Niagara Mohawk Rate Case Overview

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nationalgrid

Today's Agenda

- Performance Under the Current Rate Plan
- Managing Costs and Promoting Affordability
- Key Priorities of the Rate Filing
- Drivers of Bill Growth
- Overview of Electric and Gas Proposals
- Integrated Energy Planning
- Rate Design
- Proposed Tariff Changes
- Customer Bill Impacts
- Conclusion

Performance Under the Current Rate Plan

We are delivering on our commitments to our nearly 2.3 million customers and achievement of New York's clean energy goals

Providing Safe and Reliable Energy

- **Invested more than $4.4 billion in electric and $1.1 billion in gas networks** to enhance safety, modernize energy systems, improve reliability and unlock renewable generation while pursuing non wire and non pipe alternatives
- Strong electric operational performance: 17 storms in 2023, impacting 1.4 million customers: 95% affected customers restored within 12 hours.
- Conducted gas safety inspections and leak surveys, and implemented advanced pipeline safety standards

Expanded Energy Efficiency and Electrification

- Delivered more than **11,540,000 MMBtus** in customer energy efficiency savings in less than 5 years.
- Electrification programs have grown **600 %** since 2020.
- Targeted gas usage reductions through demand-side solutions; ceased gas marketing while promoting non-gas alternatives

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Leak and Emissions Reductions

- Since 2013, retired more than **500 miles** of leak-prone main in upstate New York, including more than **120 miles** during the current rate plan. Our main replacement program and leak repair efforts have significantly reduced the backlog of system leaks and steadily lowered fugitive emissions over the same period.

Focused on Customer Service and Affordability

- Reduced customers' usage by approximately **1.8 million Megawatt-hours** of electricity **and 2.7 million dekatherms** of gas through energy efficiency, while also directing more than **$300 million** in financial relief to customers struggling through the COVID-19 pandemic.
- Implemented our Expanded Solar for All program, which provides further benefits to energy affordability program customers, while also encouraging development of clean solar generation.
- Giving back to our communities through Project C, a shareholder-funded program celebrating its fourth year; focused on workforce development, environmental justice, neighborhood investment, and volunteerism

Advancing Our Shared Energy Vision

- Connected **1.2 GW** of solar energy
- Installed more than **4,600** electric vehicle charging ports
- Deploying advanced metering infrastructure ("AMI") at an average rate of more than **4,500** meters/week. Our engagement portal provides AMI customers near real-time data and other insights to help them manage energy usage.

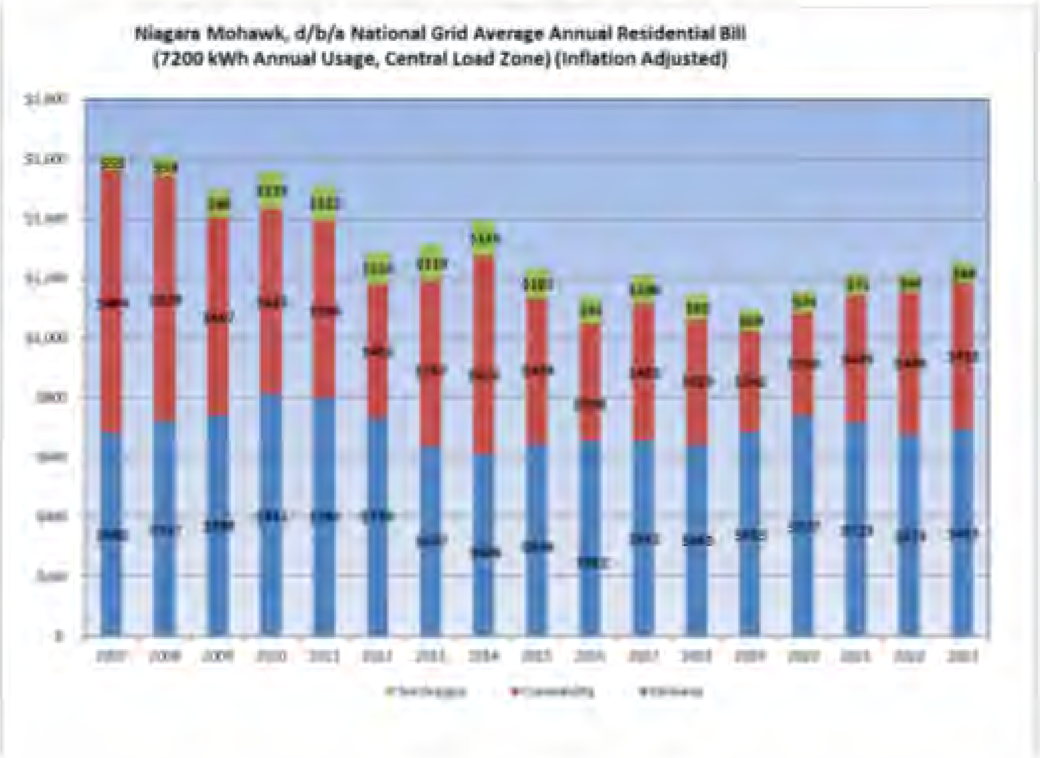
NMPC is currently operating under a 3-year rate plan, with a 9-month stay-out ending March 31, 2025. The rates in that plan were developed in recognition of the financial impacts from the COVID-19 pandemic with annual increases limited to less than 2% each year.

We've managed our cost of service to promote affordability

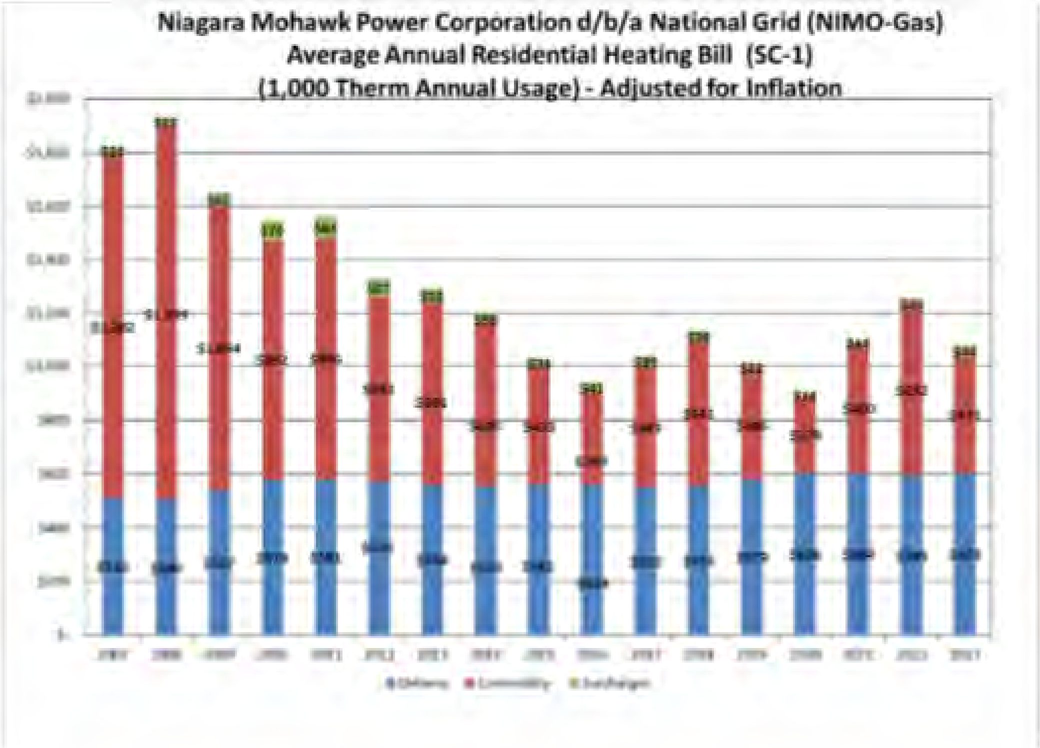
Customers' Total Bills Are Lower Today Than They Were in 2007. . .

Adjusted for inflation, total bills are lower than they were 16 years ago. Average residential electricity bills are approximately 20 percent lower in 2023 than they were in 2007 and natural gas bills are 40 percent lower over the same time period. This is despite new investments and program costs.

Electric Rates



Gas Rates



Key Priorities of the Rate Filing

Continuing to deliver safe, reliable energy service, enabling customers to affordably meet their energy needs, especially our most vulnerable, while also improving the customer experience, and advancing CLCPA goals

Delivering Safe, Reliable Service

- Electric Grid Modernization
- Climate Resiliency
- Integrated Energy Planning
- Main Retirement and Leak Repairs

Meeting Customer Needs

- Expanding Energy Affordability Programs
- Focusing on Disadvantaged Communities
- Eliminating Credit Card Fees
- Improving the Customer Experience

Advancing CLCPA

Electric

- Transmission Upgrades to Support Renewables
- Energy Storage and Non-Wires Alternatives
- Electric Vehicle Highway

Gas

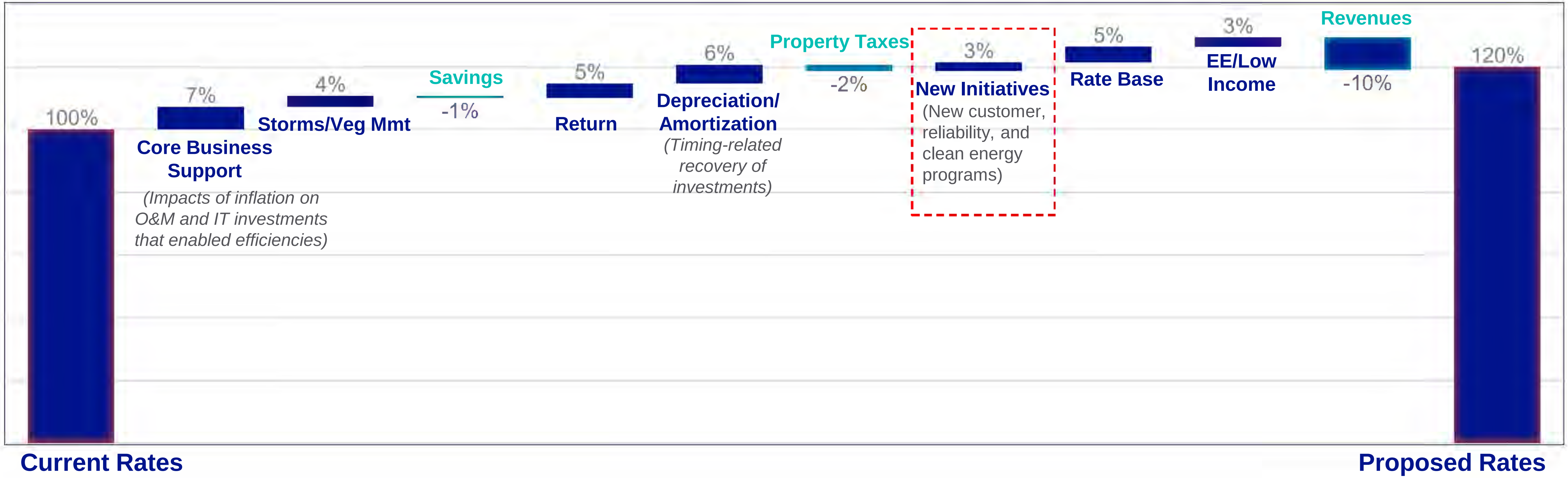
- Non Pipe Alternatives; Energy Efficiency and Demand Response
- Reduce Emissions
- Continued Electrification Referrals and Geothermal Projects
- Renewable Natural Gas/Biomethane Interconnections

Fleet Electrification

Drivers of Bill Growth: Electric

More than 80% of bill growth driven by mandates, compliance, inflation, and other non-controllable costs

Revenue Requirement Increase	**$525**
Delivery Bill Increase	**20%**
Total Bill Increase	**11%**

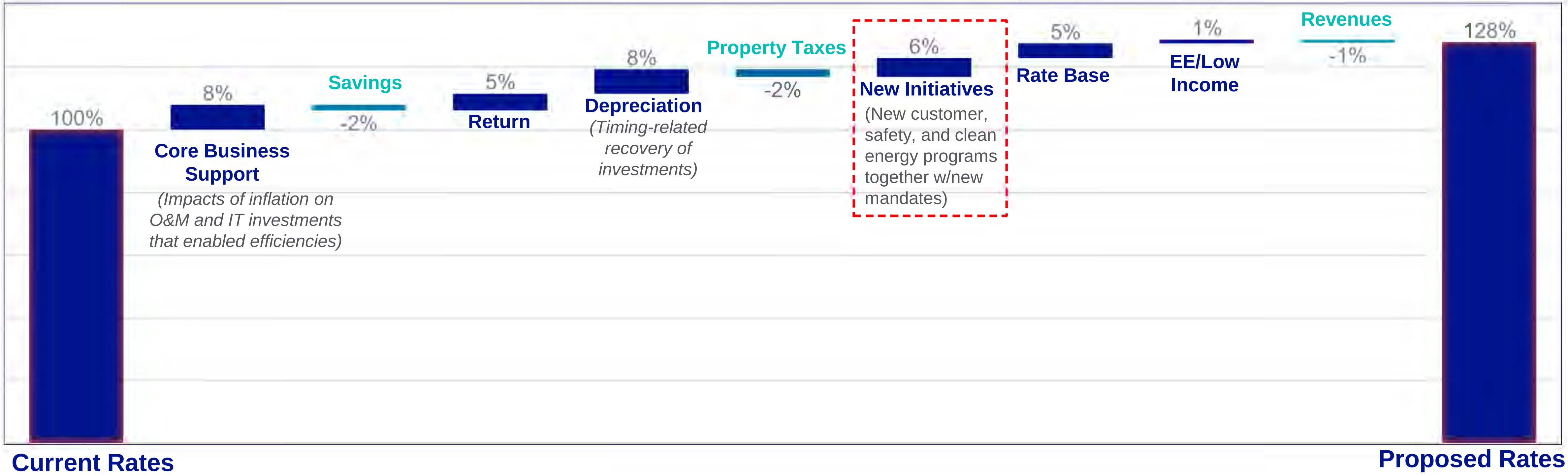


- Current rate plan held rates essentially flat over the three years; now need to update revenue requirement to reflect the actual cost of service.
- **We carefully targeted spending to minimize new initiative costs to 3%.**
- Experiencing higher costs to support our core operations (22% increase between the HTYs); which we are offsetting with $94M of efficiencies.
- Remaining bill growth is driven by timing related recoveries and mandated/compliance requirements to ensure reliable service and meet the goals of the CLPCA . . . offset by higher revenues from sales growth and increase in the sale of transmission congestion contracts.

Drivers of Bill Growth: Gas

More than 80% of bill growth driven by mandates, compliance, inflation, and other non-controllable costs

Revenue Requirement Increase	**$148**
Delivery Bill Increase	**28%**
Total Bill Increase	**15%**



- Current rate plan held rates essentially flat over the three years; now need to update revenue requirement to reflect the actual cost of service.
- **We carefully targeted spending to minimize new initiative costs to 6% (gas includes mandates such as PHMSA pipeline integrity requirements, LDAR, and prevailing wage).**
- Experiencing higher costs to support our core operations (34% increase between the HTYs); which we are offsetting with $21M of efficiencies.
- Remaining bill growth is driven by timing related recoveries and mandated/compliance requirements to ensure reliable service and meet the goals of the CLPCA.

National Grid's electric proposals are designed to meet the increasing customer electrification and decarbonization needs ……

Resiliency and Reliability

- Asset Condition and Resiliency investments necessary to maintain a safe and reliable network assuming fossil free transformation load growth, asset age and moderate climate change mitigation
- ~50% of Distribution Projects in plan benefit a feeder or substation within a Disadvantage and LMI Communities
  - Full AMI deployment, Grid modernization / FLISR (self healing network to limit outages) including more aggressive approach to OPTEL upgrades

Meeting Our Clean Energy Goals

- Upstate Upgrade Transmission including Smart Path Connect, CLCPA Ph. 1, CLCPA Ph 2. and CLCPA dependent upgrades creating 4.2 GW of system capacity
- Increase clean generation through direct procurements and programs that lower barriers to entry, such as the Proactive 3V0 program , multi-value investments and other cost sharing solutions.
- Reactive to Proactive planning creating ~ 3.9 GW (by FY33) of incremental system capacity for higher customer adoption (1.1M EVs and 107K HPs)

Modern Methods to Drive Customer Value

- Multi-Value projects to address rising load growth while addressing asset condition (ISO Load increase, heating load 3x higher than anticipated and avoid "Asset Cliff")
- Leverage the free market by competitively soliciting DER, through programs such as NWA, and utilizing new methods such as active curtailment and flexible load
- Implementing new technology to ensure our system is ready to quickly interconnect distributed technologies like solar and battery storage

…..and ensure safe and reliable service and continue strong storm response

In the face of increased storm severity due to climate change, we have continued to provide safe and reliable service to our customers. **National Grid has met or exceeded electric reliability targets for more than 16 years.** To enable us to continue to meet our customers' needs, we are proposing additional funding for:

- Investment in capital and maintenance programs, system management, vegetation management and inspection and maintenance (I&M)
- Effective emergency response, pre-staging and restoration activities to effectively mitigate impacts from major and minor storms
- Robust transmission and distribution vegetation management; requires increased funding to offset inflation and contractor costs

Gas infrastructure investment and safety proposals are designed to meet regulatory mandates, while striking a balance between advancing CLCPA goals and mitigating bill impacts

Reliability and Compliance

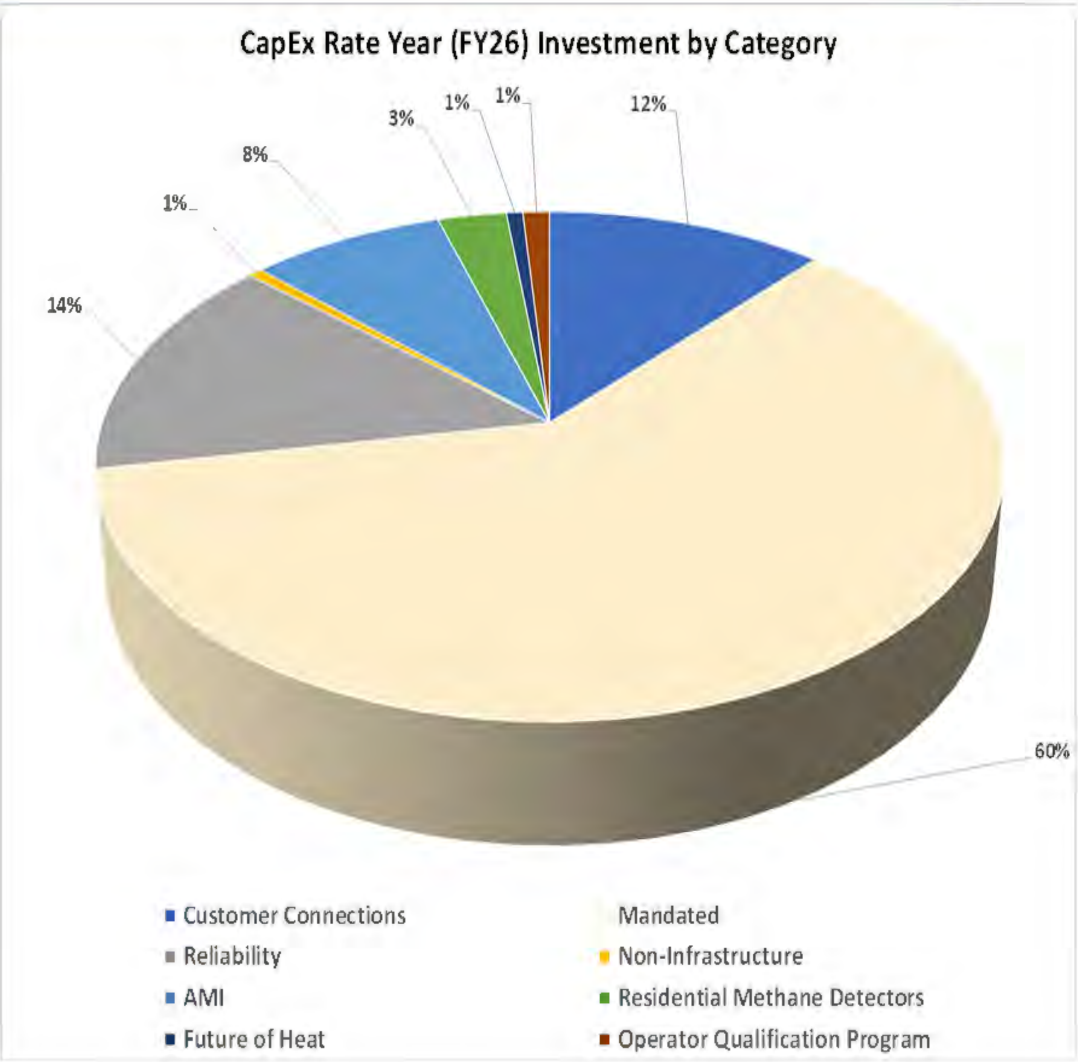
- Investments to enhance safety and supply constraints
- Retiring Leak Prone Pipe and reducing system leaks
- Federal safety requirements for integrity management
- Reinforcing reliability assets like regulator stations
- Implementing prevailing wage requirements

Non-Pipe Alternatives and Robust Demand Side Programs

- Address gas constraints and ensure reliability
- Support CLCPA targets

Incremental Safety Programs

- Mandated Operator Qualification program
- Remote methane detection programs



Integrated Energy Planning (IEP): Electrification of heat is a critical component to a decarbonized future and the electric and gas networks will need to transition to support changes in customer demand and operation.

Leveraging propensity modeling, planning tools, and our electrification analysis, we are proposing a data driven, no regrets, pilot to support targeted electrification and NPAs.

To improve IEP capabilities we have proposed modest investments helping to improve…

- Integrated energy planning and propensity planning tool(s)
- Incorporate automation into planning
- Coordination with peer utilities

Targeted Electrification Community Engagement and Customer Outreach Pilot:

- File NPA to support customer electrification
- Engage community leadership and key stakeholders/organizations to garner electrification support.
- Communication of education materials for customers.
- Engage customer and perform home electrification assessments (not yet included in below costs)

Rate Design

Customer Charges

- Modest increases were proposed for most electric and gas service classes where studies support an increase with the goal to bring the customer charge closer to the customer-related costs indicated in the Embedded Cost of Service study while considering gradualism to avoid extreme bill impacts

Gas Block Rate Design – Firm service classes

- Decreased the slope slightly (i.e., movement toward flat rates) by increasing the tail block by a higher percentage than the mid-block for the Residential and Small commercial classes
- Moving away from declining block rate structures is expected to encourage greater energy efficiency for customers which aligns with the goals of CLCPA

Proposed Tariff Revisions

Updates to existing tariff provisions

- **LAUF** – Update targets to reflect most recent five-year average
- **RDM and NRS** – Update targets to reflect new revenue forecast
- **EAM** – Updates to reflect eliminated, new and modified incentives
- **SC-6 Interruptible (gas)** – Reduced the annual therm limit from 2.5M therms to 1M therms
- **Updates to various fees** including reconnection fees, billing fees, and paperless billing credits
- **TRA** – Proposed tariff modifications to allow the Company to better manage large deferral imbalances owed to or due from customers
- **Line Loss Study** - increases loss factors an average of 1.6%; impacts supply rates

New provisions

RAM (Rate Adjustment Mechanism)

- To recover costs from or pass back credits to customers on a timelier basis and consolidate multiple deferral balances into one single surcharge for items that are currently deferred or for any new deferral mechanisms proposed in this case (similar to those already in place for other NY utilities and the Company's proposal in the KEDNY and KEDLI rate cases which is pending approval)
- Deferrals/reconciliations being proposed for inclusion in the RAM include uncollectible expense, property tax true-up, low Income discounts, no fee debit/credit card, storms (electric only), long-term debt, storms (electric only) and externally imposed costs

Non-Pipe Alternative Heat Pump Monthly Bill Credit Program

- New electrification incentive proposal for customers offered an NPA
- Eligible customers would receive a monthly bill credit intended to offset the incremental load
- Program costs would be recovered through electric RDM

ODS (Other Delivery Surcharges)

- New surcharge and line item on electric bills which consolidates several surcharges that are currently included in the Delivery Charge on customer bills

Typical Customer Bill Impacts - Electric

A typical residential electric customer would see a $18.92 monthly increase, equating to a 15.3 percent increase in their total bill

Service Class	Avg Usage	Del % Inc	Total % Inc	Total Monthly $ Inc
SC-1	625	23.4%	15.3%	$18.92
SC-1 EAP Heat Tier 1-Tier 4	741	-7.4%-12.2%	-3.5%-4.6%	-$4.81
SC-1 EAP NH Tier 1-Tier 4	594	-14.6%-27.9%	-7.9%-11.1%	-$8.86
SC-1C	4,767	0.1%	1.1%	$5.86
SC-2ND	455	25.1%	17.5%	$18.15
SC-2D	6,792 kwh/23.1 kW	24.0%	13.2%	$129.39
SC3 Sec	86,224 kWh/224.9 kW	19.3%	9.5%	$1,013.06
SC3 Pri	191,106 kWh/447.1 kW	19.6%	8.7%	$1,821.26
SC3 Sub	275,599 kWh/670.9 kW	13.5%	4.7%	$1,166.76
SC3 Tran	365,212 kWh/801 kW	13.1%	4.2%	$1,323.60
SC3A Sec	979,290 kWh/1,976.1 kW	18.4%	8.1%	$8,545.12
SC3A Pri	994,143 kWh/2,044.2 kW	18.6%	8.2%	$8,611.90
SC3A Sub	1,678,468 kWh/3,248.5 kW	2.2%	1.9%	$2,696.14
SC3A Tran	4,218,540 kWh/ 7,799.3 kW	3.2%	1.9%	$6,340.32

Streetlighting: Facility Price increases 13.4% -32.4%, T&D increases of 27.4% and Total Revenue increases of 15.7% -32.0% depending on service class

Typical Customer Bill Impacts - Gas

A typical residential gas heating customer will see a $18.34 monthly increase, equating to a 20.2 percent increase in their total bill

Service Class	Avg Usage	Del % Inc	Total % Inc	Total Monthly $ Inc
SC-1 Residential	78	28.9%	20.2%	$18.34
SC-1 EAP NH (Tier 1-4)	12	25.8%	22.2%	$6.67
SC-1 EAP Heat Tier 1	75	30.1%	20.9%	$17.94
SC-1 EAP Heat Tier 2	75	10.7%	7.7%	$6.62
SC-1 EAP Heat Tier 3	75	3.8%	2.9%	$1.99
SC-1 EAP Heat Tier 4	75	4.2%	3.2%	$2.42
SC-2 Small Commercial (< 50K therms annually)	356	20.2%	12.2%	$35.64
SC-5 C&I (250K – 1M therms annually)	41,005	33.8%	10.6%	$1,852.75
SC-7 C&I (50K – 250K therms annually)	9,212	29.0%	12.0%	$587.26
SC-8 C&I (>1M therms annually)	239,902	27.9%	8.1%	$8,427.46
SC-13	102	39.0%	21.0%	$16.46

SC-12 DG Non-Residential total bill impacts range from 8.6%-11.7% and total bill impacts range from depending on season and usage

In Conclusion

National Grid's core responsibility is providing safe and reliable service to the millions of customers and communities who rely on us for life-sustaining energy, while building and maintaining the delivery networks that will support the energy future for the next generation of New Yorkers.

The proposals in this rate case will modernize the Companies' infrastructure, reduce system emissions, improve safety, enhance and improve customer service, and deliver aggressive energy efficiency and other non-infrastructure programs while advancing New York's aggressive CLCPA goals.

To achieve these critical energy priorities, it is necessary to update our delivery rates to ensure we meet the energy needs of millions of customers, maintain financial stability and enable access to debt capital that will fund needed investments.

Recognizing the imperative to manage customers' bills, this filing balances the need for continued investment with the need to maintain affordability and protect our most vulnerable customers.

We are committed to working collaboratively with Staff and the parties to bring this rate case to a successful outcome.