

Oddo Environment Forum

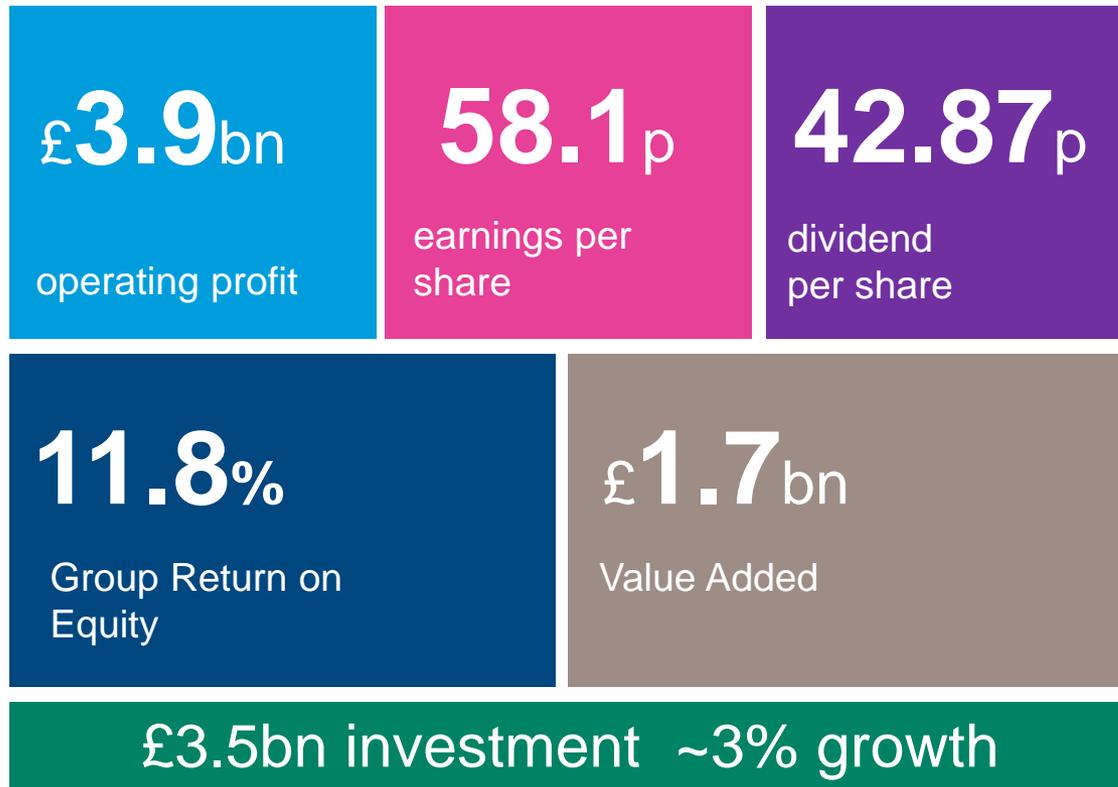
Paris | Thursday 11 June 2015



Cautionary statement

This presentation 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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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 seasonal and weather conditions including the impact of major storms as well as the results of climate change or due to unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; changes in public safety concerns, including due to network failure or interruption involving National Grid or other utility providers, and related increases in repair and emergency response activities; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation projects; 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 announcement 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; inflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments and 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 assumptions in connection with joint ventures. 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 167 to 169 of National Grid's most recent Annual Report and Accounts and the 'Principal Risks and Uncertainties' disclosure in National Grid's most recent Half Year Results Statement. 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 presentation.

Full year results



Note: Adjusted results, excluding exceptional items and remeasurements for continuing operations
Constant currency figures calculated by applying the average 2015 rate (\$1.58 to £1.00) to 2014 results (when the average rate was \$1.62 to £1.00)
All numbers include impacts of timing

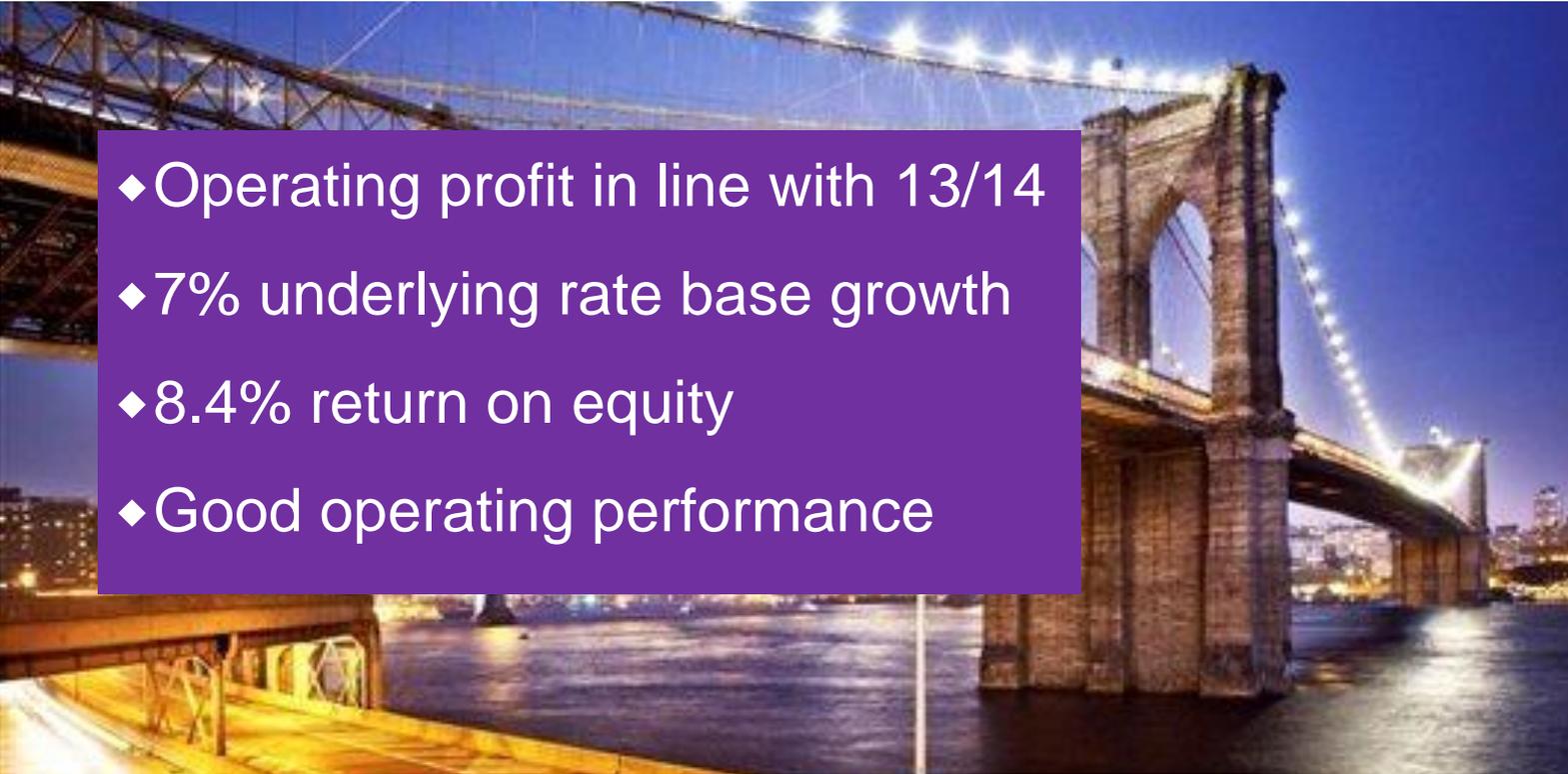
UK performance

- 
- ◆ 13.7% UK return on equity
 - ◆ 270 bps RIIO incentive performance
 - ◆ Totex 60% of overall incentives

UK performance customer benefits

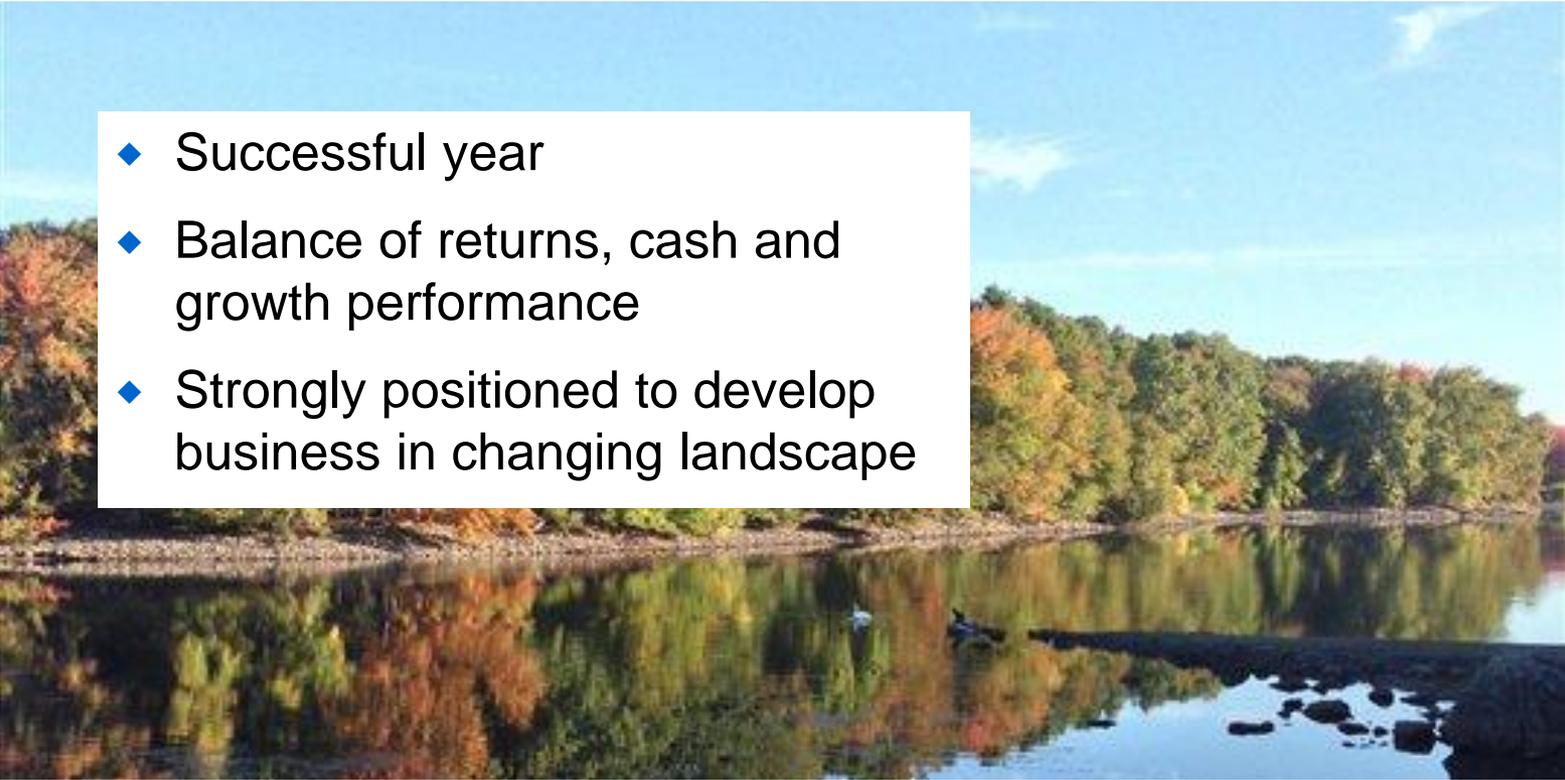
- 
- ◆ More than £400m cumulative RIIO savings to date
 - ◆ c.50% to reduce customer bills
 - ◆ Efficiencies creating customer savings

US regulated performance

- 
- ◆ Operating profit in line with 13/14
 - ◆ 7% underlying rate base growth
 - ◆ 8.4% return on equity
 - ◆ Good operating performance

US regulated activities at constant currency. Constant currency figures calculated by applying the closing 2015 rate (\$1.49 to £1.00) to March 2014 balances (when the closing rate was \$1.67 to £1.00)
Underlying performance excludes working capital balances

Summary

- 
- ◆ Successful year
 - ◆ Balance of returns, cash and growth performance
 - ◆ Strongly positioned to develop business in changing landscape

Our approach



Designing



Preserving



Inspiring

Investment case underpinned by responsible way we do business

Business in the Community

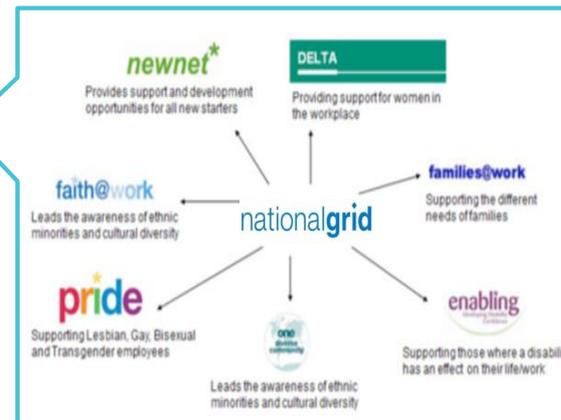
Responsible business of the year 2014



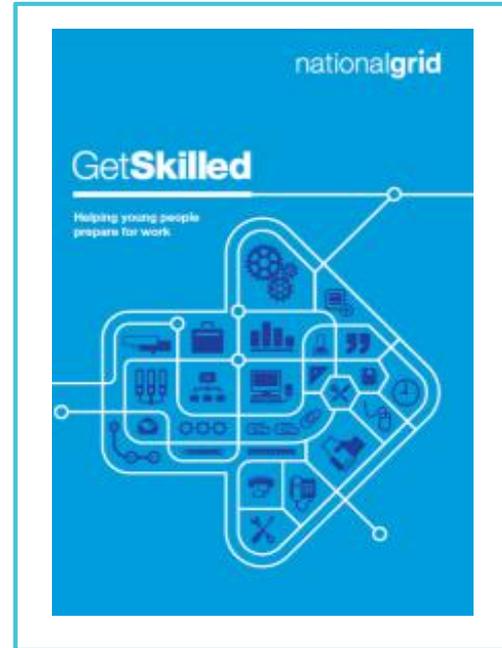
Responsible business: our people

- ◆ Improving safety
- ◆ Training academy
- ◆ Inclusion and diversity
- ◆ Employee health and support
- ◆ Employee survey and engagement targets
- ◆ Reward and pensions

EmployAbility
Let's work together



Inspiring for the future



Addressing a skills shortage (STEM)

- ◆ Getting people into work
 - ◆ Young offenders programme
- ◆ Educating to develop skills



Over the last year:

- ◆ 8,100 STEM conversations in class
- ◆ 80,000 contacts through fairs
- ◆ 150 Education Ambassadors
- ◆ Over 90,000 training days

Responsible business: our customers & communities

- ◆ Improving safety
- ◆ Affordable warmth programmes
- ◆ Energy efficiency programmes
- ◆ Minimising customer bill impacts
- ◆ Community outreach
- ◆ Charity partnerships
- ◆ Property JV: affordable housing
- ◆ Disruption & visual amenity



Designing for the future



**£500M
ALLOWANCE
TO BENEFIT
NATIONAL PARKS
AONBs AND
NATIONAL
SCENIC AREAS**

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**National Grid's £500m plan to move
biggest and ugliest pylons underground**
Eight national parks and areas of outstanding natural beauty on



Responsible business: our investors

- ◆ Corporate governance
 - ◆ Board diversity
 - ◆ reporting & transparency
 - ◆ new remuneration & long-term incentives

- ◆ Complementing operational excellence with responsible business approach
 - ◆ improving safety
 - ◆ risk management
 - ◆ ethical approach



Sustainable dividends & asset growth

Responsible business: our environment

- ◆ Key role enabling de-carbonisation
 - ◆ connecting low carbon generation
 - ◆ system operation and balancing
- ◆ Company greenhouse gas emission reduction targets
- ◆ Material re-use and recycling
- ◆ Enhancing ecosystems
 - ◆ Land remediation and re-use
 - ◆ Rural biodiversity
- ◆ Embedding sustainability in decision making

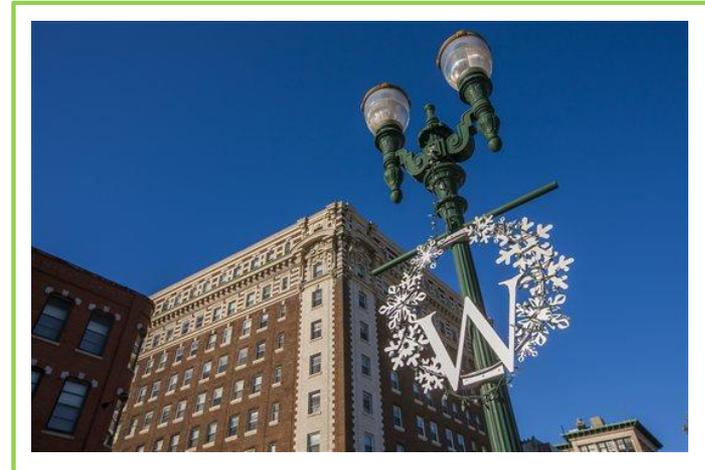


Preserving for the future



Smart Energy Solutions program, Worcester MA

- ◆ Most comprehensive smart grid pilot underway in the Northeast
- ◆ Advanced communications and automation
- ◆ 2014 - new “smart” pricing plans



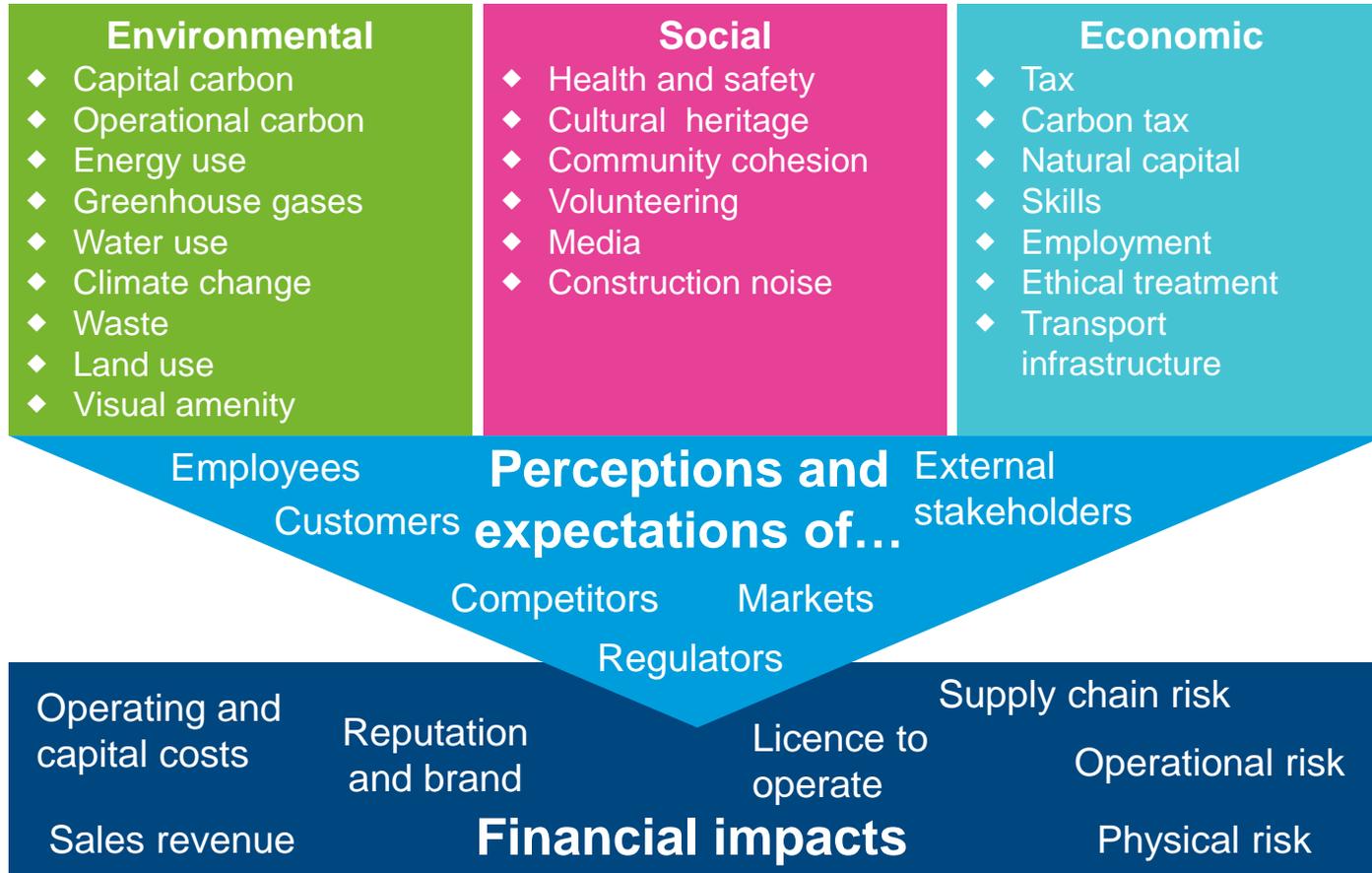
“put our customers in control of their energy and do so in ways that are easy and convenient for them”

Embedding sustainability



A4S Chief Financial Officers' Network is focusing on integrating environmental and social issues into financial decision making

What factors might we consider?



Carbon interface tool

What is it?



A tool developed in house to measure a project's carbon footprint .

What it tells us

Voltage	Equipment	Qua
400kV	Disconnecter 3ph	
400kV	Earth Switch 3ph	
400kV	CVT No Foundation 1ph	
400kV	SF6 Circuit Breaker 3ph	

Different material impacts occur in different schemes. Substation projects have a low intensity and gas projects a higher intensity. Highest impacts come from civils

Focus

Key areas to help drive reductions and implementing change into schemes

- Steel
- Concrete
- Aluminium



Targets

?tCO₂/£m

We now understand our baseline (190tCO₂/£m) and will target reducing by 10% in the next 12 months.

Valuing natural capital tool

What is it?



A tool developed with external support that provides us with a common language to engage with stakeholders and evaluate options

It helps us to



Identify Natural Capital values and make better investment decisions to secure social, environmental and economic returns

How we might use it

Quantify

- Natural Capital on National Grid sites

Assess

- Ecosystem Services provided

Value

- Each of these ecosystem services

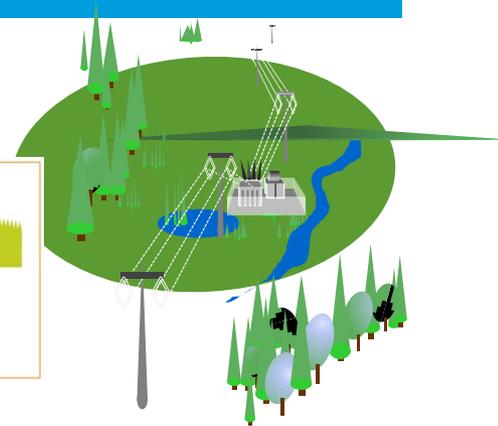
Identify

- Potential risks, opportunities and revenues

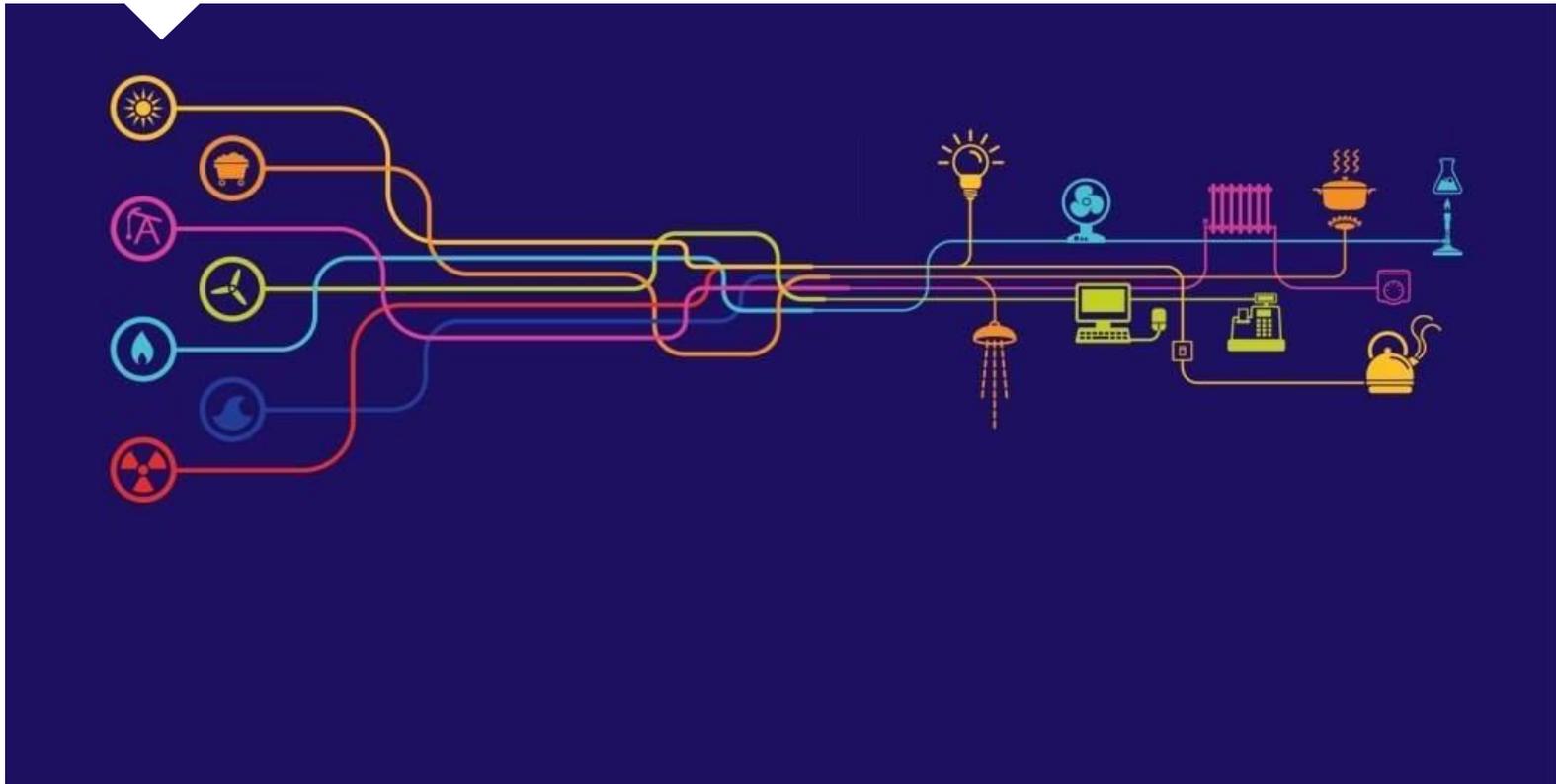
Develop

- More informed management decisions

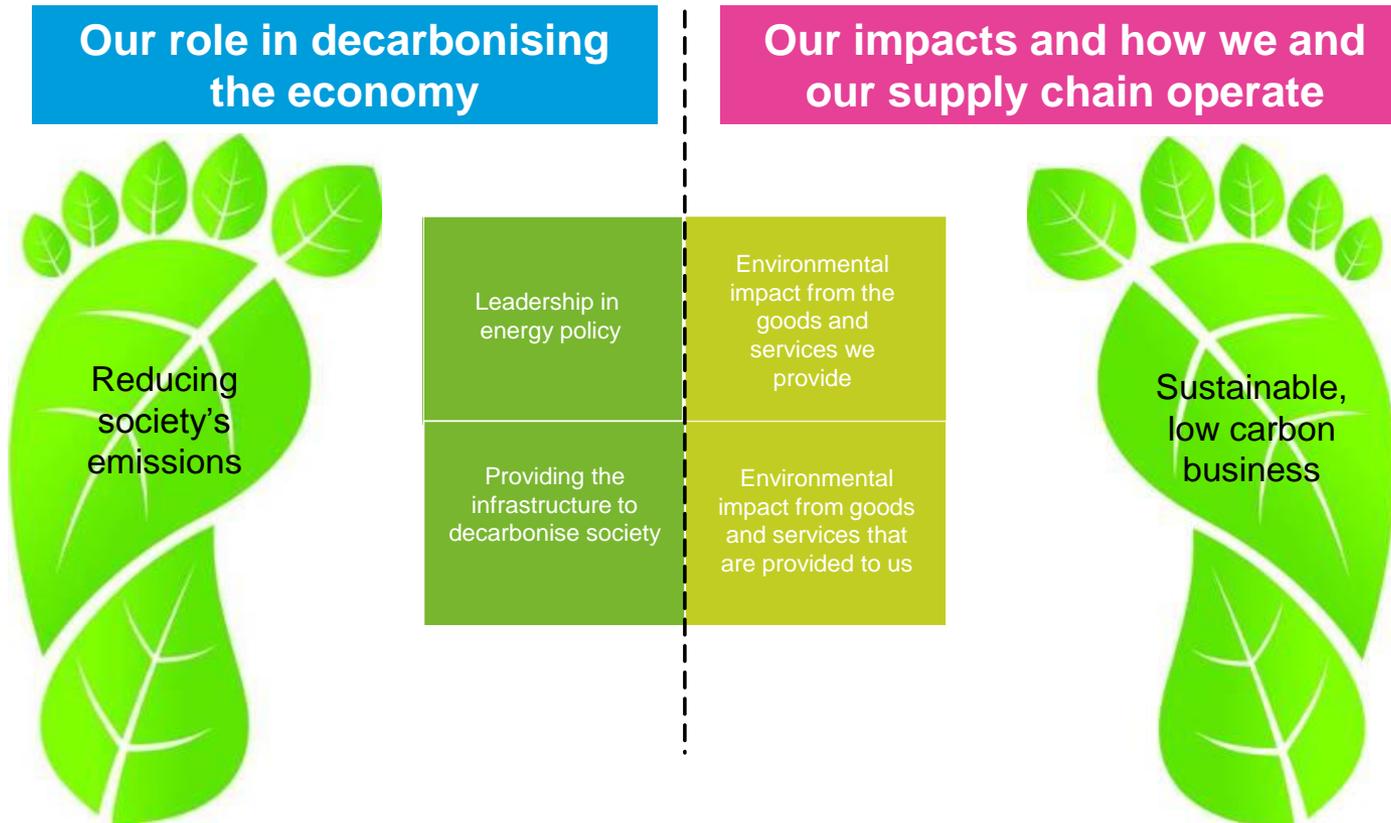
Targets



Sustainability



Understanding our footprint



Helping to decarbonise energy

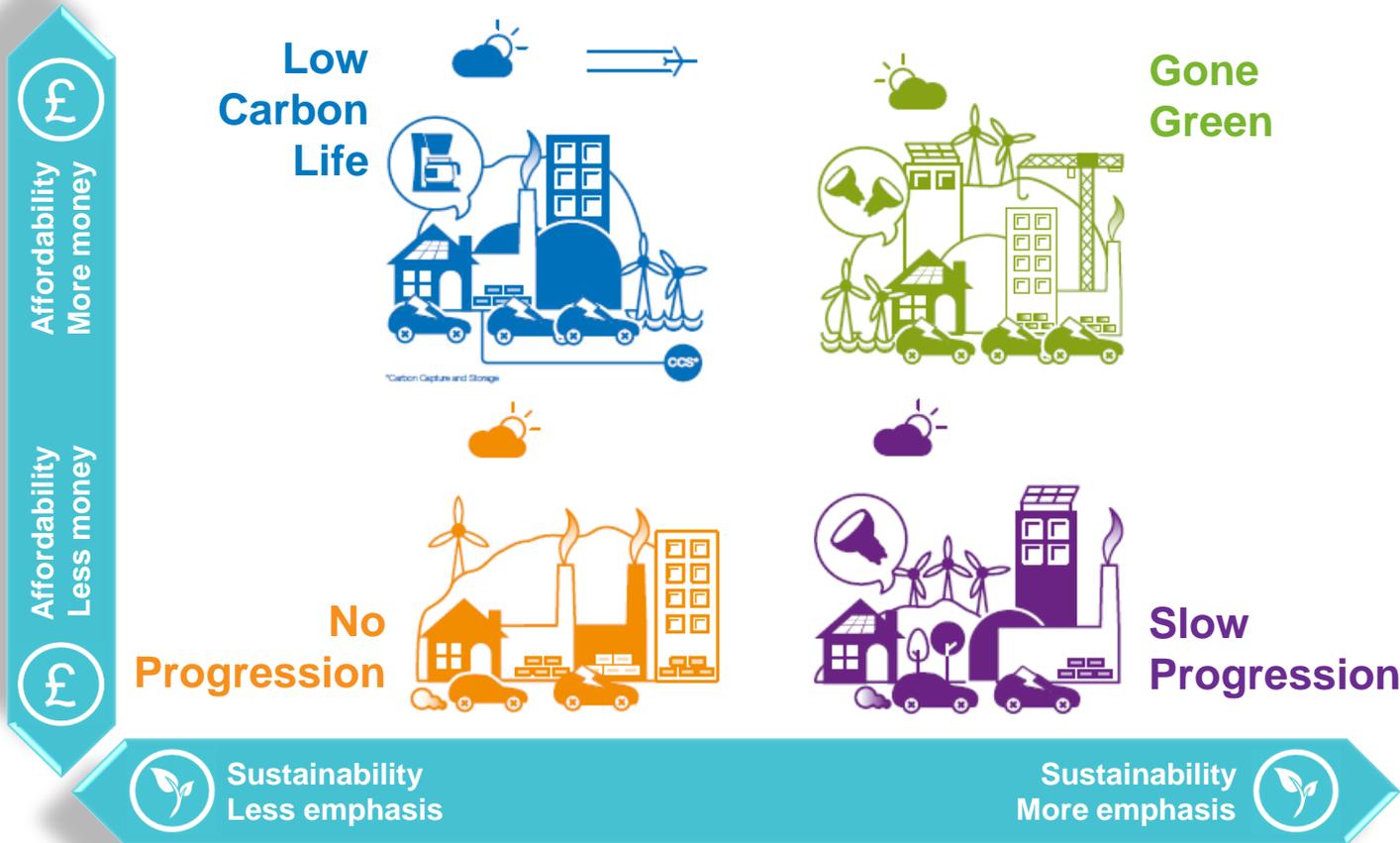
Our role in decarbonising the economy



Leadership in energy policy

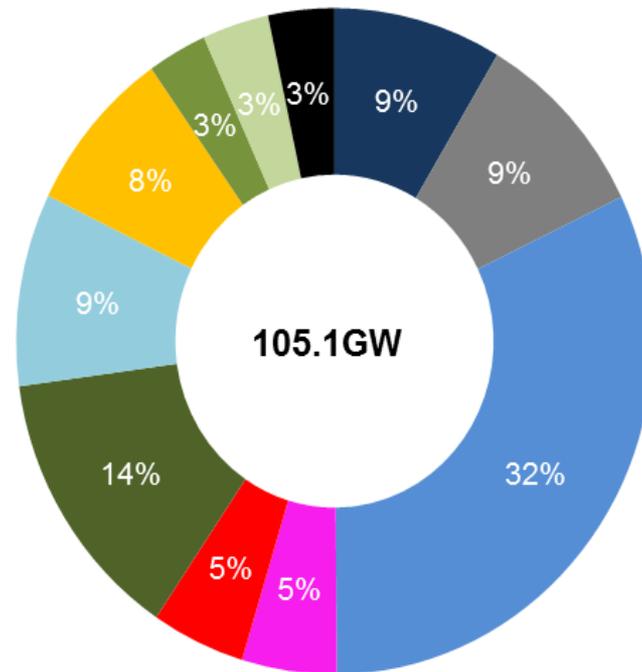
Providing the infrastructure to decarbonise society

Our 2014 Future Energy Scenarios



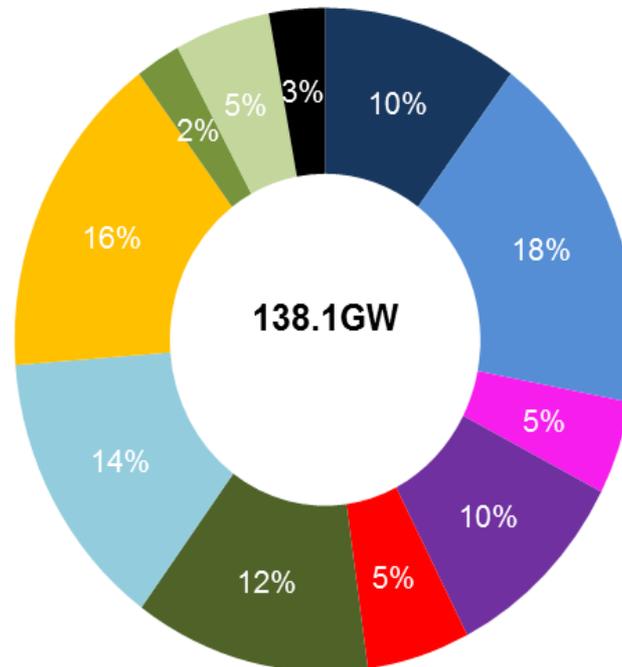
Low Carbon Life Installed capacity 2020

- Nuclear
- Coal
- Gas
- CHP (Thermal & Renewable)
- CCS
- Interconnectors
- Onshore Wind
- Offshore Wind
- Solar
- Biomass
- Other Renewables (Marine/Hydro/Other)
- Other (Oil/Diesel/Pumped Storage)

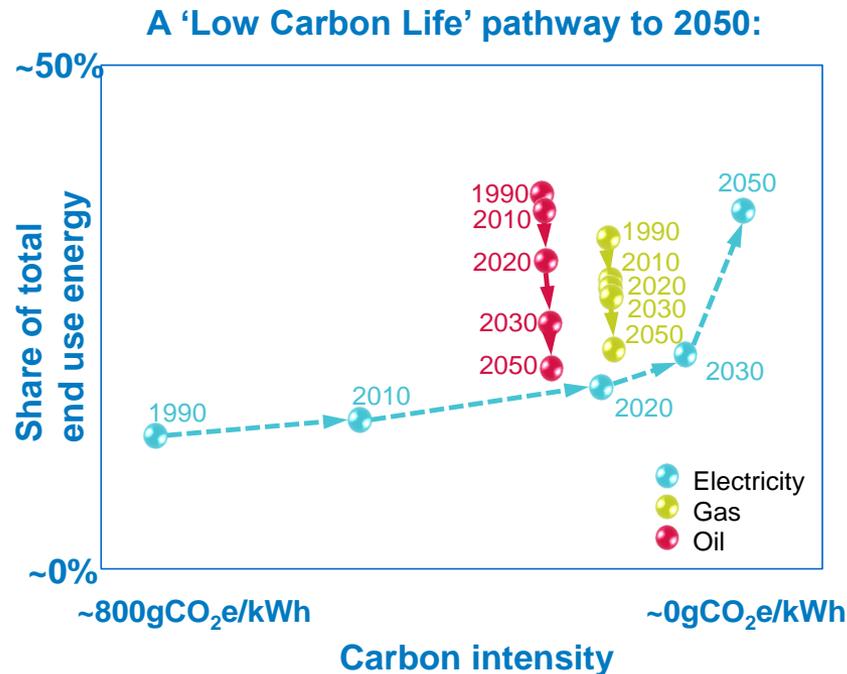


Low Carbon Life Installed capacity 2035

- Nuclear
- Coal
- Gas
- CHP (Thermal & Renewable)
- CCS
- Interconnectors
- Onshore Wind
- Offshore Wind
- Solar
- Biomass
- Other Renewables (Marine/Hydro/Other)
- Other (Oil/Diesel/Pumped Storage)



Facilitating connection of low carbon generation



- ◆ Policies in place to aid the development of renewable energy & reduction of carbon emissions
 - ◆ Large Combustion Plant Directive
 - ◆ Industrial Emissions Directive
- ◆ National Grid is at the heart of connecting new generation as existing generation plant nearing end of working life & to be decommissioned

Network investment

Building the network to transport energy from new locations

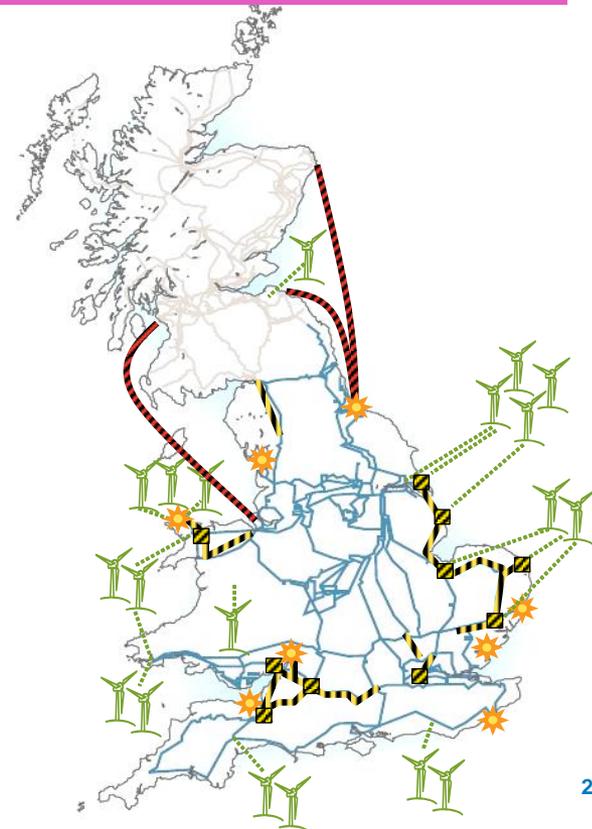
New Generation increasingly located on coast

Wind power from Scotland

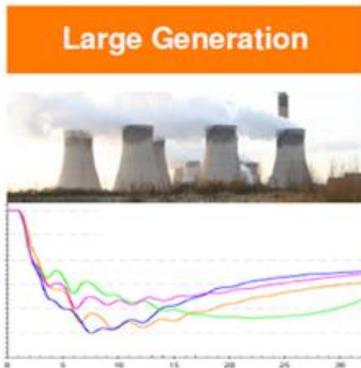
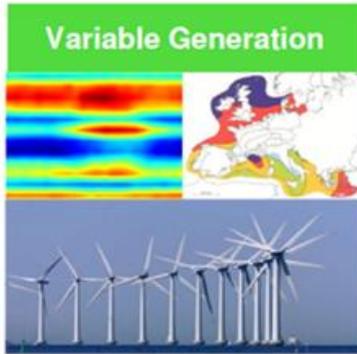
Wind power from the North & Irish Sea

Wind power from Wales

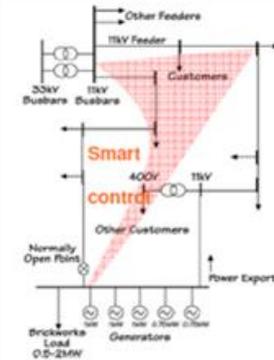
Nuclear power



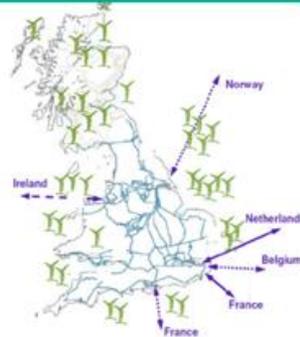
Operating in 2020 and beyond...



Active Distribution



Greater Interconnection



Active Demand



Understanding our own footprint

Our impacts and how we and our supply chain operate

Environmental impact from the goods and services we provide

Environmental impact from goods and services that are provided to us



What are we doing - Sustainability



We've made additional external commitments

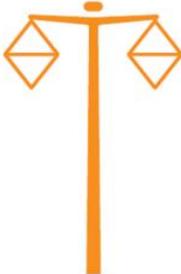


Climate positive targets

Greenhouse gas emissions:

45% reduction to 2020 **80%** reduction to 2050

80 per cent of top 250 suppliers to report greenhouse gas emissions by 2020



Positive about resources target

100%

Reuse or recycle 100% of recovered assets by 2020



Enhancing ecosystems target

Deliver sustainability action plans at **50** sites by 2020

In the UK: Infrastructure Carbon Review (ICR)

Initiative from HM Treasury aiming to drive infrastructure companies to embed carbon reduction across activities and supply chains



THE PRINCE'S ACCOUNTING FOR SUSTAINABILITY PROJECT

A network of CFOs focusing on integrating environmental and social issues into financial decision making

Embedding sustainability in decision making

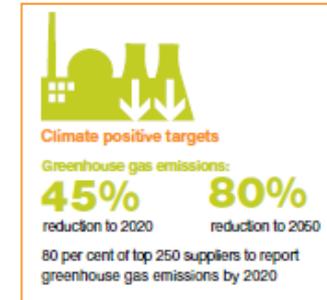
Our contribution

A framework for environmental sustainability in National Grid

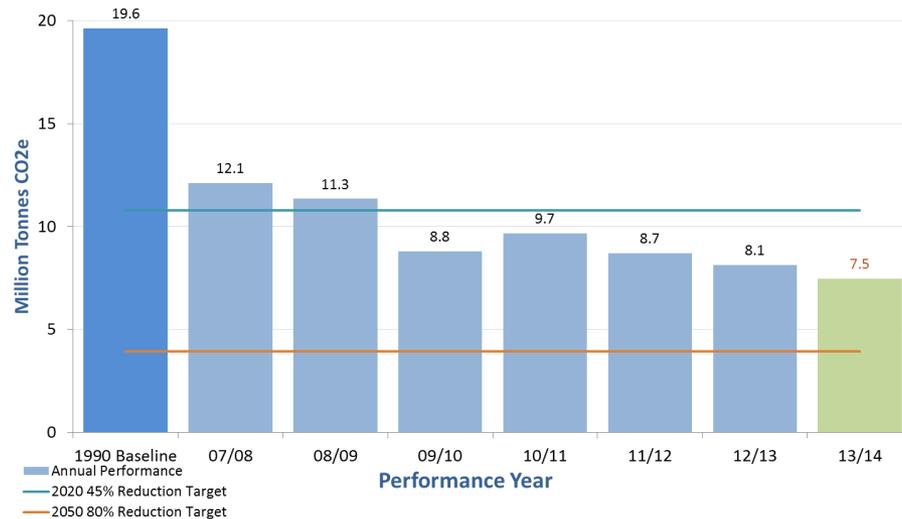
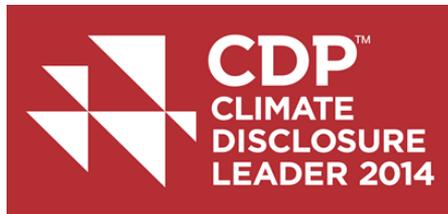


Climate positive

- ◆ Committed to reduce greenhouse gas emissions by 45% by 2020 and 80% by 2050, for Scope 1 and 2 emissions
- ◆ Primary sources of our own direct emissions are fugitive and vented natural gas from US & UK distribution systems, SF6 emissions from US & UK electricity transmission plant fuel consumed by gas compressors and US Electricity Generation



This year we achieved 97 B in our CDP investor response placing us in the Carbon Disclosure Leadership Index



Climate positive – what have we been doing?



Engaging customers in energy efficiency in US

- **Championing energy efficiency**
 - 3.5 million customers participated in 2014
 - 690,000 gas (consistent with 2013)
 - 2.8 million electric (up 31%)
 - savings of 31 million therms of gas and 1.1 million MWHrs electricity each year
 - 910,000 tons CO₂e/yr avoided
- **Encouraging smart energy choices**
 - Smart grid for 15,000 customers in Worcester
 - Customer and grid-facing technology
 - Efficiency gains to result in reduced customer consumption



Our states lead ACEEE policy rankings



Positive about resources – asset recovery

Closed loop upcycling - conductor

- ◆ Pilot 18t of high specification aluminium sent back to supplier to be turned back into overhead line conductor completed
- ◆ Financial value and reduced exposure to commodities price fluctuation



Asset recovery - cables

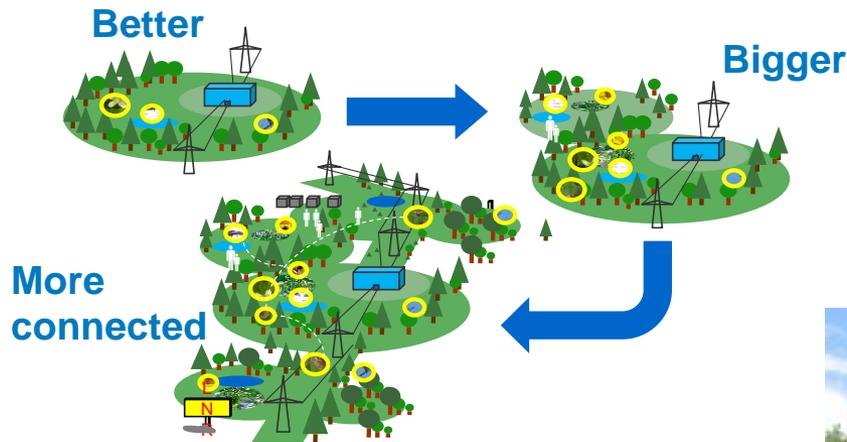
- ◆ Piloted innovative directional drilling technique to remove buried copper conductor
- ◆ Recover value of material
- ◆ Mitigation of residual environmental risk of asset left in ground

Material Recovery - Syracuse

- ◆ Recycles transformers, cable, insulators, plastic pipe
- ◆ Almost 19m lbs recovered in 13/14
- ◆ New galvanizing plant to refurbish connectors



Enhancing ecosystems



The Natural Grid

Enhancing rural biodiversity



Coventry substation



Llandarcy



West Bolden EEC



Overhead line 'V' profile



Bolney substation



Feckenham substation



Bacton terminal

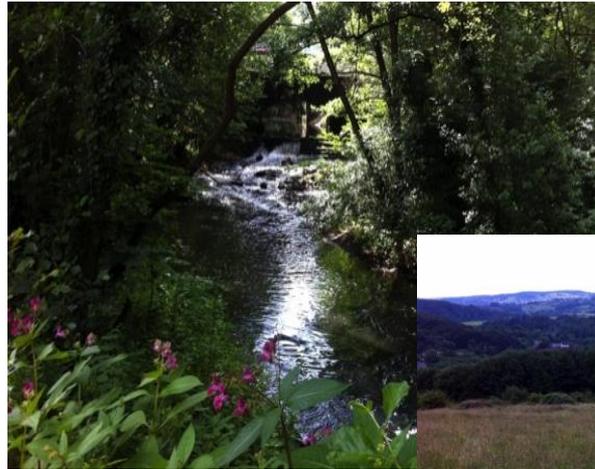


Warwick



Ambergate

Working with
Natural England
and Wildlife Trust
to manage this
new SSSI to its
full potential



Thorpe Marsh



Wildlife Trust – wetland habitat enhancement



Wokingham



Employee volunteers led by local Wildlife Trust to create new pathways

Mitigation activities & special projects



Photo 3: Intermittent inlet to mitigation wetland, looking west at wetland.



Photo 3: Inlet to mitigation wetland, looking west from Tributary.



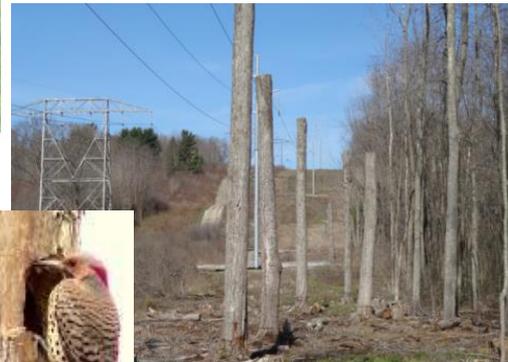
Photo 4: Center of mitigation wetland, looking northwest from east side.

2012



Photo 4: Center of mitigation wetland, looking northwest from east side.

2013



Sustainability options approach tool (SOAT)

- Scheme level assessment of its overall sustainability impact
- Can be used at key stages of scheme development
- Each stage has a set of questions against which the scheme is scored against a set criteria
- An overall scorecard is produced similar to an energy performance certificate



Sustainable procurement

Policy

The Sustainable Procurement Policy underpins the strategy and is in line with the National Grid environment policy and relevant CSR guidelines

Process

- Embed 'Tools' into CMT process
- Sustainability Tender Questions & Weightings
 - Sustainability contract management KPIs
- Total Cost of Ownership (TCO)
- Encourage innovation



Targets & Results

- Establish targets
- Measure, manage and evidence
- Publicise and celebrate success
- Lead by example
- Drive supply base improvement

Training Briefings and Research

- Sustainability Leads
- Cultural Training in US
- Develop Buyer and Category Management skills
- Continuous improvement



CONTACTS

Investors

John Dawson	+44 20 7004 3170	+44 7810 831944 (m)
Andy Mead	+44 20 7004 3166	+44 7752 890787 (m)
George Laskaris	+1 929 324 4710	+1 917 375 0989 (m)
Victoria Davies	+44 20 7004 3171	+44 7771 973447 (m)
Tom Hull	+1 917 524 4099 (m)	
Michael Ioanilli	+44 20 7004 3006	+44 7789 878784 (m)

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Special dividend and share consolidation mechanics

April 2017



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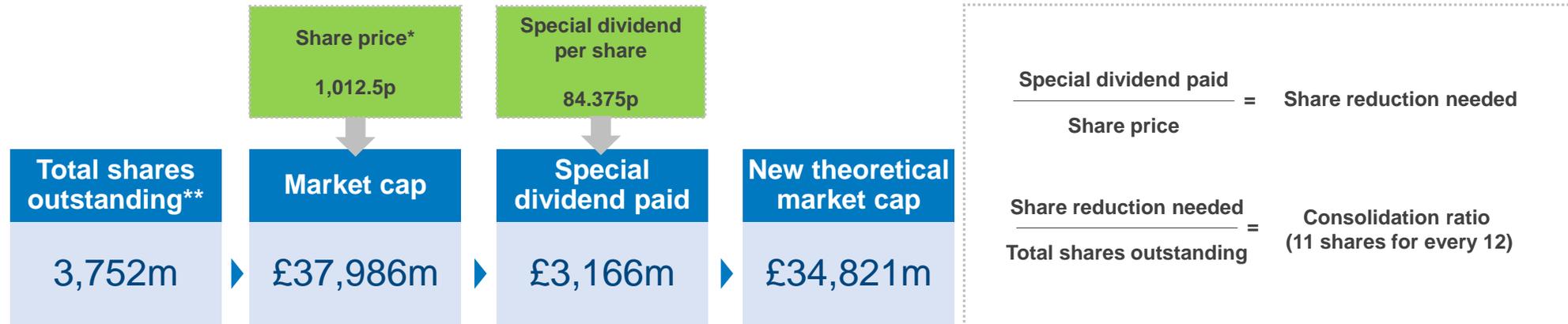
Overview

- National Grid has committed to returning £4bn of proceeds to shareholders resulting from the sale of a 61% stake in the UK Gas Distribution business
- £3.2bn of this will be delivered through a special dividend, with the remainder being delivered through share buybacks
- A share consolidation will be used to maintain earnings per share and dividends per share on a comparable basis
- The dividend policy remains to the grow the dividend at least in line with UK RPI inflation for the foreseeable future.

Timeline



Mechanics of a share consolidation

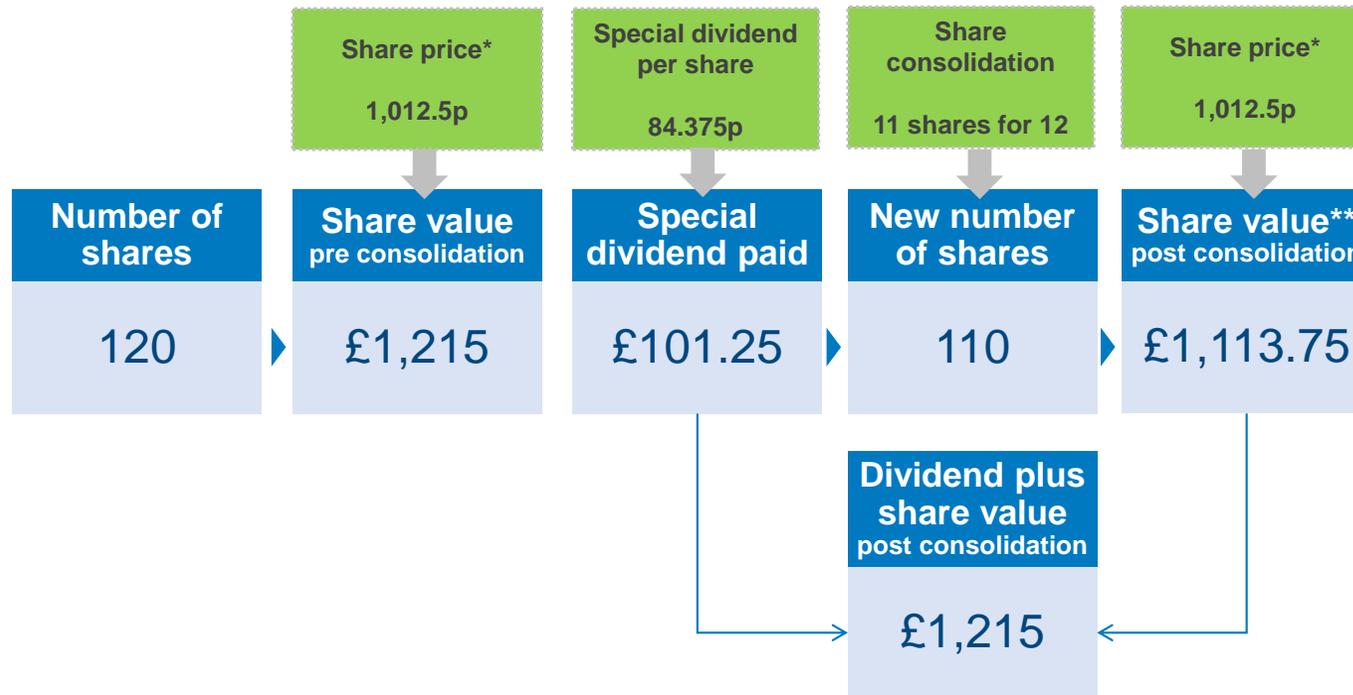


Investors will receive 11 new shares for every 12 shares owned to maintain the share price

* at close of business on 18 April 2017
** excludes treasury shares



Example using 120 ordinary shares



As an investor holding 120 ordinary shares before the special dividend and share consolidation:

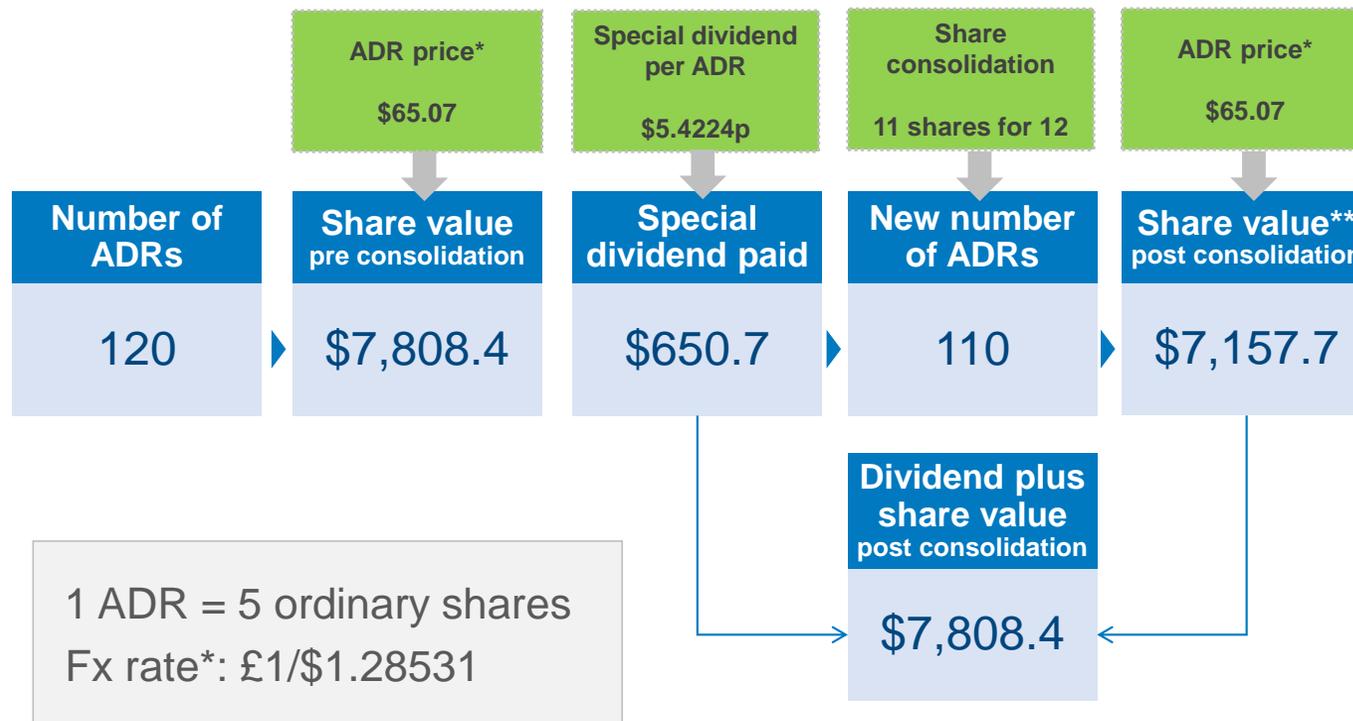
- You will receive a cash dividend of £101.25
- The number of shares you own will reduce from 120 to 110, and
- The lower number of shares means the total value of your investment reduces from £1,215 to £1,113.75

Note that in total, the £101.25 dividend and the £1,113.75 investment in National Grid are equal to your investment of £1,215, before the share consolidation and dividend payment

* at close of business on 18 April 2017
** theoretical value subject to normal share price movements



Example using 120 ADRs



As an investor holding 120 ADRs before the special dividend and share consolidation:

- You will receive a cash dividend of \$650.7
- The number of ADRs you own will reduce from 120 to 110, and
- The lower number of ADRs means the total value of your investment reduces from \$7,808.4 to \$7,157.7

Note that in total, the \$650.7 dividend and the \$7,157.7 investment in National Grid are equal to your investment of \$7,808.4, before the share consolidation and dividend payment

* at close of business on 18 April 2017

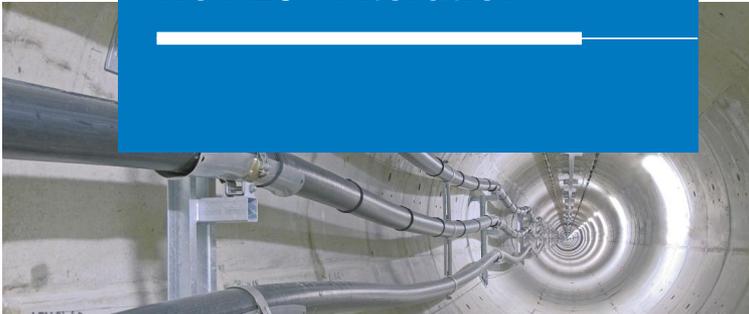
** theoretical value subject to normal share price movements



RIIO baseline databook

Nov 2014 iteration

March 2015



Cautionary statement

This presentation 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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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 seasonal and weather conditions including the impact of major storms as well as the results of climate change or due to unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; changes in public safety concerns, including due to network failure or interruption involving National Grid or other utility providers, and related increases in repair and emergency response activities; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation projects; 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 announcement 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; inflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments and 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 assumptions in connection with joint ventures. 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 167 to 169 of National Grid's most recent Annual Report and Accounts. 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 presentation.

Introduction

Baseline databook

This databook is a summary of data contained in Ofgem's financial model iteration of November 2014 including Ofgem's baseline view of expenditure.

It does not reflect National Grid forecasts or views of levels of future investment or revenues.

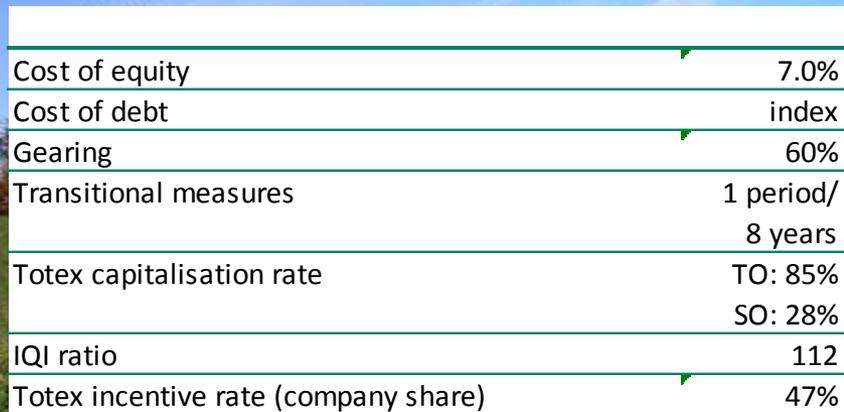
Updates from previous databooks

- ◆ Data reflects Ofgem's updated baseline view – 2013 version reflected Ofgem's "Best View"
- ◆ Additional updates from previous 2014 databook reflecting Ofgem's November 2014 iteration including updates for 2013/14 actual spend and Ofgem view of 2013/14 outputs delivered (shown in row 'outputs adjustments')
- ◆ RPI used for nominal data has been updated to reflect actual for 14/15 and a revised forecast of RPI post 14/15
- ◆ Allowed cost of debt 2.92% real for 13/14, 2.74% real for 14/15. 2.55% real assumed for subsequent years

Electricity transmission

Baseline databook

Finance package



Cost of equity	7.0%
Cost of debt	index
Gearing	60%
Transitional measures	1 period/ 8 years
Totex capitalisation rate	TO: 85% SO: 28%
IQI ratio	112
Totex incentive rate (company share)	47%

Electricity transmission

Totex & RAV allowances

£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	1.4	1.2
TO capex - non-load related	6.2	4.8
Uncertainty mechanism capex	4.1	3.3
Uncertainty mechanism opex	-	-
Controllable opex	2.1	1.6
Totex Incentive Mechanism	(0.3)	(0.3)
TO Totex	14.2	10.7
Non controllable opex	0.9	0.7
SO capex	0.3	0.2
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	1.1	0.9
NGET Controllable Totex	15.3	11.5
RAV at 31 March 2013	10.2	8.9
RAV at 31 March 2021	17.6	12.5

Electricity transmission

Transmission owner (TO) fast/slow money split & RAV roll forward

NGET TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	1,390	1,529	1,447	1,366	1,142	1,089	938	766	9,667
Baseline Regulatory Controllable Opex allowances	192	196	203	204	206	206	208	208	1,624
Baseline Totex allowance	1,583	1,725	1,650	1,570	1,348	1,295	1,146	974	11,291
Outputs adjustment	82	(68)	(89)	(133)	(75)	(41)	(27)	(3)	(355)
Updated Totex allowance	1,665	1,657	1,561	1,438	1,272	1,254	1,118	971	10,936
Capex spend	999	1,461	1,358	1,233	1,067	1,048	911	763	8,839
Regulatory Controllable Opex spend	165	196	203	204	206	206	208	208	1,597
Totex spend	1,165	1,657	1,561	1,438	1,272	1,254	1,118	971	10,436
Post-sharing totex	1,399	1,657	1,561	1,438	1,272	1,254	1,118	971	10,671
Fast money	210	249	234	216	191	188	168	146	1,601
Slow money	1,189	1,408	1,327	1,222	1,082	1,066	951	825	9,070
NGET TO & shadow RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,791	9,249	10,063	10,755	11,311	11,701	12,057	12,289	
Update for TPCR4 Actuals	(162)	-	-	-	-	-	-	-	
Slow Money	1,189	1,408	1,327	1,222	1,082	1,066	951	825	
Depreciation (Existing Assets)	(569)	(550)	(537)	(523)	(510)	(499)	(480)	(462)	
Depreciation (New Assets)	-	(44)	(98)	(143)	(181)	(211)	(239)	(261)	
Closing Balance	9,249	10,063	10,755	11,311	11,701	12,057	12,289	12,391	

TO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening (excl Shadow RAV)	8,691	9,154	9,975	10,673	11,311	11,701	12,057	12,289
Update for TPCR4 Actuals	(162)	-	-	-	-	-	-	-
Transfers in	-	-	-	82	-	-	-	-
Additions	1,189	1,408	1,327	1,222	1,082	1,066	951	825
Depreciation	(564)	(588)	(629)	(666)	(691)	(710)	(718)	(724)
Closing Balance (Excl Shadow RAV)	9,154	9,975	10,673	11,311	11,701	12,057	12,289	12,391
Closing shadow RAV	95	89	82	-	-	-	-	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Fast money	210	249	234	216	191	188	168	146	1,601
Non controllable costs	94	88	88	88	88	88	88	88	708
Pensions	32	32	36	36	36	36	36	36	280
Equity injection costs	-	-	-	19	-	-	-	-	19
IQI adjustment	15	16	16	15	13	13	11	10	109
Tax allowance	97	78	69	74	66	69	68	68	588
Depreciation & return on RAV	961	1,003	1,066	1,134	1,179	1,214	1,234	1,247	9,038
TIRG revenue	14	13	13	-	-	-	-	-	40
Other Revenue adjustments	46	46	47	47	49	50	52	55	392
Total revenue	1,468	1,524	1,568	1,628	1,621	1,658	1,657	1,649	12,774

Memo: Other Revenue Adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
TPCR4 base capex incentive	19	20	21	22	23	24	25	26
TPCR4 capex incentive adjustment + Rollover and TII capex incentive	19	20	21	22	23	24	25	26
Excluded services costs	7	6	6	3	3	3	3	3
Other Revenue adjustments	46	46	47	47	49	50	52	55

Memo: Calculation of MOD adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total revenue per Nov 2014 model run	1,468	1,524	1,568	1,628	1,621	1,658	1,657	1,649
Less: TIRG Revenue	14	13	13	-	-	-	-	-
Less: Excluded services revenue	123	123	130	126	127	129	130	132
Regulated base revenue: Nov 2014 model run	1,331	1,388	1,426	1,503	1,494	1,529	1,527	1,517

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	1,342	1,444	1,476	1,571	1,555	1,588	1,585	1,572
MOD adjustment	-	(5)	(114)	-	-	-	-	-
Annual Iteration Base Revenue	1,342	1,438	1,361	-	-	-	-	-
Present Value	-	-	-	3,880	-	-	-	-
Regulated base revenue: Nov 2014 model run	1,331	1,388	1,426	-	-	-	-	-
Present Value	-	-	-	3,880	-	-	-	-

Electricity transmission

System operator (SO) fast/slow money split & RAV roll forward

SO RAV								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	74	93	105	113	118	121	120	119
Update for TPCR4 Actuals	3	-	-	-	-	-	-	-
Additions	31	31	30	30	30	28	30	30
Depreciation	(16)	(19)	(22)	(25)	(27)	(29)	(30)	(30)
Closing Balance	93	105	113	118	121	120	119	119

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	39	34	29	27	30	20	25	25	231
Baseline Regulatory Controllable Opex allowances	74	75	80	79	79	80	82	84	632
Baseline Totex allowance	113	109	109	106	109	100	107	109	862
Outputs adjustment	0	2	3	0	0	0	0	0	4
Updated Totex allowance	113	111	112	106	109	100	107	109	867
Capex spend	32	34	29	27	30	20	25	25	224
Regulatory Controllable Opex spend	80	77	80	79	79	80	82	84	639
Totex spend	112	111	109	106	109	100	107	109	863
Post-sharing totex	112	111	109	106	109	100	107	109	864
Fast money	81	80	79	76	79	72	77	79	623
Slow money	31	31	30	30	30	28	30	30	241

SO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	81	80	79	76	79	72	77	79
Non controllable costs	-	-	-	-	-	-	-	-
Pensions	10	10	11	12	11	12	12	12
Equity injection costs	-	-	-	-	-	-	-	-
IQJ adjustment	1	1	1	1	1	1	1	1
Tax allowance	1	1	0	0	1	0	1	1
Depreciation & return on RAV	19	23	27	30	32	34	35	36
Other Revenue adjustments	2	2	2	2	2	2	3	3
Total revenue	114	117	120	121	127	122	129	130

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	114	114	114	117	123	118	125	126
MOD adjustment	-	4	6	-	-	-	-	-
Annual Iteration Base Revenue	114	117	120	-	-	-	-	-
Present Value	-	-	-	329	-	-	-	-
Regulated base revenue: Nov 2014 model run	114	117	120	-	-	-	-	-
Present Value	-	-	-	329	-	-	-	-

Totex summary & total RAV (incl. shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO capex - load-related	242	206	183	187	143	124	44	28	1,159
TO capex - non-load-related	506	499	485	489	623	716	784	704	4,806
Uncertainty mechanism capex	724	755	690	557	301	208	82	30	3,347
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Regulatory Controllable opex	192	196	203	204	206	206	208	208	1,624
Totex Incentive Mechanism	(266)	-	-	-	-	-	-	-	(266)
TO Totex	1,399	1,657	1,561	1,438	1,272	1,254	1,118	971	10,671
Non controllable opex	94	88	88	88	88	88	88	88	708
SO capex	39	34	29	27	30	20	25	25	231
Regulatory Controllable opex	74	75	77	79	79	80	82	84	629
Totex Incentive Mechanism	(1)	-	-	-	-	-	-	-	(1)
SO Totex	112	109	106	106	109	100	107	109	859
Total RAV (including shadow & SO RAV)									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,865	9,342	10,168	10,868	11,429	11,822	12,177	12,409	
Update for TPCR4 Actuals	(159)	-	-	-	-	-	-	-	
Additions	1,270	1,488	1,406	1,298	1,160	1,138	1,028	904	
Depreciation	(585)	(613)	(657)	(691)	(719)	(739)	(749)	(754)	
Closing Balance	9,342	10,168	10,868	11,429	11,822	12,177	12,409	12,510	

Gas transmission

Baseline databook

Finance package

Cost of equity	6.8%
Cost of debt	index
Gearing	62.5%
Totex capitalisation rate	TO Baseline: 64% TO Incremental: 90% SO: 37%
IQI ratio	123
Totex incentive rate (company share)	44%

Gas transmission

Totex & RAV allowances

£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	0.3	0.2
TO capex - non-load related	1.1	0.9
Uncertainty mechanism capex	-	-
Uncertainty mechanism opex	-	-
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
TO Totex	2.2	1.7
Non controllable opex	1.1	0.9
SO capex	0.2	0.2
Uncertainty mechanism capex	0.1	0.0
Uncertainty mechanism opex	0.1	0.1
Controllable opex	0.4	0.3
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	0.7	0.6
NGGT Controllable Totex	2.9	2.3
RAV at 31 March 2013	5.3	4.6
RAV at 31 March 2021	6.9	4.9

Gas transmission

Totex & RAV allowances

NGGT TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Totals
Baseline Load-related Capex allowances	25	14	10	60	85	9	0	-	204
Baseline Non-load related Capex allowances	97	110	114	124	138	118	102	91	894
Baseline Regulatory Controllable Opex allowances	64	65	71	79	84	85	81	77	607
Totex allowances	187	190	195	264	307	211	183	169	1,705
Outputs adjustment	-	-	-	-	-	-	-	-	-
Updated Totex allowance	187	190	195	264	307	211	183	169	1,705
Load-related Capex spend	0	14	10	60	85	9	0	-	178
Non-load related Capex spend	115	110	114	124	138	118	102	91	912
Regulatory Controllable Opex spend	61	65	71	79	84	85	81	77	603
Totex spend	176	190	195	264	307	211	183	169	1,694
Post-sharing Totex	181	190	195	264	307	211	183	169	1,699
Fast money	59	67	69	94	109	75	65	60	600
Slow money	122	122	125	170	198	136	118	109	1,099
<hr/>									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Existing revenue drivers investment allowance	14	26	69	108	69	21	1	-	
<hr/>									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	4,562	4,639	4,638	4,681	4,806	4,915	4,909	4,863	
Update for TPCR4 Actuals	87	-	-	-	-	-	-	-	
Additions	136	148	195	278	267	156	119	109	
Depreciation (Existing Assets)	(146)	(145)	(144)	(144)	(144)	(144)	(143)	(141)	
Depreciation (New Assets)	-	(5)	(7)	(10)	(14)	(18)	(21)	(24)	
Closing Balance	4,639	4,638	4,681	4,806	4,915	4,909	4,863	4,806	

TO allowed revenue calculations

NGGT TO

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening RAV (Excl Shadow RAV)	4,014	4,324	4,305	4,290	4,330	4,846	4,888	4,862
Update for TPCR4 Actuals	87	-	-	-	-	-	-	-
Transfers in	239	2	2	15	476	69	21	1
Additions	122	122	125	170	198	136	118	109
Depreciation	(139)	(142)	(143)	(144)	(158)	(163)	(164)	(165)
Closing Balance	4,324	4,305	4,290	4,330	4,846	4,888	4,862	4,806
Shadow RAV	315	332	391	476	69	21	1	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	59	67	69	94	109	75	65	60
Non controllable costs	110	110	110	110	110	110	110	110
Pensions	41	41	65	65	66	66	67	67
Equity injection costs	-	-	-	-	-	-	-	-
IQ adjustment	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)
Tax allowance	11	15	17	22	30	23	25	28
Depreciation & return on RAV	322	321	317	320	354	362	363	362
Revenue adjustments	(9)	(9)	(9)	(8)	11	12	12	13
Regulated revenue	533	546	569	602	678	646	641	640
Excluded service revenue	4	3	3	3	3	3	3	3
Total revenue	537	548	572	605	681	649	644	643

MOD adjustment

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	539	543	548	581	659	627	622	620
MOD adjustment	-	8	10	-	-	-	-	-
Annual Iteration Base Revenue	539	551	558	-	-	-	-	-
Present value	-	-	-	1,546	-	-	-	-
Regulated base revenue: Nov 2014 model run	533	546	569	-	-	-	-	-
Present value	-	-	-	1,546	-	-	-	-

Gas transmission

SO fast/slow money split & RAV roll forward

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Capex allowances	41	32	25	25	22	18	19	17	199
Regulatory Controllable Opex allowances	44	46	51	52	51	50	49	50	392
Totex allowances	85	79	76	77	73	68	68	66	591
Outputs adjustment	-	-	-	-	-	-	-	-	-
Updated Totex allowance	85	79	76	77	73	68	68	66	591
Capex spend	18	32	25	25	22	18	19	17	176
Regulatory Controllable Opex spend	35	46	51	52	51	50	49	50	383
Totex spend	53	79	76	77	73	68	68	66	559
Post-sharing Totex	67	79	76	77	73	68	68	66	573
Fast money	42	49	47	48	46	42	43	42	359
Slow money	25	29	28	29	27	25	25	25	214

SO RAV								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	53	65	80	92	102	107	108	107
Update for TPCR4 Actuals	(3)							
Additions	25	29	28	29	27	25	25	25
Depreciation	(11)	(14)	(16)	(19)	(22)	(25)	(27)	(27)
Closing Balance	65	80	92	102	107	108	107	105

SO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	42	49	47	48	46	42	43	42
Non controllable costs	-	-	-	-	-	-	-	-
Equity injection costs	-	-	-	-	-	-	-	-
IQJ adjustment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Tax allowance	1	0	-	-	-	-	-	0
Depreciation & return on RAV	13	17	20	23	26	29	31	31
Revenue adjustments	0	0	1	1	1	1	1	1
Regulated revenue	56	66	68	72	73	72	74	73
NGGT SO Revenue Driver Income	94	87	79	59	0	0	-	-
Total revenue	150	153	147	130	73	72	74	73

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	67	67	69	73	74	73	75	74
MOD adjustment	-	(1)	(14)	-	-	-	-	-
Annual Iteration Base Revenue	67	67	55	-	-	-	-	-
Present Value	-	-	-	178	-	-	-	-
Regulated base revenue: Nov 2014 model run	56	66	68	-	-	-	-	-
Present Value	-	-	-	178	-	-	-	-

Totex summary & total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO baseline capex - load-related	25	14	10	60	85	9	0	-	204
TO baseline capex - non-load related	97	110	114	124	138	118	102	91	894
Uncertainty mechanism capex	-	-	-	-	-	-	-	-	-
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Controllable opex	64	65	71	79	84	85	81	77	607
Totex incentive mechanism	(6)	-	-	-	-	-	-	-	(6)
TO Totex	181	190	195	264	307	211	183	169	1,699
Non controllable opex	110	110	110	110	110	110	110	110	882
SO baseline capex	34	27	19	16	14	13	15	13	150
Uncertainty mechanism capex	7	5	7	9	8	5	4	4	49
Uncertainty mechanism opex	6	8	12	15	13	11	10	10	85
Controllable opex	38	39	39	37	38	38	39	39	307
Totex incentive mechanism	(18)	-	-	-	-	-	-	-	(18)
SO Totex	67	79	76	77	73	68	68	66	573
NGGT Controllable Totex	248	268	271	340	381	278	251	235	2,272

Total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,615	4,704	4,718	4,774	4,908	5,022	5,017	4,970
Additions	245	177	223	307	295	182	144	133
Depreciation	(157)	(163)	(167)	(173)	(180)	(187)	(191)	(192)
Closing Balance	4,704	4,718	4,774	4,908	5,022	5,017	4,970	4,911

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Existing revenue drivers income	94	87	79	59	0	0	-	-
Existing revenue drivers investment	14	26	69	108	69	21	1	-



**Gas
distribution**

Baseline databook

Finance package

	West Midlands	London	East of England	North West
Cost of equity	6.7%	6.7%	6.7%	6.7%
Cost of debt	index	index	index	index
Gearing	65%	65%	65%	65%
Transitional measures	1 period repex, stepped 50% to 100%			
Totex capitalisation rate	Repex 50-100% Other 25%	Repex 50-100% Other 24%	Repex 50-100% Other 27%	Repex 50-100% Other 26%
IQI ratio*	107	118	111	110
Totex incentive rate*	64%	62%	63%	63%

*Group IQI score of 112 and totex incentive rate of 63% - applied to all networks.

Gas distribution

Totex & RAV allowances

£m	West Midlands		London		East of England		North West	
	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)
Capex	213	169	257	204	414	328	290	230
Repex	715	562	1,376	1,079	1,096	862	882	694
Controllable opex	654	514	839	660	1,164	917	842	663
Post TIM sharing totex	1,582	1,245	2,472	1,943	2,674	2,107	2,015	1,587
Non controllable costs	518	408	544	429	1,005	791	758	597
RAV at 31 Mar 13	1,519	1,321	1,889	1,644	2,914	2,535	2,003	1,743
RAV at 31 Mar 21	1,925	1,358	2,743	1,935	3,524	2,486	2,508	1,769

£m	Total (nominal)	Total (09/10 prices)
Capex	1,174	931
Repex	4,070	3,197
Controllable opex	3,498	2,755
Post TIM sharing totex	8,743	6,882
Non controllable costs	2,826	2,225
RAV at 31 Mar 13	8,326	7,243
RAV at 31 Mar 21	10,699	7,549

Gas distribution

Fast/slow money split & RAV roll forward

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Net replex allowances	399	397	404	400	410	407	412	416	3,244
Baseline Regulatory capex allowances	147	129	119	112	119	115	103	91	936
Baseline Controllable opex allowances	345	340	343	350	344	343	344	338	2,747
Baseline Totex Allowance	891	866	866	861	874	866	858	845	6,927
Allowance adjustment	(6)	-	-	-	-	-	-	-	(6)
Updated Totex Allowance	884	866	866	861	874	866	858	845	6,921
Net replex spend	280	397	404	400	410	407	412	416	3,126
Regulatory capex spend	134	129	119	112	119	115	103	91	923
Controllable opex spend	365	340	343	350	344	343	344	338	2,767
Totex Spend	779	866	866	861	874	866	858	845	6,816
Post sharing totex	846	866	866	861	874	866	858	845	6,882
Replex	351	397	404	400	410	407	412	416	3,197
Other totex	495	469	462	461	464	459	446	430	3,685
RAV additions									
Capitalised replex	175	227	260	286	322	349	383	416	2,417
Other slow money	126	119	117	117	118	117	114	109	938
Other adjustments and disposals	5	2	(1)	(5)	(4)	(4)	(7)	(6)	(21)
Total RAV additions	307	348	376	398	436	462	489	519	3,334
Fast money									
Controllable totex	846	866	866	861	874	866	858	845	6,882
Less totex RAV additions	(302)	(347)	(377)	(403)	(440)	(466)	(496)	(525)	(3,355)
Total fast money	544	520	489	458	434	400	362	320	3,527
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening RAV	7,243	7,193	7,179	7,218	7,277	7,351	7,422	7,490	
Additions	307	348	376	398	436	462	489	519	
Depreciation (Existing Assets)	(317)	(310)	(302)	(295)	(287)	(280)	(273)	(265)	
Depreciation (Backlog Depreciation)	(39)	(39)	(7)	-	(13)	(33)	(53)	(79)	
Depreciation (New Assets)	-	(13)	(28)	(44)	(60)	(78)	(96)	(115)	
Closing Balance	7,193	7,179	7,218	7,277	7,351	7,422	7,490	7,549	

Gas distribution

Allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening RAV	7,243	7,193	7,179	7,218	7,277	7,351	7,422	7,490
Additions	307	348	376	398	436	462	489	519
Depreciation	(356)	(362)	(337)	(339)	(361)	(391)	(422)	(460)
Closing Balance	7,193	7,179	7,218	7,277	7,351	7,422	7,490	7,549
Fast money	544	520	489	458	434	400	362	320
Non controllable costs (exc pension deficit)	269	268	268	267	266	266	265	265
Pension Deficit	13	13	11	11	11	11	11	11
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	5	4	4	4	4	4	4	4
Tax allowance	53	25	112	104	103	101	98	98
Depreciation & return on RAV	656	652	620	623	648	681	714	755
Revenue adjustments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenue	1,539	1,482	1,502	1,467	1,466	1,462	1,454	1,452

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Original Baseline Regulated Base Revenue	1,542	1,494	1,522	1,489	1,488	1,484	1,476	1,474
MOD adjustment	-	(11)	(23)	-	-	-	-	-
Annual Iteration Base Revenue	1,542	1,483	1,499	1,489	1,488	1,484	1,476	1,474
Present Value	-	-	-	4,259	-	-	-	-
Regulated base revenue: Nov 2014 model run	1,539	1,482	1,502	-	-	-	-	-
Present Value	-	-	-	4,259	-	-	-	-

Gas distribution



RIIO baseline databook

Nov 2015 iteration



March 2016

Cautionary statement



This presentation 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 '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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation and remediation plans; 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 presentation 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; inflation or deflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments, including competition for onshore transmission, and 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 assumptions in connection with joint ventures. 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 173 to 176 of National Grid's most recent Annual Report and Accounts, as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2015 published on 10 November 2015. 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 presentation.



Introduction

Baseline databook

- This databook is a summary of data contained in Ofgem's financial model iteration of November 2015 including Ofgem's baseline view of expenditure
- It does not reflect National Grid forecasts or views of levels of future investment or revenues



Updates from previous databooks

- Data reflects Ofgem's updated baseline view
- Additional updates from 2014 databook reflects Ofgem's November 2015 iteration including updates for 2014/15 actual spend and Ofgem's view of 2014/15 outputs delivered (shown in row 'outputs adjustments')
- RPI used for nominal data has been updated to reflect actual for 14/15 and a revised forecast of RPI post 14/15
- Allowed cost of debt: 2.92% real for 13/14, 2.74% real for 14/15. 2.55% real for 15/16 and 2.38 real for 16/17 and 2.38% thereafter.

Electricity Transmission

Baseline databook

Electricity Transmission Finance package



Cost of equity	7.0%
Cost of debt	index
Gearing	60%
Transitional measures	1 period/8 years
Totex capitalisation rate (TO)	85%
Totex capitalisation rate (SO)	27.9%
IQI ratio	112
Totex incentive rate	47%

Electricity Transmission Totex & RAV allowances



£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	1.4	1.2
TO capex - non-load related	6.1	4.8
Uncertainty mechanism capex	4.3	3.5
Uncertainty mechanism opex	0.2	0.2
Controllable opex	2.0	1.6
Totex Incentive Mechanism	(0.8)	(0.7)
TO Totex	14.1	10.6
Non controllable opex	0.9	0.7
SO capex	0.3	0.2
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	1.1	0.9
NGET Controllable Totex	15.1	11.4
RAV at 31 March 2013	10.2	8.9
RAV at 31 March 2021	17.3	12.5

Electricity Transmission



Transmission owner (TO) fast/slow money split & RAV roll forward

NGET TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	1,390	1,529	1,447	1,366	1,142	1,089	938	766	9,667
Baseline Regulatory Controllable Opex allowances	192	196	203	204	206	206	208	208	1,624
Baseline Totex allowance	1,583	1,725	1,650	1,570	1,348	1,295	1,146	974	11,291
Outputs adjustment	161	(33)	(72)	(94)	(15)	35	18	4	4
Updated Totex allowance	1,744	1,692	1,579	1,477	1,333	1,330	1,164	978	11,295
Capex spend	999	679	1,367	1,258	1,082	1,067	922	765	8,139
Regulatory Controllable Opex spend	200	220	212	219	251	262	242	213	1,818
Totex spend	1,199	899	1,579	1,477	1,333	1,330	1,164	978	9,957
Post-sharing totex	1,454	1,271	1,579	1,477	1,333	1,330	1,164	978	10,585
Fast money	218	191	237	222	200	199	175	147	1,588
Slow money	1,236	1,080	1,342	1,255	1,133	1,130	989	831	8,997
NGET TO & shadow RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,791	9,282	9,766	10,484	11,083	11,535	11,963	12,240	
Update for TPCR4 Actuals	(177)								
Slow Money	1,236	1,080	1,342	1,255	1,133	1,130	989	831	
Depreciation (Existing Assets)	(569)	(550)	(537)	(523)	(510)	(499)	(480)	(462)	
Depreciation (New Assets)	-	(46)	(87)	(133)	(171)	(203)	(232)	(256)	
Closing Balance	9,282	9,766	10,484	11,083	11,535	11,963	12,240	12,353	

Electricity Transmission



TO allowed revenue calculation

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening (excl Shadow RAV)	8,691	9,187	9,677	10,401	11,083	11,535	11,963	12,240
Update for TPCR4 Actuals	(177)							
Transfers in	-	-	-	82	-	-	-	-
Additions	1,236	1,080	1,342	1,255	1,133	1,130	989	831
Depreciation	(564)	(590)	(618)	(656)	(682)	(702)	(712)	(718)
Closing Balance (Excl Shadow RAV)	9,187	9,677	10,401	11,083	11,535	11,963	12,240	12,353
Closing shadow RAV	95	89	82	-	-	-	-	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Fast money	218	191	237	222	200	199	175	147	1,588
Non controllable costs	94	88	88	88	88	88	88	88	708
Pensions	32	32	36	36	36	36	36	36	280
Equity injection costs	-	-	-	-	-	-	-	-	-
IQI adjustment	15	16	16	15	13	13	11	10	109
Tax allowance	89	76	85	77	65	65	67	73	596
Depreciation & return on RAV	962	999	1,043	1,102	1,150	1,189	1,213	1,227	8,884
TIRG revenue	14	13	13	-	-	-	-	-	40
Other Revenue adjustments	45	46	47	46	48	50	52	54	388
Total revenue	1,469	1,460	1,563	1,586	1,600	1,639	1,641	1,634	12,592

Memo: Other Revenue Adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
TPCR4 base capex incentive	19	20	21	22	23	24	25	26
TPCR4 capex incentive adjustment and Rollover and TII capex incentive	19	20	20	21	22	23	24	25
Excluded services costs	7	6	6	3	3	3	3	3
Other Revenue adjustments	45	46	47	46	48	50	52	54

Memo: Calculation of MOD Adjustments

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total revenue per Nov 2014 model run	1,469	1,460	1,563	1,586	1,600	1,639	1,641	1,634
Less								
TIRG Revenue	14	13	13	-	-	-	-	-
Excluded services revenue	123	123	130	126	127	129	130	132
Regulated base revenue: Nov 2015 model run	1,332	1,324	1,421	1,460	1,473	1,510	1,511	1,502

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	1,342	1,444	1,476	1,571	1,555	1,588	1,585	1,572
MOD adjustment		(5)	(114)	(185)				
Annual Iteration Base Revenue	1,342	1,438	1,361	1,386				
Present Value					5,071			
Regulated base revenue: Nov 2015 model run	1,332	1,324	1,421	1,460				
Present Value					5,071			

Electricity Transmission



System operator (SO) fast/slow money split & RAV roll forward

SO RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	74	94	106	116	122	126	125	125	
Update for TPCR4 Actuals	3								
Additions	33	31	32	31	32	30	31	32	
Depreciation	(16)	(19)	(22)	(25)	(28)	(30)	(32)	(32)	
Closing Balance	94	106	116	122	126	125	125	125	

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	39	34	31	28	31	21	26	26	238
Baseline Regulatory Controllable Opex allowances	74	75	83	83	84	85	86	88	658
Baseline Totex allowance	113	109	114	112	115	106	113	114	896
Outputs adjustment	13	3	8	6	6	6	6	5	52
Updated Totex allowance	126	112	122	118	120	112	118	120	948
Capex spend	32	34	31	28	31	21	26	26	231
Regulatory Controllable Opex spend	80	77	83	83	84	85	86	88	667
Totex spend	112	112	114	112	115	106	113	114	897
Post-sharing totex	118	112	114	112	115	106	113	114	904
Fast money	85	81	82	81	83	76	81	83	652
Slow money	33	31	32	31	32	30	31	32	252

Electricity Transmission

SO allowed revenue calculation



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	85	81	82	81	83	76	81	83
Non controllable costs	-	-	-	-	-	-	-	-
Pensions	10	10	11	12	11	11	12	12
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	1	1	1	1	1	1	1	1
Tax allowance	2	1	0	0	1	0	1	1
Depreciation & return on RAV	19	24	27	30	33	35	37	37
Other Revenue adjustments	2	2	2	2	2	2	3	3
Total revenue	120	119	124	126	132	127	134	136
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	114	114	114	117	123	118	125	126
MOD adjustment		4	6	21				
Annual Iteration Base Revenue	114	117	120	138				
Present Value					447			
Regulated base revenue: Nov 2015 model run	120	119	124	126				
Present Value					447			

Electricity Transmission



Total summary total RAV (incl. shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO capex - load-related	242	206	183	187	143	124	44	28	1,159
TO capex - non-load-related	506	499	485	489	623	716	784	704	4,806
Uncertainty mechanism capex	803	787	698	581	317	227	94	32	3,539
Uncertainty mechanism opex	1	3	9	14	45	56	34	5	167
Regulatory Controllable opex	192	196	203	204	206	206	208	208	1,624
Totex Incentive Mechanism	(289)	(421)	-	-	-	-	-	-	(711)
TO Totex	1,454	1,271	1,579	1,477	1,333	1,330	1,164	978	10,585
Non controllable opex	94	88	88	88	88	88	88	88	708
SO capex	39	34	29	27	30	20	25	25	231
Regulatory Controllable opex	74	75	77	79	79	80	82	84	629
Totex Incentive Mechanism	(7)	(0)	-	-	-	-	-	-	(7)
SO Totex	106	109	106	106	109	100	107	109	852
Total RAV (including shadow & SO RAV)									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,865	9,376	9,872	10,599	11,205	11,660	12,088	12,365	
Update for TPCR4 Actuals	(174)								
Additions	1,322	1,161	1,424	1,336	1,216	1,207	1,071	914	
Depreciation	(585)	(615)	(646)	(681)	(710)	(732)	(743)	(750)	
Closing Balance	9,376	9,872	10,599	11,205	11,660	12,088	12,365	12,479	

Gas Transmission

Baseline databook

Gas Transmission Finance package



	Final proposals
Cost of equity	6.8%
Cost of debt	index
Gearing	62.5%
Transitional measures	N/A
Base Totex capitalisation rate (TO)	64%
UM Totex capitalisation rate (TO)	90%
Totex capitalisation rate (SO)	37.4%
IQI ratio	123
Totex incentive rate	44%

Gas Transmission Totex & RAV allowances



£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	0.3	0.2
TO capex - non-load related	1.1	0.9
Uncertainty mechanism capex	0.2	0.2
Uncertainty mechanism opex	-	-
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
TO Totex	2.3	1.8
Non controllable opex	3.0	2.4
SO capex	0.2	0.2
Uncertainty mechanism capex	0.1	0.1
Uncertainty mechanism opex	0.1	0.1
Controllable opex	0.4	0.3
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	0.7	0.6
NGGT Controllable Totex	3.0	2.4
RAV at 31 March 2013	5.3	4.6
RAV at 31 March 2021	7.0	5.0

Gas Transmission



Transmission owner (TO) fast/slow money split RAV roll forward

NGGT TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Totals
Baseline Load-related Capex allowances	25	14	10	60	85	9	0	-	204
Baseline Non-load related Capex allowances	97	110	114	124	138	118	102	91	894
Baseline Regulatory Controllable Opex allowances	64	65	71	79	84	85	81	77	607
Totex allowances	187	190	195	264	307	211	183	169	1,705
Outputs adjustment	27	18	11	13	32	33	21	6	160
Updated Totex allowance	214	208	206	276	340	243	203	175	1,865
Load-related Capex spend	3	1	10	60	85	9	0	-	168
Non-load related Capex spend	115	108	125	137	170	150	122	98	1,025
Regulatory Controllable Opex spend	70	73	71	79	84	85	81	77	620
Totex spend	188	182	206	276	340	243	203	175	1,813
Post-sharing Totex	200	193	206	276	340	243	203	175	1,836
Fast money	63	63	70	95	113	78	67	61	610
Slow money	137	130	135	181	227	165	136	114	1,226
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Existing revenue drivers investment	70	73	71	79	84	85	81	77	
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	4,562	4,630	4,637	4,691	4,826	4,964	4,986	4,957	
Update for TPCR4 Actuals	64								
Additions	151	156	205	290	296	186	137	114	
Depreciation (Existing Assets)	(146)	(145)	(144)	(144)	(144)	(144)	(143)	(141)	
Depreciation (New Assets)	-	(4)	(7)	(10)	(14)	(19)	(23)	(26)	
Closing Balance	4,630	4,637	4,691	4,826	4,964	4,986	4,957	4,904	

Gas Transmission

TO allowed revenue collection



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,014	4,315	4,305	4,299	4,351	4,895	4,965	4,956
Update for TPCR4 Actuals	64							
Transfers in	175	2	2	15	476	69	21	1
Additions	200	130	135	181	227	165	136	114
Depreciation	(139)	(142)	(143)	(145)	(159)	(164)	(166)	(167)
Closing Balance	4,315	4,305	4,299	4,351	4,895	4,965	4,956	4,904
Shadow RAV	315	332	391	476	69	21	1	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	63	63	70	95	113	78	67	61
Non controllable costs	110	110	110	110	110	110	110	110
Pensions	41	41	65	65	66	66	67	67
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)
Tax allowance	9	12	17	22	29	22	23	26
Depreciation & return on RAV	322	321	318	316	351	360	363	363
Revenue adjustments	(10)	(9)	(9)	(9)	10	11	11	12
Regulated revenue	534	537	570	598	677	646	641	639
Excluded service revenue	4	3	3	3	3	3	3	3
Total revenue	538	540	573	601	680	649	644	642

MOD adjustment	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
£m (2009/10 prices)								
Baseline Regulated Base Revenue	539	543	548	581	659	627	622	620
MOD adjustment		8	10	10				
Annual Iteration Base Revenue	539	551	558	591				
Present Value					2,058			
Regulated base revenue: Nov 2015 model run	534	537	570	598				
Present Value					2,058			

Gas Transmission



System operator (SO) fast/slow money split & RAV roll forward

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Capex allowances	41	32	25	25	22	18	19	17	199
Regulatory Controllable Opex allowances	44	46	51	52	51	50	49	50	392
Totex allowances	85	79	76	77	73	68	68	66	591
Outputs adjustment	13	-	-	-	-	-	-	-	13
Updated Totex allowance	98	79	76	77	73	68	68	66	604
Capex spend	18	27	25	25	22	18	19	17	171
Regulatory Controllable Opex spend	35	40	51	52	51	50	49	50	377
Totex spend	53	68	76	77	73	68	68	66	548
Post-sharing Totex	73	72	76	77	73	68	68	66	573
Fast money	46	45	47	48	46	42	43	42	359
Slow money	27	27	28	29	27	25	25	25	214
SO RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	53	67	80	92	101	107	107	106	
Update for TPCR4 Actuals	(3)								
Additions	27	27	28	29	27	25	25	25	
Depreciation	(11)	(14)	(16)	(19)	(22)	(25)	(26)	(27)	
Closing Balance	67	80	92	101	107	107	106	105	

Gas Transmission

SO allowed revenue calculation



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	46	45	47	48	46	42	43	42
Non controllable costs	-	-	-	-	-	-	-	-
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Tax allowance	2	1	(0)	-	-	-	0	1
Depreciation & return on RAV	13	17	20	23	26	29	31	31
Revenue adjustments	0	0	1	1	1	1	1	1
Regulated revenue	61	63	68	72	72	71	74	74
NGGT SO Revenue Driver Income	94	87	79	59	0	0	-	-
Total revenue	155	151	147	130	72	72	74	74

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	67	67	69	73	74	73	75	74
MOD adjustment		(1)	(14)	1				
Annual Iteration Base Revenue	67	67	55	74				
Present Value					241			
Regulated base revenue: Nov 2015 model run	61	63	68	72				
Present Value					241			

Gas Transmission



Totex summary & total RAV (including shadow SO RAV)

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Total</u>
TO baseline capex - load-related	25	14	10	60	85	9	0	-	204
TO baseline capex - non-load related	97	110	114	124	138	118	102	91	894
Uncertainty mechanism capex	27	18	11	13	32	33	21	6	160
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Controllable opex	64	65	71	79	84	85	81	77	607
Totex incentive mechanism	(14)	(14)	-	-	-	-	-	-	(29)
TO Totex	200	193	206	276	340	243	203	175	1,836
Non controllable opex	110	110	110	110	110	110	110	110	882
SO baseline capex	34	27	19	16	14	13	15	13	150
Uncertainty mechanism capex	20	5	7	9	8	5	4	4	61
Uncertainty mechanism opex	6	8	12	15	13	11	10	10	85
Controllable opex	38	39	39	37	38	38	39	39	307
Totex incentive mechanism	(25)	(6)	-	-	-	-	-	-	(31)
SO Totex	73	72	76	77	73	68	68	66	573
NGGT Controllable Totex	272	266	281	353	413	311	271	241	2,409
Total RAV (including shadow & SO RAV)									
<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	
Opening	4,615	4,697	4,717	4,783	4,928	5,071	5,094	5,063	
Additions	239	183	233	318	324	211	162	139	
Depreciation	(157)	(163)	(167)	(173)	(181)	(188)	(193)	(194)	
Closing Balance	4,697	4,717	4,783	4,928	5,071	5,094	5,063	5,008	
<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	
Existing revenue drivers income	94	87	79	59	0	0	-	-	
Existing revenue drivers investment	14	26	69	108	69	21	1	-	

Gas Distribution

Baseline databook

Gas Distribution



Transmission owner (TO) fast/slow money split RAV roll forward

All Gas Distribution Networks

	13/14	14/15	15/16	16/17
Cost of equity			6.7%	
Cost of debt	2.92%	2.72%	2.55%	2.38%
Gearing			65%	
WACC	4.24%	4.11%	4.00%	3.89%
Transitional measures	1 period repex, stepped 50% to 100%			

West Midlands London East of England North West

	West Midlands	London	East of England	North West
Totex capitalisation rate	Repex 50-100% Other 25%	Repex 50-100% Other 24%	Repex 50-100% Other 27%	Repex 50-100% Other 26%
IQI ratio*	107	118	111	110
Totex incentive rate*	64%	62%	63%	63%

*Group IQI score of 112 and totex incentive rate of 63% - applied to all networks.



Gas Distribution

Totex and RAV allowances

	West Midlands		London		East of England		North West	
£m	8 year total (nominal)*	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)	8 year total (nominal)	8 year total (09/10 prices)
Capex	220	174	275	218	450	355	319	252
Repex	702	551	1,358	1,063	1,087	854	880	691
Controllable opex	654	515	844	665	1,169	921	850	670
Non controllable	507	399	533	420	979	772	740	583
Post-TIM allowance	2,083	1,639	3,011	2,367	3,685	2,902	2,788	2,197
RAV at 31 Mar 13	1,519	1,321	1,889	1,644	2,914	2,535	2,003	1,743
RAV at 31 Mar 21	1,920	1,355	2,741	1,934	3,529	2,490	2,517	1,776

*Based on closing RPI forecast

	Total (nominal)	Total (09/10 prices)
Capex	1,264	1,000
Repex	4,027	3,160
Controllable opex	3,518	2,771
Non controllable	2,759	2,174
Post-TIM allowance	11,567	9,104
RAV at 31 Mar 13	8,326	7,243
RAV at 31 Mar 21	10,707	7,554

*Based on closing RPI forecast

Gas Distribution

Fast/slow money split & RAV roll forward



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Net repex allowances	399	397	404	400	410	407	412	416	3,244
Baseline Regulatory capex allowances	147	129	119	112	119	115	103	91	936
Baseline Controllable opex allowances	345	340	343	350	344	343	344	338	2,747
Baseline Totex Allowance	891	866	866	861	874	866	858	845	6,927
Allowance adjustment	(2)	1	6	9	26	21	9	5	76
Updated Totex Allowance	889	867	872	871	900	886	867	851	7,003
Net repex spend	280	282	406	401	411	408	413	417	3,019
Regulatory capex spend	134	127	122	119	144	134	110	95	985
Controllable opex spend	365	370	344	350	345	344	344	339	2,801
Totex Spend	779	779	872	871	900	886	867	851	6,806
Post sharing totex	848	835	872	871	900	886	867	851	6,930
Repex	352	351	406	401	411	408	413	417	3,160
Other totex	497	483	466	469	489	478	454	434	3,771
RAV additions									
Capitalised repex	176	201	261	287	323	350	384	417	2,398
Other slow money	127	123	118	119	124	122	116	111	960
Other adjustments and disposals	5	2	(1)	(5)	(4)	(4)	(7)	(6)	(21)
Total RAV additions	308	326	378	401	443	468	493	521	3,337
Fast money									
Controllable totex	848	835	872	871	900	886	867	851	6,930
Less RAV additions	(302)	(324)	(379)	(406)	(448)	(472)	(499)	(527)	(3,357)
Total fast money	546	511	493	465	452	415	368	324	3,573
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	7,243	7,194	7,157	7,199	7,262	7,345	7,422	7,493	
Additions	308	326	378	401	443	468	493	521	
Depreciation (Existing Assets)	(317)	(310)	(302)	(295)	(287)	(280)	(273)	(265)	
Depreciation (Backlog Depreciation)	(39)	(39)	(7)	-	(13)	(33)	(53)	(79)	
Depreciation (New Assets)	-	(14)	(27)	(43)	(60)	(78)	(96)	(115)	
Closing Balance	7,194	7,157	7,199	7,262	7,345	7,422	7,493	7,554	

Gas Distribution

Allowed revenue calculation



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	7,243	7,194	7,157	7,199	7,262	7,345	7,422	7,493
Additions	308	326	378	401	443	468	493	521
Depreciation	(356)	(362)	(336)	(338)	(360)	(391)	(422)	(460)
Closing Balance	7,194	7,157	7,199	7,262	7,345	7,422	7,493	7,554
Fast money	546	511	493	465	452	415	368	324
Non controllable costs (exc pension deficit)	269	266	266	258	257	256	256	255
Pension Deficit	13	13	11	11	11	11	11	11
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	5	4	4	4	4	4	4	4
Tax allowance	53	45	114	105	107	104	98	98
Depreciation & return on RAV	656	652	618	614	639	673	706	747
Revenue adjustments	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Total revenue	1,542	1,491	1,505	1,455	1,470	1,462	1,443	1,438

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	1,542	1,494	1,522	1,489	1,488	1,484	1,476	1,474
MOD adjustment		(11)	(23)	(19)				
Annual Iteration Base Revenue	1,542	1,483	1,499	1,470				
Present Value					5,504			
Regulated base revenue: Nov 2015 model run	1,542	1,491	1,505	1,455				
Present Value					5,504			



RIIO baseline databook

Nov 2016 iteration



April 2017

Cautionary statement



This announcement 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 '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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, including any arising as a result of the United Kingdom's exit from the European Union, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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, due to counterparties being unable to deliver physical commodities, or due to the failure of or unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation and remediation plans; 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 announcement 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; inflation or deflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with the National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments, including competition for onshore transmission, the threats and opportunities presented by emerging technology, development activities relating to changes in the energy mix and 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 assumptions in connection with joint ventures. 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 183 to 186 of National Grid's most recent Annual Report and Accounts, as updated by National Grid's unaudited half-year financial information for the six months ended 30 September 2016 published on 10 November 2016. 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 announcement. **2**



Introduction

Baseline databook

- This databook is a summary of data contained in Ofgem's financial model iteration of November 2016 including Ofgem's baseline view of expenditure
- It does not reflect National Grid forecasts or views of levels of future investment or revenues



Updates from previous databooks

- Data reflects Ofgem's updated baseline view
- Additional updates from 2015 databook reflects Ofgem's November 2016 iteration including updates for 2015/16 actual spend and Ofgem's view of 2015/16 outputs delivered (shown in row 'outputs adjustments')
- RPI used for nominal data has been updated to reflect actual for 15/16 and a revised forecast of RPI post 15/16
- Allowed cost of debt: 2.92% real for 13/14, 2.72% real for 14/15, 2.55% real for 15/16, 2.38 real for 16/17, 2.22 real for 17/18 and 2.22% thereafter.

Electricity Transmission

Baseline databook

Electricity Transmission Finance package



Cost of equity	7.0%
Cost of debt	index
Gearing	60%
Transitional measures	1 period/8 years
Totex capitalisation rate (TO)	85%
Totex capitalisation rate (SO)	27.9%
IQI ratio	112
Totex incentive rate	47%

Electricity Transmission Totex & RAV allowances



£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	1.4	1.2
TO capex - non-load related	6.1	4.8
Uncertainty mechanism capex	3.9	3.2
Uncertainty mechanism opex	0.2	0.2
Controllable opex	2.0	1.6
Totex Incentive Mechanism	(1.0)	(0.9)
TO Totex	12.7	10.1
Non controllable opex	0.9	0.7
SO capex	0.3	0.2
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	1.1	0.9
NGET Controllable Totex	13.8	11.0
RAV at 31 March 2013	10.2	8.9
RAV at 31 March 2021	16.9	12.2

Electricity Transmission



Transmission owner (TO) fast/slow money split & RAV roll forward

NGET TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	1,390	1,529	1,447	1,366	1,142	1,089	938	766	9,667
Baseline Regulatory Controllable Opex allowances	192	196	203	204	206	206	208	208	1,624
Baseline Totex allowance	1,583	1,725	1,650	1,570	1,348	1,295	1,146	974	11,291
Outputs adjustment	29	(146)	(149)	(94)	(15)	35	18	7	(316)
Updated Totex allowance	1,611	1,579	1,501	1,477	1,333	1,330	1,164	981	10,975
Capex spend	999	679	742	1,258	1,082	1,067	922	767	7,517
Regulatory Controllable Opex spend	200	220	223	219	251	262	242	213	1,830
Totex spend	1,199	899	965	1,477	1,333	1,330	1,164	981	9,347
Post-sharing totex	1,392	1,218	1,217	1,477	1,333	1,330	1,164	981	10,110
Fast money	209	183	182	222	200	199	175	147	1,517
Slow money	1,183	1,035	1,034	1,255	1,133	1,130	989	834	8,594
NGET TO & shadow RAV									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Opening	8,791	9,229	9,670	10,084	10,698	11,164	11,607	11,899	
Update for TPCR4 Actuals	(177)	-	-	-	-	-	-	-	
Slow Money	1,183	1,035	1,034	1,255	1,133	1,130	989	834	
Depreciation (Existing Assets)	(569)	(550)	(537)	(523)	(510)	(499)	(480)	(462)	
Depreciation (New Assets)	-	(44)	(83)	(118)	(157)	(189)	(218)	(241)	
Closing Balance	9,229	9,670	10,084	10,698	11,164	11,607	11,899	12,029	

Electricity Transmission



TO allowed revenue calculation

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Opening (excl Shadow RAV)	8,691	9,134	9,582	10,002	10,698	11,164	11,607	11,899
Update for TPCR4 Actuals	(177)	-	-	-	-	-	-	-
Transfers in	-	-	-	82	-	-	-	-
Additions	1,183	1,035	1,034	1,255	1,133	1,130	989	834
Depreciation	(564)	(587)	(614)	(641)	(667)	(688)	(697)	(704)
Closing Balance (Excl Shadow RAV)	9,134	9,582	10,002	10,698	11,164	11,607	11,899	12,029
Closing shadow RAV	95	89	82	-	-	-	-	-

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Total</u>
Fast money	209	183	182	222	200	199	175	147	1,517
Non controllable costs	94	88	88	88	88	88	88	88	708
Pensions	32	32	36	36	36	36	36	36	280
Equity injection costs	-	-	-	-	-	-	-	-	-
IQI adjustment	15	16	16	15	13	13	11	10	109
Tax allowance	86	72	80	88	71	73	74	79	622
Depreciation & return on RAV	960	993	1,029	1,071	1,110	1,149	1,173	1,188	8,673
TIRG revenue	14	13	13	-	-	-	-	-	40
Other Revenue adjustments	45	46	47	46	48	50	52	54	387
Total revenue	1,455	1,443	1,490	1,566	1,566	1,606	1,608	1,601	12,335

Memo: Other Revenue Adjustments

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
TPCR4 base capex incentive	19	20	21	22	23	24	24	25
TPCR4 capex incentive adjustment and Rollover and TII capex incentive	19	20	20	21	22	23	24	25
Excluded services costs	7	6	6	3	3	3	3	3
Other Revenue adjustments	45	46	47	46	48	50	52	54

Memo: Calculation of MOD Adjustments

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Total revenue per Nov 2014 model run	1,455	1,443	1,490	1,566	1,566	1,606	1,608	1,601
Less								
TIRG Revenue	14	13	13	-	-	-	-	-
Excluded services revenue	123	123	130	126	127	129	130	132
Regulated base revenue: Nov 2015 model run	1,319	1,306	1,347	1,440	1,438	1,478	1,478	1,469

<u>£m (2009/10 prices)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Baseline Regulated Base Revenue	1,342	1,444	1,476	1,571	1,555	1,588	1,585	1,572
MOD adjustment	-	(5)	(114)	(185)	(253)			
Annual Iteration Base Revenue	1,342	1,438	1,361	1,386	1,302			
Present Value						7,439		
Regulated base revenue: Nov 2015 model run	1,319	1,306	1,347	1,440	1,438			
Present Value						7,439		

Electricity Transmission



System operator (SO) fast/slow money split & RAV roll forward

SO RAV								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	74	94	106	116	122	126	125	125
Update for TPCR4 Actuals	3							
Additions	33	31	32	31	32	30	31	32
Depreciation	(16)	(19)	(22)	(25)	(28)	(30)	(32)	(32)
Closing Balance	94	106	116	122	126	125	125	125

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Baseline Capex allowances	39	34	31	28	31	21	26	26	238
Baseline Regulatory Controllable Opex allowances	74	75	83	83	84	85	86	88	658
Baseline Totex allowance	113	109	114	112	115	106	113	114	896
Outputs adjustment	13	3	8	6	6	6	6	5	52
Updated Totex allowance	126	112	122	118	120	112	118	120	948
Capex spend	32	34	33	28	31	21	26	26	233
Regulatory Controllable Opex spend	80	77	80	83	84	85	86	88	663
Totex spend	112	112	114	112	115	106	113	114	897
Post-sharing totex	118	112	114	112	115	106	113	114	904
Fast money	85	81	82	81	83	76	81	83	651
Slow money	33	31	32	31	32	30	31	32	252

Electricity Transmission

SO allowed revenue calculation



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	85	81	82	81	83	76	81	83
Non controllable costs	-	-	-	-	-	-	-	-
Pensions	10	10	11	12	11	11	12	12
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	1	1	1	1	1	1	1	1
Tax allowance	2	1	1	0	1	0	1	1
Depreciation & return on RAV	19	24	27	30	33	35	37	37
Other Revenue adjustments	2	2	2	2	2	2	3	3
Total revenue	120	119	125	125	132	127	134	136

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	114	114	114	117	123	118	125	126
MOD adjustment	-	4	6	21	9			
Annual Iteration Base Revenue	114	117	120	138	132			
Present Value						673		
Regulated base revenue: Nov 2015 model run	120	119	125	125	132			
Present Value						673		

Electricity Transmission



Total summary total RAV (incl. shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO capex - load-related	242	206	183	187	143	124	44	28	1,159
TO capex - non-load-related	506	499	485	489	623	716	784	704	4,806
Uncertainty mechanism capex	670	674	621	581	317	227	94	35	3,219
Uncertainty mechanism opex	1	3	9	14	45	56	34	5	167
Regulatory Controllable opex	192	196	203	204	206	206	208	208	1,624
Totex Incentive Mechanism	(219)	(361)	(285)	-	-	-	-	-	(865)
TO Totex	1,392	1,218	1,217	1,477	1,333	1,330	1,164	981	10,110
Non controllable opex	94	88	88	88	88	88	88	88	708
SO capex	39	34	29	27	30	20	25	25	231
Regulatory Controllable opex	74	75	77	79	79	80	82	84	629
Totex Incentive Mechanism	(7)	(0)	(0)	-	-	-	-	-	(8)
SO Totex	106	109	106	106	109	100	107	109	852

Total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	8,865	9,323	9,776	10,200	10,820	11,290	11,732	12,024
Update for TPCR4 Actuals	(174)							
Additions	1,269	1,115	1,116	1,336	1,216	1,207	1,071	916
Depreciation	(585)	(613)	(642)	(666)	(695)	(718)	(729)	(735)
Closing Balance	9,323	9,776	10,200	10,820	11,290	11,732	12,024	12,154

Gas Transmission

Baseline databook

Gas Transmission Finance package



	Final proposals
Cost of equity	6.8%
Cost of debt	index
Gearing	62.5%
Transitional measures	N/A
Base Totex capitalisation rate (TO)	64%
UM Totex capitalisation rate (TO)	90%
Totex capitalisation rate (SO)	37.4%
IQI ratio	123
Totex incentive rate	44%

Gas Transmission

Totex & RAV allowances



£bn	8 year total (nominal)	8 year total (09/10 prices)
TO capex - load-related	0.3	0.2
TO capex - non-load related	1.1	0.9
Uncertainty mechanism capex	0.2	0.2
Uncertainty mechanism opex	-	-
Controllable opex	0.8	0.6
Totex Incentive Mechanism	(0.0)	(0.0)
TO Totex	2.3	1.8
Non controllable opex	3.0	2.4
SO capex	0.2	0.2
Uncertainty mechanism capex	0.1	0.1
Uncertainty mechanism opex	0.1	0.1
Controllable opex	0.4	0.3
Totex Incentive Mechanism	(0.0)	(0.0)
SO Totex	0.7	0.6
NGGT Controllable Totex	3.0	2.4
RAV at 31 March 2013	5.3	4.6
RAV at 31 March 2021	7.0	5.0

Gas Transmission



Transmission owner (TO) fast/slow money split RAV roll forward

NGGT TO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Totals
Baseline Load-related Capex allowances	25	14	10	60	85	9	0	-	204
Baseline Non-load related Capex allowances	97	110	114	124	138	118	102	91	894
Baseline Regulatory Controllable Opex allowances	64	65	71	79	84	85	81	77	607
Totex allowances	187	190	195	264	307	211	183	169	1,705
Outputs adjustment	27	18	11	13	32	33	21	6	160
Updated Totex allowance	214	208	206	276	340	243	203	175	1,865
Load-related Capex spend	3	1	1	60	85	9	0	-	159
Non-load related Capex spend	115	108	111	137	170	150	122	98	1,011
Regulatory Controllable Opex spend	70	73	74	79	84	85	81	77	623
Totex spend	188	182	186	276	340	243	203	175	1,794
Post-sharing Totex	200	193	195	276	340	243	203	175	1,826
Fast money	63	63	65	95	113	78	67	61	605
Slow money	137	130	129	181	227	165	136	114	1,220

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,562	4,635	4,642	4,689	4,825	4,963	4,985	4,956
Update for TPCR4 Actuals	68							
Additions	151	156	199	290	296	186	137	114
Depreciation (Existing Assets)	(146)	(145)	(144)	(144)	(144)	(144)	(143)	(141)
Depreciation (New Assets)	-	(5)	(7)	(10)	(14)	(19)	(23)	(26)
Closing Balance	4,635	4,642	4,689	4,825	4,963	4,985	4,956	4,903

Gas Transmission TO allowed revenue collection



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,014	4,319	4,309	4,298	4,349	4,893	4,964	4,955
Update for TPCR4 Actuals	68							
Transfers in	171	2	2	15	476	69	21	1
Additions	205	130	129	181	227	165	136	114
Depreciation	(139)	(142)	(143)	(145)	(159)	(164)	(166)	(167)
Closing Balance	4,319	4,309	4,298	4,349	4,893	4,964	4,955	4,903
Shadow RAV	315	332	391	476	69	21	1	-

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	63	63	65	95	113	78	67	61
Non controllable costs	110	110	110	110	110	110	110	110
Pensions	41	41	65	65	66	66	67	67
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(1)	(1)	(1)	(2)	(2)	(1)	(1)	(1)
Tax allowance	9	12	15	22	28	22	23	26
Depreciation & return on RAV	322	321	318	316	346	355	358	358
Revenue adjustments	(10)	(9)	(9)	(9)	10	11	12	12
Regulated revenue	535	537	563	598	671	641	636	634
Excluded service revenue	4	3	3	3	3	3	3	3
Total revenue	538	540	566	602	674	644	639	637

MOD adjustment	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	539	543	548	581	659	627	622	620
MOD adjustment	-	8	10	10	6			
Annual Iteration Base Revenue	539	551	558	591	665			
Present Value						3,135		
Regulated base revenue: Nov 2015 model run	535	537	563	598	671			
Present Value						3,135		

Gas Transmission



System operator (SO) fast/slow money split & RAV roll forward

SO									
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Capex allowances	41	32	25	25	22	18	19	17	199
Regulatory Controllable Opex allowances	44	46	51	52	51	50	49	50	392
Totex allowances	85	79	76	77	73	68	68	66	591
Outputs adjustment	13	0	0	0	(6)	1	4	1	13
Updated Totex allowance	98	79	76	77	68	69	72	68	604
Capex spend	18	27	36	25	20	18	20	17	181
Regulatory Controllable Opex spend	41	46	47	52	48	50	51	51	386
Totex spend	59	73	83	77	68	69	72	68	568
Post-sharing Totex	76	76	80	77	68	69	72	68	584
Fast money	48	47	50	48	42	43	45	42	366
Slow money	28	28	30	29	25	26	27	25	218

SO RAV								
£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	53	68	82	95	104	107	108	108
Update for TPCR4 Actuals	(3)							
Additions	28	28	30	29	25	26	27	25
Depreciation	(11)	(14)	(17)	(20)	(22)	(25)	(27)	(27)
Closing Balance	68	82	95	104	107	108	108	106

Gas Transmission SO allowed revenue calculation



£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Fast money	48	47	50	48	42	43	45	42
Non controllable costs	-	-	-	-	-	-	-	-
Equity injection costs	-	-	-	-	-	-	-	-
IQI adjustment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Tax allowance	1	0	0	-	-	-	0	1
Depreciation & return on RAV	13	17	20	24	27	29	31	31
Revenue adjustments	0	0	1	1	1	1	1	1
Regulated revenue	62	65	71	72	69	72	76	75
NGGT SO Revenue Driver Income	94	87	79	59	0	0	-	-
Total revenue	156	152	150	131	69	72	76	75

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Baseline Regulated Base Revenue	67	67	69	73	74	73	75	74
MOD adjustment	-	(1)	(14)	1	3			
Annual Iteration Base Revenue	67	67	55	74	77			
Present Value						366		
Regulated base revenue: Nov 2015 model run	62	65	71	72	69			
Present Value						366		

Gas Transmission



Totex summary & total RAV (including shadow SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
TO baseline capex - load-related	25	14	10	60	85	9	0	-	204
TO baseline capex - non-load related	97	110	114	124	138	118	102	91	894
Uncertainty mechanism capex	27	18	11	13	32	33	21	6	160
Uncertainty mechanism opex	-	-	-	-	-	-	-	-	-
Controllable opex	64	65	71	79	84	85	81	77	607
Totex incentive mechanism	(14)	(14)	(11)	-	-	-	-	-	(39)
TO Totex	200	193	195	276	340	243	203	175	1,826
Non controllable opex	110	110	110	110	110	110	110	110	882
SO baseline capex	34	27	19	16	14	13	15	13	150
Uncertainty mechanism capex	20	5	7	9	6	6	5	4	61
Uncertainty mechanism opex	6	8	12	15	10	12	12	11	86
Controllable opex	38	39	39	37	38	38	39	39	307
Totex incentive mechanism	(21)	(3)	4	-	-	-	-	-	(20)
SO Totex	76	76	80	77	68	69	72	68	584
NGGT Controllable Totex	276	269	275	353	407	312	275	243	2,410

Total RAV (including shadow & SO RAV)

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Opening	4,615	4,703	4,724	4,785	4,929	5,070	5,093	5,063
Additions	244	185	229	318	322	212	164	140
Depreciation	(157)	(164)	(168)	(174)	(181)	(188)	(193)	(195)
Closing Balance	4,703	4,724	4,785	4,929	5,070	5,093	5,063	5,009

£m (2009/10 prices)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Existing revenue drivers income	94	87	79	59	0	0	-	-
Existing revenue drivers investment	14	26	69	108	69	21	1	-

2013/14

**Full year results
Additional appendices**

UK regulated net revenue and operating profit



Cautionary statement

This presentation 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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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 seasonal and weather conditions including the impact of major storms as well as the results of climate change or due to unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; changes in public safety concerns, including due to network failure or interruption involving National Grid or other utility providers, and related increases in repair and emergency response activities; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation projects; 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 announcement 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; inflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments and 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 assumptions in connection with joint ventures. 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 167 to 169 of National Grid's most recent Annual Report and Accounts. 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 presentation.

UK Electricity Transmission net revenue

For the year ended 31 March (£m)		2014
Revenue		3,387
Timing adjustment		60
Pass through costs		
Revenue collected on behalf of others	(630)	
BSIS costs	(872)	
Electricity Transmission Owner (ETO) pass through costs	(113)	
Electricity System Operator (ESO) pass through costs	(40)	
		(1,655)
Net Revenue adjusted for timing		1,792

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	10
True ups	5
Revenue under/(over) recovery	52
(Collection)/return of prior year deferrals	(7)
Net timing adjustment	60

UK Electricity Transmission operating profit

For the year ended 31 March (£m)		2014	
Net Revenue adjusted for timing			
Transmission Owner (TO) excluding incentives	1,615		Ofgem annual iteration TO revenue £m 1,342
TO incentives	10		+ TIRG revenue 14
System Operator (SO) excluding incentives	132		- model non-controllable costs (94)
SO incentives	26		+ inflate to actual 13/14 prices 210
Other	9		Ofgem model net revenue £m 1,472
		1,792	+ network innovation allowance, contributions, pensions true up and other 11
Depreciation & amortisation			+ excluded services income 132
Electricity Transmission Owner	(329)		TO net revenue excluding timing and incentives £m 1,615
Electricity System Operator	(14)		
Other	0		
		(343)	
Regulated controllable costs, pensions and other costs			
Electricity Transmission Owner	(206)		
Electricity System Operator	(96)		
Other	0		
		(302)	
Total UK Electricity Transmission operating profit adjusted for timing			
Electricity Transmission Owner	1,090		Ofgem annual iteration SO revenue £m 114
Electricity System Operator	48		+ inflate to actual 13/14 prices 19
Other	9		Ofgem model net revenue £m 133
			- other (1)
Total UK Electricity Transmission operating profit adjusted for timing		1,147	SO net revenue excluding timing and incentives £m 132
Timing adjustment		(60)	
Total UK Electricity Transmission operating profit: headline		1,087	

UK Gas Transmission net revenue

For the year ended 31 March (£m)		2014
Revenue		941
Timing adjustment		21
Pass through costs		
Revenue collected on behalf of others	(6)	
Gas Transmission Owner (GTO) pass through costs	(100)	
Gas System Operator (GSO) pass through costs	(100)	
		(206)
Net Revenue adjusted for timing		756

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	17
True ups	(35)
Revenue under/(over) recovery	28
(Collection)/return of prior year deferrals	11
Net timing adjustment	21

UK Gas Transmission operating profit

For the year ended 31 March (£m)

2014

Net Revenue adjusted for timing

GTO excluding incentives	504
GTO incentives	1
GSO excl incentives and revenue drivers	96
GSO incentives (excl revenue drivers)	25
Revenue drivers income	110
Other, including LNG Storage	20

Depreciation & Amortisation

Gas Transmission Owner	(147)
Gas System Operator	(23)
Other, including LNG Storage	(2)

Regulated Controllable costs, pensions and other costs

Gas Transmission Owner	(86)
Gas System Operator	(46)
Other, including LNG Storage	(14)

(146)

Total UK Gas Transmission operating profit adjusted for timing

Gas Transmission Owner	272
Gas System Operator (incl revenue drivers)	162
LNG storage & Other	4

438

Timing adjustment

(21)

Total UK Gas Transmission operating profit: headline

417

	£m
Ofgem annual iteration TO revenue	539
- model non-controllable costs	(110)
+ inflate to actual 13/14 prices	71
Ofgem model net revenue	500
+ network innovation allowance, contributions and other	3
+ excluded services income	1
TO net revenue excluding timing and incentives	504

	£m
Ofgem model SO revenue (Nov 12)	67
+ inflate to actual 13/14 prices	11
Ofgem model net revenue	78
+ other	18
SO net revenue excluding timing, incentives and revenue drivers	96

	£m
Legacy revenue drivers	94
+ inflate to actual 13/14 prices	16
Revenue driver income	110

UK Gas Distribution net revenue and operating profit

UK Gas Distribution - net revenue

For the year ended 31 March (£m)

	2014
Revenue	1,898
Timing adjustment	(29)
Pass through costs	
Revenue collected on behalf of others	(83)
Pass through costs	(284)
	(367)
Net Revenue adjusted for timing	1,502

	£m
Incentives (excluding totex), true ups (non-controllable costs, pensions etc) and revenue over/under recoveries	
Deferred for future recovery/(return):	
Incentives	9
True ups	(5)
Revenue under/(over) recovery	(33)
(Collection)/return of prior year deferrals	-
Net timing adjustment	(29)

UK Gas Distribution - operating profit

For the year ended 31 March (£m)

	2014
Net Revenue adjusted for timing	
Net Revenue excluding incentives	1,491
Incentives	9
Other	2
	1,502
Depreciation & amortisation	(271)
Regulated controllable costs, pensions and other costs	(356)
Total UK Gas Distribution operating profit: adjusted for timing	875
Timing adjustment	29
Total UK Gas Distribution operating profit: headline	904

	£m
Ofgem annual iteration base revenue	
East	525
London	353
North West	382
West Midlands	282
Total	1,542
- model non-controllable costs	(269)
+ inflate to actual 13/14 prices	212
Ofgem model net revenue	1,485
+ network innovation allowance, contributions, pensions true up and other	(5)
+ excluded services income	11
TO net revenue excluding timing and incentives	1,491

nationalgrid

UK Interconnector Development

Lazarus Investor Lunch

13 January 2015



Alan Foster – Director, European Business Development

Cautionary statement

This presentation 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. 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. Many of these assumptions, risks and uncertainties relate to factors that are beyond National Grid's ability to control or estimate precisely, such as changes in laws or regulations, announcements from and decisions by governmental bodies or regulators (including the timeliness of consents for construction projects); 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 seasonal and weather conditions including the impact of major storms as well as the results of climate change or due to unauthorised access to or deliberate breaches of National Grid's IT systems and supporting technology; changes in public safety concerns, including due to network failure or interruption involving National Grid or other utility providers, and related increases in repair and emergency response activities; performance against regulatory targets and standards and against National Grid's peers with the aim of delivering stakeholder expectations regarding costs and efficiency savings, including those related to investment programmes and internal transformation projects; 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 announcement 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; inflation; 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, train or retain employees with the necessary competencies, including leadership skills, and any significant disputes arising with National Grid's employees or the breach of laws or regulations by its employees; and the failure to respond to market developments and 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 assumptions in connection with joint ventures. 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 167 to 169 of National Grid's most recent Annual Report and Accounts. 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 presentation.

Agenda

1 – Introductions

2 – Opportunities

3 – Projects

4 – Investment Decision

5 – Regulatory Framework

National Grid has made a commercial success from electricity interconnectors – and has an opportunity to build more

Significant electricity interconnector experience

We currently own two interconnectors, linking GB to France and Holland:

	IFA	BritNed
What:	2GW, 70km	1GW, 260km
Partner:	French TSO, RTE	Dutch TSO, TenneT
Operational:	1985	2011

Additionally we built and subsequently disposed of Basslink (Australia-Tasmania Link)

Electricity interconnectors deliver many benefits

- Allow electricity to flow from lowest to highest priced country, generating revenue for owner, based on power price difference and capacity of cable.
- Significant socio-economic benefits
 - Lower prices for consumers
 - Increased security of supply
 - Helps intermittency issues posed by renewables
- Revenues in the form of capacity rents, from users - the greater the price difference, the greater the capacity rents

Increasing momentum in EU for more interconnection

- New Commission's proposal to create an "Energy Union" – details to be published Q1 2015
- EU objectives of interconnection capacity equivalent to 10% of installed generation capacity by 2020, and 15% by 2030
- Ambition to complete the European Internal Energy Market (IEM) by end-2015 to realise consumer benefits of competitive markets
- List of pan-EU "Projects of Common Interest" (PCI) to be updated Oct 2015
- Interconnection enables increased integration of renewable energy

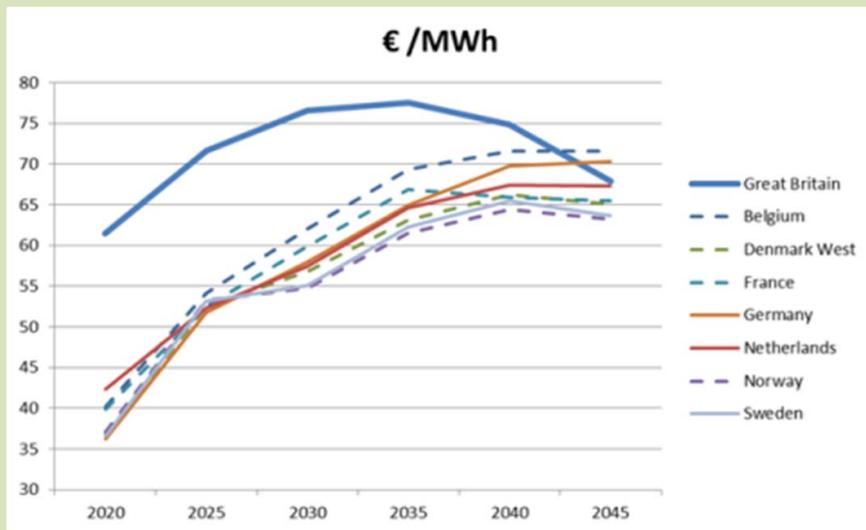
Separate and incremental to UK regulated operations

- Additional growth opportunity to existing RIIO businesses
- Separate business development team within National Grid with strict business separation
- New regulatory deal offers an improved fit with National Grid risk profile
- Returns available (and expected) above regulated UK returns
- Leverages our strong competitive position, operational expertise and experience in a competitive marketplace

Expectations for continued system variability and generation intermittency underpin confidence in future interconnector value

European power price differentials:

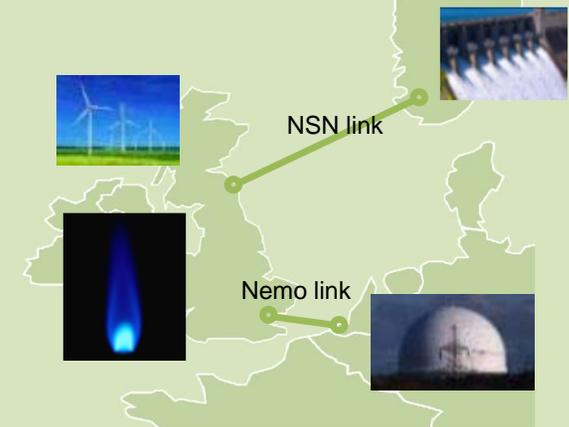
It is expected that future GB power prices will remain greater than European markets over the next 30 years to sustain the structural value of our planned interconnectors:



Source: Baringa modelling – reference case

Structural value:

'Structural' value of interconnectors is derived from fundamental differences in generating mixes and marginal price setting

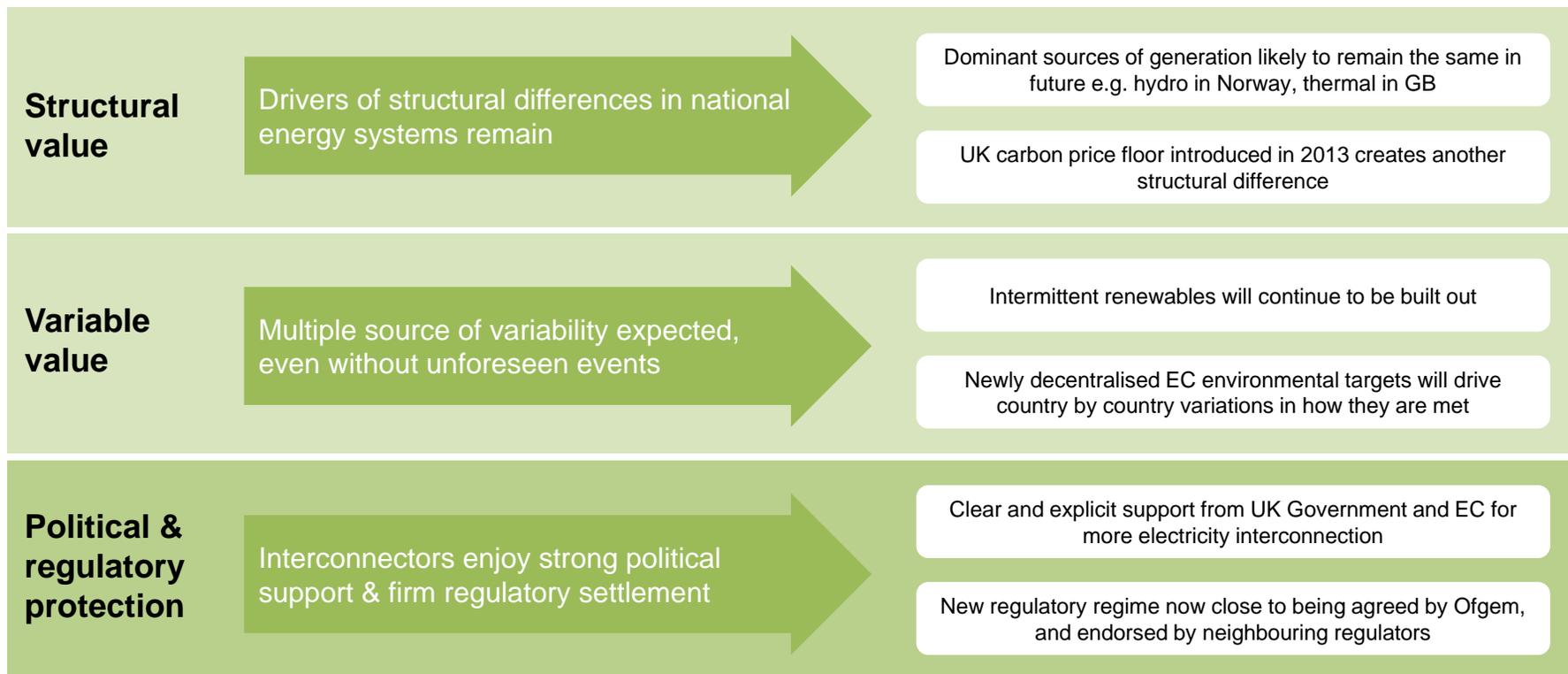


Variable value:

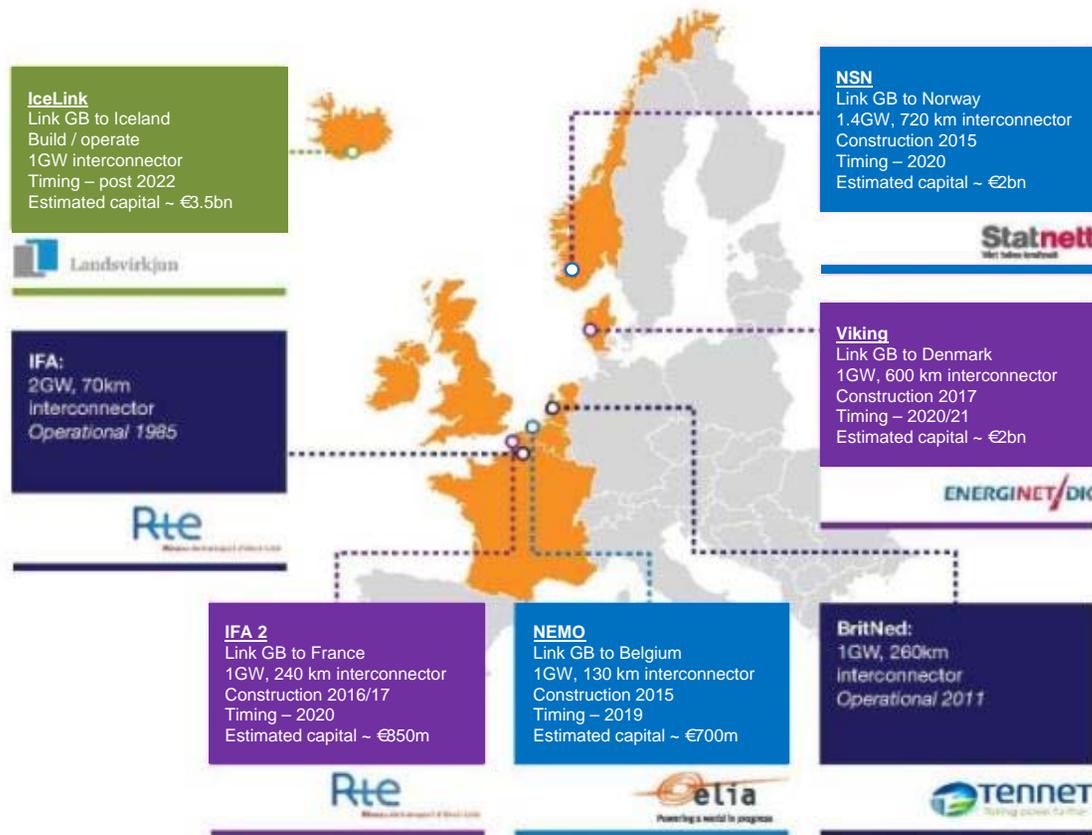
'Variable' value of interconnectors is derived from volatility which can be created by:

- Natural variability in weather conditions, influencing electricity demand and renewable production
- Key events, such as station outages or transmission failures
- Demand side management

The political and regulatory environment adds to expectations that financial performance of interconnectors can remain strong, or become stronger



Our current interconnector portfolio and partners



Operational interconnector
Investment decision expected 2015
Investment decision expected 2016
Investment decision expected 2017+

Depending on our partner, we may create each project either as an incorporated or unincorporated joint venture

The interconnector investment decision

Key characteristics and value drivers

- Strong TSO partnership arrangements and financing
- Strong political support
- Regulatory certainty
- Procurement and technical design capabilities
- Planning consents knowledge

Cost of getting to investment decision

Typically c. £20m

- Development of the optimised solution
 - Socio-economic study
 - System benefits and implications
 - Technical studies
 - Planning approvals
- Seabed survey
- Procurement events and Risk Management
- Regulatory approvals

Expected income streams

Potential sources of income

- Market arbitrage
 - 2015 – 2030 (primarily structural value)
 - 2030 – 2045 (increasing variable value)
 - Reacting to patterns of intermittent generation
- Capacity market payments
- Ancillary services – market expected to grow significantly
 - Frequency Response, Black Start
 - Existing suppliers shutting by 2020

Near-term investment decisions

Nemo

- GB and Belgian generation mixes share some similarities so structural value potentially lower than for other links
- Short link, so costs and technical challenges more manageable

NSN

- Very high structural value as generation mixes in GB versus Norway are very different
- Connection distance is long, presenting greater technical risks

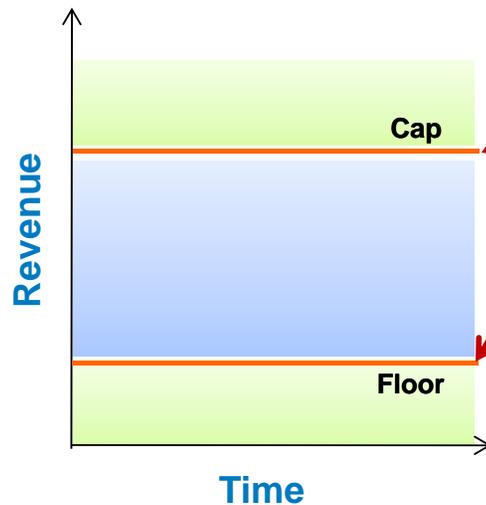
Cap and floor: The new regulatory regime for UK interconnection

UK is alone in requiring a developer-led model for interconnection compared to other EU countries, where it is the responsibility of the National TSO

In summer 2014 Ofgem launched a new, alternative regulatory regime to facilitate investment in UK interconnection, where it agrees the link is in consumers' interests

The new regime is open to any prospective developer and does not form part of the RIIO regime

Regulated Cap & Floor Model



- **Principle:** A single annual maximum (cap) and minimum (floor) level of revenue is set in real terms to apply for 25 years. Annual revenue allowance adjusted for (RPI) inflation: Interconnector revenues are assessed against the cap and floor levels every five years
 - If total revenues exceed the **cap**, NG returns additional profits to customers
 - If total revenues fall below the **floor**, NG can recuperate balance from GB customers through the electricity transmission system operator
- Cap & Floor revenue levels set based on efficient costs, which are assessed by Ofgem
 - Cap is set with reference to the cost of capital of a generator (e.g. 7.34% & 8.1% real post-tax allowed return for NEMO & NSN respectively)
 - Floor is set with reference to the cost of debt (e.g. 0.93% & 1.25% real post-tax allowed return for NEMO & NSN respectively)
- Cap delivers RoE materially higher than UK regulated returns

Capacity Mechanism: Interconnectors were unable to participate in the first capacity auction held in December 2014 but will be able to participate from 2015 onwards

DECC has consulted on proposals for how best to amend the Capacity Market rules for subsequent auctions (for capacity delivered in Winter 2019/20):

- Due to publish the results from this consultation in mid-January
- Detailed views from DECC on the technical issues related to interconnector participation are also due in February

Rationale for inclusion within Capacity Markets from 2015

- Capacity markets could dampen wholesale electricity prices
 - Generators can be compensated for this loss through steady capacity payments
 - Including interconnectors in the Capacity Market levels the playing field
- Positive contribution made by interconnectors to security of supply
- EC challenge on the lack of participation by interconnectors within the market design

Technical issues

- Calculation of de-rating factors: interconnectors expected to be individually de-rated based on technical reliability and their contribution to GB security of supply
- Contract lengths: new build and existing
- Caps on penalty payments: penalties may be based only on unused import capacity, or also on export capacity (implying a double penalty)

Summary

1. Electricity interconnectors provide National Grid with a significant opportunity for incremental, value adding growth
2. Electricity interconnectors currently benefit from considerable political and regulatory support
3. National Grid is taking a leading role by developing a pipeline of projects
4. Multiple considerations in bringing any project to an investment decision – our experience and expertise provide a competitive advantage
5. Potential for both Nemo and NSN investment decision in Q1 2015



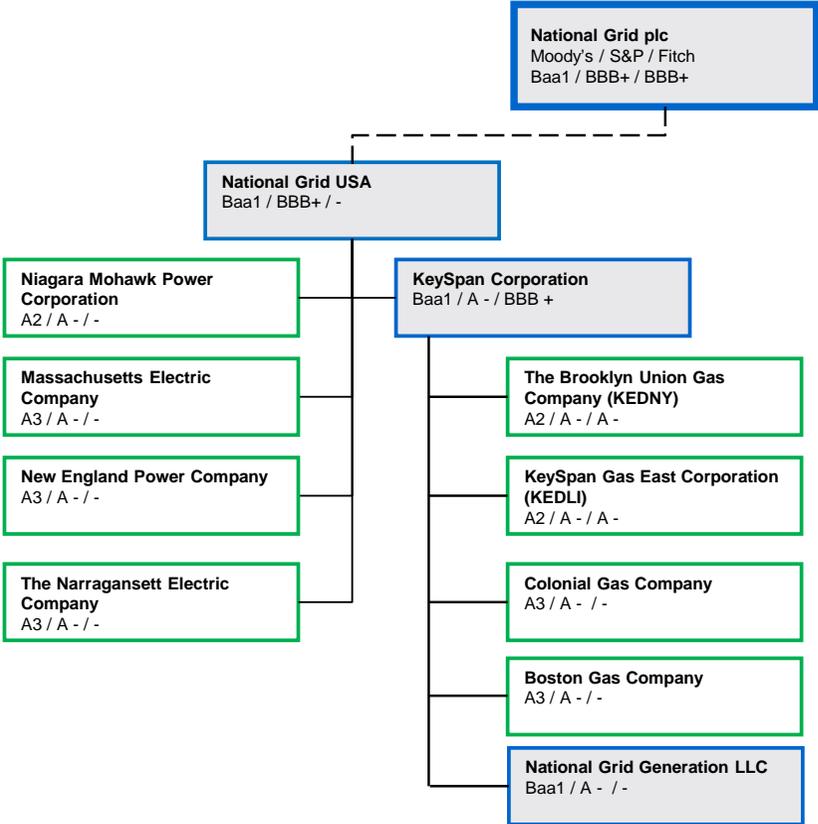
National Grid US Operations – Credit Information Pack





US Operations Long-term Debt Issuing Companies

- National Grid's US companies have several rated issuing entities. The large number is for regulatory transparency.
- The operating companies typically issue in USD 144A or private placement format
- KeySpan Corporation is a legacy holding company that will not issue new debt
- National Grid USA (NGUSA) has no long-term debt but does have active commercial paper programmes

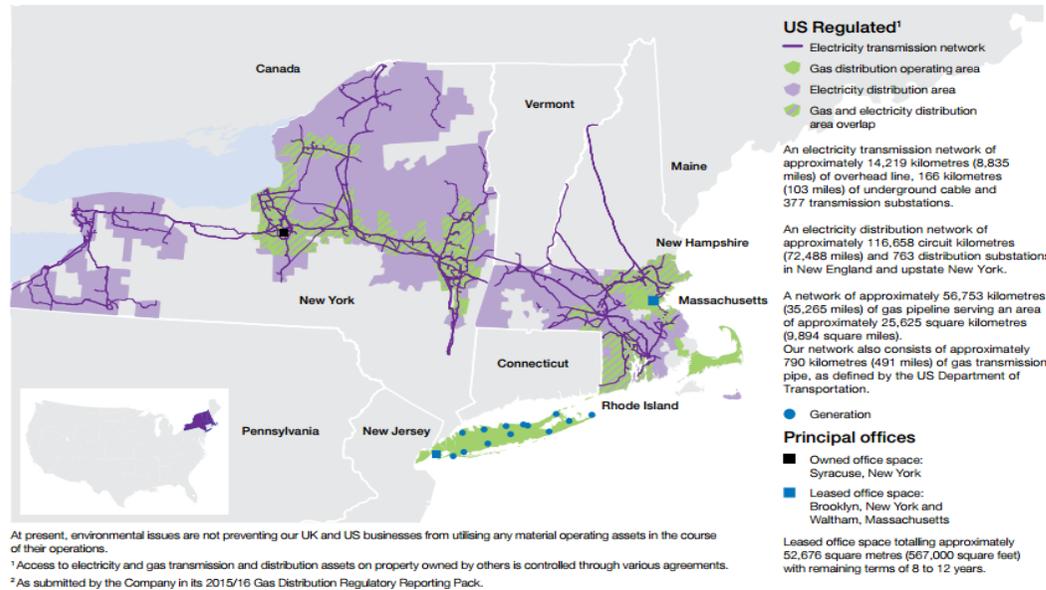


* Ratings shown are senior unsecured long-term ratings, or issuer/corporate ratings where there is no senior unsecured rating.

Our US Operations

- We both own and operate electricity transmission facilities across upstate New York, Massachusetts, New Hampshire, Rhode Island and Vermont
- We own and operate electricity distribution networks in upstate New York, Massachusetts and Rhode Island, serving approximately 3.4 million customers
- We own and operate gas distribution networks across the northeastern US, located in upstate New York, New York City, Long Island, Massachusetts and Rhode Island, serving approximately 3.6 million customers
- We jointly own and operate a 224km interconnector between New England and Canada
- We provide ~3.8GW of electricity generation In Long Island, New York under a long term power supply agreement with LIPA

Our Network



National Grid US Management Structure and Corporate Governance

- The National Grid US Board is responsible for the overall leadership of National Grid's US operations

- The Chairman of NG's US Board and President of NG's US business, Dean Seavers, also sits on the NG plc Board to represent the US business at Group level

- Some of the responsibilities of the NG's US Board include:
 - Approval of any major borrowing or lending by NGUSA
 - Approval of the five year US Group strategic plan and annual budget
 - Approval of major capital projects and regulatory matters within and affecting the US Group (in accordance with the Delegations of Authority)
 - Approval of significant changes to the US Group's management and control/corporate structure
 - Changes to the structure, size and composition of the NGUSA Board

NG US Board of Directors



Dean Seavers
President of NGUSA and
Chairman of NGUSA's Board

Dean joined National Grid in 2014 as Executive Director and President of NGUSA. Dean has had a long career in industry, including leadership roles at GE, United Technologies, and Tyco. He led GE Security, a \$2 billion product and technology group, and he also led a \$4 billion global services portfolio for United Technologies. Dean graduated summa cum laude with a bachelor's in business from Kent State University and has an MBA from Stanford University.



Therese Esperdy
Non-executive director NG plc and
NGUSA

Therese was appointed to the NG Plc board in 2014 and the USA board in 2015. Having started her banking career at Lehman Brothers, Therese joined Chase Securities in 1997 and then held a variety of senior roles at JP Morgan Chase & Co. These included appointments as Head of US Debt Capital Markets and Global Head of Debt Capital Markets, co-head of Banking, Asia Pacific and Global Chairman of the Financial Institutions Group.



Cheryl Warren
Innovation Strategist and Director,
NGUSA

Cheri has held multiple leadership roles in her 15 years at National Grid, most recently as Innovation Strategist since 2015 but also SVP – Network Strategy for Gas and Electric, VP of Electric Network Strategy, and VP of Smart Grid. Cheri also worked in London as the Chief of Staff to the CEO for 2 years. Cheri holds a B.S degree in electrical engineering and a M.S degree in Engineering from Union College, with continuing executive education at the Wharton School, the London School of Business, and Harvard's Executive Education.



Peggy Smyth
US CFO and Director, NGUSA

Peggy has been CFO of National Grid's US business since 2014. Prior to this Peggy has served as VP of Finance at Con Edison, CFO of a number of United Technologies Corp. Business Units and Chief Accounting Officer of 3M company. Peggy has a Bachelor's degree in Economics from Fordham University and a M.S in Accounting from the NYU Stern School of business.

NGUSA's Regional Presidents

- National Grid's US operating companies are headed by regional presidents, creating a more locally focused organisation and allowing stronger relationships with the state regulators and the federal regulator



Ken Daly
President and COO, New York

Ken joined National Grid's predecessor Brooklyn Union in 1988 before it became KeySpan. Ken worked for National Grid for two years in London as Global Financial Controller. Ken graduated from St. Francis College and has an MBA in Finance from St. Johns University and an MS in Human Resources Management from New York University



Marcy Reed
President and COO,
Massachusetts

Marcy joined National Grid over 25 years ago and has a wealth of experience within the company. Marcy has held positions in finance, merger integration and corporate affairs, as well as spending 3 years in London as Head of Investor Relations. Marcy has a Bachelor's in Economics from Dartmouth College and a Master's in Accounting from Northeastern University.



Tim Horan
President and COO, Rhode Island

Tim has over 25 years experience working at National Grid. Tim has held various senior positions including: SVP of SHE and security, SVP of business and retail services and SVP of business services in Rhode Island.



Rudy Wynter
President and COO, FERC

Rudy has over 25 years of experience in the utility industry. He has held a variety of senior roles in Customer Operations, Strategic Planning, Engineering and Operations. Prior to his current role he was SVP of US Shared Services. Rudy has a Bachelor's in Mechanical Engineering from Pratt Institute and an MBA from Fordham University.

We are active in the Debt Capital Markets

- KEDLI, KEDNY and MECO issued more than \$2bn of US debt in 2016

ISIN	Pricing Date	Issuer	Ultimate Parent	Credit Rating Moody's / S&P/Fitch	Type	Amount (\$ m)	Coupon	Maturity
USU49143AB39	02-Aug-16	KeySpan Gas East Corporation (KEDLI)	National Grid PLC	A2 / A- / A-	Senior	700.0	2.742	15-Aug-26
USU57467AB55	02-Aug-16	Massachusetts Electric (MECO)	National Grid PLC	A3 / A- / -	Senior	500.0	4.004	15-Aug-46
USU11147AA02	07-Mar-16	Brooklyn Union Gas (KEDNY)	National Grid PLC	A2 / A- / A-	Senior	500.0	3.407	10-Mar-26
USU11147AB84	07-Mar-16	Brooklyn Union Gas (KEDNY)	National Grid PLC	A2 / A- / A-	Senior	500.0	4.504	10-Mar-46
					Total	2,200		

- Regular debt issues are a key part of our funding strategy in the US



Snapshot of US OpCo Regulatory Features

	Niagara Mohawk	Brooklyn Union Gas	KeySpan East Gas	Massachusetts Electric	Boston Gas	Colonial Gas	Narragansett Electric	New England Power
Capital Tracker	✓ \$1.3bn over FY 17 and FY18	✓ \$1.9bn over 3yrs	✓ \$1.1bn over 3yrs	✓ \$249m annually	✓ Partial*	✓ Partial*	✓ In place+	✓ Monthly formula rates
Revenue Decoupling	✓	✓	✓	✓	✓	✓	✓	N/A
Commodity related bad debt true-up	✓ Partial	✓ Partial	✓ Partial	✓	✓	✓	✓ Partial	N/A
Pension/OPEB true-up	✓	✓	✓	✓	✓	✓	✓	✓
Rates based on fully forecasted rate year	✓	✓	✓					N/A

*Tracker approved for individual investments

+ Tracker approved annually by Rhode Island Commission



Our New York Based Companies



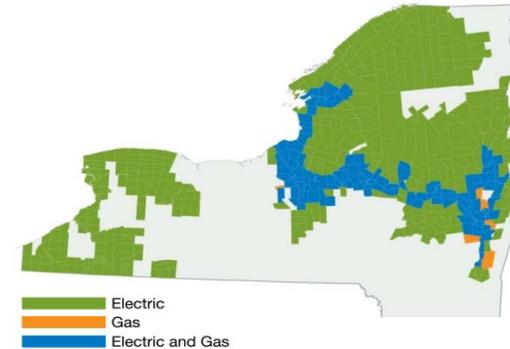
nationalgrid

Niagara Mohawk Power Corporation (NiMO)



Niagara Mohawk Power A2 / A - / -

Niagara Mohawk Power Corporation (NIMO) is engaged principally in the regulated energy delivery business in New York State (“NYS”). The Company provides electric service to approximately 1.7 million customers in the areas of eastern, central, northern, and western New York and sells, distributes, and transports natural gas to approximately 0.6 million customers in the areas of central, northern, and eastern New York.



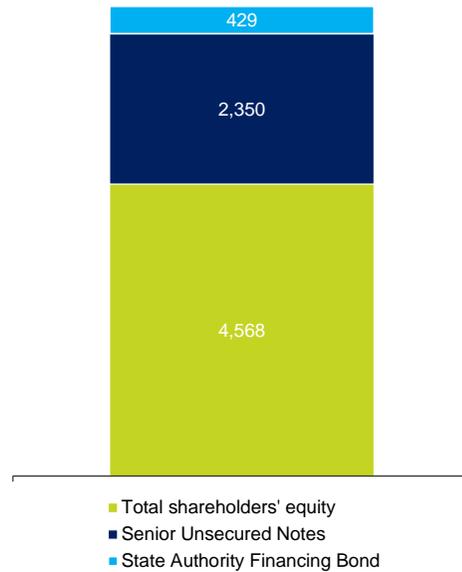
NiMO Regulation Summary

Regulator	New York Public Service Commission	*Figures in brackets for 2017 rate filing
Last rate filing	2015 - extension of 2013 rate agreement	
Next rate filing	2017 (filed April, decision in March 2018)	
Allowed ROE	9.0% (9.79%)	
Debt / Equity allowance	52 / 48 (52 / 48)	
Revenue decoupling	In place	
Capital Tracker	\$1.3bn over FY17 and FY18 (\$2.7bn over 3 years)	
True Up Mechanisms	Variable rate debt costs, commodity related bad debt (partial), commodity pass through, pension/OPEB's, environmental remediation costs and property taxes	
Other Attributes	Rates set based on a fully forecasted rate year reducing regulatory lag, ring-fencing provisions imposed by NYSPC including special preferred share provision and requirement to hold an investment grade rating	

Niagara Mohawk Power A2 / A - / -

- As at 31st March 2016 regulatory gearing at NiMO was 48%

Capital Structure as at 31st March 2016 (\$m)

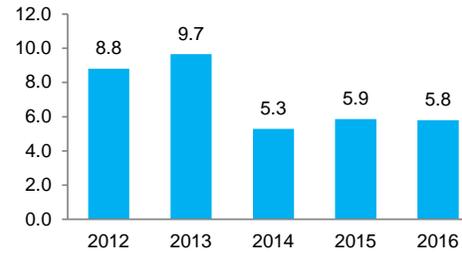


*Capitalisation is \$7348m accounting for unamortised debt discount and current portion of long-term debt

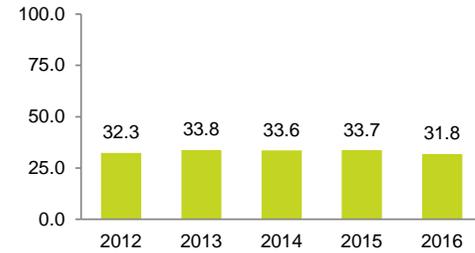
Moody's Key Credit Ratios

NiMO rated using Moody's Regulated Electric and Gas Utilities methodology

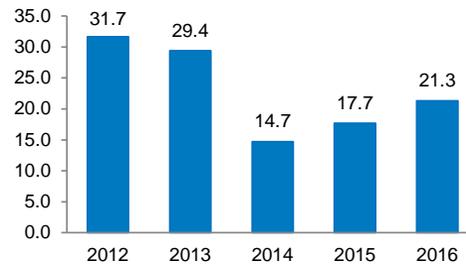
CFO pre-WC + Interest / Interest (x)



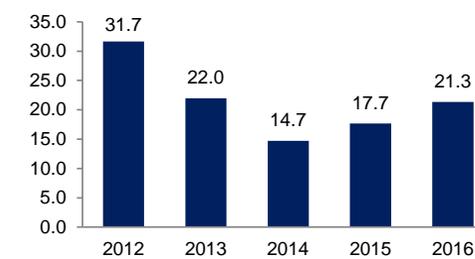
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 10 November 2016. Metrics are calculated for FYs

Niagara Mohawk Power A2 / A - / -

Public Debt Profile as at 1st May 2017

ISIN / CUSIP	Pricing Date	Credit Rating Moody's / S&P	Type*	Amount (\$ m)	Coupon	Maturity
US65364UAA43	03-Aug-09	A2 / A-	Senior (144A)	750.0	4.881	15-Aug-19
US65364UAB26	20-Nov-12	A2 / A-	Senior (144A)	300.0	2.721	28-Nov-22
649845FE9	28-Dec-88	A2 / A	Pollution Control Revenue	69.8	7 Day Auction	01-Dec-23
USU65354AF68	22-Sep-14	A2 / A-	Senior (144A)	500.0	3.508	01-Oct-24
649845FT6	26-Dec-85	Aa3 / A	Pollution Control Revenue	37.5	7 Day Auction	01-Dec-25
649845FU3	26-Dec-85	Aa3 / A	Pollution Control Revenue	37.5	7 Day Auction	01-Dec-25
649845FS8	18-Dec-86	Aa3 / A	Pollution Control Revenue	50.0	35 Day Auction	01-Dec-26
649845FV1	26-Mar-87	Aa3 / A	Pollution Control Revenue	25.8	35 Day Auction	01-Mar-27
649845FK5	16-Jul-87	Aa3 / A	Pollution Control Revenue	68.2	35 Day Auction	01-Jul-27
649845FM1	16-Jul-87	Aa3 / A	Pollution Control Revenue	25.0	35 Day Auction	01-Jul-27
649845GA6	27-May-04	Aa3 / A	Pollution Control Revenue	115.7	7 Day Auction	01-Jul-29
USU65354AE93	22-Sep-14	A2 / A-	Senior (144A)	400.0	4.278	01-Oct-34
US65364UAE64	20-Nov-12	A2 / A-	Senior (144A)	400.0	4.119	28-Nov-42

*Pollution Control Revenue bonds are in Auction Rate Security mode

Credit Rating Agency Comments

“NiMo's A2 senior unsecured rating reflects the low business risk of its transmission and distribution businesses and the supportive New York regulatory environment

Moody's 10 November 2016

“We assess Niagara Mohawk's business risk profile as excellent, reflecting the company's regulated utility operations under a generally constructive regulatory framework, its large service territory that demonstrates no meaningful growth, and its low-operating-risk transmission and distributions operations for electricity and natural gas.

S&P 26 August 2016

“Rating is underpinned by our view that the overall regulatory environment for utilities in New York has steadily improved over the past few years and is expected to remain relatively transparent, stable and predictable. Recent rate case settlements have allowed rates to increase and included credit-positive provisions to reduce delay and uncertainty around cost recovery.

Moody's 10 November 2016



Brooklyn Union Gas Company (KEDNY)



Brooklyn Union Gas Company (KEDNY) A2 / A - / A-

Brooklyn Union Gas Company (KEDNY) distributes natural gas to approximately 994,000 retail customers and transports natural gas to approximately 249,000 customers in the boroughs of Brooklyn and Staten Island and two-thirds of the borough of Queens, all in New York City.



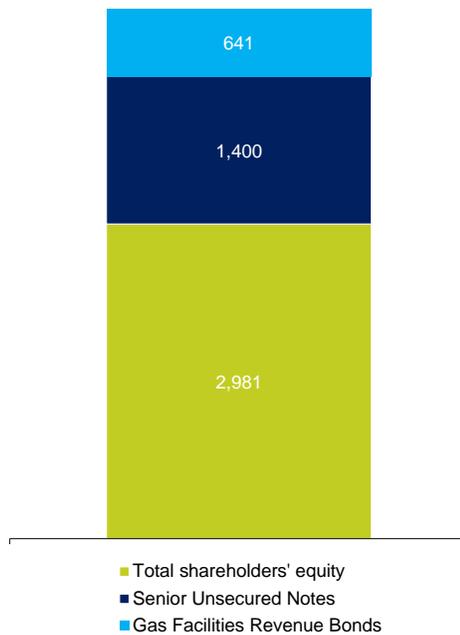
KEDNY Regulation Summary

Regulator	New York Public Service Commission
Last rate filing	2016
Next rate filing	2019
Allowed ROE	9.0%
Debt / Equity allowance	52 / 48
Revenue decoupling	In place
Capital Tracker	Capital investment of \$1.9bn over 3 years
True Up Mechanisms	Commodity related bad-debt (partial), pension/OPEB's, environmental remediation costs, property taxes, certain mandated capital expenditures and variable rate debt costs
Other Attributes	Rates set based on a fully forecasted rate year reducing regulatory lag, opportunities to earn performance incentives for outperforming targets in key areas including leak prone pipe replacement and leak repairs, explicit leverage and dividend restrictions plus a 'golden share' arrangement that reduces the probability of bankruptcy in a distressed situation

Brooklyn Union Gas Company (KEDNY) A2 / A - / A-

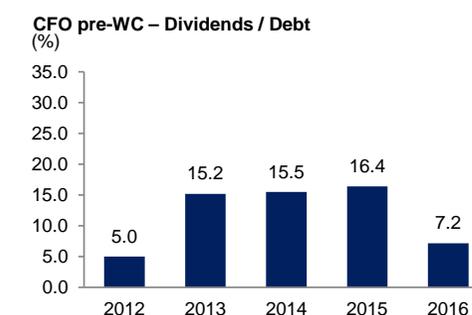
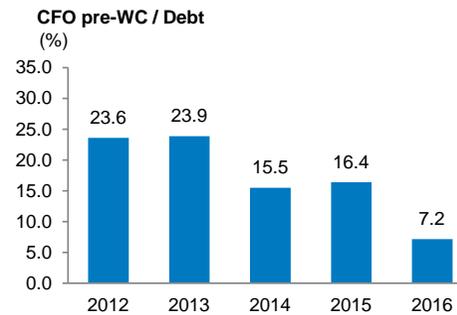
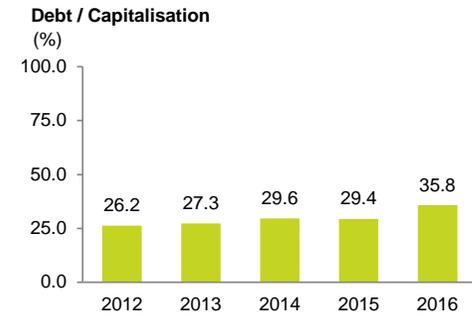
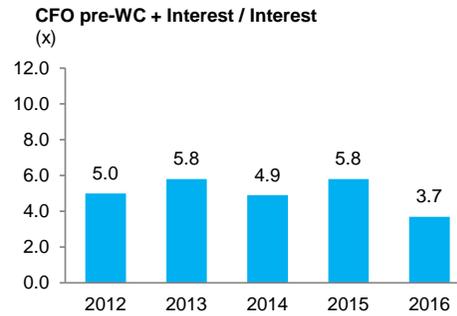
- As at 31st March 2016 regulatory gearing at KEDNY was 48%

Capital Structure as at 31st March 2016 (\$m)



Moody's Key Credit Ratios

KEDNY rated using Moody's Regulated Electric and Gas Utilities methodology



*Metrics are taken from Moody's report 20 April 2016, except 2012 and 2016 which are taken from files sent by Moody's, these are expected to be published in due course. Metrics are calculated for FYs

*Capitalisation is \$4205m accounting for unamortized debt discount and current portion of long-term debt

Brooklyn Union Gas Company (KEDNY) A2 / A - / A-

Public Debt Profile as at 1st May 2017

ISIN / CUSIP	Pricing Date	Credit Rating Moody's / S&P/Fitch	Type*	Amount (\$ m)	Coupon	Maturity
649842BN0	16-Jan-97	A2 / AA- / -	Gas Facilities Revenue	50.0	7 Day Auction	01-Dec-20
649842BM2	16-Jan-97	A2 / AA- / -	Gas Facilities Revenue	75.0	7 Day Auction	01-Dec-20
649842CD1	01-Nov-05	A2 / A- / -	Gas Facilities Revenue	55.0	7 Day Auction	01-Jun-25
USU11147AA02	07-Mar-16	A2 / A- / A-	Senior (144A)	500.0	3.407	10-Mar-26
649842CE9	31-Jul-91	A2 / - / -	Gas Facilities Revenue	50.0	7 Day Auction	01-Jul-26
USU11147AB84	07-Mar-16	A2 / A- / A-	Senior (144A)	500.0	4.504	10-Mar-46

*Pollution Control Revenue bonds are in Auction Rate Security mode

Credit Rating Agency Comments

“*Low-Risk Business Profile: BUG's natural gas distribution business provides relatively stable earnings and cash flows. The company benefits from rate design features that include forward-looking test years, revenue decoupling and weather normalization, a purchased gas adjustment (PGA) clause and trackers for large operating expenses.*

Fitch 29 April 2016

”

“*BUG's rating is underpinned by our view that the overall regulatory environment for US utilities in New York, and the US more generally, has steadily improved over the past few years and is expected to remain transparent, stable and predictable going forwards. Recent rate case settlements have allowed rates to increase as included de-risking provisions such as timely cost recovery, forward-looking test years for operating expenditure and revenue*

Moody's 20 April 2016

”

“*We assess Brooklyn Union Gas' business risk profile as excellent, reflecting the company's low operating risk regulated gas distribution operations in the U.S., large customer base (more than one million customers) over a service territory that lacks geographic and operating diversity,*

S&P 26 August 2016

”



Keyspan Gas East Corporation (KEDLI)



Keyspan Gas East Corporation (KEDLI) A2 / A - / A-

KeySpan Gas East Corporation (KEDLI) distributes natural gas to approximately 517,000 retail customers and transports natural gas to approximately 64,000 customers in Nassau and Suffolk Counties in Long Island, New York and the Rockaway Peninsula in Queens, New York.



KEDLI Regulation Summary

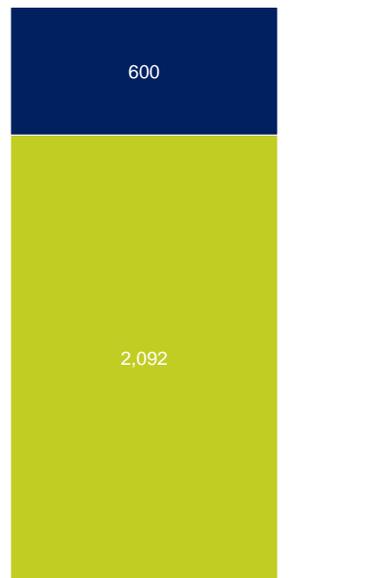
Regulator	New York Public Service Commission
Last rate filing	2016
Next rate filing	2019
Allowed ROE	9.0%
Debt / Equity allowance	52 / 48
Revenue decoupling	In place
Capital Tracker	Capital investment of \$1.1bn over 3 years
True Up Mechanisms	Commodity related bad-debt (partial) and pension/OPEB's, environmental remediation costs, property taxes and certain mandated capital expenditures
Other Attributes	Rates set based on a fully forecasted rate year reducing regulatory lag, opportunities to earn performance incentives for outperforming targets in key areas including leak prone pipe replacement and leak repairs, explicit leverage and dividend restrictions plus a 'golden share' arrangement that reduces the probability of bankruptcy in a distressed situation

Keyspan Gas East Corporation (KEDLI)

A2 / A - / A-

- As at 31st March 2016 regulatory gearing at KEDLI was 40%

Capital Structure as at 31st March 2016 (\$m)



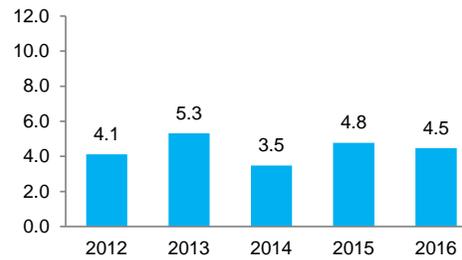
■ Total shareholders' equity
■ Senior Unsecured Notes

*Capitalisation is \$2592m accounting for current portion of long-term debt

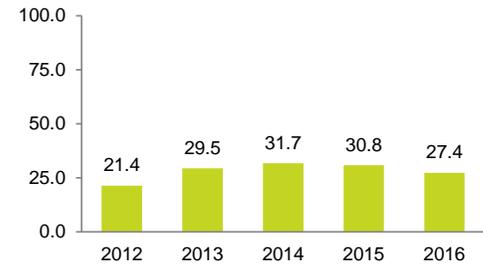
Moody's Key Credit Ratios

KEDLI rated using Moody's Regulated Electric and Gas Utilities methodology

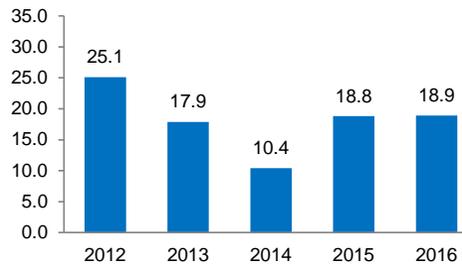
CFO pre-WC + Interest / Interest (x)



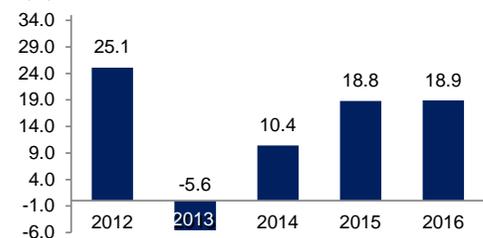
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 27 April 2016, except 2016 which are taken from files sent by Moody's, these are expected to be published in due course. Metrics are calculated for FYs

Keyspan Gas East Corporation (KEDLI) A2 / A - / A-

Public Debt Profile as at 1st May 2017

ISIN	Pricing Date	Credit Rating Moody's / S&P/Fitch	Type	Amount (\$ m)	Coupon	Maturity
USU49143AB39	02-Aug-16	A2 / A- / A-	Senior (144A)	700.0	2.742	15-Aug-26
US49338CAA18	28-Mar-11	A2 / A- / A-	Senior (144A)	500.0	5.819	01-April-41

Credit Rating Agency Comments

“ *Low-Risk Business Profile: KGE's natural gas distribution business provides relatively stable earnings and cash flows. The company benefits from rate design features that include forward-looking test years, revenue decoupling and weather normalization, a purchased gas adjustment (PGA) clause, and trackers for large operating expenses.* ”

Fitch 29 April 2016

“ *KEDLI's A2 senior unsecured rating reflects: (1) a supportive regulatory environment in New York, where a wide variety of de-risking provisions for utilities have been included in recent rate cases, e.g. reduced regulatory lag, environmental true-ups and revenue decoupling; (2) additional creditor protection from various regulatory ring-fencing provisions, e.g. explicit leverage and dividend restrictions plus a 'golden share' arrangement that reduces the probability of bankruptcy in a distressed situation; (3) low business risk associated with LDC operations providing cash flow stability; and (4) a large and growing customer base* ”

Moody's 27 April 2016

“ *We assess Keyspan Gas East's business risk profile as excellent, which reflects the company's low-operating-risk regulated gas distribution operations in the U.S., the somewhat small service territory with about 560,000 customers that lacks geographic and operating diversity, a predominately residential and commercial customer base (which tends to have more stable and predictable usage patterns), and a generally constructive regulatory framework.* ”

S&P 26 August 2016

nationalgrid

Our Massachusetts Based Companies



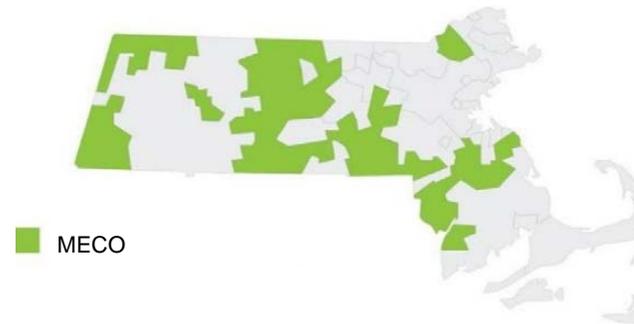
nationalgrid

Massachusetts Electric Company (MECO)



Massachusetts Electric Company A3 / A - / -

Massachusetts Electric Company (MECO) is an electric retail distribution company providing electric service to approximately 1.3 million customers in 171 cities and towns in Massachusetts. The company is based in Waltham, Massachusetts.



MECO Regulation Summary

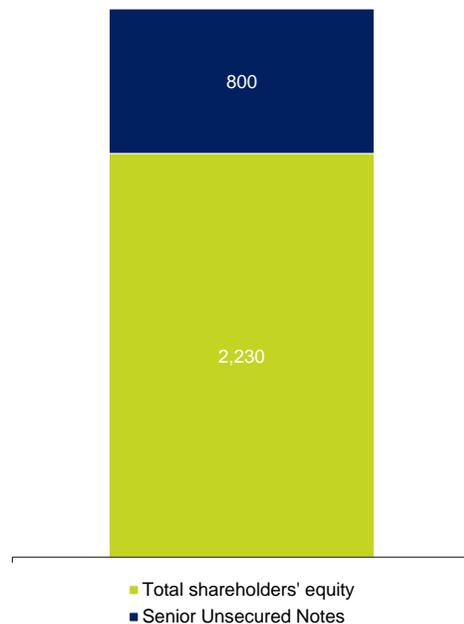
Regulator	Massachusetts Department of Public Utilities
Last rate filing	2016
Next rate filing	2018 / 2019
Allowed ROE	9.9%
Debt / Equity allowance	49 / 51
Revenue decoupling	In place
Capital Tracker	Annual capex investment tracker increased to \$249m from \$170m
True Up Mechanisms	Commodity related bad debt and pension OPEB
Other Attributes	Increase of \$58m in Opex to \$404m per rate year. Allowed collection of property taxes on capital investments, recovery of system costs for new energy and outage management systems, rate base updated to include all previously unremunerated investments

Massachusetts Electric Company

A3 / A - / -

- As at 31st March 2016 regulatory gearing at MECO was 37%

Capital Structure as at 31st March 2016 (\$m)

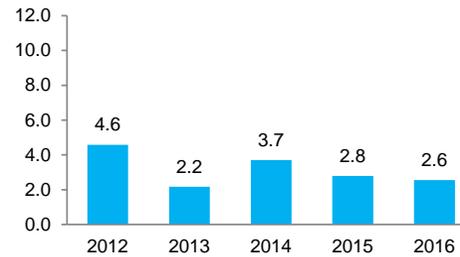


*Capitalisation is \$3028m accounting for unamortised debt discount

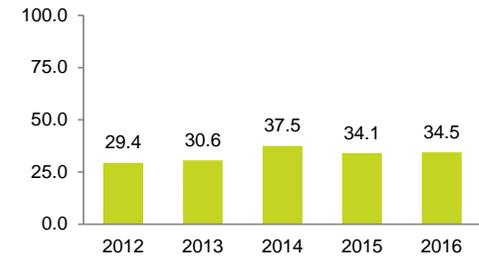
Moody's Key Credit Ratios

MECO rated using Moody's Regulated Electric and Gas Utilities methodology

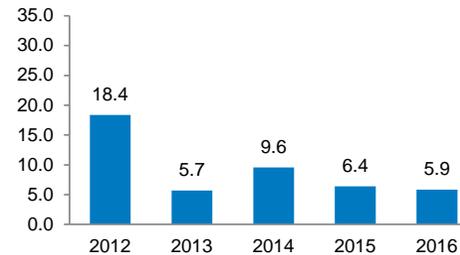
CFO pre-WC + Interest / Interest (x)



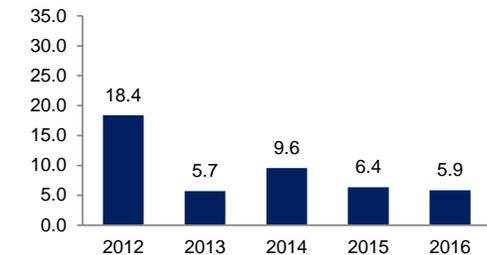
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 18 August 2016. Metrics are calculated for FYs

Massachusetts Electric Company A3 / A - / -

Public Debt Profile as at 1st May 2017

ISIN	Pricing Date	Credit Rating Moody's / S&P	Type	Amount (\$ m)	Coupon	Maturity
US575634AS94	10-Nov-09	A3 / A-	Senior (144A)	800.0	5.900	15-Nov-39
USU57467AB55	02-Aug-16	A3 / A-	Senior (144A)	500.0	4.004	15-Aug-46

Credit Rating Agency Comments

“A3 senior unsecured rating reflects (1) a generally supportive regulatory environment in Massachusetts, where a wide variety of de-risking provisions for regulated utilities have been included in recent rate cases”

Moody's 18 August 2016

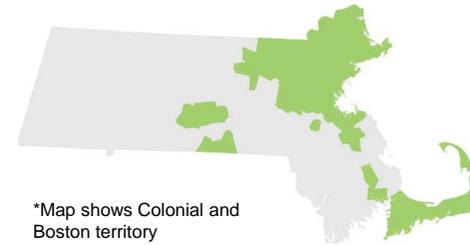


Colonial Gas Company (COL)



Colonial Gas Company A3 / A - / -

Colonial Gas Company is a gas distribution company engaged in the transportation and sale of natural gas to approximately 210,000 residential, commercial and industrial customers in northwest Boston and Cape Cod, Massachusetts.



*Map shows Colonial and Boston territory

COL Regulation Summary

Regulator	Massachusetts Department of Public Utilities
Last rate filing	2010
Next rate filing	Late 2017
Allowed ROE	9.75%
Debt / Equity allowance	50 / 50
Revenue decoupling	In place
Capital Tracker	In place (partial)
True Up Mechanisms	Commodity related bad debt and pension/OPEB

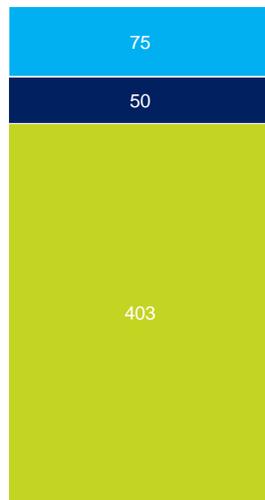
Other Attributes Local distribution adjustment clauses allow for recovery of some costs associated with environmental and efficiency programmes, cost of gas adjustments allow pass-through of incurred commodity costs

Colonial Gas Company

A3 / A - / -

- As at 31st March 2016 regulatory gearing at COL was 36%

Capital Structure as at 31st March 2016 (\$m)

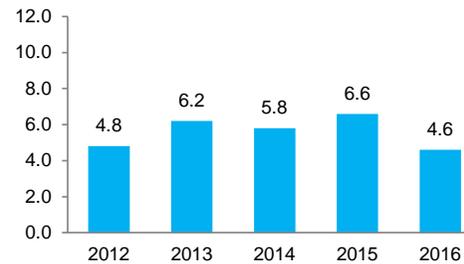


- Total shareholders' equity
- Senior Unsecured Notes
- First Mortgage Bonds

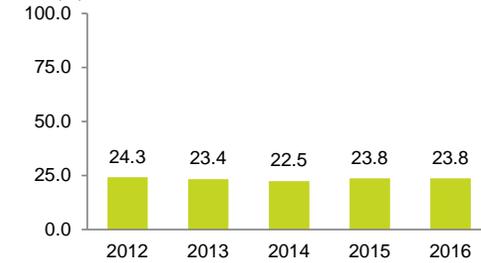
Moody's Key Credit Ratios

COL rated using Moody's Regulated Electric and Gas Utilities methodology

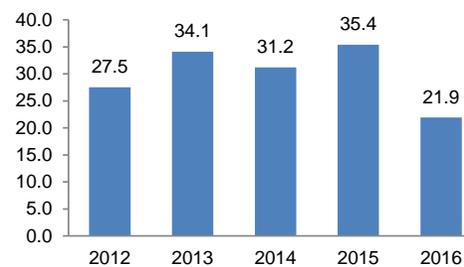
CFO pre-WC + Interest / Interest (x)



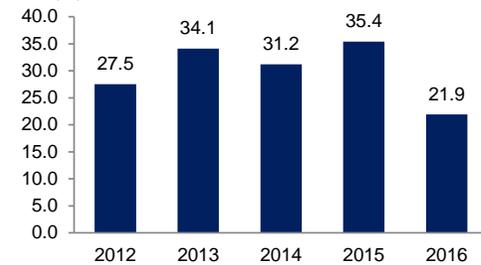
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 05 April 2017. Metrics are calculated for FYs

Colonial Gas Company A3 / A - / -

Private Placements and Public Debt Profile as at 1st May 2017

ISIN	Pricing Date	Credit Rating Moody's / S&P	Type	Amount (\$ m)	Coupon	Maturity
N/A	06-Mar-12	A3 / A-	Senior	25.0	3.300	15-Mar-22
N/A	27-Jun-92	A3 / A-	First Mortgage	25.0	8.80	01-Jul-22
US19567PAA75	06-Oct-95	A3 / A-	First Mortgage	10.0	7.380	14-Oct-25
US19567PAB58	12-Dec-95	A3 / A-	First Mortgage	10.0	6.900	15-Dec-25
US19567PAC32	31-Jan-96	A3 / A-	First Mortgage	10.0	6.940	05-Feb-26
US19567PAH29	31-Mar-98	A3 / A-	First Mortgage	20.0	7.120	07-Apr-28
N/A	06-Mar-12	A3 / A-	Senior	25.0	4.630	15-Mar-42

Credit Rating Agency Comments

“Colonial's A3 senior unsecured rating reflects a generally supportive regulatory environment in Massachusetts, where a wide variety of de-risking provisions for regulated utilities have been incorporated in recent rate cases, including reduced regulatory lag, environmental true-ups and revenue decoupling, the low business risk associated with LDC operations, and the company's strong financial metrics.”

Moody's 05 April 2017

“The stable outlook for Colonial reflects our opinion that the Massachusetts Department of Public Utilities (MDPU) regulatory environment is generally supportive for cost recovery.”

Moody's 05 April 2017

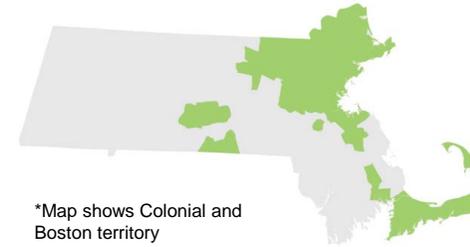


Boston Gas Company (BOS)



Boston Gas Company A3 / A- / -

Boston Gas Company is a gas distribution company engaged in the transportation and sale of natural gas to approximately 700,000 residential, commercial and industrial customers in the City of Boston, Essex County, and other communities in eastern and central Massachusetts.



BOS Regulation Summary

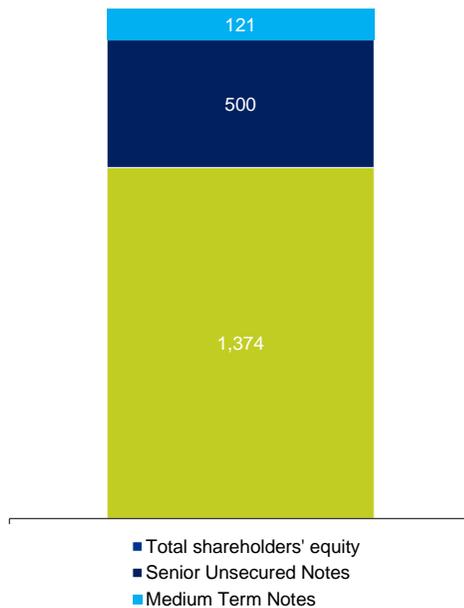
Regulator	Massachusetts Department of Public Utilities
Last rate filing	2010
Next rate filing	Late 2017
Allowed ROE	9.75%
Debt / Equity allowance	50 / 50
Revenue decoupling	In place
Capital Tracker	In place (partial)
True Up Mechanisms	Commodity related bad debt and pension/OPEB

Other Attributes Local distribution adjustment clauses allow for recovery of some costs associated with environmental and efficiency programmes, cost of gas adjustments allow pass-through of incurred commodity costs

Boston Gas Company A3 / A- / -

- As at 31st March 2016 regulatory gearing at BOS was 38%

Capital Structure as at 31st March 2016 (\$m)

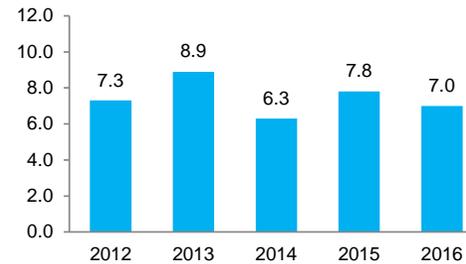


*Capitalisation is \$1985m accounting for current portion of long-term debt

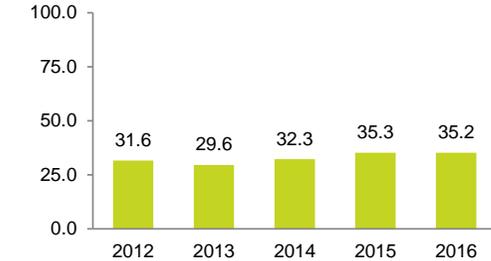
Moody's Key Credit Ratios

BOS rated using Moody's Regulated Electric and Gas Utilities methodology

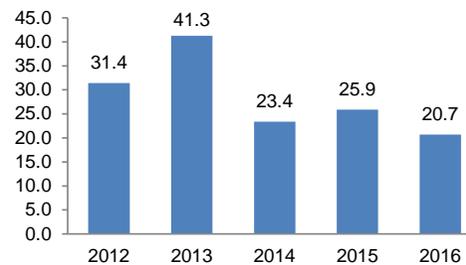
CFO pre-WC + Interest / Interest (x)



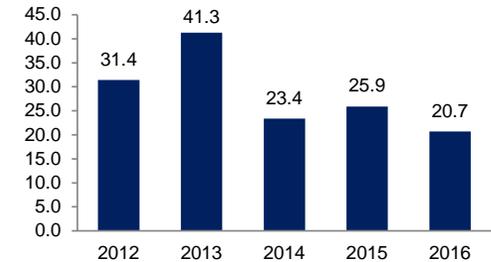
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 05 April 2017. Metrics are calculated for FYs

Boston Gas Company A3 / A- / -

Public Debt Profile as at 1st May 2017

ISIN	Pricing Date	Credit Rating Moody's / S&P	Type	Amount (\$ m)	Coupon	Maturity
US10075EAK47	02-Jul-92	A3 / A-	MTN	8.0	8.330	10-Jul-17
US10075EAJ73	02-Jul-92	A3 / A-	MTN	10.0	8.330	10-Jul-18
US10075EAP34	12-Jan-94	A3 / A-	MTN	10.0	6.930	15-Jan-19
US10075EAB48	15-Dec-89	A3 / A-	MTN	7.0	8.970	15-Dec-19
US10075EAE86	28-Nov-90	A3 / A-	MTN	5.0	9.750	01-Dec-20
US10075EAG35	29-Aug-91	A3 / A-	MTN	15.0	9.050	01-Sep-21
US10075EAH18	02-Jul-92	A3 / A-	MTN	10.0	8.330	05-Jul-22
US10075EAY41	29-Nov-95	A3 / A-	MTN	10.0	6.950	01-Dec-23
US10075EAQ17	12-Jan-94	A3 / A-	MTN	6.0	6.980	15-Jan-24
US10075EAZ16	30-Nov-95	A3 / A-	MTN	5.0	6.950	01-Dec-24
US10075EAU29	03-Oct-95	A3 / A-	MTN	5.0	7.250	01-Oct-25
US10075EAT55	03-Oct-95	A3 / A-	MTN	25.0	7.250	01-Oct-25
US100743AJ25	14-Feb-12	A3 / A-	Senior (144A)	500.0	4.487	15-Feb-42

Credit Rating Agency Comments

“Boston Gas’s A3 senior unsecured rating reflects a generally supportive regulatory environment in Massachusetts, where a variety of de-risking provisions for utilities have been incorporated in recent rate cases, including reduced regulatory lag, environmental true-ups and revenue decoupling, the low business risk associated with LDC operations providing further cash flow stability.

Moody’s 05 April 2017

”

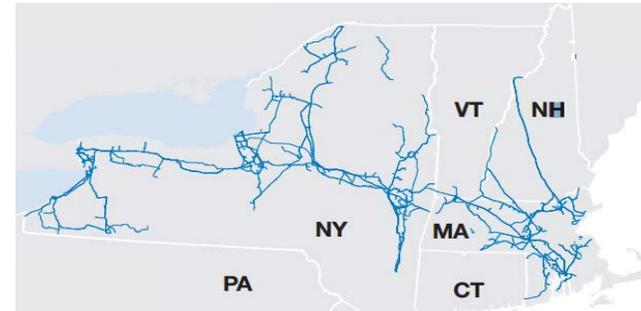
nationalgrid

New England Power Company (NEPC)



New England Power Company A3 / A- / -

New England Power Company owns and operates electric transmission facilities in Massachusetts, New Hampshire, Rhode Island, Maine, and Vermont. The company is part of the New England Regional Transmission Organization.



*Map includes NECO transmission assets

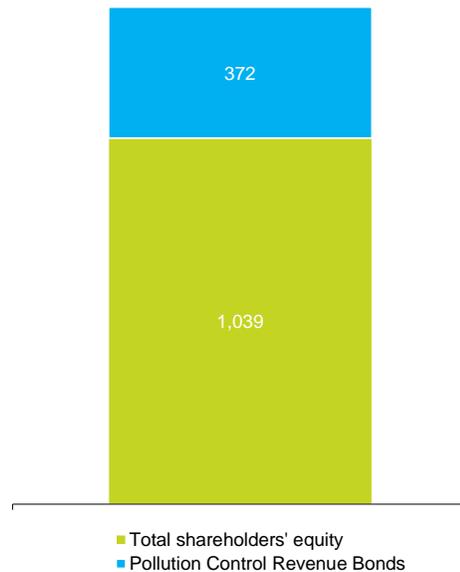
NEPC Regulation Summary

Regulator	Federal Energy Regulatory Commission
Last rate filing	Forward-looking monthly formula rates
Next rate filing	N/A
Allowed ROE	10.57%
Debt / Equity allowance	34 / 66
Capital Tracker	In place
True Up Mechanisms	Automatic annual true up for operating and capital costs, pension/OPEB true-up
Other Attributes	Formula rates allow reimbursement for all efficiently incurred operating and maintenance expenditure, tax, depreciation and amortisation and financial return on incremental rate base additions during the year

New England Power Company A3 / A- / -

- As at 31st March 2016 regulatory gearing at NEPC was 26%

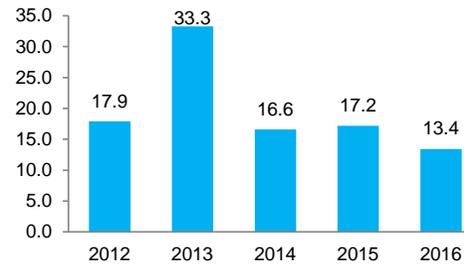
Capital Structure as at 31st March 2016 (\$m)



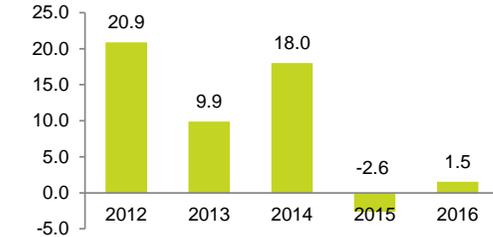
Moody's Key Credit Ratios

NEPC rated using Moody's Regulated Electric and Gas Networks methodology

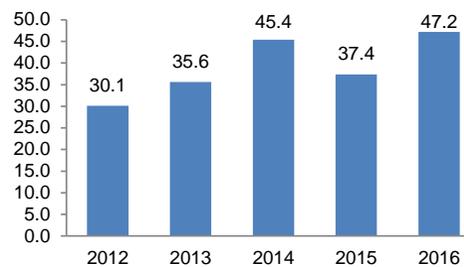
FFO Interest Coverage (x)



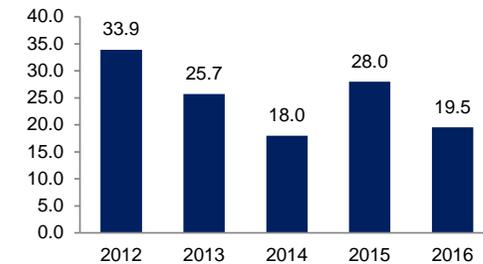
RCF / Net Debt (%)



Net Debt / Fixed Assets (%)



FFO / Net Debt (%)



*Metrics are taken from Moody's report 11 July 2016, except 2016 which are taken from files sent by Moody's, these are expected to be published in due course. Metrics are calculated for FYs

New England Power Company A3 / A- / -

Public Debt Profile as at 1st May 2017

CUSIP	Issue Date	Credit Rating Moody's / S&P	Type*	Amount (\$ m)	Coupon	Maturity
575856BF5	14-Sep-93	A3 / A-	Pollution Control Revenue	40.0	Variable	01-Mar-18
575856BG3	14-Sep-93	A3 / A-	Pollution Control Revenue	39.3	Variable	01-Mar-18
64468DRW4	04-Dec-90	A3 / A-	Pollution Control Revenue	85.9	Variable	01-Nov-20
64468DAA0	04-Dec-90	A3 / A-	Pollution Control Revenue	50.0	Variable	01-Nov-20
64468CAF1	04-Oct-90	A3 / A-	Pollution Control Revenue	50.6	Variable	01-Nov-20
575856BE8	20-Oct-92	A3 / A-	Pollution Control Revenue	106.2	Variable	01-Oct-22

* All bonds are in CP mode

Credit Rating Agency Comments

“NEP’s A3 senior unsecured rating reflects the low business risk profile of electricity transmission, the Federal Energy Regulatory Commission (FERC)’s well-established and transparent regulatory framework, and a tariff formula that allows for the timely recovery of operating and capital expenditure.

Moody’s 11 July 2017

”

“NEP’s rating is underpinned by the credit-supportive regulatory environment and formula-based rate making process provided by the FERC. Supportive provisions include a forward-looking rate setting mechanism, which is designed to reimburse the company for all efficiently incurred operating and maintenance expenditure, tax, depreciation and amortization, and to provide a fair return on assets employed in the provision of transmission services, including construction work in progress.

Moody’s 11 July 2017

”

nationalgrid

Our Rhode Island Based Companies



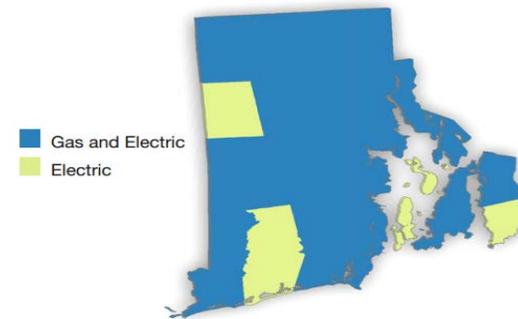


The Narragansett Electric Company (NECO)



Narragansett Electric Company A3 / A- / -

Narragansett Electric Company is a retail distribution company providing electric service to approximately 500,000 customers and gas service to approximately 265,000 customers in 38 cities and towns in Rhode Island. NECO’s service area covers substantially all of Rhode Island. NECO also owns electricity transmission assets in Rhode Island.



NECO Regulation Summary

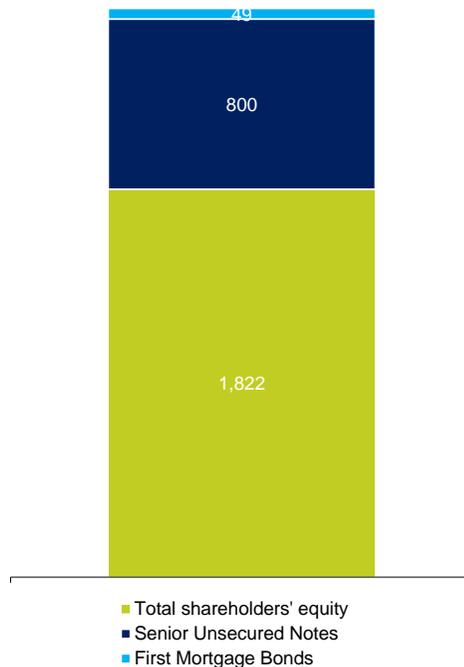
Regulator	Rhode Island Public Utilities Commission (and FERC)
Last rate filing	2013
Next rate filing	Late 2017
Allowed ROE	9.50%
Debt / Equity allowance	51 / 49
Revenue decoupling	In place
Capital Tracker	Separate mechanisms for gas and electric
True Up Mechanisms	Partial commodity related bad debt true-up and pension/OPEB true-up
Other Attributes	Infrastructure, safety and reliability (ISR) mechanism allows company to recover capital investment, including a return, and certain expenses outside of base rate proceedings. The approved fiscal 2018 electricity and gas ISR plans encompass \$100.6 million and \$101.8 million spending programmes respectively.

Narragansett Electric Company

A3 / A- / -

- As at 31st March 2016 regulatory gearing at NEC was 56%

Capital Structure as at 31st March 2016 (\$m)

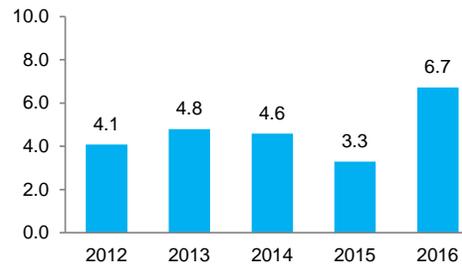


*Capitalisation is \$2667m accounting for unamortised debt discount and current portion of long-term debt

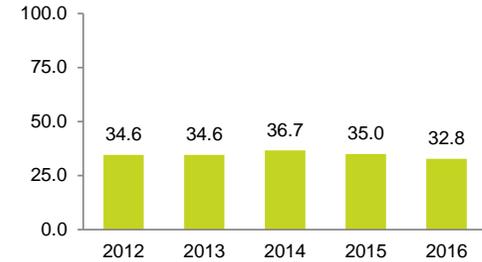
Moody's Key Credit Ratios

NEC rated using Moody's Regulated Electric and Gas Utilities methodology

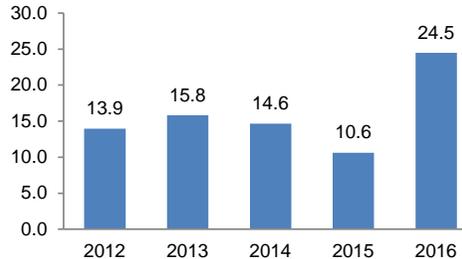
CFO pre-WC + Interest / Interest (x)



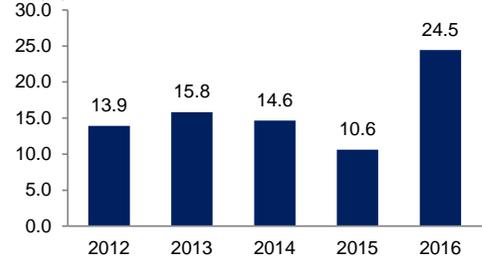
Debt / Capitalisation (%)



CFO pre-WC / Debt (%)



CFO pre-WC - Dividends / Debt (%)



*Metrics are taken from Moody's report 09 August 2016, except 2016 which are taken from files sent by Moody's, these are expected to be published in due course. Metrics are calculated for FYs

Narragansett Electric Company A3 / A- / -

Private Placement and Public Debt Profile as at 1st May 2017

ISIN	Pricing Date	Credit Rating Moody's / S&P	Type	Amount (\$ m)	Coupon	Maturity
N/A	01-Apr-98	A3 / A-	First Mortgage	14.5	6.82	01-Apr-18
US631005BB03	17-Mar-10	A3 / A-	Senior (144A)	250.0	4.534	15-Mar-20
N/A	01-Jun-91	A3 / A-	First Mortgage	10.0	9.630	30-May-20
N/A	01-Sep-92	A3 / A-	First Mortgage	12.5	8.460	30-Sep-22
N/A	01-Sep-92	A3 / A-	First Mortgage	3.8	8.090	30-Sep-22
N/A	01-Dec-95	A3 / A-	First Mortgage	6.8	7.500	15-Dec-25
US631005BC85	17-Mar-10	A3 / A-	Senior (144A)	300.0	5.638	15-Mar-40
US631005BF17	05-Dec-12	A3 / A-	Senior (144A)	250.0	4.170	10-Dec-42

Credit Rating Agency Comments

“*NEC's A3 senior unsecured rating reflects the diversification of its revenues between distribution (regulated by the Rhode Island Public Utilities Commission, RIPUC) and transmission (regulated by the Federal Energy Regulatory Commission, FERC), stable and predictable cash flows, the generally supportive regulatory environment in Rhode Island*”

Moody's 09 August 2016

“*The stable outlook for NEC reflects our opinion that the regulatory environment is generally supportive for cost recovery. Under this environment, NEC should exhibit stable and predictable earnings under performance-based rate plans.*”

Moody's 09 August 2016

Definitions

Revenue decoupling	<p>A mechanism that removes the link between a utility's revenue and sales volume so that the utility is indifferent to changes in usage.</p> <p>Revenues are reconciled to a revenue target, with differences billed or credited to customers.</p>
Capital Tracker	<p>A mechanism that allows for the recovery of the revenue requirement of incremental capital investment above that embedded in base rates, including depreciation, property taxes and a return on the incremental investment.</p>
Commodity-related bad debt true-up	<p>A mechanism that allows a utility to reconcile commodity-related bad debt to either actual commodity-related bad debt or to a specified commodity-related bad debt write-off percentage. For electricity utilities, this mechanism also includes working capital.</p>
Pension/OPEB true-up	<p>A mechanism that reconciles the actual non-capitalised costs of pension and OPEB and the actual amount recovered in base rates. The difference may be amortised and recovered over a period or deferred for a future rate case.</p>