Iberdrola

Capital Markets Day

Inside the grid: deep dive into Networks

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U.S. Networks Investments

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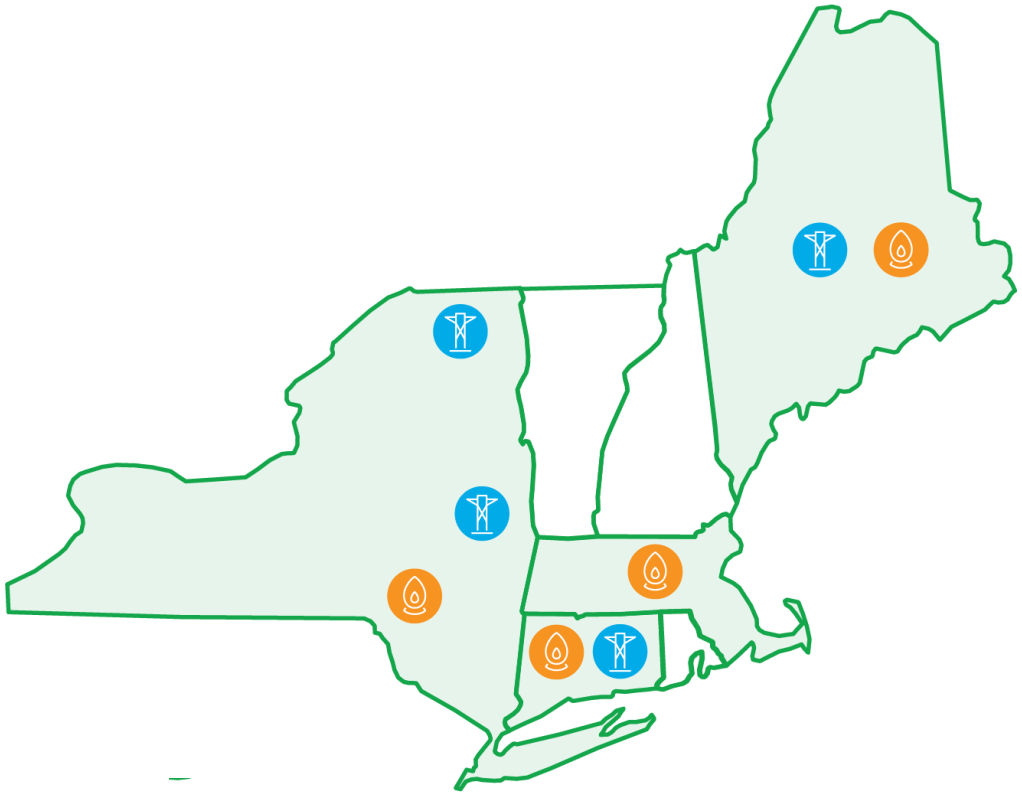
U.S. Networks Long-Term Plan Overview

Jose Antonio Miranda

Avangrid CEO

8 Regulated Utilities in New York, Maine, Connecticut and Massachusetts



POPULATION SERVED

- **10 million people**

RATE BASE

Rate Base of **$15.1B**(1)

- **$8.3B** New York
- **$3.2B** Maine
- **$3.4B** Connecticut
- **$0.2B** Massachusetts

ELECTRIC SERVICE

- **160,000** km of overhead and underground distribution lines
- **15,000** km of transmission lines
- **822** substations

GAS SERVICE

- **43,000** km of distribution pipeline and
- **200** km of transmission lines

(1) Rate base as of 12/31/24, Including MEPCO

A Company Transformed

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Improved Regulatory Outcomes

- ✓ **Approved multi-year rate cases** in multiple jurisdictions
- ✓ **Achieved allowed ROEs** in almost all jurisdictions

NECEC Turnaround

- ✓ **Resolved legacy issues** and negotiated agreement increasing project revenues
- ✓ **Construction completed;** commissioning works ongoing

Increased Financial Performance

- ✓ **Achieving Record Results:** $769M Networks Adj. Net Income in 2024 (+16% vs. 2021)
- ✓ **Improving cash generation** with additional measures (i.e. **$782M** storm costs securitization in NY)

Enhanced Operational Performance

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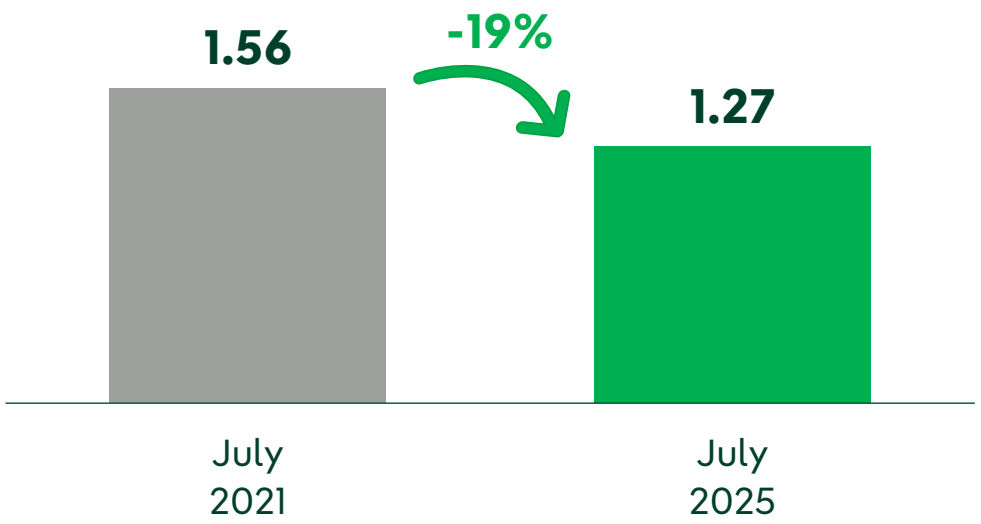
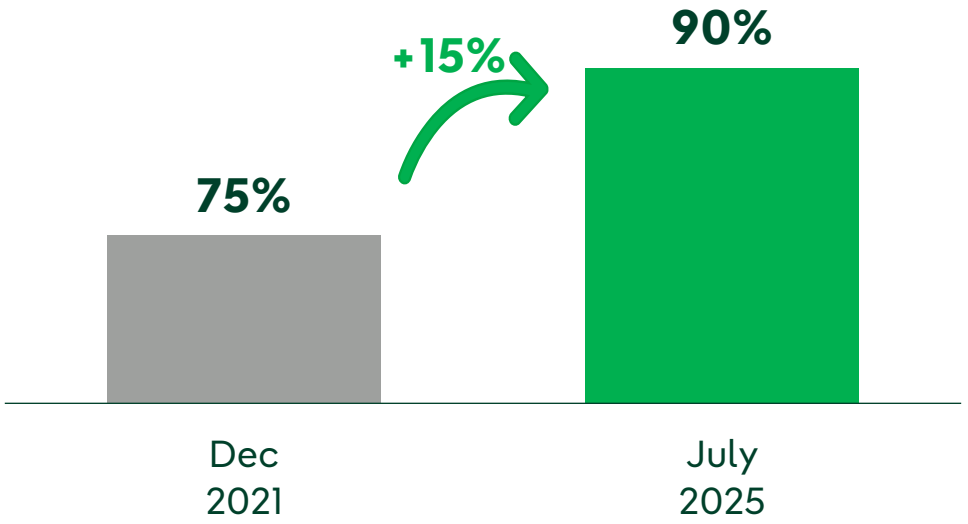
Improved Quality of Service (SAIDI[1])



Complying with Customer Service Metrics



Improvement in metrics leading to delivery of regulatory and financial targets

1) System Average Interruption Duration Index - measures the average outage duration for each customer served, typically expressed in minutes per year

Today's Context

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Networks investments need to multiply for a Flexible & Resilient Grid

Total Networks Investments 2025 - 2028
(Transmission & Distribution)
$13.6B

Aging Infrastructure *(New York and New England)*	**50%** of distribution and transmission **equipment are 50+ years old**	**65%**
Demand Increasing *(New York and New England)*	**2% average growth** for the **next 5 years** (new electricity uses as Data and AI) vs. average demand **reduction of 2%** in the period of **2019-2024**	**20%**
Resiliency	New uses require **additional resiliency**	**15%**

Our Investments Outlook

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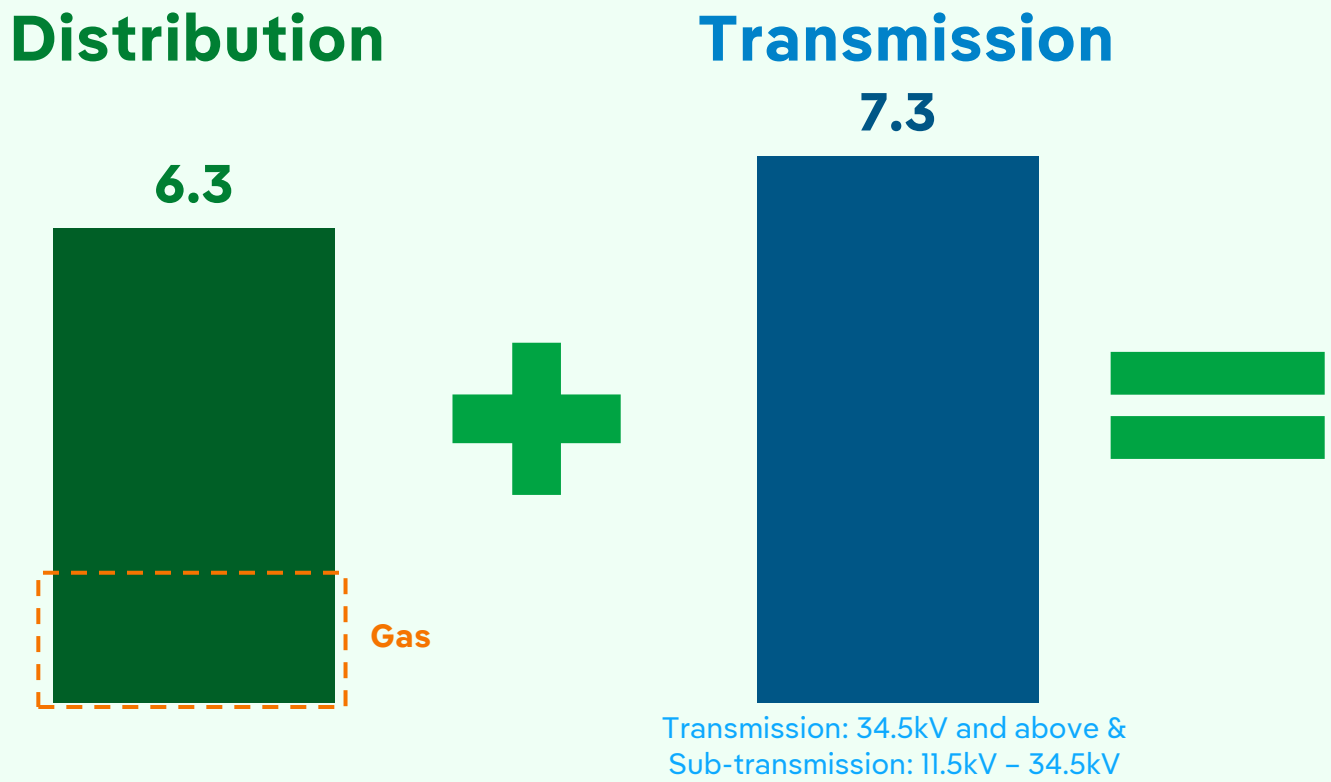
$13.6B in Capital Investments through 2028, $5B Already Approved

Cumulative Networks Investments 2025-2028 ($B)



$13.6B Investments

$5B already approved:

- Powering New York I & II
- Transco NY
- NECEC
- Ongoing rate plans

Reaching $22.4B in networks investments in the 2025-2030 period

Amounts may not add due to rounding

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U.S. Networks Regulatory Landscape & Investments

Kimberly Harriman

Avangrid Deputy CEO

Distribution Investments

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Investing $6.3B in the period 2025-2028

		$6.3B Investments 2025-28
New York ($5.8B '24 Rate Base)	• Rate petition in July. Negotiation begins in November. • **New Rates into effect: 2Q '26**	**60%**
Maine ($1.6B '24 Rate Base)	• Rate petition in September. Negotiation expected in Q1 2026. • **New Rates into effect: 3Q '26**	**22%**
Connecticut ($2.6B '24 Rate Base)	• **New Rates into effect: UI-D 4Q '25 and CNG/SCG Dec '24**	**16%**
Massachusetts ($0.2B '24 Rate Base)	• **New Rates into effect: 4Q '26**	**2%**

National Grid recent Rate Case approved with 9.5% ROE for 3 years in NY

Investment reaching $10.4B through 2030

Transmission Investments

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Investing $7.3B in the period 2025-2028, with $5B already approved

			$7.3B Investments 2025-28
New York ($2.5B '24 Rate Base)	**Transmission Investment in Rate Cases**	State Regulated	**50%**
	Special Projects (Powering New York & New York Transco)	FERC Regulated	**18%**
Maine ($1.6B '24 Rate Base)	**CMP Transmission**	FERC Regulated	**22%**
Connecticut ($0.8B '24 Rate Base)	**UI Transmission**	FERC Regulated	**10%**

National Grid recent Rate Case approved with 9.5% ROE for 3 years in NY / FERC ROE >10%

Investments in transmission reaching $12B through 2030

Amounts may not add due to rounding

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U.S. Networks Execution & Operational Delivery

Joseph Purington

President & CEO Avangrid Networks

Strategic Investment Pillars ensuring a Resilient Future-Ready Grid

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Identified Investment Needs

Reliability Improvements

+24 new circuit-ties

+150 miles 3-phase conductor

+4,000 automation devices

+11 modernized Substations

+10 dynamic reactive devices

Capacity Uplift

+39 new Substation transformers

+25 circuit upgrades

+5 upgraded Substations

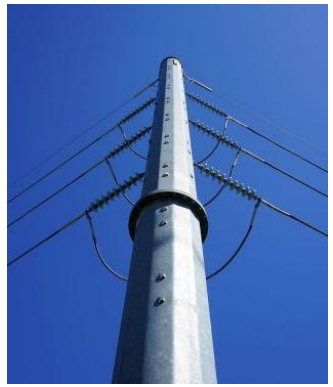
+25 spare transformers

+1 new substation

System Hardening

+200 miles of tree wire

+7,000 stronger poles on 77 distribution circuits



+14,000 distribution Pole replacements

+2,000 transmission pole replacements

+4,500 Broadband pole replacements

Supply Chain Management

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Supply Chain Assurance strategy focused on Predictability & Strong Negotiation

Key Suppliers

Partnering with 7,000+ suppliers across all 50 states in the U.S.

Multi-year Rate Plans

Providing long term visibility and supply chain assurance for rate case investments

Strong Local Content

- $4.3B investment with U.S. suppliers in 2024, +16% vs. 2023.
- 96% purchases from U.S. suppliers in 2024

Reduced Tariff Exposure

Securing local content (U.S. steel), accelerating imports, and negotiating contractual protections

Global Purchasing Power

- Leveraging global network during supply chain disruptions (i.e., sourcing distribution transformers from Brazil)
- Utilizing framework agreements for recurrent needs & to capitalize on economies of scale

Early Engagement & Budling of Projects

22 suppliers currently solicited for PNY engineering & construction packages

Securing Long-Lead Items with Flexibility

Including options to store or defer production as needed for PNY

Organization Ready

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Organization aligned and ready to meet growing business needs

Seamless Jurisdictional Execution

Clear operational accountability within all service areas.

Consistent Standards, Reliable Outcomes

Uniform processes ensuring quality across projects.

Integrated Investment Delivery

Consolidated execution teams including supporting functions.

In-House Critical Capabilities

Retaining expertise internally to safeguard delivery.

Dedicated Planning & Scheduling

Purpose-built teams to drive efficiency and predictability.

Adaptable Workforce

Utilizing internal resources to meet growth in Networks coupled with strong partnership with International Brotherhood of Electrical Workers (IBEW).

Reliability & Customer Service Performance in the future

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Maintaining focus on Operational Performance through successful programs

Reliability: Building a Smarter, Stronger, and more Resilient Grid

- **Vegetation Management:** Establishing ground-to-sky, and hazard tree removals programs
- **Aging Asset Replacement:** Poles, breakers and transformer distribution replacement programs
- **Artificial Intelligence/Digitalization:** Innovating operations with predictive maintenance
- **Animal Guard Program:** Proactive installation of animal contact protection on distribution system
- **Resiliency Projects:** Targeting underperforming circuits through data analytics and AI
- **24/7:** Daily operational calls focused on previous 24-hour operating period

Customer Service: Enhancing the Customer Experience

- **Outage Alerts:** Informs customers of outages and provides estimated restoration time.
- **eBill & Digital Payments:** Allows customers to manage and pay their bills online.
- **Increased Resources:** Hired additional full-time employees to support customer service initiatives.
- **Energy Manager:** Provides customers with AMI powered energy usage insights to avoid bill shock and increase customer control.
- **eContact Center:** Live web agents and virtual AI chat to support customer inquiries and provide personalized responses.

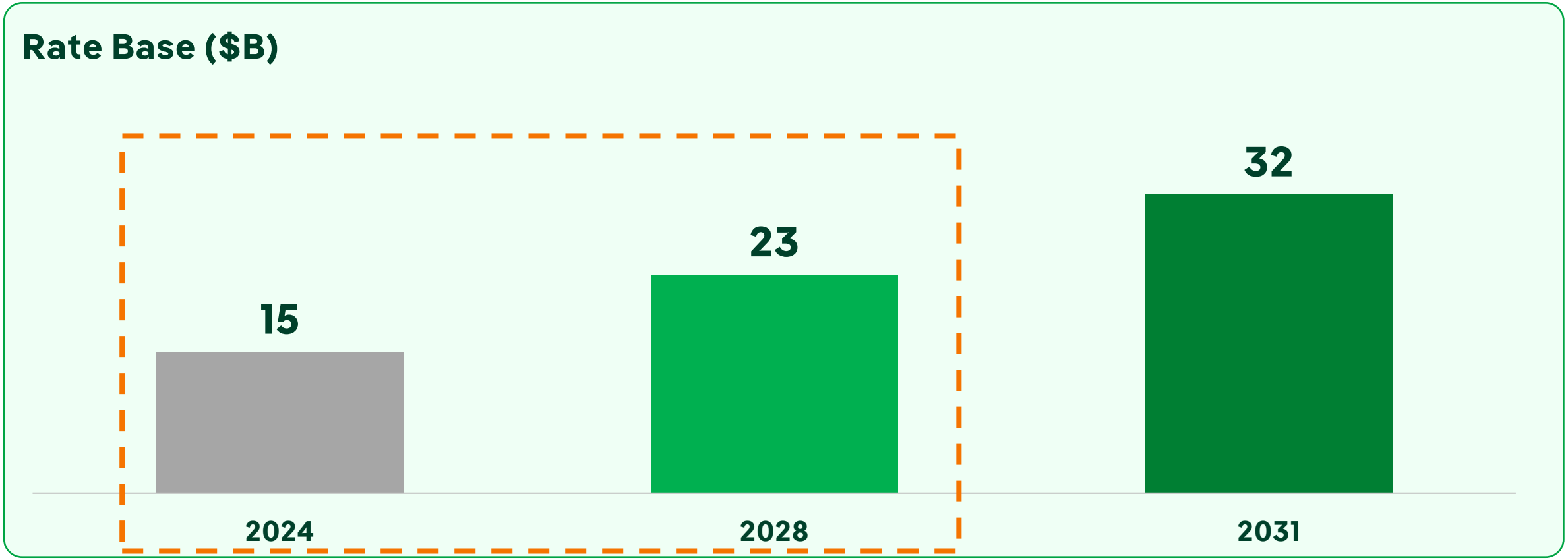
Conclusions

Jose Antonio Miranda

Avangrid CEO

Total Networks Rate Base

Rate Base grows to nearly to $23B by 2028, +55% from 2024 level (reaching $32B by 2031)



Networks EBITDA marking strong double-digit growth between 2024 and 2028

Amounts may not add due to rounding

Continue delivering long-term value

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Delivering solid, stable and predictable long-term value through the implementation of our clear strategy based on:

Multi-year Rate Cases	FERC Regulated Transmission Assets Growth	Customer Experience	World Class Execution
Securing recovery of **critical grid** investments meeting **rising demand** and **addressing aging infrastructure**	Delivering **superior returns** while **solving grid bottlenecks** and modernizing infrastructure	**Resilient**, and **modernized** grid to reinforce Avangrid's role as **flexible** and **affordable energy provider**	**Experience**, **skills**, **scale** and **financial strength** to ensure delivery of our transmission and distribution investments in the years to come

Iberdrola ScottishPower

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UK Networks Investments

24 September 2025

Sustainable Event

AENOR EVENTS SUSTAINABILITY ISO 20121

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UK Networks Overview

Keith Anderson
CEO, ScottishPower

UK Networks Overview

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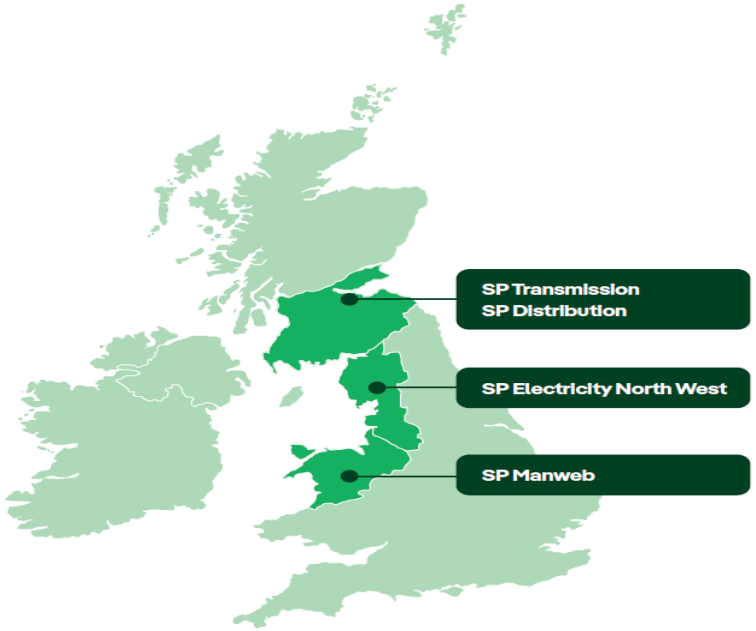
SPW is an experienced operator of <u>both</u> transmission and distribution Networks…

Responsible for 1 of GB's 3 transmission systems…



…and 3 of GB's 14 licensed distribution regions

Main operational figures (2024)

RAV (GBP bn)	12.6
SP Distribution	2.7
SP Manweb	3.1
SP Transmission	4.0
SP ENW	2.8
Network Length (km)	172,000

…with a regulated asset value of £12.6 Bn and over 170,000 km of network

UK Networks Overview

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The need to maintain, upgrade, and grow the electricity network is widely recognised...

*"The **security** and **reliability** of the UK's current and future energy supply is **highly dependent** on having an **electricity network** which will enable the new electricity generation, storage, and interconnection **infrastructure our country needs** to meet the **rapid increase** in **electricity demand**...(1)"*

36 years
Average age of GB transmission networks

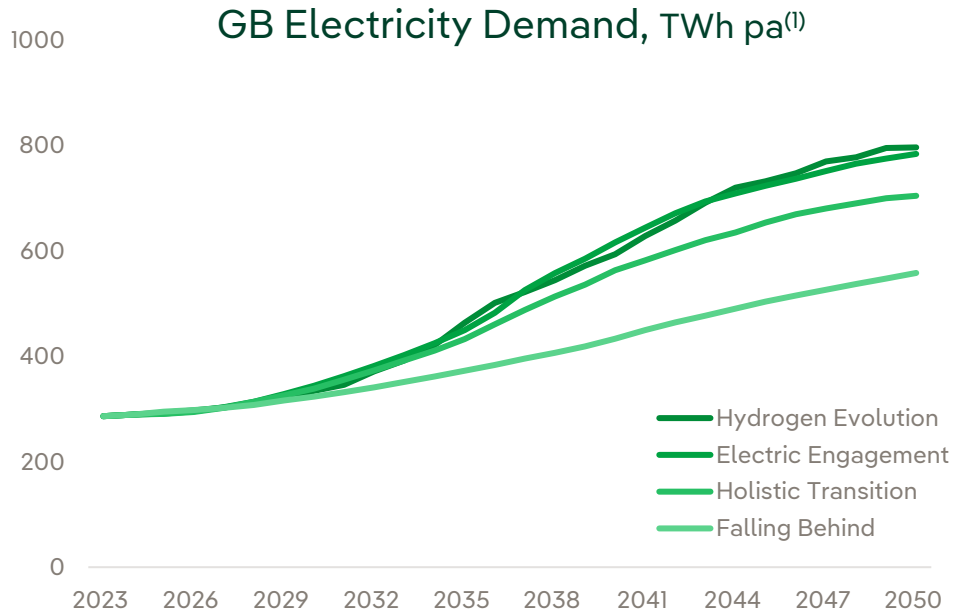
37 years
Average age of transformers

...and requires significantly higher levels of investment than before

(1) National Policy Statement for electricity networks infrastructure, Department for Energy Security & Net Zero, May 2025

Demand will increase as consumers embrace electrification…

Future Energy Scenarios expect demand to increase 25-60% by 2035 and 50-100% by 2040



Demand growth reflected in upcoming price controls

Distribution Network Growth

RIIO	EVs	HPs	Demand	DG
ED2	1.0m	0.3m	12 GW	12 GW
ED3	2.9m	1.3m	14 GW	16 GW
Est.	**+190%**	**+333%**	**+17%**	**+33%**

…underlining the need for a Network fit for the 21st Century

(1) Source: NESO Future Energy Scenarios, 2025

UK Networks Overview

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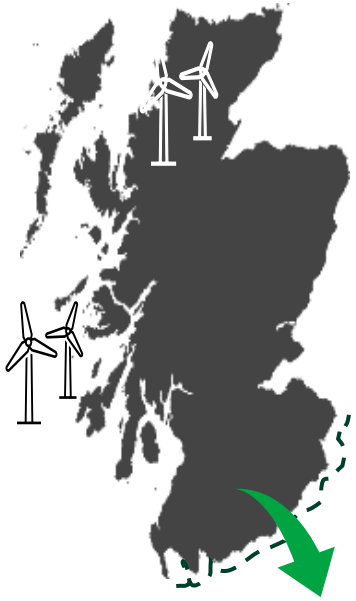
New demand will be met by significant volumes of renewable power generation...

GB Networks investment

~£2 Bn pa of system constraint costs in 2022 forecast to increase to ~£8 Bn pa this decade without grid investment

For example, all Future Energy Scenarios rely on generation located in Scotland....



...where **Onshore** and **Offshore Wind** could reach:

60GW by 2040

...increasing the capacity transfer requirement between **Scotland and England** to:

40GW by 2040

Current Capacity: ***6.6GW***

...and needs a Network capable of transporting it

UK Networks Overview

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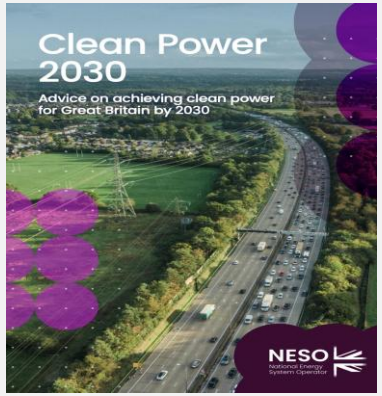
Recent commitments and policy signals further confirm...



ofgem
Making a positive difference for energy consumers

ED3 Sector Framework Decision - April '25

RIIO-3 Draft Determinations

Publication date: 1 July 2025

- ✓ Economic Growth
- ✓ Energy Security
- ✓ Decarbonisation

...that record investment in GB electricity networks is needed and will happen

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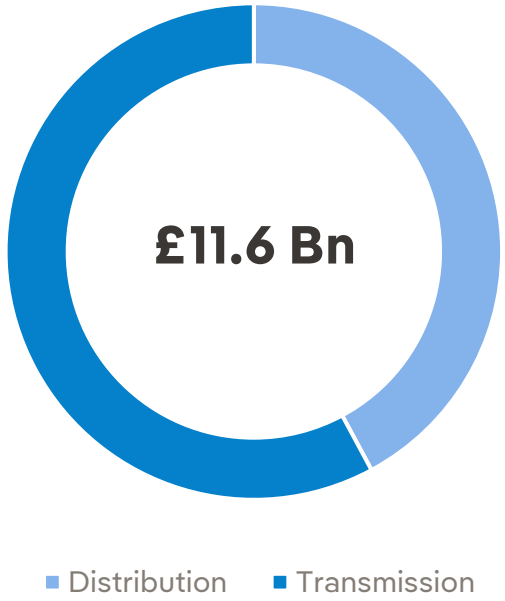
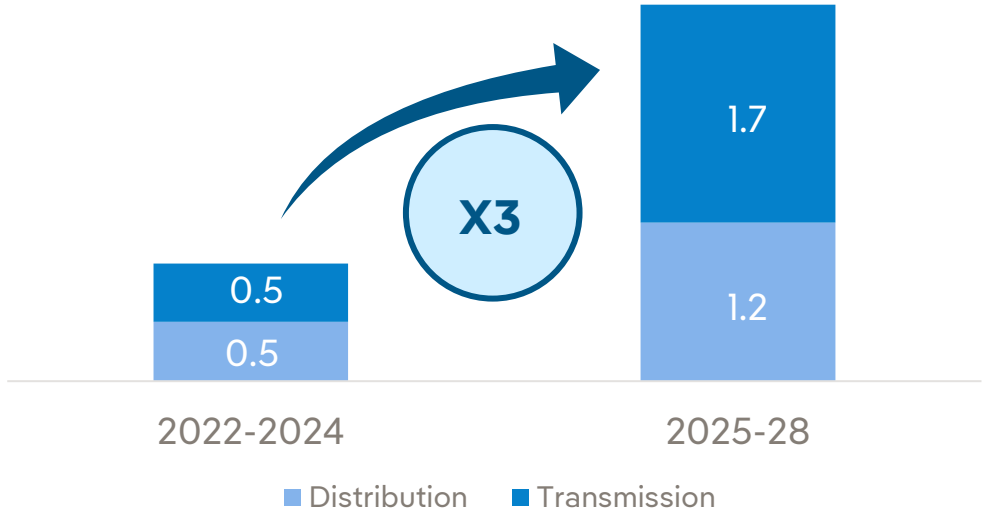
The scale and allocation of SPW's UK investments plans...

Gross Investment in Networks will be 70% of SPW total 2025-28

Cumulative Networks investment 2025-28



Average Networks investment



...match the system need and opportunity

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UK Networks Investment & Operational Performance

Nicola Connelly

CEO, SP Energy Networks

Distribution investments: RIIO-ED2,3

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SPEN is delivering RIIO-ED2 and preparing for ED3 where increased investment is required to meet the needs of electrification

Price Control	From	To	SP Totex £ Bn(1)			
			Total	SPD	SPM	ENW
RIIO-ED2	April 2023	March 2028	7.4	2.3	2.4	2.7
RIIO-ED3	April 2028	March 2033	9.5 to 11 expected			

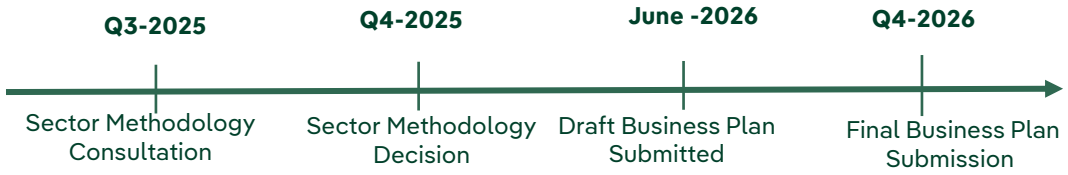
£6.8 Bn included in 2025-2028 Plan

79% corresponding to ED2

Input Assumptions	ED2
Cost of Equity (post tax)	5.47%
Cost of Debt (pre-tax)	3.17%
Gearing	60%
WACC (Vanilla) - Real	4.09%
Capitalisation rate (wtd. ave)	72%

Equivalent ROE of **8.7%** (Nominal ROE before incentives)

ED3 Timeline



£6.8 Bn of distribution Totex in the 2025–2028 plan

(1) Nominal based on actual inflation and Iberdrola forward forecast

Transmission investments: RIIO-T3

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Multiplying investments by 3 vs. RIIO-T2 in line with sector

Price Control	From	To	SPT Totex £ Bn (1) Total	Baseline	Additional Large Projects(2)
RIIO-T2	April 2021	March 2026	3.5	1.6	1.9
RIIO-T3	April 2026	March 2031	11.6	2.2	9.4

88% confirmed

£6.9 Bn included in 2025-2028 Plan

Input Assumptions	Ofgem proposal
Cost of Equity (post tax)	5.64%
Cost of Debt (pre-tax)	3.77%
Gearing	55%
WACC (Vanilla) - Real	4.61%
Capitalisation rate (wtd average)	78%

Equivalent ROE of 7.8% (Nominal ROE before incentives)

RIIO-T3 Timeline

T3 Draft Determination improved on Ofgem's preliminary decision

Totalling £6.9 Bn of Totex in the 2025–2028 plan

(1) Nominal based on actual inflation and Iberdrola forward forecast
(2) Projects funded through Ofgem Uncertainty Mechanisms that align revenues and costs

Transmission investments: RIIO-T3 and T3+

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SPT investment concentrated in strategically significant projects...

Investment in major transmission projects of £12.8 Bn from 2025 (1)

Investments 2025-2028	Investments >2028
£2.5 Bn (£0.4 Bn RIIO-T2, £2.1 Bn RIIO-T3)	£10.3 Bn

Examples of major project investments 2025-28 include:

Eastern Green Link 1 (EGL1)
- ~£1.1 Bn with ~£0.8 Bn in Plan period
- Construction began March 2025
- COD expected 2029

Eastern Green Link 4 (EGL4) (2)
- ~£1.7 Bn with ~£0.4 Bn in Plan period
- ECF agreed, key preferred suppliers in place
- Project Assessment 2028, COD expected 2033

Projects beyond 2028:

Western Link 2 (2) (WHVDC2)
- Add to existing 2.2GW, ~£1.2Bn Western Link cable
- Key for west coast offshore wind development

Onshore projects
- New CMN3 & WCN2 cross-border 400kV links
- Voltage & thermal upgrades
- +500Km of new overhead lines

Investment impact
- **4,500 km** of lines (3)
- **181** substations (4)

(1) Nominal, all figures are SPT's share where projects are JVs
(2) Final delivery dates TBC
(3) Transmission Network as of 31 July 2025
(4) SP Transmission Substation

Delivery: Operational Performance

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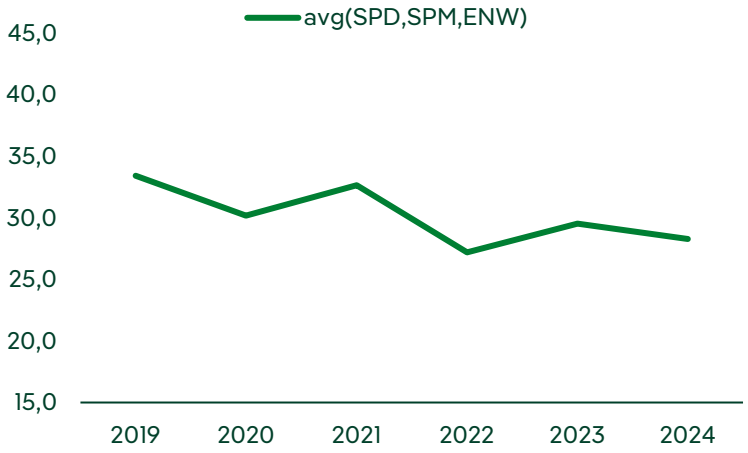
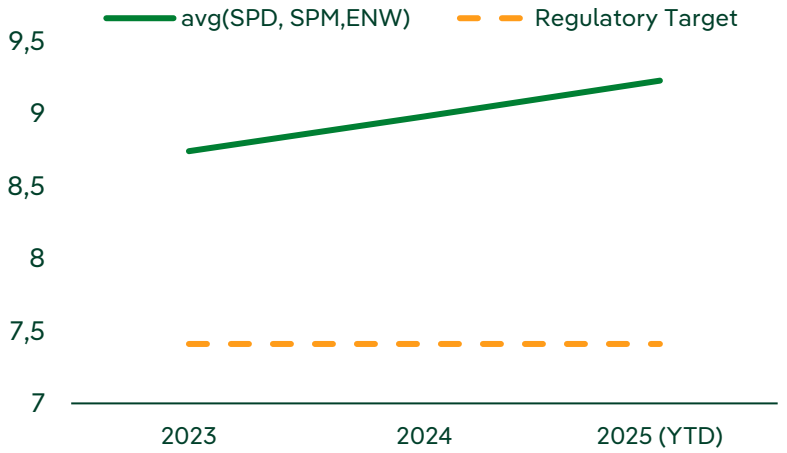
Value from continuous improvement in key performance metrics

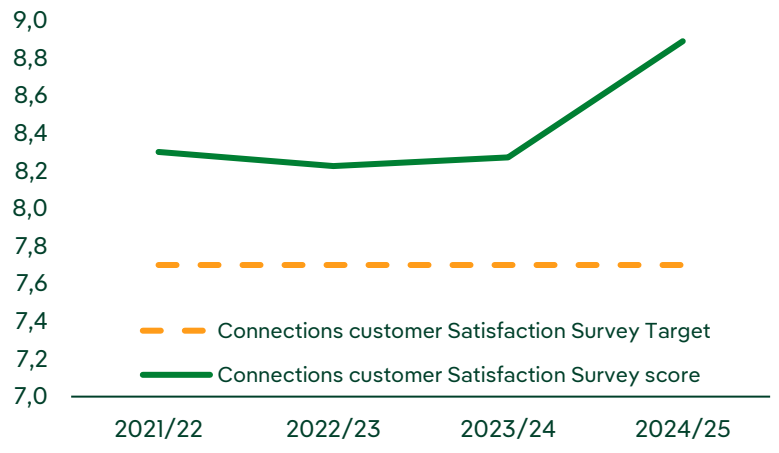
Downtrend in key distribution Customer Minutes Lost metric



Distribution Major Connections Customer Satisfaction Survey



Strong and improving outperformance of Transmission Quality of Connections target



Electricity North-West named Utility of the Year

Gold and Silver winners at the Institution of Engineering and Technology (IET) International Excellence and Innovation Awards

First UK company to achieve BSI Kitemarks™ for Service Excellence and Inclusive Service for customers

'Community Benefit Fund' established for area around EGL1 convertor station

Delivery: Distribution

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Headlines focus on transmission...

Supporting electrification and economic growth through innovation and efficiency

Facilitating demand growth

Consumption capacity increased at **>12,000** properties

Network automation solutions accelerating **> 5 GW** connections

+ 20 GW contracted pipeline (generation & demand)

Embedding data and analytics

+260 load following (CLASS) substations

+10,000 LV monitors covering ~30% of customers

Rollout of **4,500** network controllable points at 11kV

Demand flexibility services across **>2,500 locations**

Increased capacity at **>45 Grid Supply Points**

Real-time fault level monitoring at **41 locations**

... but ~42% of total investments are in distribution - the backbone of local electrification

Delivery: Resources

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Well developed resource plans demonstrate our delivery focus…

Scaling human resources to ensure investment is delivered

Delivery plan	UK Networks employees planned to grow 40% by 2028
Group value	Iberdrola group resource offers global insights and flexibility
Economic benefits	Headcount plan includes ~700 UK traineeships in highly skilled careers

…as investment and activity levels increase for RIIO-T3+ and ED3+

Delivery: Transmission Supply Chain

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Supply chain secured through long term contracts...

Supply chain strategy

Strategic Agreements

- **10-year** agreements with £5.4bn across **19 suppliers**
- Secures capacity and allows supply chain to invest
- Contract commitments align with regulatory approvals

HVDC (ASTI) project focus

- **EGL1 all major contracts awarded** in partnership with NGET
- EGL4 preferred bidder status on significant **converters** component

Strategic Equipment

- Frameworks secure key equipment - transformers, cables etc.
- Long lead time items identified; slots secured
- Geographic supplier diversification
- Advanced Procurement Mechanism utilised to secure capacity

FARRANS
adman
AUREOS
AMCO GIFFEN
GEORGE LESLIE
GE VERNOVA
Balfour Beatty
I&H BROWN
LUDDON CONSTRUCTION
MORGAN SINDALL CONSTRUCTION
SIEMENS energy
M GROUP
wood.
RJ McLEOD
PAINHAS
linxon
PLPC LTD POWER LINE SPECIALISTS
kirby engineering & construction

...providing a high level of delivery confidence

Delivery: Distribution Supply Chain

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In distribution a multi-partner approach reflects the investment profile

Higher volume / lower cost projects

Works and Services

289 frameworks / **128** service providers / **~£300m** value call p.a. covering **high risk** areas:

- **Overhead Lines** to **2029** / **Cable Laying** to **2030** / **Vegetation Management** to **2030**

Long-term agreements **secure capacity** and encourages **UK supply chain investment**:

- Local delivery focus with 62% of distribution spend with partners identified as SMEs

Equipment

84 frameworks / **29** equipment providers / **~£136m** value call pa covering **high risk** areas:

- Metal enclosed **switchgear** to **2028** / **Secondary Switchgear** to **2028** / **Joints** & **terminations** to **2028**

Large transmission projects

The **investments** and **purchase commitments** being **executed in those projects** are **covered** by **Ofgem**

Preparing for RIIO-ED3: ~£450m of framework contracts secured into ED3

Conclusions

Keith Anderson
ScottishPower

Conclusions

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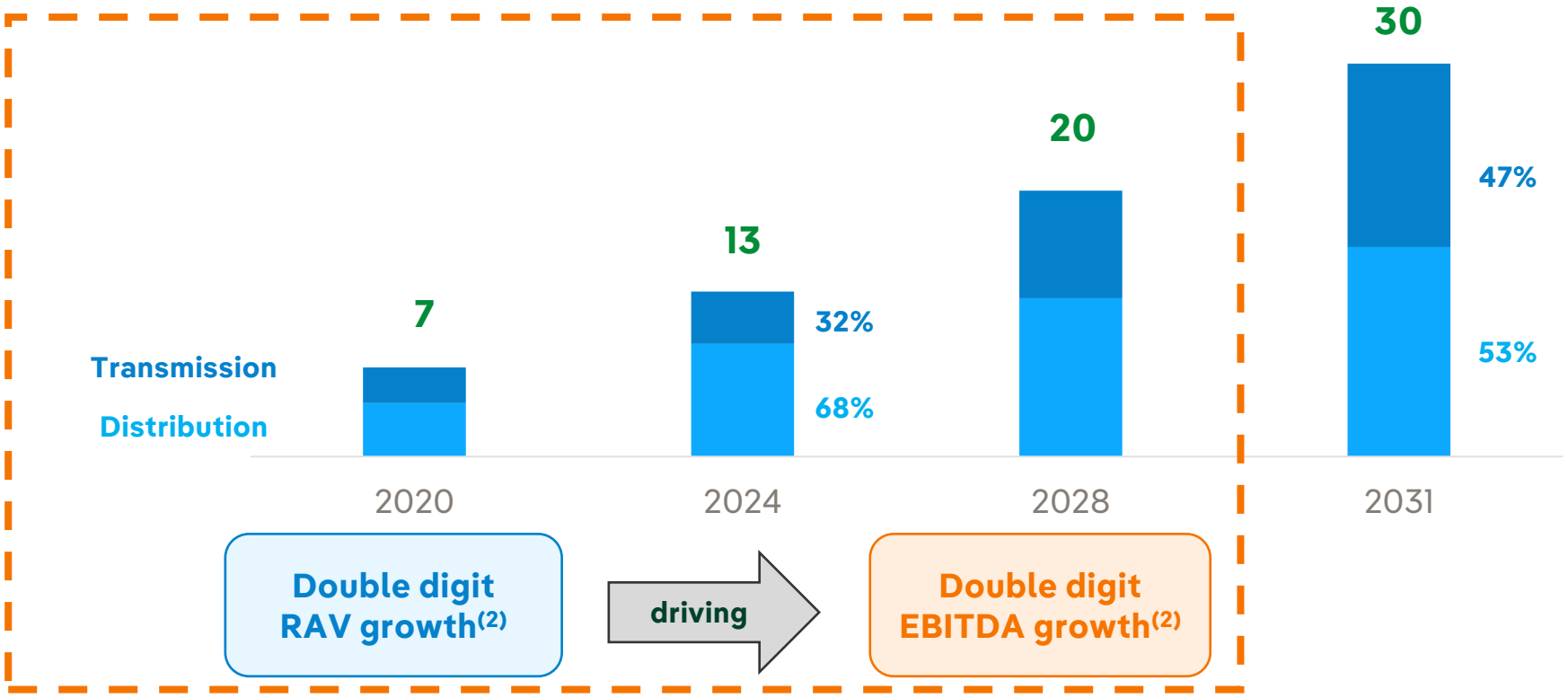
Networks investment will increase SPW regulated asset value significantly...

RAV £ Bn(1)



...underpinning earnings growth to 2028 and beyond

(1) Nominal
(2) CAGR 2024-28

Conclusions

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UK Networks growth will be strong, stable and enduring

- **Societal and system need means Networks investment will increase markedly: 3x RIIO-T2**
- **SP investment delivery will be in line with SPEN RIIO-T3 draft determination (~£12 Bn(1)) and concentrated in strategically significant projects**
- **Clear regulatory frameworks and ScottishPower's detailed understanding of them will secure visible double-digit CAGR in Networks EBITDA and RAV by 2028**
- **Commitment to electrification means continued growth beyond RIIO-ED2 and RIIO-T3**
- **Confidence in delivery from our robust operating model, forward planning and track record**

(1) Nominal

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Appendix USA

Earnings Framework

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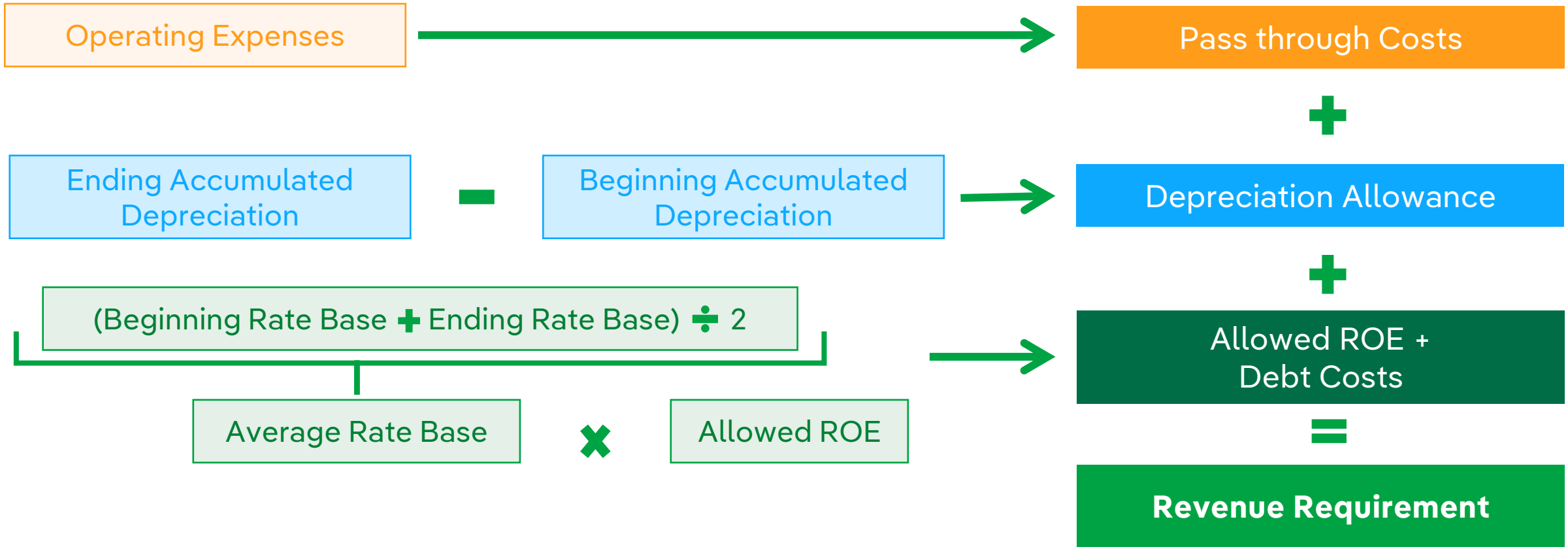
Networks earnings framework is built on a cost-of-service model, which calculates the revenue requirement necessary to recover operating costs and provide a return on invested capital



Rate Base and authorized ROE drive Net Income and provide a return to investors

Return on Equity

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Return on Equity (ROE) represents the return a utility earns on its equity investments
Regulators set an *allowed ROE*, used to determine rates utilities are allowed to charge customers

At Avangrid, we measure our ROE based on actual results

$$\text{Return on Equity} = \frac{\text{Regulatory Net Income}}{\text{Rate Base allowed per Rate Case} \times \text{Equity Ratio}}$$

- Regulatory Net Income does not include other income and other deductions (e.g. capitalized interest)
- Depending on the jurisdiction, the ROE filed with the regulators may include or exclude other costs
- For management purposes, we utilize one consistent formula utilizing Net Income as the basis

New York & Maine Jurisdictions ROEs performance are equivalent to the Allowed ROEs
- Achieved with CapEx execution & maintaining operating expense levels at amounts in rates

Financial Modeling: Key Inputs

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Cost-of-Service Model	• Used to formulate the **Revenue Requirement** which is the total **annual revenues** a regulated utility is authorized to collect from customers through rates • Ensures the utility can recover its operating expenses, maintain and replace infrastructure, pay taxes and interests & earn a fair return on the capital invested
Rate Base	• **Rate Base=** Gross plant in service (-) Book depreciation (-) Deferred income taxes (+/-) working capital (+/-) regulatory assets & liabilities [not accruing carrying costs] (+) prepaid (+) materials & supplies • **Average rate base for a 13-month period** used for gas & electric distribution Transmission follows a 5-quarter average & 2-point average
Capex to Rate Base Conversion	• Period of time it takes to **convert Capital Expenditure to Rate Base** • Expected 90% conversion within a year
Operating Expenses	• **Day to day costs** required to run the utility • Inflation & other cost escalations are embedded in the rate case
AFUDC & Carrying Costs	• Utilities accrue **AFUDC** on longer-term construction projects prior to being placed in-service • Utilities accrue **Carrying Costs** on certain regulatory assets & liabilities not in rate base • This has an impact on **current earnings (GAAP)**, but there is **no current cash flow impact**
Earned ROE	• Based on formulas approved by regulator & used in annual compliance filings • Formulas based on operating income with certain regulatory adjustments

Appendix UK

RIIO-T3 Price Control: basic explainer

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Ofgem's RIIO Price control

- **R**evenues from **I**ncentives, **I**nnovation and **O**utput delivery versus targets
- Baseline, real allowed revenue set ex-ante, with growth mechanism opportunity
- Regulator must ensure licensed activities are financeable at investment grade

	Electricity Transmission	Electricity Distribution
Price Control	RIIO – ET3	RIIO – ED2
Period	2026 – 2031	2023 – 28
Allowed Return on RAV (CPIH-real)	4.61% (RIIO-ET3 average)	4.14% (2024-25)
RAV at Dec-2024	£4.0bn	SPD - £2.7bn SPM - £3.1bn

Baseline Revenue

- Efficient expected cost level assessed through total expenditure (TOTEX)
- Regulatory Asset Value (RAV) is key revenue determinant with revenue for depreciation (capex allowance) and return calculated from RAV. RIIO-ET3 return semi-nominal with fixed rate debt cost remunerated on nominal basis. Consequently, equivalent proportion of RAV not indexed
- TOTEX allocated to "fast pot" and "slow pot" based on capitalisation rate: ED2 72%; and ET3 78% (blended)
- Fast pot: ED2 28%; and ET3 22% paid-as-you-go, key for financeability
- Slow pot added to RAV and remunerated over time via allowances for return on capital and depreciation. Current depreciation rate 45 years for new assets
- Tax provision included

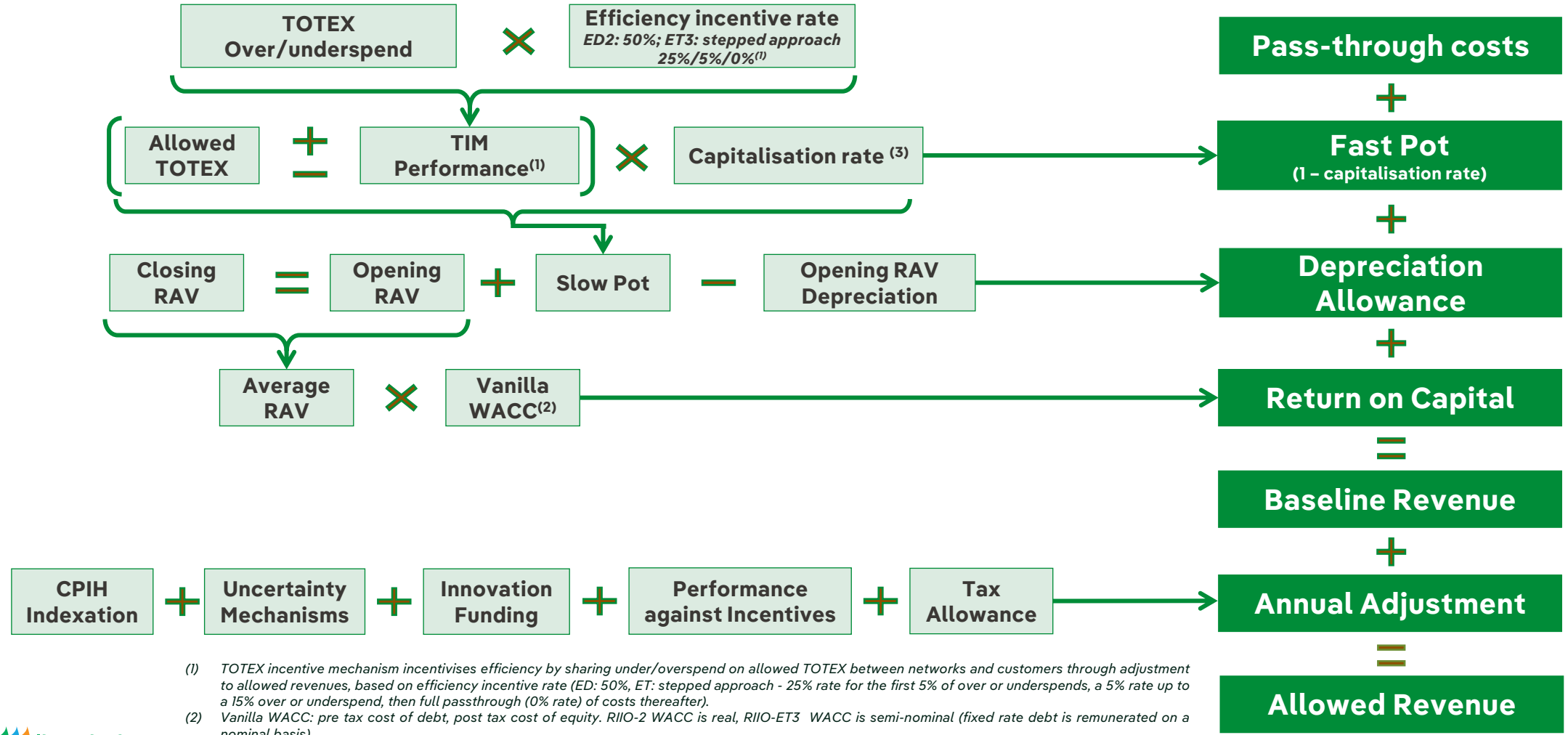
Incentives, Uncertainty Mechanisms and Adjustments

- Increase actual returns if operational efficiency outperforms benchmark
- TOTEX incentive shares under/overspend between operators and customers via revenue adjustment based on efficiency incentive
- Stepped mechanism introduced for RIIO-T3 to protect operators and customers from cost volatility. Full passthrough in event of large changes
- Revenues from incentive rewards and uncertainty mechanisms recovered in the current year as part of updated 5-year revenues (actuals & forecast)

Annual allowed revenue adjustments

- CPIH indexation
- Incentive rewards/penalties
- Innovation funding
- Actual TOTEX vs allowance and forecast updates
- Non controllable costs i.e. uncertainty mechanisms
- True-ups including differences in actual versus forecast demand

High level illustration of RIIO-T3 allowed revenues derivation



(1) *TOTEX incentive mechanism incentivises efficiency by sharing under/overspend on allowed TOTEX between networks and customers through adjustment to allowed revenues, based on efficiency incentive rate (ED: 50%, ET: stepped approach - 25% rate for the first 5% of over or underspends, a 5% rate up to a 15% over or underspend, then full passthrough (0% rate) of costs thereafter).*

(2) *Vanilla WACC: pre tax cost of debt, post tax cost of equity. RIIO-2 WACC is real, RIIO-ET3 WACC is semi-nominal (fixed rate debt is remunerated on a nominal basis)*

(3) *Two sets of capitalisation rates apply depending on the allowance type. Baseline TOTEX allowances are subject to "Capitalisation rate 1", whereas Uncertainty Mechanisms allowances are subject to "Capitalisation rate 2". ED2: 70% cap rate 1 / 85% cap rate 2, ET3: 41% cap rate 1 / 85% cap rate 2.*

Glossary

Glossary

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APM	Advance Procurement Mechanism: Ofgem scheme to help Transmission Operators secure key supply chain components
CP2030	Clean Power 2030: NESO plan to achieve 95% zero carbon electricity supply
ED 2/3:	Electricity Distribution: regulated price control settlements
EGL	Eastern Link: HVDC cables connecting Lothian in South-East Scotland and Durham in North-East England
FES	Future Energy Scenarios: NESO's long term models of energy system supply and demand
HND	Holistic Network Design: NESO's network design for connecting 50GW of offshore wind
HVDC	High Voltage Direct Current: common method of long-distance power transportation often underwater
NESO	National Energy System Operator: publicly owned GB system operator
Ofgem	Office of Gas and Electricity Markets: regulator
RAV	Regulated Asset Value: value of electricity network assets
RIIO	Revenues, Incentives, Innovation, Output: GB price control methodology for Networks (T&D)
SSMD	Sector Specific Methodology Decision: direction from Ofgem provided relatively early in each price control settlement process
T2/3	Electricity Transmission: regulated price control settlements
TOTEX	Total Expenditure: CAPEX + OPEX
TCNSP/2:	Transitional Centralised Strategic Network Plan: NESO recommendations for the transmission system in context of UK offshore wind targets
UM	Uncertainty Mechanisms: flexible funding arrangements to help better align Networks operator revenues with costs
WL	Western Link: HVDC cable connecting South-West Scotland and North Wales