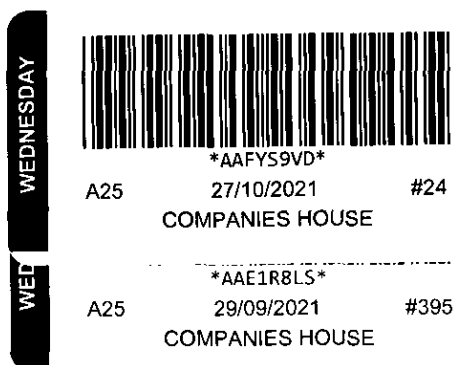


Company Registration Number: 2630496

National Grid (US) Holdings Limited

Annual Report and Financial Statements

For the year ended 31 March 2021



National Grid (US) Holdings Limited
Strategic Report
For the year ended 31 March 2021

The Directors present their Strategic Report on National Grid (US) Holdings Limited ('the Company') for the year ended 31 March 2021.

Review of the business

The Company holds investments in other National Grid plc subsidiary companies and obtains and provides finance to fellow subsidiary companies via intercompany balances.

Executive summary

There have been no significant changes in the Company's trading activities during the year, as reported in the profit and loss account. The Company has received dividends of £2,440,528,000 from its subsidiary undertaking, National Grid (US) Investments 4 Limited, during the year.

In addition, the Directors have approved and implemented a number of steps as part of a wider group restructuring project where a number of companies were identified as no longer required by the National Grid group. One of these companies was the Company's subsidiary undertaking, NatgridTW1 Limited and steps included: the assignment to the Company of an intercompany loan receivable of US\$4,067,214,000 with the ultimate parent company, National Grid plc and the receipt of dividends totalling £3,818,747,000. Following the receipt of these dividends the Directors reviewed the carrying value of this investment and considered it appropriate to charge £3,560,340,000 to the profit and loss account as an impairment charge.

Following the rationalisation of its US dollar subsidiaries, the Company ceased hedging its foreign exchange risk associated with these US dollar investments using intercompany loans and derivatives. The hedging activities up to this date when the hedging ceased resulted in a decrease of £161,311,000 (2020: £141,336,000 increase) in the carrying value of investments.

During February 2021, the Directors implemented a number of steps to simplify the Company's balance sheet. These steps included the assignment and settlement of intercompany loans and the payment of an interim dividend to its immediate parent company, National Grid plc. Furthermore, the Directors approved a capital reduction under s641(1) of the Companies Act 2006. The share capital balance was reduced to £1 and share premium to £nil and the resulting credit of £10,267,660,000 was transferred to the distributable reserves of the Company. Following the capital reduction, a further interim dividend was paid to its immediate parent company.

Results, as detailed below, largely depend on dividends received less investment impairment provisions less interest costs incurred.

Results

The Company's profit for the year was £2,680,035,000 (2020: £109,521,000 profit).

Financial position

The financial position of the Company is presented in the balance sheet. Total shareholders' equity at 31 March 2021 was £10,094,736,000 (2020: £10,884,378,000) comprising fixed asset investments of £10,094,736,000 (2020: £13,816,387,000) less net current liabilities of £nil (2020: £2,932,009,000).

Key performance indicators and principal risks and uncertainties

As the Company is part of a larger group, the management of the Company does not involve the use of key performance indicators in measuring the development, performance or the position of the Company and the principal risks and uncertainties are integrated with the principal risks of National Grid plc. For information on the development, performance, risks, uncertainties and position of National Grid plc and its subsidiaries ('National Grid'), and of the key performance indicators used, refer to the Strategic Report included in National Grid plc's Annual Report and Accounts 2020/21, which does not form part of this report.

National Grid (US) Holdings Limited

Strategic Report (continued)

For the year ended 31 March 2021

Financial risk management

The management of the Company and the execution of the Company's strategy are subject to a number of financial risks. The Directors have identified the need to manage the Company's material financial risks, including liquidity, credit, interest rate cash flow and foreign exchange risks. These risks are monitored through a National Grid Treasury ('Treasury') management function which invests surplus funds, mitigates foreign exchange and interest rate exposure and manages borrowings for National Grid plc and its subsidiaries.

Treasury also seeks to limit third party counterparty risk which arises from the investment of surplus funds and the use of derivative financial instruments. Treasury monitors the exposure that National Grid has with any one counterparty against agreed limits and these limits are monitored regularly and updated for changes in credit ratings.

Liquidity risk

The Company finances its operations through a combination of retained profits, new share issues and intercompany loans to ensure that the Company has sufficient long-term and short-term funds available for current operations and future activities.

Credit risk

The Company aims to reduce the risk of loss arising from default by parties to financial transactions. No exposure is considered to exist in respect of intercompany loans as the subsidiaries are solvent and are covered by the National Grid group's liquidity arrangements.

Interest rate cash flow risk

The Company had both intercompany financial assets and liabilities which exposed it to interest rate cash flow risk. To the extent that the Company entered intercompany loan agreements, the Company's exposure to interest rate cash flow risk arose on such loans on which interest was charged based upon sterling and US dollar LIBOR.

LIBOR is being replaced as an interest rate benchmark by alternative reference rates. This impacts contracts including financial liabilities that pay LIBOR-based cash flows, and derivatives that receive or pay LIBOR-based cash flows. The change in benchmark also affects discount rates which will impact the valuations of certain liabilities. The Directors are managing the risk by planning to replace LIBOR cash flows with alternative reference rates on affected contracts. The migration project is underway, with all affected contracts expected to be amended by 31 December 2021. As at 31 March 2021, no contracts had yet been amended. The Finance Committee of the National Grid plc Board have delegated to the treasury department the authority to determine which benchmarks are the most appropriate. A combination of LIBOR and the successor benchmarks, primarily GBP Sterling Overnight Index Average (SONIA) and USD Secured Overnight Financing Rate (SOFR) will be used in the portfolio during the migration period.

Foreign exchange risk

To the extent that the Company entered intercompany loan agreements in currencies different to that of the Company's functional currency, there was an exposure to movements in exchange rates. At the balance sheet date the Company had no remaining intercompany balances and loan agreements denominated in US dollars.

National Grid (US) Holdings Limited
Strategic Report (continued)
For the year ended 31 March 2021

Financial risk management (continued)

Derivative financial instruments

Derivative financial instruments in the form of forward foreign exchange contracts were entered into for the purposes of hedging foreign exchange risk. These hedging arrangements ceased following the rationalisation of the Company's US denominated subsidiaries. These derivative financial instruments were recorded at fair value in the financial statements. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values were used to determine fair values. In other cases, fair values were calculated using quotations from independent financial institutions, or by discounting expected cash flows at prevailing market rates.

As at 31 March 2020, the fair value of these derivative financial instruments resulted in an asset of £4,791,000. The notional principal of contracts was £222,985,000 with a net foreign exchange exposure of £222,985,000. The expected cash flows from these derivatives were affected by changes in the USD/GBP exchange rate. The contracts had fixed settlement dates.

Impact of COVID-19 and Brexit

The Directors have continued to review the risks to the Company of the ongoing COVID-19 coronavirus pandemic and the UK's formal withdrawal from the EU on 31 January 2021. They have concluded that there is no impact on the Company nor any resultant adjustments to these financial statements.

A detailed risk assessment of COVID-19 has been done at the National Grid Group level and disclosure in relation to this has been provided in National Grid plc's Annual Report and Accounts 2020/21.

Future developments

The Directors do not foresee a change in the activities of the Company.

Section 172 (1) statement

The Directors of the Company, as those of all UK companies, must act in accordance with section 172 of the UK Companies Act 2006. Throughout the year, while discharging their duties, section 172 (1) of the Companies Act 2006 requires a Director to consider, where relevant, the following in making their decisions:

- the likely long term consequences of the decision;
- the interests of the Company's employees;
- the need to foster the Company's business;
- the need to foster relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- and
- the need to act fairly between members of the Company

The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members. The Directors have carried out these duties and have made decisions and undertaken short- and long-term strategies to maintain its financial performance and position. The Directors of National Grid plc are responsible for the governance of, and oversight over, the National Grid Group ('the Group') as a whole.

National Grid (US) Holdings Limited
Strategic Report (continued)
For the year ended 31 March 2021

Section 172 (1) statement (continued)

The Company is a holding company, holding investments in National Grid subsidiary companies. As a holding company, the Company obtains and provides finance to fellow subsidiary companies via intercompany balances. The Board considers the Company's investments in light of the Group's corporate and social responsibility strategy, and the Board receives information on these topics from management to make these decisions. As a wholly owned subsidiary with the Group the Directors consider the impact of the Company's activities on its shareholder, its subsidiaries and other stakeholders. The Company has no other operational activities, employees or external suppliers or customers.

The Directors believe that certain matters they are responsible for under s172 in respect of the Company and its stakeholders, including, but not limited to, decisions impacting employees, suppliers, customers or the community and the environment have been considered to an appropriate extent by the Directors of National Grid plc in relation both to the Group and the Company. The Directors also continue to recognise the importance of maintaining its high standards of business conduct in line with the Group's Code of Ethical Business Conduct which applies to all subsidiaries within the Group.

The Directors are of the opinion that the remaining details of how they meet their duty is in line with those reflected by the Directors of National Grid plc in their Annual Report. Please refer to pages 46-51 of the National Grid plc Annual Report and Accounts (available at: www.nationalgrid.com/investors) for more information on how the Group Directors meet their duty.

The Strategic Report was approved by the Board of Directors and was signed by order of the Board on its behalf by:

DocuSigned by:

CD578C5FC5B2475
M Barnes
Company Secretary
29 July 2021

National Grid (US) Holdings Limited

Directors' Report

For the year ended 31 March 2021

The Directors present their report and the financial statements of the Company for the year ended 31 March 2021.

Future developments

Details of future developments have been included within the Strategic Report on page 3.

Principal risk and uncertainties

Details of principal risks and uncertainties have been included within the Strategic Report on page 1.

Financial risk management

Details of financial risk management have been included within the Strategic Report on page 2.

Dividends

The Company has paid interim ordinary dividends of £3,469,677,000 during the year (2020: £nil) and the Directors do not recommend the payment of a final dividend (2020: £nil).

Directors

The Directors of the Company during the year and up to the date of signing of the financial statements were:

| | |
|-------------|---|
| L Barbrook | (Appointed 1 September 2020; Resigned 17 February 2021) |
| K M Dickie | |
| S W Grant | |
| A M Lewis | (Resigned 17 February 2021) |
| A K Mead | (Resigned 17 February 2021) |
| D A Preston | |
| C J Waters | (Resigned 17 February 2021) |

Directors' indemnity

National Grid has arranged, in accordance with the Companies Act 2006 and the Articles of Association, qualifying third-party indemnities against financial exposure that Directors may incur during their professional duties. Equivalent qualifying third-party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board in prior financial years for matters arising when they were Directors of the Company. Alongside these indemnities, National Grid places Directors' and Officers' liability insurance cover for each Director.

Audit exemption

For the year ending 31 March 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Going concern

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

National Grid (US) Holdings Limited

Directors' Report (continued)

For the year ended 31 March 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Report was approved by the Board of Directors and was signed by order of the Board on its behalf by:

DocuSigned by:

CD578C5FC5B2475
M Barnes
Company Secretary
29 July 2021

Registered office:
1-3 Strand
London
WC2N 5EH

Registered in England and Wales
Company registration number: 2630496

National Grid (US) Holdings Limited**Profit and loss account****For the year ended 31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|--|-------|--------------------|--------------------|
| Operating charges | | (3,560,340) | (1,375,427) |
| Operating loss | 2 | (3,560,340) | (1,375,427) |
| Income from shares in a subsidiary undertaking | | 6,259,275 | 1,572,964 |
| Interest receivable and similar income | 4 | 16,791 | 15,750 |
| Interest payable and similar charges | 5 | (40,124) | (124,435) |
| Profit before tax | | 2,675,602 | 88,852 |
| Tax | 6 | 4,433 | 20,669 |
| Profit for the year | | 2,680,035 | 109,521 |

The results for both years reported above relate to continuing activities.

There have been no other comprehensive gains/losses during either the current or prior year other than as disclosed in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

National Grid (US) Holdings Limited**Balance sheet****As at 31 March 2021**

| | Notes | 2021 £'000 | 2020 £'000 |
|---|-------|-------------------|--------------------|
| Fixed asset investments | 8 | <u>10,094,736</u> | <u>13,816,387</u> |
| Current assets | | | |
| Debtors (amounts falling due within one year) | 9 | - | 2,147,287 |
| Creditors (amounts falling due within one year) | 10 | - | (5,079,296) |
| Net current assets/(liabilities) | | <u>-</u> | <u>(2,932,009)</u> |
| Total assets less current liabilities | | <u>10,094,736</u> | <u>10,884,378</u> |
| Net assets | | <u>10,094,736</u> | <u>10,884,378</u> |
| Equity | | | |
| Share capital | 11 | - | 2,435 |
| Share premium account | | - | 10,265,225 |
| Profit and loss account | | 10,094,736 | 616,718 |
| Total shareholders' equity | | <u>10,094,736</u> | <u>10,884,378</u> |

For the year ending 31 March 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Directors acknowledge their responsibility for:

- Ensuring the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- Ensuring that the Company has complied with the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements set out on pages 7 to 24 were approved by the Board of Directors on 29 July 2021 and were signed on its behalf by:

DocuSigned by:

 543744FB68524D9
K M Dickie
 Director

National Grid (US) Holdings Limited
 Company registration number: 2630496

National Grid (US) Holdings Limited**Statement of changes in equity****For the year ended 31 March 2021**

| | Share capital £'000 | Share premium account £'000 | Profit and loss account £'000 | Total shareholders' equity £'000 |
|----------------------------------|---------------------------|--------------------------------------|--|---|
| At 1 April 2019 | 2,149 | 8,265,511 | 507,197 | 8,774,857 |
| Profit for the year | - | - | 109,521 | 109,521 |
| Issue of share capital (note 11) | 286 | 1,999,714 | - | 2,000,000 |
| At 31 March 2020 | 2,435 | 10,265,225 | 616,718 | 10,884,378 |
| Profit for the year | - | - | 2,680,035 | 2,680,035 |
| Capital reduction (note 11) | (2,435) | (10,265,225) | 10,267,660 | - |
| Equity dividends (note 7) | - | - | (3,469,677) | (3,469,677) |
| At 31 March 2021 | - | - | 10,094,736 | 10,094,736 |

National Grid (US) Holdings Limited

Notes to the financial statements

For the year ended 31 March 2021

1 Summary of significant accounting policies

National Grid (US) Holdings Limited is a private company, limited by shares. The nature of the Company's principal activities is set out in the Strategic Report on page 1. The Company is incorporated and registered in England with its registered office at 1-3 Strand, London, WC2N 5EH.

(a) Basis of preparation

The financial statements of National Grid (US) Holdings Limited for the year ended 31 March 2021 were approved by the Board of Directors on 29 July 2021. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and sets out below where advantage of the FRS 101 disclosure exemptions has been taken.

These financial statements have been prepared on an historical cost basis except for the revaluation of derivative financial instruments and any adjustments arising from hedge accounting and are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates. The 2020 comparative financial information has also been prepared on this basis.

These financial statements have been prepared on a going concern basis, which presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements are signed. The Directors have considered the impact of COVID-19 on the Group, as described in note 1 to the consolidated financial statements in National Grid's Annual Report and Accounts 2020/21, and on the Company and have concluded that there are no material uncertainties related to these events or conditions that may cast doubt upon the Company's ability to continue as a going concern. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

These financial statements are presented in the format as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

In accordance with Section 400 of the Companies Act 2006, the Company is exempt from preparing consolidated financial statements, as it is included within the consolidated financial statements of National Grid plc, which are publicly available.

As a qualifying entity, the Company has taken the following exemptions in the preparation of these financial statements in accordance with FRS 101:

- a cash flow statement and related notes;
- disclosures in respect of transactions with National Grid plc and its wholly owned subsidiaries;
- disclosures in respect of capital management;
- disclosures in respect of impairment of assets;
- disclosures in respect of fixed asset investments; and
- the effects of new but not yet effective IFRS standards.

National Grid (US) Holdings Limited
Notes to the financial statements (continued)

For the year ended 31 March 2021

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

As the consolidated financial statements of National Grid plc which are available from the registered office, include the equivalent disclosures, the Company has taken the exemptions under FRS 101 in respect of certain disclosures required by IFRS 13 'Fair value measurement' and the disclosures required by IFRS 7 'Financial instruments: Disclosures'.

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2021 that have a material impact on the Company's financial statements.

There are no areas of judgement or key sources of estimation uncertainty that are considered to have a significant effect on the amounts recognised in these financial statements.

These financial statements have been prepared in accordance with the Company's accounting policies approved by the Board of Directors and described below:

(b) Fixed asset investments

Investments in subsidiary undertakings held as fixed assets are stated at cost less any provisions for impairment. Cost included any adjustments which arose from hedge accounting as described in accounting policy 1 (f).

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value-in-use.

(c) Tax

The tax credit for the period is recognised in the profit and loss account, the statement of comprehensive income or directly in equity according to the accounting treatment of the related transaction. The tax credit comprises current tax.

Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted by the reporting date.

(d) Foreign currency transactions and balances

Transactions in currencies other than the functional currency of the Company are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at closing exchange rates. Gains and losses arising on retranslation on monetary assets and liabilities are included in the profit and loss account.

(e) Financial instruments

Under IFRS 9 the Company has reported the following financial assets and liabilities, and the classification for each is dependent upon its contractual cash flows and for financial assets the business model it is held under. All financial instruments are initially recognised on trade date.

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

1 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets that have contractual cash flows that are solely payments of principal and interest, and which are held within a business model whose objective is to collect contractual cash flows, are held at amortised cost. These instruments include loans to subsidiary undertakings, and loans to subsidiaries within the National Grid group. For impairment assessment purposes loans to subsidiary and fellow subsidiary undertakings are individually assessed based on a review of solvency and liquidity arrangements and as such the expected credit loss for the year is £nil.

Borrowings, which include interest-bearing loans and overdrafts, are initially recorded at fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the profit and loss account using the effective interest method.

Derivative financial instruments are initially recognised at fair value and subsequently remeasured to fair value at each reporting date. Changes in fair values are recorded in the period they arise, in either the profit and loss account or other comprehensive income as required by IFRS 9. Where the fair value of a derivative is positive, it is carried as a derivative asset and where negative, as a derivative liability.

The fair value of derivative financial instruments is calculated by taking the present value of future cash flows, primarily incorporating market observable inputs. The various inputs include foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate and inflation curves, the forward rate curves of underlying commodities, and for those positions that are not fully cash collateralised the credit quality of the counterparties.

(f) Hedge accounting

The Company entered into derivatives and foreign currency denominated intercompany loans in order to manage its foreign currency exposures, with a view to managing the risk associated with the Company's underlying business activities and the financing of those activities. The principal derivatives used were forward foreign currency contracts.

Hedge accounting allowed derivatives and foreign currency denominated intercompany loans to be designated as a hedge of other financial instruments, to mitigate the impact of potential volatility in the profit and loss account. The Company used hedge accounting to hedge investments in overseas subsidiary undertakings.

Changes in the carrying value of financial instruments that were designated as hedges of the changes in the fair value of assets or liabilities ('fair value hedges') were recognised in the profit and loss account. An offsetting amount was recorded as an adjustment to the carrying value of hedged items, with a corresponding entry in the profit and loss account, to the extent that the change was attributable to the risk being hedged and that the fair value hedge was effective.

Fair value hedging was designated as hedging the exposure to movements in the spot rate of exchange rates only. Changes in the fair value of derivatives that did not qualify for hedge accounting were recognised in the profit and loss account as they arose.

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

1 Summary of significant accounting policies (continued)

(f) Hedge accounting (continued)

Discontinuation of hedge accounting

Hedge accounting was discontinued when a hedging relationship no longer qualified for hedge accounting. For fair value hedges the cumulative adjustment recorded to its carrying value at the date hedge accounting was discontinued was recognised in the profit and loss account as the hedged item impacted profit or loss.

(g) Equity instruments

An equity instrument is any contract that includes a residual interest in the assets of the Company after deducting all liabilities and is recorded at the proceeds received, net of direct issue costs, with an amount equal to the nominal amount of the shares issued included in the share capital account and the balance recorded in the share premium account.

(h) Dividends

Dividend income is recognised when the right to receive payment is established. Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2 Operating loss

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Operating loss is stated after charging: | | |
| Impairment of fixed asset investment (note 8) | 3,560,340 | 1,375,328 |
| Services provided by the Company's auditor | | |
| Audit fees of Company | - | 16 |
| Audit fees of subsidiary undertakings | - | 58 |

The Company no longer incurs audit fees nor do any of its UK subsidiaries.

Disclosure of non-audit fees is not required as these have been disclosed in the consolidated financial statements of National Grid plc.

3 Directors and employees

The emoluments of the Directors are not paid to them in their capacity as Directors of the Company and are payable for services wholly attributable to other National Grid subsidiary undertakings. Accordingly, no details in respect of their emoluments have been included in these financial statements. During the year, there were 6 Directors (2020: 8) who exercised share options in or received ordinary shares as part of long term incentive plans of the ultimate parent company, National Grid plc.

There were no employees of the Company during the year (2020: none).

4 Interest receivable and similar income

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Interest receivable from a fellow subsidiary undertaking | 1,721 | 4,563 |
| Interest receivable from immediate parent company | 15,070 | 11,187 |
| | 16,791 | 15,750 |

Notes to the financial statements (continued)

For the year ended 31 March 2021

5 Interest payable and similar charges (continued)

| | 2021 £'000 | 2020 £'000 |
|---|---------------|----------------|
| Interest payable to immediate parent company | 38,930 | 120,868 |
| Interest payable to a subsidiary undertaking | 576 | - |
| Net losses on derivatives and foreign currency denominated intercompany loans designated as fair value hedges (see below) | 618 | 3,567 |
| | <u>40,124</u> | <u>124,435</u> |

Net losses on intercompany derivatives and foreign currency denominated intercompany loans designated as fair value hedges:

| | 2021 £'000 | 2020 £'000 |
|---|------------------|----------------|
| (Gains)/losses on intercompany derivatives | (20,825) | 13,761 |
| Exchange (gains)/losses on revaluation of foreign currency denominated intercompany loans | (139,868) | 131,142 |
| | <u>(160,693)</u> | <u>144,903</u> |
| Fair value hedge accounting adjustments recorded against fixed asset investments (note 8) | 161,311 | (141,336) |
| | <u>618</u> | <u>3,567</u> |

6 Tax

| | 2021 £'000 | 2020 £'000 |
|---------------------|----------------|-----------------|
| Current tax: | | |
| UK corporation tax | <u>(4,433)</u> | <u>(20,669)</u> |

The tax for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 £'000 | 2020 £'000 |
|---|------------------|-----------------|
| Profit before tax | <u>2,675,602</u> | <u>88,852</u> |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 508,364 | 16,882 |
| Effect of: | | |
| Non-taxable income from shares in a subsidiary undertaking | (1,189,262) | (298,863) |
| Expenses not deductible for tax purposes | 707,114 | 288,166 |
| Non-taxable income | (30,649) | (26,854) |
| Total tax credit in the profit and loss account | <u>(4,433)</u> | <u>(20,669)</u> |

National Grid (US) Holdings Limited**Notes to the financial statements (continued)****For the year ended 31 March 2021****6 Tax (continued)****Factors that may affect future tax charges**

In the Spring Budget 2021, the UK government announced an increase in the main corporation tax rate from 19% to 25% with effect from 1 April 2023.

The Directors will continue to monitor the developments driven by Brexit, the OECD's Base Erosion and Profit Shifting (BEPS) project and European Commission initiatives including fiscal aid investigations. At this time, the Directors do not expect this to have any material impact on future tax charges. Governments across the world including the UK have introduced various stimulus/reliefs for businesses to cope with the impact of COVID 19 pandemic, from which the Directors do not currently expect there to be a material impact on the Company's future tax charges.

7 Equity dividends

| | 2021 £'000 | 2020 £'000 |
|---|------------------|---------------|
| Equity – ordinary dividends | | |
| First interim paid: £428.64 (2020: £nil) per share | 1,043,745 | - |
| Second interim paid: £106.47 (2020: £nil) per share | 259,250 | - |
| Third interim paid: £21,666,820.48 (2020: £nil) per share | 2,166,682 | - |
| | <u>3,469,677</u> | <u>-</u> |

At the date the third interim dividend was paid the number of shares in issue had decreased following a capital reduction (see note 11 for further details).

8 Fixed asset investments

| | Shares in subsidiary undertakings £'000 |
|---|--|
| Cost | |
| At 1 April 2020 | 15,191,715 |
| Fair value hedge accounting adjustments | (161,311) |
| At 31 March 2021 | <u>15,030,404</u> |
| Provision | |
| At 1 April 2020 | 1,375,328 |
| Charge for year | 3,560,340 |
| At 31 March 2021 | <u>4,935,668</u> |
| Net book value | |
| At 31 March 2021 | <u>10,094,736</u> |
| At 31 March 2020 | <u>13,816,387</u> |

Notes to the financial statements (continued)**For the year ended 31 March 2021****8 Fixed asset investments (continued)**

During the year, the Directors have approved and implemented a number of steps as part of a wider group restructuring project where a number of companies were identified as no longer required by the National Grid group. One of these companies was the Company's subsidiary undertaking, NatgridTW1 Limited and these steps included the receipt of dividends totalling £3,818,747,000. Following the receipt of these dividends the Directors reviewed the carrying value of the investment and considered it appropriate to charge £3,560,340,000 to the profit and loss account as an impairment charge.

Following the rationalisation of its US dollar subsidiaries the Company ceased hedging its foreign exchange risk associated with these US dollar investments using intercompany loans and derivatives. The hedging activities up to this date when hedging ceased resulted in a decrease of £161,311,000 (2020: £141,336,000 increase) in the carrying value of investments.

In the prior year the Company completed the following transactions:

- On 16 August 2019, the Company made a further investment in the share capital of National Grid (US) Investments 4 Limited for a cash consideration of £2,000,000,000 following a rights issue in that company; and
- The Directors approved and implemented a number of steps as part of a wider group restructuring project. One of these companies was the Company's subsidiary undertaking, National Grid Twenty Five Limited and included the receipt of dividends totalling £1,572,964,000. Following the receipt of these dividends the Directors reviewed the carrying value of the investment and considered it appropriate to charge £1,375,328,000 to the profit and loss account as an impairment charge.

The Company's subsidiary undertakings as at 31 March 2021 were as follows:

| Name of subsidiary | Principal activity |
|--|----------------------------|
| National Grid (US) Investments 4 Limited | Investment holding company |
| National Grid Twenty-Five Limited | In liquidation |
| NatgridTW1 Limited | Dormant |

For the above subsidiaries the Company holds 100% of the ordinary share capital and each of the companies are registered in England and Wales with a registered office at 1-3 Strand, London, WC2N 5EH.

The Directors believe that the carrying value of the investments is supported by the value of the underlying net assets.

National Grid (US) Holdings Limited**Notes to the financial statements (continued)****For the year ended 31 March 2021****8 Fixed asset investments (continued)**

The Company also controls indirectly through its subsidiary undertakings a number of companies split between subsidiaries and joint ventures and associates as listed below. These undertakings are wholly owned unless otherwise indicated.

Subsidiary undertakings incorporated in the US

Registered office: National Registered Agents, Inc., 1209 Orange Street, Wilmington, DE 19801, USA (unless stated otherwise in footnotes).

| | |
|---|--|
| Agave Solar, LLC | Canby Solar, LLC |
| Altona Solar, LLC | Carriere Solar, LLC |
| Apple River Solar, LLC | Cass Wind Farm, LLC |
| Apple Solar, LLC | Cattle Ridge Wind Farm 2, LLC |
| Argenta Solar, LLC | Cedar Grove Solar, LLC |
| Armenia Solar, LLC | Centennial Solar, LLC |
| Artemisia Solar, LLC ¹ | Chewelah Solar, LLC |
| Ashland Solar, LLC | Clear Creek Solar, LLC |
| Athens Solar, LLC | Clermont Solar, LLC |
| Audubon Wind Farm, LLC | Clinton County Solar, LLC |
| Autauga Solar, LLC | Coles Solar, LLC |
| Baileyville Solar, LLC (previously Ellison Solar, LLC)* | Commonwealth Solar, LLC |
| Banner Solar, LLC | Compass Prairie Wind, LLC |
| Bazile Creek Wind Farm, LLC | Coneflower Solar, LLC ¹ |
| Bee Hollow Solar, LLC | Conestoga Wind, LLC |
| Bell Plaine Solar, LLC | Copperhead Solar, LLC |
| Benevolent Solar, LLC | Creekview Solar, LLC |
| Birdsong Creek Solar, LLC | Crocker Wind Farm 2, LLC |
| Black Bear Solar, LLC | Dahlia Solar, LLC ¹ |
| Blackhawk Solar, LLC | Dakota Hills Wind Farm, LLC |
| Blaze Solar, LLC ² | Day Lily Solar, LLC ¹ |
| Blevins Solar, LLC | Deatsville Solar, LLC |
| Blue Ridge Wind, LLC | Deer Trail Solar, LLC |
| Blue Spring Solar, LLC | Dodson Creek Solar, LLC ⁷ |
| Blues Solar, LLC | Donnellson Solar, LLC |
| Bluewater Solar, LLC | East Galesburg Solar, LLC |
| Boone Solar, LLC | East Macomb Solar, LLC |
| Boston Gas Company ³ | Eastern Hemlock Solar, LLC |
| Braeburn Solar, LLC | Eatonville Solar, LLC |
| Bridges Solar, LLC | Elba Solar, LLC |
| Brilliance Solar, LLC | Elburn Solar, LLC |
| Brock Solar, LLC | Eldena Solar, LLC |
| Broken Bridge Corp. ⁵ | Elk Creek Solar, LLC |
| Brook Trout Solar, LLC | Elk Creek Solar 2, LLC |
| BT Noble Solar, LLC ⁶ | EUA Energy Investment Corporation ³ |
| Bullsnake Solar, LLC | Exie Solar, LLC |
| Burley Solar, LLC | Falls City Solar, LLC |
| Burlington Solar, LLC | Fayette Solar, LLC ⁸ |
| Burr Ridge Wind, LLC | Firstview Wind Farm, LLC |
| Cage Ranch Solar, LLC | Fish Creek Solar, LLC |
| Cage Ranch Solar II, LLC | Forrest Solar, LLC |
| Cage Ranch Solar III, LLC | Fort Solar, LLC |
| Caldwell Solar, LLC | Fowlkes Solar, LLC |
| Caldwell Solar II, LLC | Front Range Wind Farm, LLC |
| Cameo Solar, LLC | Fulton Solar, LLC |
| Canary Solar, LLC | Gala Solar, LLC |
| | Galesburg Solar, LLC |

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

8 Fixed asset investments (continued)

Subsidiary undertakings incorporated in the US (continued)

| | |
|--|--|
| Gardenia Solar, LLC ¹ | KeySpan MHK, Inc. ⁴ |
| Genesee Solar Energy, LLC | KeySpan Midstream Inc. ⁴ |
| Gillis Solar, LLC | KeySpan Plumbing Solutions, Inc. ⁹ |
| Glenwood Solar, LLC | Kindle Solar, LLC |
| Golden Solar, LLC | Kingsnake Solar, LLC |
| Goldendale Solar, LLC | Knox Solar, LLC |
| Goldenrod Wind Farm, LLC | KSI Contracting, LLC ⁴ |
| Goldfinch Solar, LLC | KSI Electrical, LLC ⁴ |
| Grand Junction Solar, LLC | KSI Mechanical, LLC ⁴ |
| Granite State Power Link LLC ⁴ | Lake Charlotte Solar, LLC |
| Grant Solar, LLC | Lake Iris Solar, LLC |
| Grant Solar 2, LLC | Lakeside Solar, LLC |
| Grayson Solar, LLC | Lamdin Solar, LLC |
| Greenbrier Creek Solar, LLC | Land Management & Development, Inc. ⁹ |
| Greensky Solar, LLC | Landwest, Inc. ⁹ |
| Greenwood Solar, LLC | Lansing Solar, LLC |
| Grid NY LLC ⁹ | Lawrence Solar, LLC |
| Grindstone Wind Farm, LLC ¹⁰ | Leola Wind Farm, LLC |
| Hale County Solar, LLC | Liberty Solar, LLC |
| Hale Solar, LLC | Lilac Solar, LLC ¹ |
| Hampton Solar, LLC | Limestone Solar, LLC |
| Hansford Energy Storage, LLC | Lind Solar, LLC |
| Harmony Solar ND, LLC | Livingston County Solar, LLC |
| Harmony Solar ND 2, LLC | Long Mount Solar, LLC |
| Harrington Solar, LLC | Lordsburg Solar, LLC |
| Hartley Solar, LLC | Louisa Solar, LLC |
| Hearth Solar, LLC | Lowlands Solar, LLC |
| Heyworth Solar, LLC | Lydia Solar, LLC |
| Hill River Solar, LLC | Macedonia Solar, LLC |
| Honeybee Solar, LLC | Madden Creek Solar, LLC |
| Hoosier Solar, LLC | Marion County Solar, LLC |
| Hoskins Solar, LLC | Massachusetts Electric Company ³ |
| Illumination Solar, LLC | Maverick Wind Farm, LLC |
| Innovation Solar, LLC | Mazon Solar, LLC |
| Irwin Solar, LLC | Mazon Solar 2, LLC |
| Itasca Energy Development, LLC ¹ | McFadden Solar, LLC |
| Itasca Energy Services, LLC | Meadowlands Solar, LLC |
| Jackalope Solar, LLC | Merton Solar, LLC |
| Jack Rabbit Wind, LLC | Metrowest Realty LLC ⁴ |
| Jackson County Solar, LLC | Miller Creek Solar, LLC |
| Jantz Solar, LLC | Millers Ferry Solar, LLC |
| Jonagold Solar, LLC | Moonrise Solar, LLC |
| Junction Solar, LLC | Morgan County Solar, LLC |
| Kankakee Solar, LLC | Morning Glory Solar, LLC ¹ |
| KeySpan CI Midstream Limited ⁴ | Mountain Laurel Solar, LLC |
| KeySpan Energy Corporation ⁹ | Muddy Creek Solar, LLC |
| KeySpan Energy Services Inc. ⁴ | Mustang Ridge Wind Farm, LLC |
| KeySpan Gas East Corporation ⁹ | Mystic Steamship Corporation ⁷ |
| KeySpan International Corporation ⁴ | Nantucket Electric Company ³ |

National Grid (US) Holdings Limited
Notes to the financial statements (continued)
For the year ended 31 March 2021

8 Fixed asset investments (continued)

Subsidiary undertakings incorporated in the US (continued)

| | |
|---|--|
| National Grid Algonquin LLC ⁴ | New England Hydro Finance Company, Inc. (53.704%) ³ |
| National Grid Connect Inc. ⁴ | New England Hydro-Transmission Corporation (53.704%) ⁵ |
| National Grid Development Holdings Corp. ⁴ | New England Hydro-Transmission Electric Company, Inc. (53.704%) ³ |
| National Grid Electric Services LLC ⁹ | New England Power Company ³ |
| National Grid Energy Management LLC ⁴ | Newport America Corporation ¹³ |
| National Grid Energy Services LLC ⁴ | Newton Solar, LLC |
| National Grid Energy Trading Services LLC ⁹ | NG Renewables Energy Marketing, LLC ⁴ |
| National Grid Engineering & Survey Inc. ⁹ | NG Renewables Energy Services, LLC |
| National Grid Generation LLC ⁹ | NGNE LLC ⁴ |
| National Grid Generation Ventures LLC ¹¹ | NGV Emerald Energy Venture Holdings, LLC ⁴ |
| National Grid Glenwood Energy Center, LLC ⁴ | NGV OSW Holdings, LLC ⁴ |
| National Grid IGTS Corp. ⁹ | NGV US Distributed Energy Inc. ⁴ |
| National Grid Insurance USA Ltd ¹² | NGV US, LLC (previously NGV Emerald Holdings, LLC) ⁴ |
| National Grid Islander East Pipeline LLC ⁴ | NGV US Transmission Inc. ⁴ |
| National Grid LNG GP LLC ⁴ | Niagara Mohawk Energy, Inc. ⁴ |
| National Grid LNG LLC ⁴ | Niagara Mohawk Holdings, Inc. ⁹ |
| National Grid LNG LP LLC ⁴ | Niagara Mohawk Power Corporation ⁹ |
| National Grid Millennium LLC ⁴ | Niobrara Wind, LLC |
| National Grid NE Holdings 2 LLC ³ | NM Properties, Inc. ⁹ |
| National Grid North America Inc. ⁴ | Noble Storage, LLC |
| National Grid North East Ventures Inc. ⁴ | Nordic VOS, LLC |
| National Grid Partners Inc. ⁹ | North Adair Solar, LLC |
| National Grid Partners LLC ⁴ | Northeast Renewable Link LLC ⁴ |
| National Grid Port Jefferson Energy Center LLC ⁴ | North East Transmission Co., Inc. ⁴ |
| National Grid Renewables, LLC (previously NGV Emerald Acquisition Co., LLC) ⁴ | North Fork Wind, LLC |
| National Grid Renewables Development, LLC (previously Geronimo Energy, LLC) | North Rock Solar, LLC |
| National Grid Renewables E Wind, LLC (previously Geronimo E Wind LLC) ¹ | Onton Solar, LLC |
| National Grid Renewables Operations, LLC ⁴ | Opinac North America, Inc. ⁴ |
| National Grid Renewables Projects, LLC (previously Geronimo Solar Energy, LLC) ¹ | Oreana Solar, LLC |
| National Grid Renewables Stutsman, LLC (previously Geronimo Stutsman Wind Farm, LLC) | Parklawn Solar, LLC |
| National Grid Services Inc. ⁴ | Patriotic Solar, LLC |
| National Grid Transmission Services Corporation ³ | Pearl River County Solar, LLC |
| National Grid US 6 LLC ^{4,†} | Pennington Solar, LLC |
| National Grid US LLC ⁴ | Peony Solar, LLC |
| National Grid USA ⁴ | Philadelphia Coke Co., Inc. ⁴ |
| National Grid USA Service Company, Inc. ³ | Pierce County Solar, LLC |
| NEES Energy, Inc. ³ | Pike County Solar, LLC |
| New England Electric Transmission Corporation ⁵ | Pinon Pine Solar, LLC |
| New England Energy Incorporated ³ | Piper Solar, LLC |
| | Pipestone Solar, LLC |
| | Placedo Solar, LLC |
| | Pleasant Plains Solar, LLC |
| | Plum Creek Wind Farm, LLC |
| | Plum Creek Wind Farm 2, LLC |
| | Portage Solar, LLC |

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

8 Fixed asset investments (continued)

Subsidiary undertakings incorporated in the US (continued)

| | |
|--|--|
| Port of the Islands North, LLC ⁹ | Sunbeam Solar, LLC |
| Prairie Oasis Solar, LLC | Sunray Solar, LLC |
| Prairie Rose Wind 2, LLC ¹ | Sunrise Solar, LLC |
| Prosperity Wind Farm, LLC | Sycamore Creek Solar, LLC |
| Prosperity Wind Farm 2, LLC | Thacker Solar, LLC |
| Radiance Solar, LLC ¹ | The Brooklyn Union Gas Company ⁹ |
| Red Rock Solar SD, LLC | The Narragansett Electric Company ¹³ |
| Red Wolf Solar, LLC | Tilton Solar, LLC |
| Regal Solar, LLC | Torchlight Solar, LLC ¹ |
| Regal Solar 2, LLC | Transgas Inc. ³ |
| River North Solar, LLC | Tri-City Solar, LLC |
| Robertson Solar, LLC | Turquoise Solar, LLC |
| Rochester Solar, LLC ¹ | Uintah Solar, LLC |
| Rock Ridge Wind Farm, LLC | Unbridled Solar, LLC (previously Henderson Solar, LLC) |
| Rocky Meadow Solar, LLC | Union City Solar, LLC |
| Rolling Hills Solar, LLC | Upper Hudson Development Inc. ⁹ |
| Ross County Solar, LLC ⁷ | Valley Appliance and Merchandising Company ¹³ |
| Royal Solar, LLC | Valley Solar, LLC |
| Royal Solar 2, LLC | Vermont Green Line Devco, LLC (90%) ⁴ |
| Royerton Solar, LLC | Vibrant Solar, LLC |
| Saddle Solar, LLC | Virgo Community Solar Gardens, LLC ¹ |
| Saginaw Bay Solar, LLC | Virtue Solar, LLC |
| Sandstone Creek Solar, LLC | Vivid Solar, LLC |
| Sandstone Creek Solar 2, LLC | Wallowa Solar, LLC |
| Sapphire Sky Wind Farm, LLC | Wayfinder Group, Inc. ³ |
| Scorpion Solar, LLC | Wayside Solar, LLC |
| Serenity Solar, LLC ¹ | Western Hemlock Solar, LLC |
| Shelby Solar, LLC | Wheatfield Solar, LLC |
| Sherco Solar, LLC ¹ | White Elm Wind Farm, LLC |
| Sherco Solar 2, LLC ¹ | Wild Springs Solar, LLC ¹ |
| Silver City Solar, LLC | Wildcat Ridge Wind Farm, LLC |
| Simpson Solar, LLC (previously Geronimo White Pine Solar, LLC) | Wildhorse Creek Solar, LLC |
| South Belleville Solar, LLC | Willard Solar, LLC |
| South Macomb Solar, LLC | Williams County Solar, LLC |
| Spotlight Solar, LLC | Wiregrass Solar, LLC |
| Spring Brook Solar, LLC | Wolf River Solar, LLC |
| Springfield Solar Farm, LLC | Wonder Lake Solar, LLC |
| Spring River Solar, LLC | Woodlands Solar, LLC |
| Stockton Solar, LLC | Worthington Solar, LLC |
| Stony Brook Wind, LLC | Yellowbud Solar, LLC |
| Stony Point Solar, LLC | Yellowhammer Solar, LLC |
| Stove Creek Solar, LLC | Young County Solar, LLC |
| Sturgis Solar, LLC | Yucca Solar, LLC |
| Summit Lake Solar, LLC | |

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

8 Fixed asset investments (continued)

Subsidiary undertaking incorporated in Canada

Registered office: Stewart McKelvey LLP, c/o Charles Reagh, Queen's Marque, 600-1741 Lower Water Street, Halifax, Nova Scotia, B3J 0J2, Canada

KeySpan Energy Development Co.

Subsidiary undertakings incorporated in England and Wales

Registered office: 1-3 Strand, London WC2N 5EH

Natgrid One Limited

National Grid (US) Partner 1 Limited

National Grid Partners Limited

National Grid Ten

National Grid Twelve Limited

National Grid Twenty Three Limited

NGT Two Limited

¹ Registered office: National Grid Renewables Development, LLC, 8400 Normandale Lake Blvd Suite 1200, Bloomington, MN 55437, USA.

² Registered office: National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover DE 19904, USA.

³ Registered office: Corporation Service Company, 84 State Street, Boston MA 02109, USA.

⁴ Registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, USA.

⁵ Registered office: Corporation Service Company, 10 Ferry Street, Suite 313, Concord NH 03301, USA.

⁶ Registered office: National Registered Agents, Inc., 1999 Bryan St, Bryan Street, Dallas, Dallas County TX 75201, USA.

⁷ Registered office: The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, USA.

⁸ Registered office: 60 Mine Lake Ct, Mine Lake Court, Suite 200, Raleigh, Wake County, NC 27615, USA.

⁹ Registered office: Corporation Service Company, 80 State Street, Albany NY 12207, USA.

¹⁰ Registered office: National Registered Agents, Inc., 30600 Telegraph Road, Suite 2345, Bingham Farms, MI 48025-5720, USA.

¹¹ Registered office: Corporation Service Company, 84 State Street, Albany NY 12207, USA.

¹² Registered office: One MetroTech Center, Brooklyn NY 11201, USA.

¹³ Registered office: Corporation Service Company, 222 Jefferson Boulevard, Suite 200, Warwick RI 02888, USA.

* Name change post 31 March 2021.

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

8 Fixed asset investments (continued)

Joint ventures incorporated in the US

Registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, USA
(unless stated otherwise in the footnotes)

Name of joint venture

Bight Wind Holdings, LLC (30%)¹
Clean Energy Generation, LLC (50%)
Emerald Energy Venture LLC (51%)
Island Park Energy Center, LLC (50%)
Islander East Pipeline Company, LLC (50%)¹
LI Energy Storage System, LLC (50%)
LI Solar Generation, LLC (50%)

Associates incorporated in the US

Registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, USA
(unless stated otherwise in the footnotes)

Name of associate

Clean Line Energy Partners LLC (32%)¹
Connecticut Yankee Atomic Power Company (19.5%)²
Direct Global Power, Inc (26%)¹
Energy Impact Fund LP (33%)³
KHB Venture LLC (33%)⁴
Maine Yankee Atomic Power Company (24%)⁵
Millennium Pipeline Company LLC (26.25%)¹
New York Transco LLC (28.3%)⁶
Nysearch RMLD, LLC (22.63%)
The Hive IV, LLC (28.2%)¹
Yankee Atomic Electric Company (34.5%)⁷

1. Registered office: The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA.
2. Registered office: Carla Pizzella, 362 Injun Hollow Road, East Hampton CT 06424-3099, USA.
3. Registered office: Harvard Business Services, Inc., 16192 Coastal Highway, Lewes DE 19958, Sussex County, USA.
4. Registered office: De Maximus Inc., 135 Beaver Street, 4th Floor, Waltham MA 02452, USA.
5. Registered office: Joseph D Fay, 321 Old Ferry Road, Wiscasset ME 04578, USA.
6. Registered office: Corporation Service Company, 80 State Street, Albany NY 12207, USA.
7. Registered office: Karen Sucharzewski, 49 Yankee Road, Rowe MA 01367, USA.

National Grid (US) Holdings Limited

Notes to the financial statements (continued)

For the year ended 31 March 2021

9 Debtors (amounts falling due within one year)

| | 2021 £'000 | 2020 £'000 |
|---|---------------|------------------|
| Derivative financial instruments (i) | - | 4,791 |
| Amounts owed by immediate parent company | - | 1,646,385 |
| Amounts owed by a fellow subsidiary undertaking | - | 496,111 |
| | - | <u>2,147,287</u> |

(i) Derivative financial instruments comprised intercompany derivative balances owed by the immediate parent company with a fair value of £nil (2020: £4,791,000). The net notional principal of these contracts was £nil (2020: £222,985,000) with a net foreign exchange exposure of £nil (2020: £222,985,000). The cash flows from these derivatives were affected by changes in the USD/GBP exchange rate. The contracts had fixed settlement dates.

Amounts owed by group undertakings were unsecured, had no fixed date of repayment and were repayable on demand. Where intercompany loans were interest-bearing, interest was charged at rates determined by Treasury. For impairment assessment purposes, such loans to group undertakings were considered low risk as the subsidiaries were solvent and were covered by the National Grid group's liquidity arrangements and as such the expected credit loss for the prior year was £nil.

As part of an intercompany loan rationalisation during January 2021 amounts owed by a fellow subsidiary undertaking were cash settled and the consideration received was advanced to the immediate parent. In February 2021 the remaining amounts due from group undertakings were assigned, amounts due from and to the immediate parent were set off and the resulting amount due from the immediate parent was set off against dividends payable resulting in the balance being reduced to £nil.

10 Creditors (amounts falling due within one year)

| | 2021 £'000 | 2020 £'000 |
|--|---------------|------------------|
| Amounts owed to fellow subsidiary undertakings | - | 120 |
| Amounts owed to immediate parent company | - | 5,079,077 |
| Accruals | - | 99 |
| | - | <u>5,079,296</u> |

Amounts owed to group undertakings were unsecured, had no fixed date of repayment and were repayable on demand. Where intercompany loans were interest-bearing, interest was charged at rates determined by Treasury.

National Grid (US) Holdings Limited
Notes to the financial statements (continued)
For the year ended 31 March 2021

11 Share capital

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Allotted, called up and fully paid | | |
| 100 (2020: 2,435,000) ordinary shares of £0.01 (2020: £1) each | - | 2,435 |

In line with the provisions of the Companies Act 2006, the Company has amended its Articles of Association and ceased to have authorised share capital.

Following shareholders' approval, on 18 February 2021, the Directors agreed to consolidate the 2,435,000 ordinary shares of £1 each into 100 ordinary shares of £24,350 each. Following this consolidation, the share capital was reduced under s641(1) of the Companies Act 2006. The nominal value of the issued ordinary shares was reduced to £0.01 per share, the share premium was reduced to £nil and the resulting credit of £10,267,660,000 was transferred to the distributable reserves of the Company.

In the prior year, on 16 August 2019, the Company completed a rights issue and issued further ordinary shares of £1 for a total consideration of £2,000,000,000. The cash consideration was used to acquire a further investment in the Company's subsidiary undertaking, National Grid (US) Investments 4 Limited.

12 Related party transactions

The Company is exempt under FRS 101.8(k) from disclosing transactions with National Grid plc and its subsidiary undertakings where all of the voting rights are held within the group. There were no related party transactions with other companies.

13 Ultimate parent company

The ultimate and immediate parent and controlling company is National Grid plc. The largest and smallest group which includes the Company and for which consolidated financial statements are prepared is headed by National Grid plc. This company is registered in England and Wales at the registered office below.

Copies of these consolidated financial statements can be obtained from the Company Secretary, National Grid plc, 1-3 Strand, London WC2N 5EH.