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National Grid plc

Ofgem publishes its Sector Specific Methodology Decision

Ofgem has today published sector specific decision documents for our UK Electricity Transmission business relating to the RIIO-T3 regulatory period which will be effective from April 2026 through to March 2031.

Overall, we are pleased to see Ofgem continuing to recognise the need for an appropriate financial framework that retains and attracts the capital the sector requires as it embarks on a big step up of investment.

Ofgem has set out an initial cost of equity range of 4.57-6.35%, which it will then use as it considers cross checks, forward looking risks, and the need to ensure the price control is 'investable'.

These documents are the next step of a regulatory process that will run through to the final determination at the end of 2025. We will include the outcomes of this methodology decision document in our Electricity Transmission business plan for RIIO-T3, which will be submitted in late 2024.

We will continue to engage constructively with Ofgem, as well as wider stakeholders, to agree the right policy and regulatory frameworks to deliver a net zero energy system.

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