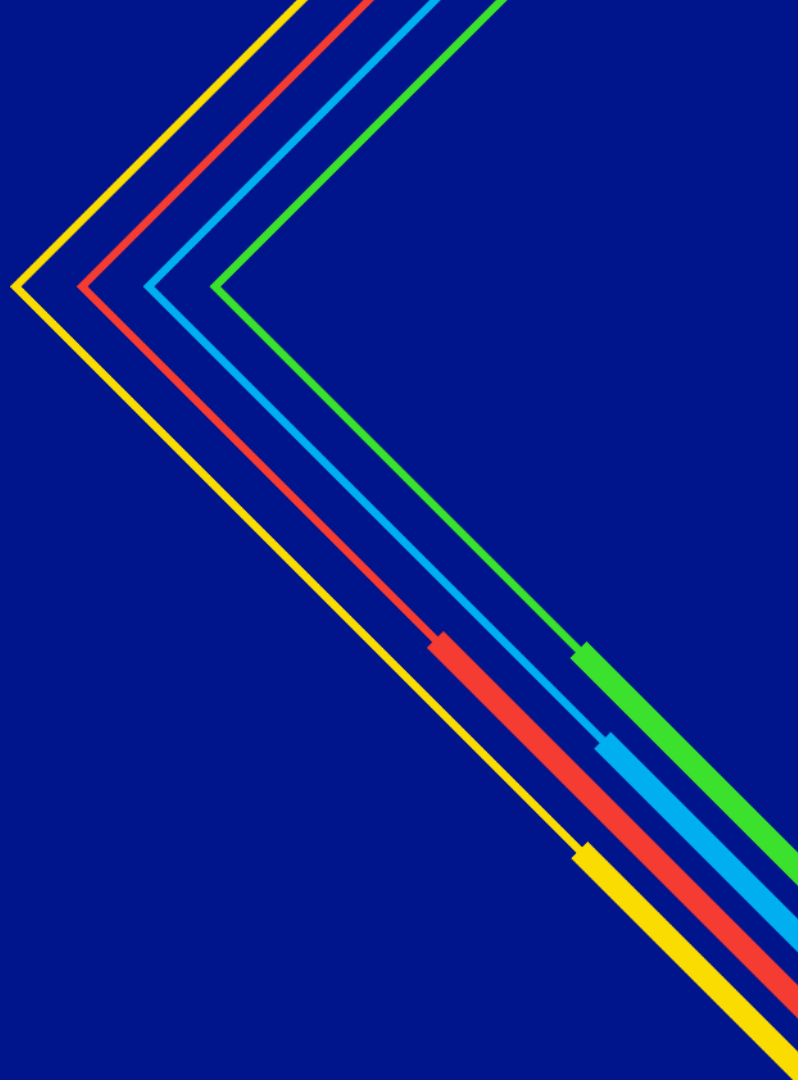


Overview of National Grid's Upstate New York Rate Case Settlement Agreement

Cases 20-E-0380 & 20-G-0381

November 2021

national**grid**



National Grid's commitment to our customers

Our three-year joint proposal reflects the input of a broad range of stakeholders and is an important step forward in advancing New York's clean energy future. The settlement is focused on managing customer affordability in response to the economic downturn caused by COVID-19, while supporting programs that will modernize our energy networks and promote economic growth in the state.

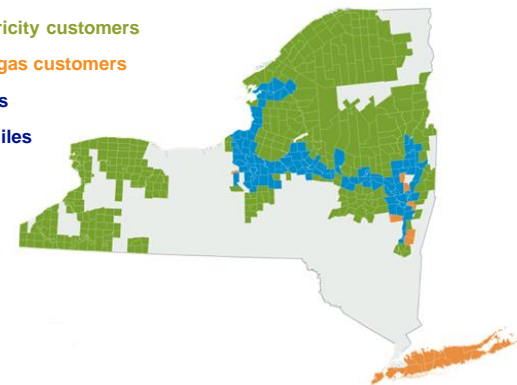
- The Joint Proposal funds programs necessary to **continue safe and reliable service** for our 1.6 million upstate NY customers
- **Prioritizes affordability and rate stability** by using credits, efficiencies and other rate moderators over the term of the agreement
- Enables \$3.3 billion in capital investments to improve the safety and resiliency of National Grid's energy networks
- New programs to support economically vulnerable customers
- Provides for an unprecedented set of commitments to advance New York's climate goals and reduce emissions
- Responds to stakeholder feedback on future infrastructure

1.6 million electricity customers

630,000 natural gas customers

4000+ employees

25,000 square miles



The joint agreement was reached with Department of Public Service Staff, IBEW Local 97, commercial and industrial customers, the New York Power Authority, and others. The proposal was submitted to the Public Service Commission on Sept. 27, 2021, after 9 months of negotiations.

A commitment to affordability

We worked hard to strike a balance between customer energy affordability and ensuring resiliency – especially considering the number of damaging storms – while deferring other programs and initiatives that would add to our customers' bills

- Sets the terms for three-year rate plans beginning July 1, 2021 and continuing through June 30, 2024
- Reduced the Rate Year 1 revenue requirement **by more than \$77 million**
- **Removed nearly \$300 million** of capital investments over three years
- Reflects more than **\$35 million/year of efficiencies and productivity savings**
- Applies nearly **\$200 million of credits** to offset costs

Total Bill %/\$	Electric	Gas
Rate Year 1	2.2% \$1.88 month	2.0% \$1.51 month
Rate Year 2	2.1% \$1.88 month	3.1% \$2.37 month
Rate Year 3	2.4% \$2.23month	3.3% \$2.56 month

Assumes new delivery rates on Jan 1, 2022, and based on and typical residential monthly electric usage 600 kwh and typical monthly gas usage of 82 therms. Details on the bill impacts for all customer classes are available in the Joint Proposal in Appendix 2, Schedule 4 for electric and Appendix 3, Schedule 4 for gas.

A commitment to net zero and the clean energy future

Enables historic investment in energy efficiency and demand response programs to help customers manage their energy use and bills. **The settlement provides for significant increases in additional clean energy solutions**, including:

- Funding \$800 million of energy efficiency programs
- New **non-pipes and non-wires alternatives**
- Programs to promote heat pump and geothermal solutions, including a new **\$1 million incentive program funded by shareholders for gas-to-heat pump conversions**
- Partnering to demonstrate the nation's first multi-use, **renewable hydrogen-based energy storage/delivery system**
- Initiatives and investments to support the deployment of **energy storage and electric vehicles**
- **Transmission investments to unlock renewable energy**
- Commitment to net zero gas growth in our upstate New York business



A commitment to deliver our core mission - electric

More than \$2 billion in electric system investments to support customer reliability, continued strong storm response

- Provides funding for infrastructure improvements that will enhance safety, reliability and resiliency of the Company's electric networks
- Investments to harden against increasingly frequent and severe weather events and enable timely restoration of service following storms
- Advanced Metering Infrastructure
- Further optimized tree trimming strategy using additional analytics
- Ongoing climate studies to better forecast and plan for increased frequency and severity of adverse weather events
- **Driving performance improvements through smart incentives** – energy efficiency, peak reductions, transportation electrification, building and transportation electrification

National Grid

Exceptional Storm Response

July 20, 2021- Upstate NY, Thunderstorms

- Customers affected: 70,000; 95% restored within 20.5 hours

July 13, 2021 – Upstate NY, Thunderstorms

- Customers affected: 45,250; 95% restored within 25 hours

July 1 - 3, 2021 – Upstate NY, Thunderstorms

- Customers affected: 42,000; 95% restored within 42 hours

April 30, 2021 – Upstate NY, Wind

- Customers affected: 41,334; 95% Restored within 8 hours

March 27, 2021 – Upstate NY, Wind

- Customers affected: 63,476; 95% Restored within 9 hours

November 15, 2020 – NY-West, Wind

- Customers affected: 55,688; 95% Restored within 33.5 hours

August 4, 2020 – Tropical Storm Isaiais

- Customers affected: 61,000+; 95% restored within 14 hours



A commitment to deliver our core mission - gas

Investing \$1 billion to modernize our gas system to meet customer needs

- Maintain and enhance the safety and reliability of the gas network
- Modernize the gas transmission and distribution system and operations
- Perform customer connections in a manner consistent with policy objectives
- Achieve compliance with current and emerging regulatory mandates
- Invest in the future by pursuing non-pipe alternatives and continuing to research the optimal pathway to integrate hydrogen into the gas network
- Establish a high emitter methane detection program to assist in reducing methane emissions
- Defer our pending application to construct the Albany Loop gas facilities project in eastern NY



A commitment to smart infrastructure solutions



Climate assessment of new investments

- Assessing the impact of proposed future investments and initiatives on greenhouse gas emissions
- Providing that future capital projects consider non-pipes alternatives
- Unprecedented commitments to meet energy needs through energy efficiency and non-traditional solutions
- Responding to feedback on large infrastructure projects – Albany Loop Project

A commitment to supporting our customers

Energy Affordability Programs

- Annual funding increased to more than \$81 million
- Waiving fees and implementing more customer protections

Economic Development for Business Customers

- Continued deployment of economic development programs that support the upstate New York economy.
- Since 2003, we have invested more than \$100 million in economic assistance, helping to create or retain more than 50,000 jobs and leverage almost \$10 billion in other private and public investment.

Ongoing COVID assistance

- Provided economic grants to businesses in need
- Paused disconnection activity
- Promoting bill assistance options; financial webinars
- Enhanced training for Customer Advocates
- Collaborating on approaches to COVID-related arrears



In summary

The proposal will allow us to invest in programs necessary to maintain the safety and reliability of our networks and implement new initiatives to accelerate the transition to a cleaner energy future in support of the Climate Leadership and Community Protection Act goals

The joint proposal advances:

- Customer affordability
- Programs that support our most vulnerable customers
- Ongoing support for customers affected by COVID-19
- Energy policy and decarbonization goals
- Smart infrastructure solutions
- Our core mission to serve our customers safely, reliably and affordably



national**grid**