 performance highlights

Our environment

11.8%
reduction in Scope 1 and 2 emissions (against our 2018/19 baseline)

£6.0bn
total green CAPEX per EU taxonomy in 2023/24

3,030 MW
renewable energy connected in the UK and US in 2023/24

Our customers and communities

18,907
people provided with meaningful skills development in 2023/24

77,918
colleague volunteering hours

49/75
Social Mobility Index (UK)

Our people

81%
employee engagement index score

53.8%
Diversity of Group Executive

17.6%
ethnic diversity of our management population

Responsible business fundamentals

0.08
lost time injury frequency rate

99.9%
total network reliability

£39.7 million
National Grid Partners investment in emerging technologies/research and development

Awards and recognition

Recognised as a Top 50 employer for gender equality in 2023 by The Times

Became a constituent of the 2024 Bloomberg Gender-Equality Index for the third year running

Achieved an ‘A grading’ rating (the highest) for our response to climate change for the eighth consecutive year and achieved a ‘B-’ grading for our CDP Water disclosure

Awarded score of 18.3/100 (Low Risk) in relation to experiencing material impacts from ESG and a strong score for management of impacts *

‘AAA’ (highest score) for the seventh consecutive year ^

Remained a constituent of the FTSE4Good Index

Prime rating (C+), industry-leading score

Equileap
Ranked 2nd in the UK and 4th globally for gender equality by Equileap

FY24 financial performance and operational priorities progress

Note: Underlying results from continuing operations excluding exceptional items, remeasurements, timing and deferred tax on UK ET and UK ED. Operating profit and JVs post tax share presented at constant currency.

New York

Operating profit

£1,016m ⬆21%

FY23 : **£842m**

Higher rates and continued delivery of cost efficiencies

Early recoveries on Smart Path Connect

Underlying operational delivery

- £2.7bn capital investment, up £291m on the prior year[1]
  - Delivering $4bn 'Upstate Upgrade'
  - 70 transmission enhancement projects
  - 206 miles of leak prone pipe replaced

Regulatory progress

- Filed KEDNY-KEDLI Joint Proposal in April 2024
- NIMO rate filing in May 2024

New England

Operating profit

£802m ⬆9%

FY23: **£736m**

Higher rates

Partly offset by higher depreciation and other costs

FY23 figure excludes contribution from the now sold Rhode Island business

Underlying operational delivery

- 14% increase in capital investment[1] (£1.7bn)
  - 131 miles of leak prone pipe replaced

Regulatory progress

- New MECO five-year rate filing November 2023
- Filed final Electric Sector Modernization Plan in January 2024
  - Proposes $2bn of investment over 5 years

UK Electricity Transmission

Operating profit

£1,314m ⬆19%

FY23: **£1,107m**

Higher allowed returns and revenue indexation

Non-recurrence of £147m Western Link return

Record capital investment

- 47% increase in capital investment (£1.9bn)
  - ASTI
  - Hinkley Connection Project
  - London Power Tunnels
  - 3GW of generation connected

Major capital projects progress

- Eastern Green Link 1 & 2 contracts awarded

RIIO-T3 Key Milestones

Mar 24	Conclusion of SMCC
Summer 24	Expect the Sector Specific Methodology Decision by Ofgem
Late 24	Final submission Business Plan
Q2 25	Draft Determination
Q4 25	Final Determination
Apr 26	Start of five-year RIIO-T3 price control

Regulatory overview: Ofgem RIIO-T2

Targeting 100 basis points of operational outperformance per year on average across RIIO-T2 (2021-2026)

Allowed return on equity	**5.20%**[1]
Gearing	**55%**
Sharing Factor (Totex)	**33%**

1. *Allowed ROE FY25 (real) which is updated each year with changes to the risk-free rate*

UK Electricity Distribution

Operating profit

£1,152m ⬇6%

FY23: **£1,230m**

Shift from RIIO-ED1 to ED2

Lower incentive revenues at start of RIIO-ED2

Good start to RIIO-ED2

- £1.2bn capital investment, up 2%
- High level of customer satisfaction, with 9/10 score
- Released **10GW** grid capacity to accelerate projects in connections pipeline

Regulatory overview: Ofgem RIIO-ED2

Targeting 100-125 basis points of operational outperformance per year on average across RIIO-ED2 (2023-2028)

Allowed return on equity	**5.59%**[1]
Gearing	**60%**
Sharing Factor (Totex)	**50%**

1. *Allowed ROE FY25 (real) which is updated each year with changes to the risk-free rate*

NGV and Other

Operating profit

£409m ⬇21%

FY23: **£520m**

Higher revenues from NSL cap increase

Offset by non-recurrence of St William property sales and IFA1 insurance proceeds in prior year

Underlying operational delivery

- £662m capital investment

Interconnectors

- 765km Viking Link online – world's longest interconnector to Denmark

JVs post tax share

£101m ⬇47%

FY23: **£189m**

UK ESO[1]

Operating profit

£80m ⬆158%

FY23: **£31m**

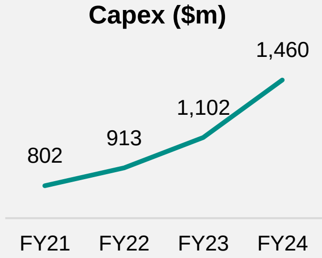
1. *Electricity System Operator now classified as Held for Sale.*

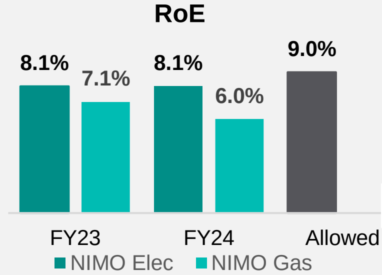
National Grid's New York Companies

Niagara Mohawk Power Corp (NIMO) *(Baa1 / BBB+ / -)*	Current plan: **July 2021 to June 2024**	Debt / Equity: **52%/48%**	Rate Base: **$10.1bn**	Financing Authority: **$200m new debt** to June 2024

Key Credit Strengths of current rate plan:

- $3.3bn of capital investment over the first three rate years
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEBs, and environmental remediation
- Adopt additional innovative rate design elements, including performance based rates, incentive and new earnings adjustment mechanisms





Brooklyn Union Gas Company (KEDNY) (Baa2 / BBB+ / BBB+) KeySpan Gas East Corporation (KEDLI) (Baa1 / BBB+ / A-)	Current plan: **April 2020 to March 2024**	Debt / Equity: **52%/48%** **52%/48%**	Rate Base: **$6.5bn** **$4.1bn**	Financing Authority: **$600m new debt** to March 2025 **$390m new debt** to March 2025

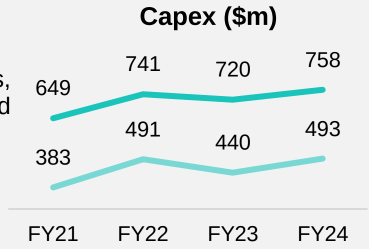
Key Credit Strengths of current rate plan:

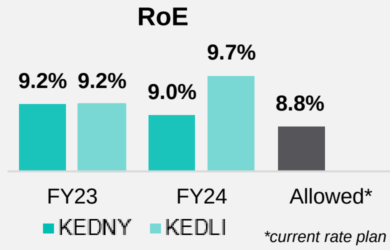
- $3.3bn capex across the first three rate years
- Maintains tracker and true-up mechanisms for property taxes, commodity related bad debt, Pension/OPEBs, and environmental remediation

New KEDNY-KEDLI Joint Proposal ("JP") in April 2024:

- JP for new 3-year rate plan reflects higher 9.35% RoE

https://www.nationalgrid.com/investors/resources/factsheets





*current rate plan

National Grid's Massachusetts Companies

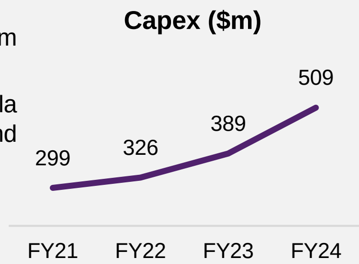
Massachusetts Electric Company (MECO) (Baa1 / BBB+ / -)	Current plan: **Oct 2019 to Sept 2024**	Debt / Equity: **46.5%/53.5%**	Rate Base: **$3.5bn**	Financing Authority: **$200m new debt** to Aug 2024

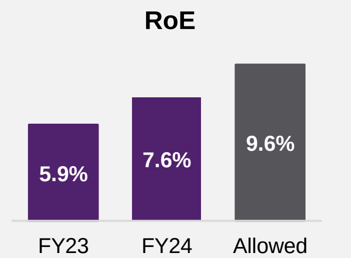
Key Credit Strengths of current rate plan:

- 5-year rate plan, supporting capital investment of ~$300m annually
- Performance Based Rate Mechanism (PBRM), with an I-x formula (where I = inflation, x = productivity factor) to fund Capex and Opex, ensuring inflation is factored into the cost base
- Separate filing filed for modernisation and EV charging

New Rate Case filing made Nov 2023:

https://www.nationalgrid.com/investors/resources/factsheets

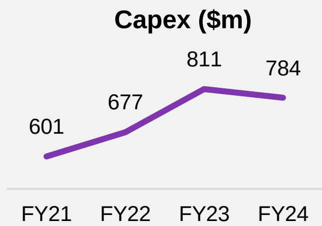


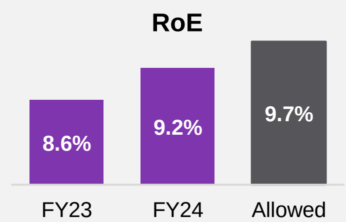


Boston Gas Company (BOS) (Baa1 / BBB+ / -)	Current plan: **Oct 2021 to Sept 2026**	Debt / Equity: **46.6%/53.4%**	Rate Base: **$4.8bn**	Financing Authority: **$500m new debt** to Nov 2025

Key Credit Strengths of current rate plan:

- Rate case supports capital investment of ~$267m annually and a revenue increase of $72m annually (Note: Leak prone pipe investments are recovered under separate mechanisms)
- Includes a Performance Based Rate
- Separate filing for modernisation and EV charging



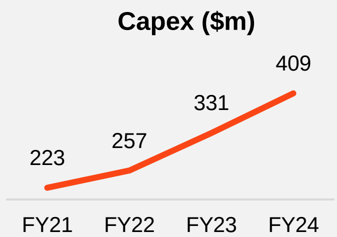


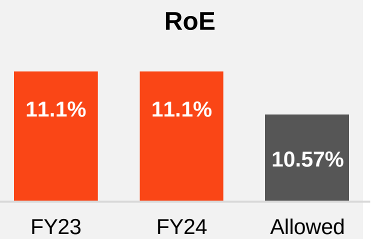
The Federal Energy Regulatory Commission (FERC)

New England Power Company (NEP) (A3 / BBB+ / A-)	Debt / Equity: **39%/61%**	Rate Base: **$2.6bn**	Financing Authority: **N/A**

Key Credit Strengths:

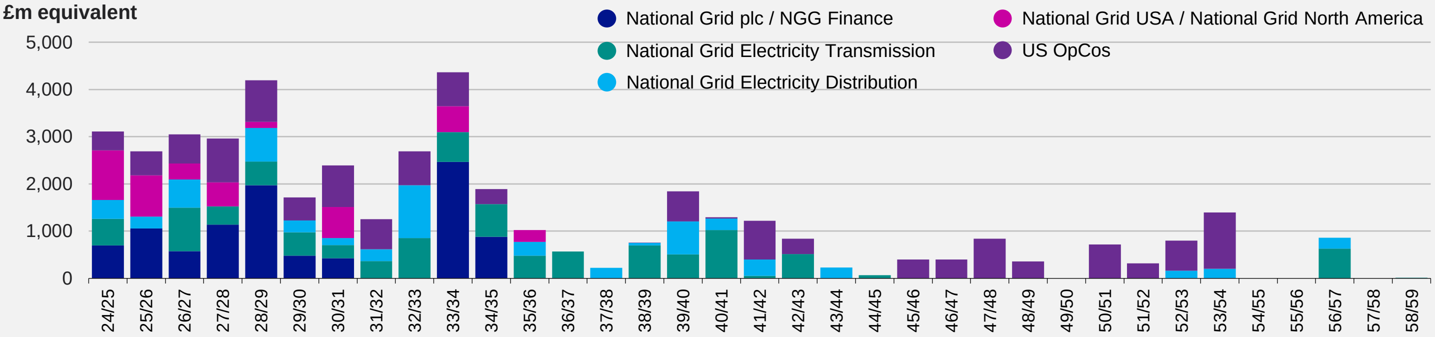
- Automatic annual true up for operating and capital costs, pension/OPEB true-up
- Formula rates allow reimbursement for all prudently incurred operating and maintenance expenditure, tax, depreciation and amortization and financial return on incremental rate base additions during the year





National Grid long term debt maturity profile

Data as at 31st March 2024, GBP/USD closing exchange rate 1.26, Hybrid bond maturities to first call date.



Group debt issuing companies senior unsecured credit ratings

National Grid plc
Moody's / S&P / Fitch
Baa2 / BBB / BBB

- **National Grid North America Inc** – Baa2 / BBB / -
  - **Niagara Mohawk Power Corporation** – Baa1 / BBB+ / -
  - **The Brooklyn Union Gas Company (KEDNY)** – Baa2 / BBB+ / BBB+
  - **KeySpan Gas East Corporation (KEDLI)** – Baa1 / BBB+ / A-
  - **New England Power Company** – A3 / BBB+ / A-
  - **Boston Gas Company** – Baa1 / BBB+ / -
  - **Massachusetts Electric Company** – Baa1 / BBB+ / -
- **National Grid Electricity Transmission plc** – Baa1 / BBB+ / A-
- **National Grid Electricity Distribution plc** – Baa2 / BBB / -
  - **NGED East Midlands plc** – Baa1 / BBB+ / -
  - **NGED West Midlands plc** – Baa1 / BBB+ / -
  - **NGED South Wales plc** – Baa1 / BBB+ / -
  - **NGED South West plc** – Baa1 / BBB+ / -

Holding Company
Operating Company

Green Financing

- NG published its latest group-wide green financing framework (July 2021) that is aligned with the ICMA Green Bond Principles (2021) and Green Loan Principles (2021)
- ISS-ESG provided a Second Party Opinion
- **£2.9bn Green Bonds** issued to date across NG plc, NGET and NIMO

- Several entities have access to the debt markets via various programmes:

	Programme Size		
Entity	**EMTN**	**ECP**	**USCP**
National Grid plc	€20bn[1]	$4bn	$4bn
National Grid North America Inc	€8bn	€4bn	$4bn
National Grid Electricity Transmission plc	€20bn[1]	$2.5bn	$2.5bn
Jointly across all four NGED operating companies	£6bn	-	-

1. Joint NG plc / NGET EMTN programme.

- NG plc also has a SEC registered shelf: ***$1.5bn issued in Jun 23, and $750m issued in Jan 24***
- The majority of US operating companies issue in 144A/RegS format

More information about the group debt programmes can be found on our dedicated website: www.nationalgrid.com/investors/debt-investors/debt-information

2024/25 issuance expectations

- Lower issuance of up to ~ £4bn, as we utilise the rights issue proceeds, reflecting:
  - Continued issuance from US OpCos for regulatory reasons
  - Potential to smooth group issuance over FY25/FY26
- Beyond FY25 we expect issuance to increase over time in line with our investment plan
- ~ £750m of net proceeds from the rights issue used to replace the equity content assigned by the rating agencies to the €500m and £1bn hybrid bonds callable in 2024/2025
- Hybrid debt to remain an important funding tool for the group – expect to issue further hybrid debt later in 5-year period to FY29

Further information

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