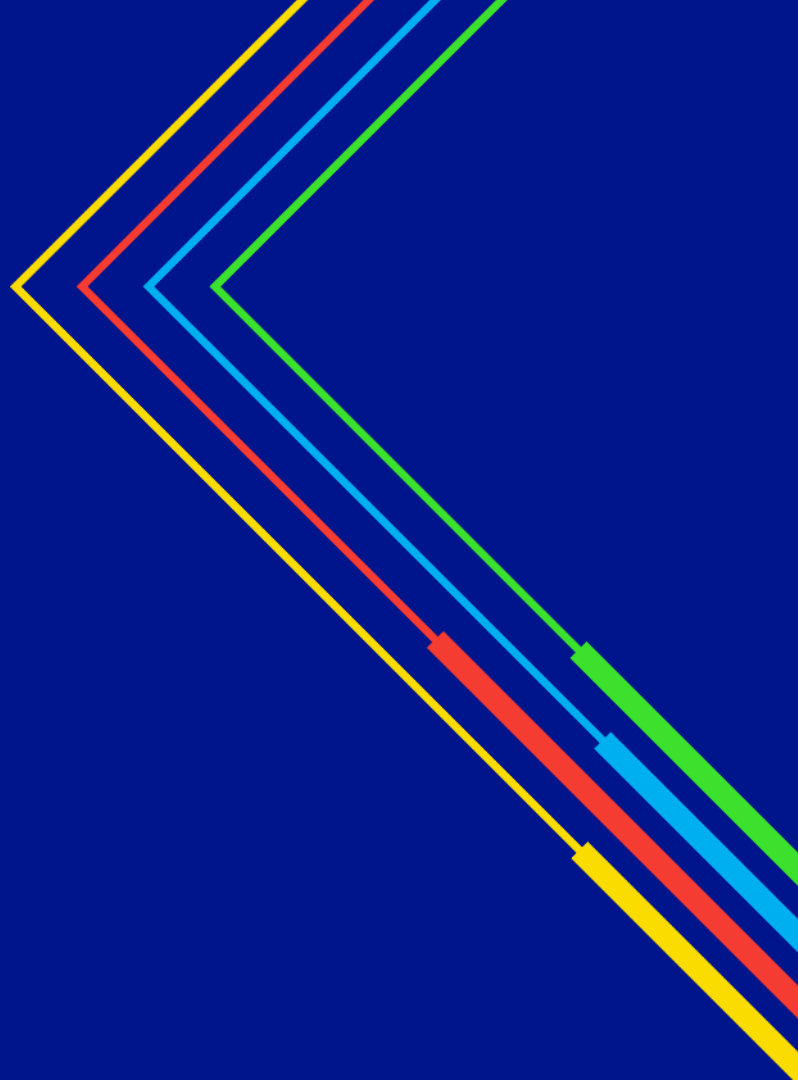


A high-level view of our Long Island (KEDLI) rate proposal

Information Sessions
July 31 & August 1

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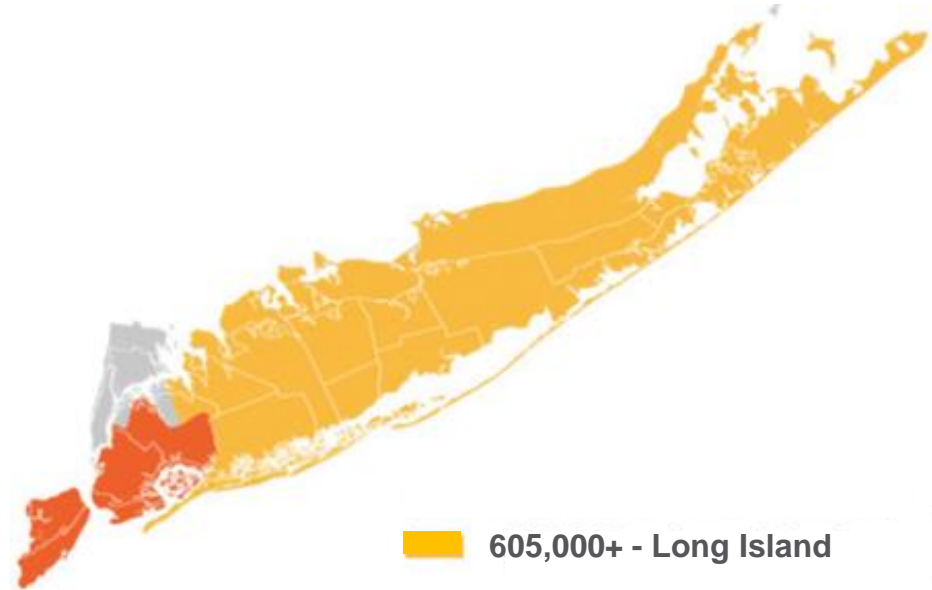


What we do

Every day we deliver a reliable supply of natural gas safely and efficiently to more than 605,000 customers on Long Island and the Rockaway Peninsula

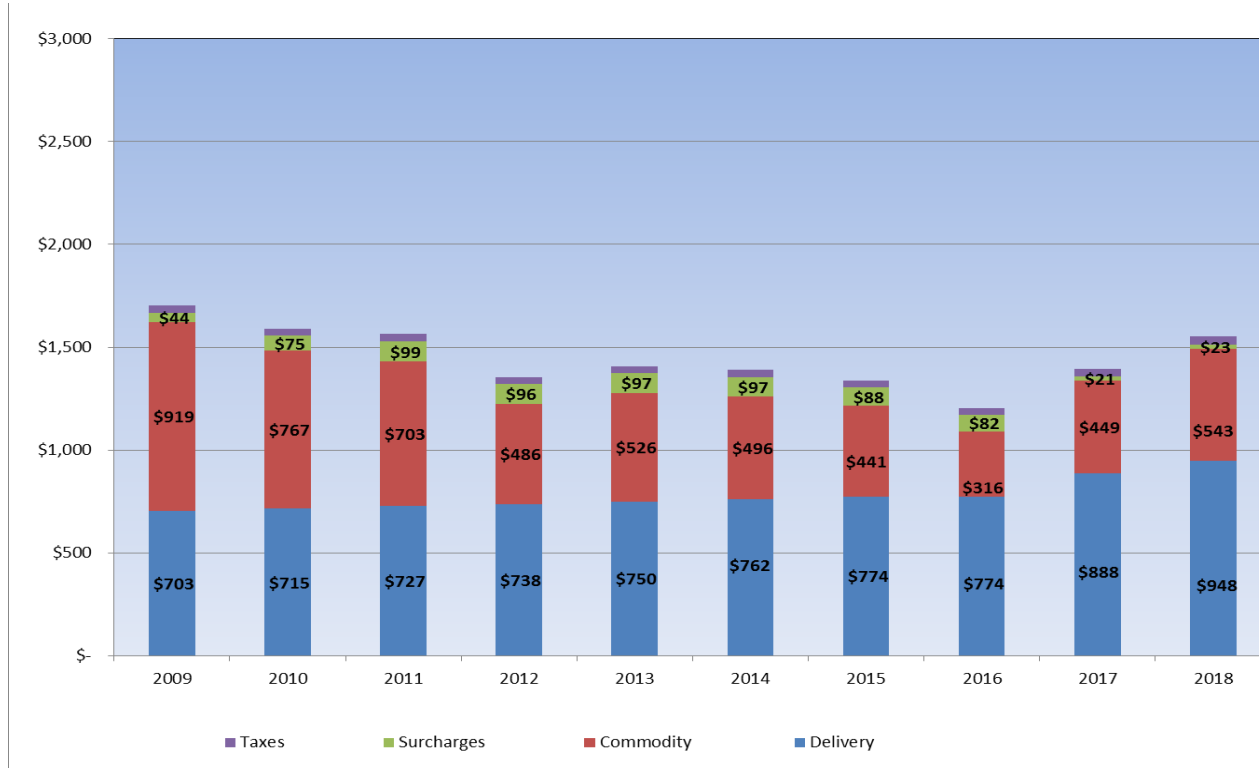
Our commitment

- Mitigate customer bill impacts
- Invest in infrastructure to further safety and reliability
- Improve customer experience
- Build foundation for a cleaner energy future



605,000+ - Long Island
~8,000 miles of gas distribution and transmission pipe
~2,000 employees

A closer look at customers' bills – 2009-2018



2019 Bills Reduced for Tax Act

- Rates reduced to reflect the lower federal tax rate as of January 1, 2019
- Sur-credits of \$31.7M for KEDLI in CY 2019
- Excess deferred taxes of nearly \$600M will be returned to customers over time

Average Annual Residential Heating Bill*

- Total bill dollars remain lower 2018 vs. 2009

(*1,000 Therms Annual Usage)

Energy landscape continues to evolve ...

- Changing customer service expectations
- Cleaner energy focus from states, cities, consumers
- Removing carbon from energy processes (decarbonization)
- But still focus on gas safety, reliability, customer service, costs

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KEDLI rate proposal

Our proposal seeks to fund programs necessary to continue safe and reliable service, modernize the gas network, and deliver a sustainable future for natural gas. We will maintain our focus on mitigating customer bill impacts and improving service over what we hope to be a multi-year rate plan.



Estimated total bill impact (one-year proposal)

KEDLI Typical Residential Heating Customer (using 1,000 therms/year)	Original Filing Filed April 30		Corrections & Updates Filed July 3	
	Delivery	Total Bill - %/\$	Delivery	Total Bill - %/\$
	6.92%	5.15% \$7.14/month \$85.68/year	8.64%	6.15% \$8.39/month \$100.68/year

What's behind the new rates?

Improve safety and reliability by modernizing infrastructure	Capital investments strengthen backbone of system <ul style="list-style-type: none">• Replace aging pipeline and other infrastructure• Mandated city/state construction; new paving laws• Increased safety inspections, improved training, oversight
Improve customer experience	New Customer Information System <ul style="list-style-type: none">• Technologies to improve efficiencies in gas business• Enhanced energy efficiency/energy affordability programs
Stimulate clean energy alternatives	Prepare marketplace for cleaner energy future <ul style="list-style-type: none">• Future of heat• Reduction of GHG emissions to align with state, city goals
Manage other cost pressures	<ul style="list-style-type: none">• Inflation, property taxes, energy efficiency and other rising costs

Safety and mandated improvements

Safety and other mandated programs **account for more than 50 percent** of our capital portfolio; safety also driving O&M increases...

- Replace 620 miles of aging, leak prone pipe through 2024
- Storm hardening in FEMA designated flood zones
- Enhanced gas safety inspections and other mandated safety work
- Residential methane detection program
- Improved training, inspections, oversight and quality control



Northwest Nassau Natural Gas Reliability Project

Help manage bill impacts

- Targeted efficiencies in operations go directly to customers
- Federal tax savings go directly to customers
- Customer programs
 - Energy efficiency
 - Energy affordability
 - Balanced billing

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Improve customer experience

- New customer information system
- New gas business technologies
- Electronic deferred payment agreements
- Eliminate credit card fees

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Economic Development & Energy Efficiency

- Programs to support regional business development
- Help offset costs for infrastructure upgrades
- Demand response programs
- Help offset costs for new sustainable gas technologies
- Expand eligibility of successful Cinderella program



Exploring the Future of Heat

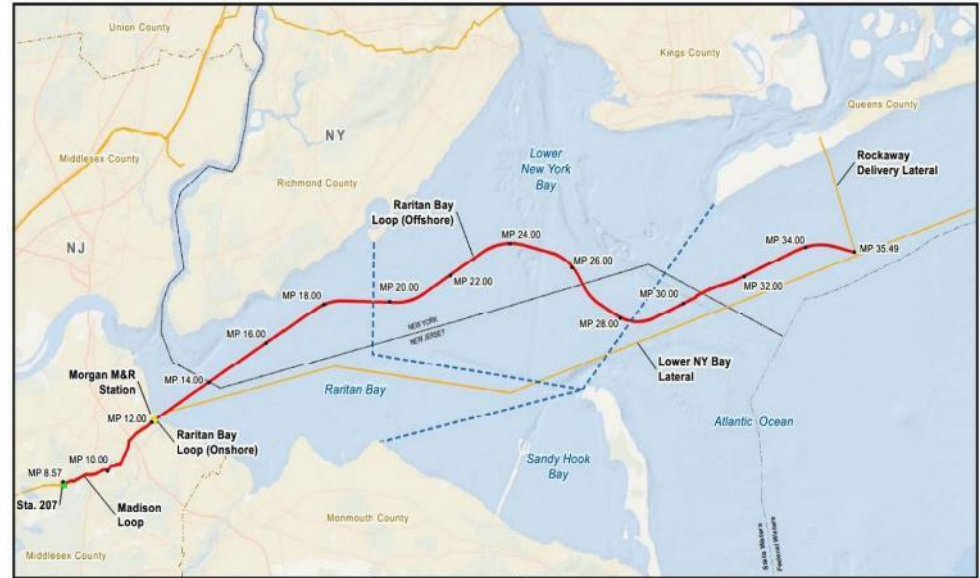
- Green gas tariff
- Power-to-gas pilot
- Hydrogen blending study
- Easing renewable gas interconnections
- Methane reduction target of 60% by 2035
- Expanded:
 - Gas demand-response program
 - Geothermal pilot program

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Meeting today's needs: Northeast Supply Enhancement Project (NESE)*

- Approved NESE will bring additional gas supplies to meet future firm growth
- NESE not part of base rate proposal
 - Work plan to accommodate growth is part of proposal
- Rate proposal impact if not approved:
 - Slight/moderate increase in delivery and total bill
 - Reduced capital portfolio, stalled growth will spread out operational costs to fewer customers over time



Legend

- | | | | |
|--|-------------------------------------|---|---|
|  | Proposed Pipeline |  | Existing Pipeline |
|  | Milepost |  | NY/NJ State Boundary |
|  | Existing Compressor Station |  | Approximate Offshore Watermark Boundary |
|  | Existing Meter & Regulatory Station | | |

* Rate proposal assumes NESE approval

We've engaged with our major stakeholders

Mutual priorities

- Gas safety, reliability, resiliency, sustainability
- Concern for bill impacts / affordability
- Gas conversions for low-income customers
- Opportunities to partner on methane emission programs
- Gas supply constraints and implications for economic development
- Coordinating with Long Island municipalities on low-income file matching
- Construction activities - impact on communities



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Thank you

Q&A