

US Gas Distribution Asset Management Policy

National Grid is committed to managing and investing in our system to protect the future of our business. This is done through proactively managing existing and future risks as well as contributing to the economic growth of the region in which we operate through the provision of safe, high quality, dependable services.

The Asset Management Policy for US Gas Distribution (US GDx) is developed around seven key objectives:

Safety:

- ◆ Continuing to drive toward zero injuries to employees and the public
- ◆ Highlighting and embedding security measures within the business
- ◆ Implementing process safety in critical operations

Growth:

- ◆ Bringing long term value both to shareholders and others through sustainable growth

Customer Satisfaction:

- ◆ Meeting all agreed standards of service
- ◆ Improving our understanding of our customer experience
- ◆ Retaining top rating from JD Power

Blue Agenda:

- ◆ Reducing the impact of our activities on the environment
- ◆ Supporting the corporate goal of reducing greenhouse gas emissions 80% by 2050

Quality:

- ◆ Operating the system safely, efficiently and reliably by proactively managing the lifecycle of our assets
- ◆ Meeting legal and regulatory performance targets
- ◆ Meeting peak day customer requirements
- ◆ Actively managing relationships with key stakeholders
- ◆ Achieving and maintaining PAS 55 certification

Make a Great Place to Work:

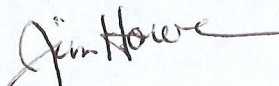
- ◆ Setting performance objectives in line with business objectives
- ◆ Living the US GDx values of Ownership, Respect, Integrity, and working as One Team
- ◆ Attracting and retaining high caliber, fully qualified employees and resources

Financial:

- ◆ Making accurate financial forecasts
- ◆ Developing robust financial plans
- ◆ Continuing to improve financial processes
- ◆ Developing economic and efficient investment plans

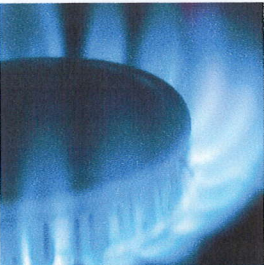
This policy provides the framework by which we manage the assets of US GDx. The policy will aid in setting goals to promote continual improvement in how the assets are managed throughout their lifecycle from conception through construction, operation, maintenance and retirement and is intended to ensure the organization focuses on addressing the most important asset risks and opportunities.

In order for this Asset Management Policy to be effective, all members of the organization need to focus on the achievement of these objectives.


Jim Howe
SVP, Network Strategy

nationalgrid

The power of action.



Asset Management is the systematic and coordinated activities and practices through which an organization optimally and sustainably manages its assets and asset systems, their associated performance, risks and expenditures over their life cycles for the purpose of achieving its organizational strategic plan

Critical Assets are assets that are identified as having the greatest potential to impact on the achievement of the organizational strategic plan.

US GDx's critical asset categories are:

- ◆ Gas Production Facilities
- ◆ Pressure Regulating Facilities
- ◆ Transmission Pipelines
- ◆ Distribution Pipelines
- ◆ Services
- ◆ Connection Equipment

Asset Management Objectives are specific and measurable outcomes or achievements of asset system(s) in order to implement the asset management policy and asset management strategy

