

Massachusetts Electric:

2024 Rate Case Order

Investor Relations | October 2024

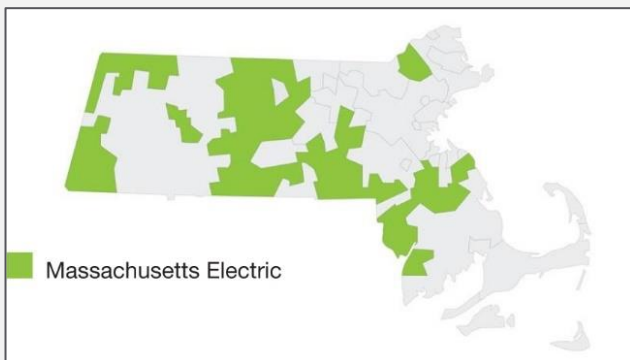


“Building a smarter, stronger, cleaner electric grid is foundational to our commitment of providing safe, reliable service to our customers as Massachusetts pursues its clean energy goals. The new plan enables the critical investments in our energy network, as well as a first-of-its-kind tiered discount rate program for income-eligible customers that promotes greater equity. As always, we are focused on providing the high levels of service our customers and communities expect and deserve.”

Lisa Wieland, President of National Grid New England

National Grid and Massachusetts Electric

Massachusetts Electric distribution companies



- 1.4 million electric customers
- 6,800+ 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 we have:

- Invested approximately \$2 billion to maintain reliability, increase resilience, accommodate economic growth, prepare for more electrification, and more clean energy resources connecting to the grid.
- Replaced 54,000 poles, 24,000 transformers, and more than 1,500 high voltage switches to strengthen and secure the electric system;
- Connected more than 58,000 distributed energy resources to grid -- enough to power 200,000 homes;
- Created efficiencies saving customers \$47 million/year since 2018.

Key elements of 2024 rate case order

Mass Electric Year 1 revenue increase \$79.6 million

- Allowed ROE of 9.35%
- Common debt:equity structure of 47.17%/52.83%
- 5 year rate plan (October 2024 to October 2029)
- Introduces a new mechanism that enables timely recovery of growing capital investment needs up to a cap
- Includes a Performance Based Rate Mechanism (PBR-O) providing recovery of core operating and maintenance costs
- Increases Storm Cost Recovery by \$42 million per year in base rates plus an additional \$18 million in the Storm Fund Replenishment Factor (SFRF)
- Earnings sharing mechanism triggered when actual ROE exceeds 100 bps above allowed ROE (75/25 sharing between customer and company)
- Symmetric Performance Incentive/Penalty structure for low income program enrollment and Distributed Energy Resource (DER) Interconnections
- Multi-tiered low income discount rates to address energy burdens and promote rate equity
- New rates in effect from October 1, 2024

Financing assumptions

	Cost of equity	Cost of debt	Weighted average cost of capital	Assumed equity capitalization
MA Electric	9.35%	4.56%	7.09%	52.83%

Customer impact

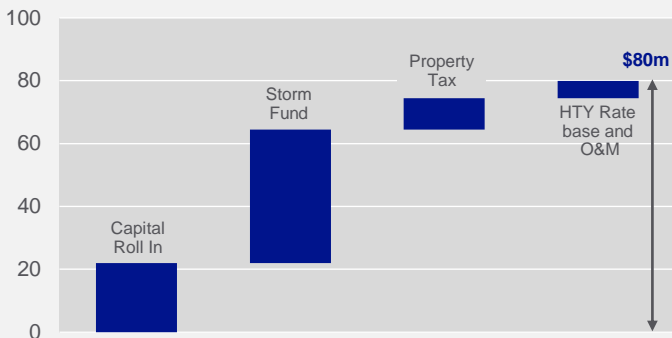
Typical residential electric customers will see an approximate year 1 net bill increase of 3.0 to 3.5% or \$6 to \$7 per month.

Opex

\$79.6 million year 1 increase reflects:

- \$22m Capital Roll-In
- \$42m increase in annual storm fund costs, excluding the increases in the SFRF
- \$10m Amortization of Property Taxes
- \$6m Historic Test Year (HTY) Rate base and O&M Increases

Revenue increase (\$m)



Timetable

16 November 2023	Proposal filed
Spring / Early Summer 2024	Evidentiary Hearings
30 September 2024	Commission order
1 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 (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.

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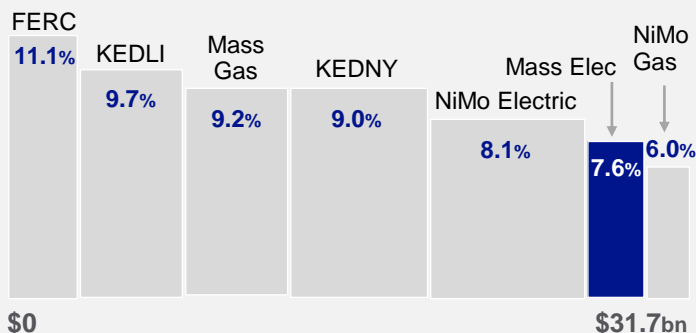
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Capex

- 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, supporting increasing investments with timely recovery.
- Cost recovery for clean energy investments proposed in the Electric Sector Modernization Plan (ESMP) will be determined in a separate proceeding.

2023/24 Achieved RoE/Rate base



Previous agreement

	Equity/Debt (%)	Allowed RoE	FY24 Achieved RoE
Mass Electric	53/47	9.6%	7.6%

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