

RIIO-T3

Assurance Statement



**National Grid Electricity
Transmission's Business Plan**

December 2024

Introduction

We are committed to being a responsible, transparent business with the highest standards of governance. As part of this, our Board recognises that we have a duty to confirm that our RIIO-T3 Business Plan is robust, accurate and assured to ensure the legitimacy of the plan and maintain transparency and openness with our stakeholders.

In this annex we detail how our assurance strategy provides confidence to the Board and Ofgem that we have created a high-quality plan. The Board have been fully involved with the assurance strategy and challenged the approach at each step to ensure we have a comprehensive assurance and governance programme.

This work has allowed the Board to confirm that they are satisfied that the business plan and the associated proposed costs and financial package have been appropriately challenged for Accuracy, Ambition, Efficiency and Customer Interests, and that the deliverability risks have been considered.

- **Accuracy** is defined as being supported by sound rationale, assumptions and evidence with no material issues. This has been confirmed through multiple levels of internal and external review of the submission documents.
- **Ambition** is defined as a plan that delivers our commitments (as set out in the Business Plan Main Document Appendix 1), which go above and beyond our commitments in RIIO-T2. This has been confirmed through external challenge and a comparison of what our business plan delivers to our RIIO-T2 Business Plan.
- **Efficiency** is defined as the delivery of our business plan to meet the scenario specified by Ofgem in the Business Plan Guidance with costs in line with internal historic comparators or external market information. This has been confirmed through cost benchmarking.
- **Customer interest** is defined as providing a high quality of service, ensuring secure and reliable supplies of energy with long-term value for money to consumers and building infrastructure for a low-cost transition to net zero. This has been confirmed through our investment decision pack assessments. The plan has been designed to meet consumers' and stakeholders' requirements, informed by a two-year long engagement programme and has been challenged by NGETs Independent Stakeholder Group (ISG).
- Assessing our plan for **deliverability risks** is defined as assessing our business plan for deliverability risks and defining mitigation actions where the risks identified are above a reasonable risk appetite. There continues to be external dependencies which could affect the implementation of the business plan. The approach has been subjected to an external assurance review.

The Board can provide the required assurance that, in its opinion, National Grid Electricity Transmission's (NGET's) RIIO-T3 Business Plan is financeable (as defined below) on both a notional and actual capital structure basis based on the regulatory assumptions that NGET propose in our RIIO-T3 Business Plan submission. Importantly, our proposed regulatory assumptions are within the ranges and options that Ofgem allow for within its Sector Specific Methodology Decision (SSMD) for the financial framework. We are satisfied that these regulatory assumptions and conclusions are duly supported by evidence and are clearly in customers' interests.

In contrast, the Board has identified financeability challenges using Ofgem's working assumptions in the Business Plan Financial Model (issued on 30 September 2024). As a result, the Board has been unable to satisfy itself that NGET's Business Plan is financeable using such working assumptions – on either a notional or an actual capital structure basis – as credit metric thresholds are not achieved in the RIIO-T3 period, and cross checks on the cost of equity show it is not sufficient. We provide details of these financeability challenges, together with the management efforts and mitigating actions that have or could reasonably be taken to address them, and the regulatory measures – comprising the updated regulatory assumptions proposed in NGET's Business Plan – that NGET considers are necessary to achieve financeability.

For the purpose of assessing financeability, we have defined financeability as:

- generating sufficient cashflow to maintain more than one investment grade credit rating and achieving Baa1/BBB+ thresholds for debt metrics during the RIIO-T3 period.
- the ability of the notional company to maintain a dividend of 3%.
- the cost of equity set at a level that reflects investor requirements under current market conditions to enable us to attract the significant new equity required.

An investment grade credit rating that achieves Baa1/BBB+ thresholds for debt metrics is essential to ensure strong access to capital and subsequently keep costs low for consumers. This gains additional importance at a time of heightened investment to ensure strong financial resilience, and also not to send a negative signal to equity investors.

This statement is made in the context of the prevailing market conditions, using internal modelling of credit metrics rather than testing with credit rating agencies. In making this statement, we are not setting out that the framework is sufficient to maintain financeability post the RIIO-T3 period.

In addition, our financeability assurance statement assumes that the broad financial and wider regulatory package that will be proposed at Draft Determination will be investable and enables attraction of the financing needed for the UK energy transition at this critical time. For example:

- a fair opportunity to outperform through the design of the incentive framework; and
- earnings growth that matches asset growth, supporting acceptable dividend yields for investors when compared with other potential investment opportunities.

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1. Existing National Grid procedures

National Grid believes it is crucial to have a clear sense of what we stand for as a company. Our vision is to be at the heart of a clean, fair and affordable energy future.

We are committed to making a positive contribution to society, whether that's helping the young people of today to become the energy problem-solvers of tomorrow, supporting customers to use energy more efficiently, or tackling climate change by targeting Net Zero for our own emissions by 2050. Our values are unambiguous: every day we do the right thing, we find a better way and we make it happen. Our values define the mindset and behaviours that are important for our business. They also guide us to achieve the right outcomes and our desired culture.

As a Board we know the importance of creating a stable, reliable, and sustainable business that benefits both our stakeholders and wider society. We have well-established governance structures that include comprehensive risk management, strong controls, and financial discipline to support our position as a responsible business.

1.1. Governance

We aim to achieve high standards of leadership and governance. At the National Grid plc level, we comply in full with the provisions of the UK Corporate Governance Code 2018 (the Code). The latest statement on compliance with the Code is contained in the National Grid plc 2023/24 annual report which is available on our [website](#). NGET is not required to comply with the Code; however, the Board is mindful of the principles of the Code and develops its governance and oversight of the Company considering the wider range of stakeholders in its business. The principal areas of the NGET Board governance, together with an explanation of areas where it considers that it has operated consistently with the main principles of the Code, are set out in the Corporate Governance statement of the NGET 2023/24 annual report available on our [website](#).

We have applied the same high standards of corporate governance to the RIIO-T3 Business plan submission.

1.2. Risk management

The NGET Board is committed to protecting and enhancing our reputation and assets, while safeguarding the interests of our stakeholders. It has overall responsibility for the Company's system of risk management and internal control.

Overall risk strategy, policy and process are set at the Group level by National Grid plc with implementation owned by NGET. National Grid has implemented a suite of standards called the Business Management System (BMS) which helps us to define activities which are most important to our business – those of highest value and risk. In line with the National Grid values ('Do the Right Thing', 'Find a Better Way' and 'Make it Happen') the benefit of the BMS is to manage risk within our business, drive simplification, build capability within the business and improve processes.

Within this suite, the Enterprise Risk Management (ERM) and Assurance Standard promotes awareness of risk and outlines the minimum requirements for risk management at National Grid. It provides clear guidance to the business on what is expected by setting minimum requirements on our areas of greatest value or highest risk. It is supported by a set of guidance documents to assist with its implementation in a consistent and effective manner across the Company.

We agree these top risks through implementation of our top-down/bottom-up risk management process including with the Electricity Transmission Executive Team. Each risk is assessed by considering the financial, operational, and reputational impacts, and how likely the risk is to materialise. The business identifies and implements actions to manage and monitor the risks. The risks and actions identified are collated in risk registers and reported at functional and regional levels quarterly. These risks and any associated management actions are cascaded through the organisation as appropriate.

The ERM framework sets out our strategy, policy and process to identify, assess, prioritise, respond to, monitor and report on the most important risks to our business in a standardised, effective and efficient way. We assess the effectiveness of our framework by reviewing implementation and operation across the organisation through Risk reviews during the year, monitoring and assurance

reporting on key controls by first-line and second-line teams across the Group and the results of the Certificate of Assurance (CoA) process.

We deploy an industry best practice 'Three Lines' model as set out below to deliver our risk management and internal control activities. This establishes clear roles and ways of working between different groups (first line management, second line risk and compliance, and the third line independent Corporate Audit) to ensure effective implementation and assurance of the ERM framework, and adherence with our ERM and Assurance Standard which sets the performance requirements the business should follow:

- **Governance (Board and Audit & Risk Committee, Management Oversight Committees)** - Establishes the vision, values and strategic objectives of the business, and provides governance and oversight of the risk management framework and reporting.
- **First line: Business** - Establishes the business practices, processes and activities to achieve business objectives whilst managing risk in line with policies and procedures.
- **Second line: Business advice and assurance** - Establishes policies, processes and procedures for National Grid's risk management framework, and provides oversight, assurance and reporting to governance bodies. As the first line matures and takes on more responsibility for risk management, the level of support of second line decreases.
- **Third line: Internal audit and external assurance** - Provides independent assurance to governance bodies over the Company's system of risk management through internal control reviews and advisory engagement on the internal control framework.

Our risk management processes cover all IT and Operational Technology (OT) assets, including systems and data, whether these assets belong to the Company or third parties. Risk is assessed at multiple levels within the Company, including first line business assessment, second line independent assessment, and third line Group-level assessment by our Chief Risk Officer and Ethics, Risk & Compliance Committee (ERCC) which works with the business to help them progress on their risk transformation journey and enhance their risk maturity scores in their respective business areas.

The Chief Ethics & Compliance Office is part of the General Counsel function and is responsible for ensuring that each NGET licence obligation is assigned a business owner and monitors compliance with those obligations.

To ensure compliance with the UK Bribery Act 2010 and other relevant legislation, we undertake a fraud and bribery risk assessment across the Company on an annual basis to identify higher-risk areas (such as system access controls, supplier fraud and potential conflicts of interest) and make sure adequate policies and procedures are in place to address them. Ethics and Business Conduct reports are discussed quarterly at the ERCC and twice a year at Audit & Risk Committee. Serious issues that meet our escalation criteria are reported in line with our escalation process through the Global Chief Engineer & Chief Risk Officer, Group General Counsel & Company Secretary, Audit & Risk Committee and the Board as appropriate. All cases are investigated promptly and where appropriate, acted upon, including ensuring any lessons learnt are communicated across the business. Regulatory Reporting is one of the compliance themes upon which the businesses reports.

The UK Corporate Governance Code requires the National Grid plc Board, at least annually, to review the effectiveness of National Grid's risk management and internal control systems. For the year ended 31 March 2024, the National Grid plc Board considers it has complied in full with the Provisions of the Code. This Corporate Governance Report, taken as a whole, explains how the Company has applied the Principles and complied with the Provisions of the Code and set out in detail in the National Grid plc 2023/24 annual report.

1.3. Internal control process

We have a number of processes to support our internal control environment. These processes are managed by dedicated specialist teams, including risk management, ethics and compliance management, corporate audit and internal controls, and safety, environment, and health. Oversight of these activities is provided through regular review and reporting to the Board and appropriate Board committees.

Monitoring internal control is conducted through established Boards and committees at different levels of the National Grid plc organisation; policies and practices then flow to NGET plc for implementation and action. Deficiencies are reported and corrected at the appropriate entity-level. The most significant risk and internal control issues are monitored at the Senior Executive and National Grid plc

Board level. The Audit & Risk Committee is responsible for keeping under review and reporting to the Board on effectiveness of reporting, internal control policies, Bribery Act legislation, appropriateness of financial disclosures and procedures for risk and compliance management, business conduct and internal audit.

1.4. Reviewing the effectiveness of our internal control and risk management

We continually monitor the effectiveness of our internal control and risk management processes to make sure they are effective, robust and remain fit for purpose. Controls are in place to reduce the likelihood of occurrence and impact of risks. Based on work conducted by the National Grid plc Audit and Risk Committee over the year to 31 March 2024, the Committee confirmed to the Board that the controls framework provides appropriate assurance of the effectiveness of internal control and risk management frameworks and that the sources of assurance received from management have sufficient authority, independence and expertise to provide objective advice and information.

This review includes financial, operational and compliance controls. The Committee also monitors and addresses any business conduct issues or compliance issues. The Certificate of Assurance process provides management's assurance to the Committee on behalf of the Board that all significant issues relating to the integrity and standard of risk management and internal controls systems across the Group have been effectively managed during the reporting period. The process operates via a cascade system from business unit and functional managers upwards to the Chief Executive and takes place annually in support of the Company's full-year results. This process captures any significant risk, compliance, ethics and control issues that may not have been reported through other governance, assurance and reporting processes, and excludes financial controls which are assessed through the separate Sarbanes-Oxley (SOX) assurance.

Following a thorough review, the Committee confirmed that the processes provided sufficient assurance and that the sources of assurance had sufficient authority, independence and expertise. The Committee Chair reported to the Board in May and confirmed that management's process for monitoring and reviewing internal control and risks management processes functioned effectively. The Committee noted that no material weaknesses had been identified by the review and confirmed it was satisfied that systems and processes functioned effectively.

Fostering a culture of integrity is an important element of our risk management and internal control systems. National Grid's values: 'do the right thing' and 'find a better way' provide a framework for reporting business conduct issues, educating employees and promoting a culture of integrity at all levels of the business. We have policies and procedures in place to communicate behaviour expected from employees and third parties, and to prevent and investigate fraud and bribery and other business conduct issues. We monitor and address business conduct issues through several means, including a biannual review by the Audit & Risk Committee.

A feature of our internal control systems is our three lines model. This model is a way of explaining the relationship between functions and how responsibilities for risk and controls are allocated and monitored. Each business function owns and is responsible for managing its own particular risk and controls (the first line of defence). Central management teams (the second line of defence) act as an advisory function on implementing the principal risk assessments and actions taken to mitigate and manage those risks. Our internal audit function then audits selected controls to provide independent assessments of the effectiveness of our risk management and internal control systems (the third line of defence).

Overall compliance strategy, policy and frameworks are set at the National Grid plc Group-level with implementation owned by NGET. The business is responsible for identifying compliance issues, continuous monitoring, and developing actions to improve compliance performance. We monitor and address compliance issues, through several means including leadership meetings and biannual reviews by the Audit & Risk Committee.

1.5. Regular business planning process

National Grid has an established business planning cadence; we prepare a three-year rolling forecast which is refreshed quarterly. We also undertake an annual process to update our strategic business plan, which forecasts our business performance over a 10-year period. We have used these well-established policies and processes as the basis of our RIIO-T3 Business Plan.

2. RIIO-T3 Business Plan assurance

A key aspect of our assurance approach is to build on our well-established assurance framework and business as usual knowledge and processes.

2.1. Overall assurance strategy

Our assurance strategy comprises of three key building blocks. We have set up our assurance programme to ensure we have the right expertise, knowledge and level of independence, including:

1. An independent assurance workstream providing oversight and strategy;
2. Ownership of assurance delivery for each of the RIIO-T3 workstream outputs, working with third party independent experts to deliver the key assurance activities – led by RIIO-T3 Programme workstream leads; and
3. External critical review of the planning and execution of our assurance programme – led by PwC.

Our strategy to provide assurance over our RIIO-T3 business plan has been to assess top-down assurance statements and evidence requirements, as well as undertaking bottom-up detailed work:

- The Regulatory Finance led independent assurance workstream performed a bottom-up review of each of the RIIO-T3 workstream processes, risks and controls. This provided each workstream with a tailored plan to embed assurance into their activities, and deliver the evidence required to justify and defend the submission.
- In parallel, we considered the top-down risks faced by the business in relation to the required Ofgem assurance statements. The mapping of our top-down risks and bottom-up controls and assurance helped to identify any gaps and where additional assurance was necessary.
- We employed the best practice three lines of defence model in considering the level of assurance required.

PwC have tested the quality and sufficiency of the assurance plan and its implementation, reviewed our overall strategy, assurance framework, mapping of proof points to assurance statements and reviewed the evidence. They have confirmed that NGET have developed the key components of an effective business plan assurance framework and assurance activities were conducted effectively and in line with what they would expect to see.

2.2. RIIO-T3 assurance risk assessment

We have performed a bottom-up risk assessment of the workstreams processes, risks and controls which make up the RIIO-T3 business plan and a top-down risk assessment over the assurance statements which NGET have made. In this assessment we considered all activities which would be undertaken in preparing the RIIO-T3 Business Plan to effectively mitigate the risks, and mapped the assurance activities to the top-down statements to ensure sufficient work has been performed to enable the sign off of the assurance statements. Our approach leverages assurance expertise to deliver best practice by:

- Utilising the Group risk scoring matrix to assess the impact and likelihood of risks within each workstream;
- Mapping the three lines of defence model to the assurance controls to achieve effective risk management and deliver effective assurance;
- Ensuring that National Grid's second line Risk, controls and compliance team have been consulted to provide support on our approach and methodology; and
- Engaging with PwC and our Corporate Audit team to review and assess the sufficiency of our assurance plan.

When assessing the risk, we have considered the likelihood of an issue occurring and the impact of the issues that may occur. Factors included in the assessment of likelihood were the degree of complexity, level of change and subjectivity and the ownership and accountability in each area. Factors considered in the assessment of impact included monetary, environmental, statutory, or regulatory and consumers impacts.

2.3. Plan assurance response and evidence

After performing the risk assessment, we considered mitigating actions. We planned a comprehensive assurance programme at a workstream level, incorporating the three-lines of defence model which is regarded as best practice. In considering mitigations our plan included supporting work and evidence as well as the appropriate assurance response. The results of the risk assessment and the assurance response is detailed in the table below. This risk assessment and response has been tested and reviewed externally by PwC.

Risk Assessment				Assurance plan							Assurance Statements						
Key Risks	Likelihood	Impact	Overall Risk	1 st Line		2 nd Line		3 rd Line			Post Mitigation Risk	Accuracy	Efficiency	Ambition	Consumer Interest	Financeable	Deliverable
				1 st Line controls	2 nd Line Review	Governance reviews	Corporate audit	External assurance	Independent Stakeholder group								
Data is inaccurate and internally inconsistent	Red	Red	Red	✓	✓	✓	✓	✓	✓	✓	Green	✓			✓	✓	✓
Stakeholders have not been considered	Orange	Orange	Orange	✓		✓			✓	✓	Green			✓	✓		
The plan is not financeable	Red	Red	Red	✓		✓			✓		Green	✓				✓	
The plan has not been tested for deliverability	Red	Red	Red	✓	✓	✓			✓	✓	Green			✓			✓
The plan is not ambitious or in line with net zero strategy	Orange	Red	Red	✓		✓			✓	✓	Green			✓	✓		
The plan is not evidenced and justified	Red	Red	Red	✓	✓	✓			✓	✓	Green	✓	✓	✓	✓		
Costs are not efficient	Orange	Red	Red	✓		✓			✓	✓	Green		✓	✓			
Adherence to Ofgem guidance	Red	Red	Red	✓	✓	✓			✓		Green	✓	✓	✓	✓	✓	✓
Ineffective governance	Orange	Red	Red	✓		✓					Green	✓	✓	✓	✓	✓	✓
Ineffective T2 Lessons Learnt	Orange	Red	Red	✓		✓			✓		Green	✓	✓	✓	✓	✓	✓

2.4. Assurance execution and monitoring

We have completed all of the work outlined in our assurance plan. A high-level summary of the work performed as part of this plan is detailed in Section 4 below. We engaged PwC to review the results of a sample of the assurance work and other evidence obtained in mitigating the risks identified. This review considered the assurance work performed and other evidence and consisted of a review of the scopes, findings, and responses to findings for each element.

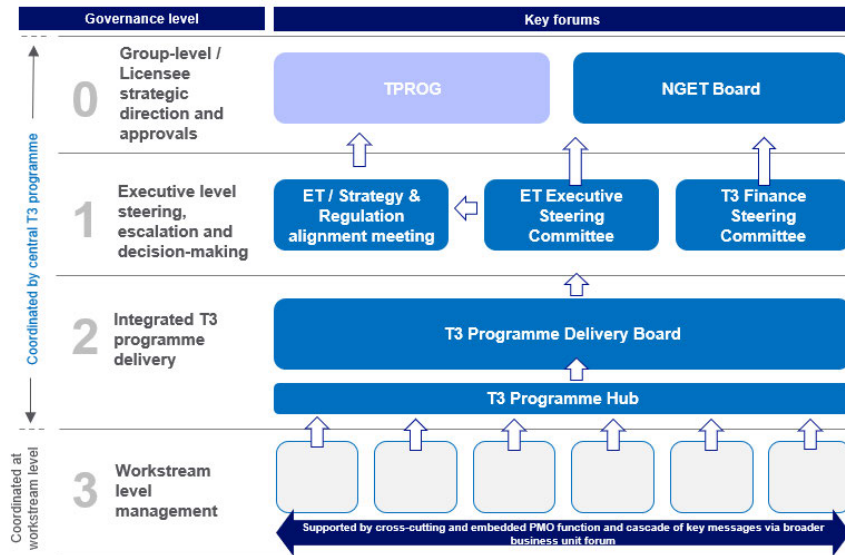
2.5. Assurance statements

We have implemented a comprehensive assurance programme and are committed to ensuring our plan is accurate, ambitious, efficient and in the customer interest. To demonstrate this commitment the Board have made and signed a series of statements which are included in the Introduction to this document.

To enable these statements to be made we have mapped the evidence from our assurance programme to show the key pieces of information that supports each statement. A high-level summary of the work performed and how this maps to each assurance statement is detailed in Section 4 below.

3. Board review and challenge of the RIIO-3 Business Plan

The Board has established a robust governance structure over the RIIO-T3 Business Plan programme. This complements the existing governance structures which are in place as part of our business-as-usual operations. The governance structure for the programme is detailed below:



The NGET Plc Board owns the overall accountability for submission of the RIIO-T3 Business Plan. They set the overall strategy and direction for the RIIO-T3 programme and provide delegated authorities for sign off decisions. A governance structure exists to report into the Board on a regular basis. The Transmission Price Review Overview Group (TPROG) is attended by members of the Group Board, UK Executive and RIIO-T3 programme leadership and steers RIIO-T3 preparations.

An update from the programme is given at the ET Executive Steering meeting (at least once a month), which includes the Executive directors of the Electricity Transmission business and representatives of the Strategic Infrastructure business and relevant Group functions. There is also a monthly meeting between the ET and SI presidents and the Group Chief Strategy and Regulation Officer. The Finance Steering group meets monthly on finance issues; this is attended by the finance leadership team and members of the RIIO-T3 programme.

The programme management of the RIIO-T3 programme was subject to a third line review regarding programme management, with updates provided to the ET Executive Steering committee. Additional work was undertaken to ensure that the lessons learnt actions from the RIIO-T2 Business Plan were presented to the ET Executive Steering committee and monitored in an action tracker alongside the state of play update.

The Board has shaped the strategy for the RIIO-T3 Business Plan and has engaged in comprehensive challenge and review throughout the development of the Plan. The strategy for the RIIO-T3 Business Plan was initially set out and debated at the NGET Plc Board meeting in September 2023. Subsequently the strategy, direction and assurance of the Plan has been discussed at several Board meetings throughout 2024.

Board deep dives were held on the 24 of June 2024 and 19 of September 2024. These days were dedicated to review and challenge of the key aspects of the RIIO-T3 Business Plan and in both sessions the assurance approach was scrutinised.

The Board undertook its final review of the work that had been undertaken to provide assurance over the Business Plan at its meeting on 29 November 2024 and 4 December 2024, and unanimously gave its approval for the signature of the Board Statements.

4. Statement detail

The work that has been undertaken to provide evidence and assurance over the plan is summarised below by statement. Within each of the sections we have highlighted the key assurance activities.

4.1. Accuracy of the RIIO-T3 Business Plan

Work to build RIIO-T3 business plan:

Accountabilities: For each aspect of our plan, we have assigned clear accountabilities for the creation, review and sign off to ensure there is clear ownership of the quality of each aspect of the plan. To create our plan we split our teams into 'workstreams' covering areas of the plan including the Network Investment Plan and Finance. Workstream leads are responsible for ensuring all evidence is gathered and in good order for their topic. We have a detailed product tracker which ensures we have visibility for all documents making up our plan, their owners, and the review process for the product. Further, each workstream lead at the beginning of developing the business plan underwent detailed walkthroughs to develop a bespoke assurance framework to ensure a well evidenced and justified plan, which meets the requirements of NGET's assurance statement and its associated risks.

Data process: We established a process which details how the data that makes up the business plan is to be built, collected, stored, managed, and used. The numerical data quoted throughout our business plan has been managed in line with this process. The plan has been approved through specified governance channels and changes to the plan are subject to strict change control procedures.

Business as usual (BAU): The plan is based on processes and forecasting techniques we use as part of BAU. Areas such as the workforce planning model and the cost estimation methodology have been updated since our RIIO-T2 business plan. Additional attention and scrutiny have been applied to areas of the BAU in which the NGET Executive or our Corporate Audit team have identified weakness in the accuracy and veracity of the information ahead of preparing the RIIO-T3 business plan, leading to a refresh of key processes and forecasting techniques.

Models: We have several models that support our plan, significant models include our totex consolidation model, financeability model and strategic workforce plan model. These models enable us to calculate, check and keep track of the numbers in our plan.

Business Plan Data Tables (BPDT) and Business Plan Financial Model (BPFM): We have submitted the BPDT and BPFM in line with Ofgem's templates and created a process for completing these based on tried and tested principles of the RRP process.

Investment Decisions Packs (IDP): For each investment proposed in our plan we have created Justification Reports (JRs) and Cost Benefit Analysis (CBAs) as appropriate. We have used Ofgem templates and guidance as well as leveraging experience from RIIO-T2 to support these with feasibility studies, optioneering, external benchmarking and historic cost analysis to ensure the most optimal solution is included in our plan.

Assurance:

Accountabilities: We have developed assurance controls trackers based on the assurance frameworks to monitor, track and facilitate the review over all work performed by the workstream leads in developing the business plan. Workstream leads have provided assurance confirmations over all products within their area, ownership over the controls which mitigate the identified process step risks. They have provided the associated evidence which confirms the completion of the assurance activity. These confirmations include work to ensure quality, accuracy and consistency with supporting documents, adherence to Ofgem guidance, and links to stakeholder engagement.

Data process: A corporate audit has been performed over the data process including an end-to-end review of the Totex consolidation process and a detailed external review of the consolidation model performed by KPMG. All audit matters raised have been actioned and closed off ahead of final data consolidation.

Business as usual (BAU): Corporate Audit perform audits throughout the year based on an audit plan agreed with the Audit and Risk Committee. Audits are performed and results are classified as either "unsatisfactory", "significant improvement needed", "some improvement needed" or

“satisfactory”. For each audit there will be actions agreed and the Corporate Audit team monitor the closure of these actions with reporting to governance committees on open actions.

There have been 2 corporate audits relevant to ET and elements of the business plan completed in the last 12 months. These related to asset condition data governance and a review of system and data change; all audit actions on the latter audit have been closed. The audit of the asset condition data identified opportunities for improvement around the current control framework and put in place remediation plans to implement best practice controls consistently across the asset classes. This is planned for completion by March 2025. To gain comfort over the data for the purposes of the business plan, an internal independent data quality assessment on the asset health data was performed, any issues raised were resolved.

Models: External reviews have been performed on our significant models, including our totex consolidation model and financeability model by KPMG – any findings have been addressed and resolved. For our strategic workforce plan model a review was performed by an internal expert reviewer, any issues raised were resolved.

Business Plan Data Tables (BPDT): Data tables have been assured in line with Ofgem’s Data Assurance Guidance (DAG). We have performed a detailed risk assessment over the tables and mapped out the appropriate level of assurance based on the risk. Assurance over the tables includes a five level review over all tables, an internal independent review of low risk tables and external assurance on medium to critical risk tables. This has been facilitated using assurance templates which record the work performed by data providers and reviewers, as well as a report of findings and resolutions from the external assurance provider.

A comprehensive write up of the assurance work and our procedure to assure the BPDTs is provided in Section 6.1.

Investment Decisions Packs (IDP): We have contracted external providers to support the drafting of the IDPs across the portfolio to ensure clarity and quality of outputs. These third parties have provided technical support in the development of the needs case and optioneering analysis. This has been assured by a two-level internal review of the EJPs, followed by an additional review from independent external parties to provide technical review of our IT justification papers, and a critical friend review over our network investment EJPs. Issues noted during these reviews have been addressed in the final submission.

Justification reports and CBAs have been subject to an internal independent review, which:

- Cross checked the spend and costs between the IDPs and the BPDTs at a project level;
- Validated the costs within the reports to the totals approved by NGET Executive;
- Cross checked the EJP and CBA references to the Project Metadata;
- Challenged the quality and clarity of the report;
- Reperformed a sample of CBA to ensure completeness and accuracy; and
- Cross checked the main submission document to the reports to ensure consistency.

Further to these internal checks our assurance process has been reviewed by an external provider to ensure it is comprehensive.

4.2. Ambition of the RIIO-T3 Business Plan

Work to build RIIO-T3 business plan:

We set out to create a plan that is ambitious. When challenging ourselves to create an ambitious plan we have considered our plan relative to the past, to our stakeholders' expectations, and to the level of uncertainty in each area. Our ethos has been clear throughout the process that we need to go beyond the standards that have been set in RIIO-T2.

We have built a Network Strategy which we have aligned to the NESO FES24 Holistic Pathway, enabling us to support the governments' ambition of Net Zero by 2050. From our work we have developed three ambitions for our plan:

- Deliver the grid of tomorrow;
- Do the right thing for our consumers, communities, and the environment; and
- Transform the way we work.

Our ambitions will be enabled through >50 specific plan commitments, outlined in Appendix 1 of the main submission product.

Assurance:

Throughout the development of the Business Plan the Board reviewed and challenged the level of ambition in the RIIO-T3 plan through internal critical review sessions between the senior management and the NGET executive. Investments which were successful through the critical reviews were presented thereafter to the NGET Board to ensure that the contents of the business plan aligned with the company's network strategy.

We have engaged a third party, PA Consulting, to review our business plan for compliance with Business Plan Guidance and BPI assessment. This review process was iterative as guidance was given to the authors on changes needed to meet requirements as part of the authoring process. PA also looked back at T2 commitments and compared them to those in the T3 submission (this was done on a numerical basis) to review the level of ambition against the BPI guidance (C2 ambition). Noting that the assessment process was likely to be qualitative, the Team concluded that in all cases the ambitions should meet the minimum thresholds to avoid penalty and in some cases, the ambitions could be assessed as stretching.

Baringa have also performed a critical friend review of our business plan submission. The main scope of their work was to review key documents including the business plan narrative, draft internal strategic summaries, and provide constructive challenge on strategic issues. In addition, the majority of the business plan annexes and a sample of EJPs were reviewed to seek to ensure quality, clarity and consistency across the documents.

4.3. Efficiency of the RIIO-3 Business Plan

Work to build RIIO-T3 business plan:

Efficiency of our plan has been a key focus. We have ensured that our costs are efficient by following these steps:

- **Conduct optioneering and engineering justification:** We have ensured that for each of our investments in the RIIO-T3 business plan we considered a range of options. Depending on cost area, the detail of the review is included in the respective EJPs and supporting Annexes.
- **Identify detailed cost driver:** We built our investments using a bottom-up approach. This ensures the right cost base is used.
- **Cost assessment and benchmarking approach:** The approach is tailored for each cost area.
- **Benchmarking assessment outcome:** Where we identified our plan was above the benchmark, such as our Business Support Costs, we reduced values in our plan to align with the benchmark.
- **Final assurance reviews and sign off:** The final step in the process was to run our assurance process over the costs and methodologies to ensure we have the right outcome. This is where we have validated that the right inputs are applied and that we are planning for an efficient outcome.

A 0.7% per annum productivity assumption was applied to our totex to keep our costs at the efficiency frontier.

Assurance:

Details of the evidence to support the efficiency of our plan is shown in the cost and benchmarking annex, which has been through a rigorous review and sign off process. This annex sets out how our costs have been calculated, evidence of benchmarking, justification of movements since RIIO-T2 and the ongoing efficiency challenge.

Capital Expenditure Estimations

NGET undertook a comprehensive exercise to refresh the estimating unit lines which act as building blocks in developing a cost profile for investments, and thereafter feed into our cost benefit analyses.

We engaged with Atkins to help build a cost estimation methodology, which would rebuild the costs using first principles. We enlisted Aecom to assist in refreshing the data which would feed into the cost estimations, utilising their market tool, which provided current and relevant market data as a starting point. Thereafter, Aecom assisted in calculating the new unit costs which would feed into our cost models to ensure consistent quality and accuracy. To ensure an accurate capture of the refreshed data, an external third party managed the data upload process to OPPM (our cost database), employing a multi-stage review, which included reconciling the final dataset within OPPM to the source files.

Finally, we appointed BCG to perform a cost assessment review of the final outputs of the cost refresh, performing a high-level cost comparison to the previous cost book. BCG found the cost comparison checks to be reasonable.

Operational Expenditure

The opex costs presented within the business plan are developed using historic costs and are compared against benchmarks provided by external providers. The costs are subjected to critical reviews against the benchmark reports, and then provided to the NGET Executive for final approval. The following areas of our opex costs have been benchmarked.

- Labour costs are benchmarked by Korn Ferry, [REDACTED]
- Business support costs are benchmarked by the Hackett Group. Through a detailed review of these costs NGET has reduced all items which sit above benchmark to be in line with the market median.
- Network Operation costs have been benchmarked using the International Transmission Operational Maintenance Study (ITOMS) produced by UMS Group
- Gartner have been used to benchmark the direct and indirect IT costs across both opex and capex.

All volumes associated with operational expenditure comes from our strategic workforce planning model, which is discussed below in Section 4.5,

4.4. Customer interest of our RIIO-T3 Business Plan

Work to build RIIO-3 business plan:

We have carried out our most extensive engagement exercise ever to make sure our business plan for the next five years reflects what our stakeholders need and expect from us. Over the past two years, we've listened to more perspectives of those representing more sectors, on more topics and through more channels than ever before, and we've done this by following a best practice enhanced engagement process and using independent challenge and review to help us continually improve.

We have listened to over 12,000 voices representing all of our core stakeholder groups, including the views from a full representation of household and business consumers through a combination of deliberative focus groups, online surveying, regional workshops, forums, webinars and bespoke face to-face meetings. We've also included feedback from over 800 customers captured in our connections' satisfaction surveys and complaints process. We have also used published consumer trend and research data and other third-party publications as additional sources of insight. We have used this input to build our plans with those they affect.

We have worked closely with a range of other organisations to learn from what they've done, both good and bad. These organisations include other energy networks, other industries (notably water and aviation) and consumer experts. We have also taken advice from expert consultancies who have supported other organisations with enhanced engagement programmes. We have used this knowledge to shape our engagement process.

We have created Investment Decision Packs (IDPs) for our investments. These documents include assessment of need, optioneering and design of solutions in the Engineering Justification Papers (EJPs) as well as cost benefit analysis.

Assurance:

Customer Interest

To ensure each proposed investment has intrinsic value to the customer, we have performed a mapping exercise of all investments to the customer interest framework. This process involved mapping our Totex plan to the four pillars, allowing us to demonstrate that our submission has customer interest at the forefront of our plan. We have provided this mapping and its associated costs in Table 6.1 the business plan main document.

Engineering Justification Papers (EJPS) and Cost Benefit Analysis (CBAs) have been subject to two levels of internal review, and a sample of EJPs and CBAs have been reviewed by independent external third parties. To improve the quality and clarity of the final submission products, we have involved several external providers to assist in the drafting of our IDPs (inclusive of our CBAs). We also commissioned an independent review with Baringa to ensure the investments which build up our business submission show a 'golden thread' between what customers' need and the content of our plan.

Stakeholder

Our engagement has been based on an outcomes focused approach, following the AA1000 Stakeholder Engagement Standard, an internationally recognised framework for stakeholder engagement excellence. Since adopting AA1000 in 2016, our engagement activities have been independently assessed against the standard on an annual basis.

We have also used third parties to check that we've engaged a relevant, representative sample of stakeholders on each topic, and that we've correctly translated their views into our proposed plans.

The key assurance processes that have built up our stakeholder engagement has been the following:

- We developed our engagement process based on best practice observed from the Water industry and the CAA.
- We held regional workshops facilitated by external providers throughout 2023.
- We engaged with Yonder Consulting to perform stakeholder priority market research to identify the key customer interest areas to form primary and secondary drivers in our investment plan.
- We approached several management consultancies to perform affordability studies, consumer profiling studies, and stakeholder materiality reviews.
- The ISG undertook a review of our engagement approach, challenged the engagement on each topic, and then the outcomes captured in the challenge logs.

The ISG challenged us to make sure we were talking to the right people in a non-biased and non-leading way, and that we were using the right channels as part of a tailored engagement programme. They have pushed us hard to go beyond industry norms for engagement. Details of the group's role and example of the impact of their challenge to us is detailed in the Section 1.5 within our business plan main document.

4.5. Assessment of deliverability risk in the RIIO-T3 Business Plan

Work to build RIIO-T3 business plan:

The assessment we have carried out is intended to provide an assessment of the deliverability of the RIIO-T3 portfolio, identifying constraints and risks. This has informed our view of the overall credibility of our proposed portfolio and is being used to set in motion the necessary transformation initiatives to mitigate identified constraints. The assessment focuses on NGET's three key deliverability pillars;

- System Access;
- Workforce; and
- Supply Chain.

Assurance:

During the development of the investment plan, we have produced a deliverability methodology, which covered three main pillars. This was reviewed, with the outputs approved by the NGET delivery vehicle leads.

Baringa have performed a critical friend review of NGET's deliverability assessment, providing a sense check of the work done and conclusions made. This included reviewing our overarching approach, scope, methodology and execution, assessing our understanding of specific constraints, risks and dependencies, and our proposed mitigation responses and conclusions. In summary, Baringa has found that we have provided a good understanding of our deliverability risks, and have proposed robust and reasonable mitigation responses over the workforce planning and the supply chain. Baringa identified that our business plan did not demonstrate clear implementation of our proposed mitigation responses, and so we have reflected these changes within the deliverability chapter, A08 ET Load Strategy and A03 Workforce and Supply-Chain Resilience Strategy annex.

In addition, we have considered a fourth deliverability risks – community acceptability. The scale of network reinforcement we are undertaking requires early and constructive engagement with planning and consenting authorities. We are consulting and engaging with communities as early as possible in the planning process, including using new digital tools to make engagement easier and more informative. We launched the Great Grid Upgrade campaign to raise awareness. Over and above our initiatives, Government has acknowledged that more needs to be done to streamline the planning system for infrastructure.

4.6. Financeability of the RIIO-T3 Business Plan

Work to build RIIO-T3 business plan:

We have developed our financeability definition and proposed measures based on credit rating agencies methodologies for debt financeability, and market information and investor feedback for equity financeability (investability).

Ofgem asked all companies to use placeholder working assumptions in their business plans to assess financeability in the first instance. We have assessed these alongside the NGET total investment plan (baseline and pipeline) and concluded that we are not financeable based on the Ofgem working assumptions. We can achieve a financeable plan if we use the flexibility Ofgem has allowed itself within the broad SSMD framework. We have proposed alternative assumptions that meet the definition of financeability and are well supported by evidence and justification.

We have also stress tested the financeability of the notional and actual company using a range of scenarios including varying investment levels, the impact of efficiency and incentive performance. This includes those defined by Ofgem in their financeability guidance, and additional credible tests as proposed by NGET because of our work on risk.

The input assumptions and outputs of the financeability model have been subject to internal governance challenge and review.

We have used a third-party consultant to support the development of the risk analysis model to ensure the model correctly calculates the impact of risks on the Business Plan, and validated the scenarios hypothesised by NGET.

Assurance:

Inputs

Inputs to our financeability assessment are the BPFM inputs tab from the BPDT, Ofgem's financial framework working assumptions and NGET's proposed financial framework assumptions. See Section 6 for assurance over BPDTs. NGET's assumptions have been subject to Governance review including at a Board level, and have been informed by groups of consultants including a critical friend review by First Economics.

Model

NGET use an internal financeability model that underwent external assurance from KPMG to verify the model worked as intended, with all issues highlighted subsequently updated in the model. This model was used to check the outcomes of Ofgem's BPFM.

Further, we engaged with NERA to perform a review of Ofgem's financeability model, with any issues found communicated back to Ofgem.

Outputs

Following NERA's review of the BPFM, they undertook additional work to independently run financeability scenarios which they considered reasonable. These closely aligned to the scenarios and outputs produced and approved by the NGET Board, supporting NGET's view of financeability. NERA have reviewed the conclusions drawn from our financeability assessments and concluded these are reasonable.

We also engaged NERA to assess financeability of NGET over the RIIO-T3 period, given the company's cost forecasts, the expected macroeconomic environment and assumptions regarding key regulatory parameters; and ii) to comply with Ofgem's requirements around financeability analysis for NGET's RIIO-T3 business plan submission. NERA also undertook sensitivity analysis. This work supported NGET's conclusions regarding financeability.

The results of this work were also subject to internal governance reviews.

5. Conclusion

We have conducted a comprehensive assurance programme based on the results of this work the Board have made the assurance statements found in the executive summary of the RIIO-T3 Business plan.

6. Appendices

6.1. Business Plan Data Tables (BPDT), Network Asset Risk Metric Tables (NARM) and related commentary Assurance

a. Programme Overview

The completion of BPDT and NARMs tables and related narrative are run by central teams within NGET to ensure clear instructions, consistent high-quality information and timely well documented completion, evidence and review. We follow Ofgem's Data Assurance Guidance (DAG) for the risk assessment, completion, review and approval of these products.

The process applied to the BPDT, BPDT narrative and NARMs tables is consistent with the process employed to assure the RRP, as described in section 1.4 of NGET NetDAR 28 February 2024.

b. Our Approach to Populating and Reviewing BPDTs

To ensure good management of data, and the complete and accurate population of the data tables, the table of accountabilities notes all individuals responsible for completion and review of the tables. The following roles, responsibilities, and level of sign off is defined below:

- **Data Provider** – has in-depth knowledge of the data and is responsible for providing the data set to the Level 1 signatory and providing evidence of the checks performed in support of this.
- **Level 1 signatory** – is considered to have in-depth understanding of the data and is responsible for identifying and performing accuracy checks on the data set and for providing evidence to support this, including identifying errors or anomalies. This role provides data accuracy comfort to the Level 2 signatory.
- **Level 2 Senior Manager Signatory** – is responsible for ensuring the data is consistent with expectations and can be explained in year and across periods. This role reviews the evidence in place to support data accuracy checks and conclusions.
- **Level 3 Divisional Director Signatory** – challenges and approves all judgement calls, decisions and assumptions made in building the business plan and providing the data within the BPDTs and commentary.
- **Level 4 & 5 ET Regulation Director Signatory & ET President** – is responsible for interviewing senior management to ensure the key assumptions have been documented, well explained, and the tables aligns to the submission plan and narrative. Further, they are responsible for ensuring the assurance undertaken was thorough and any table issues have been identified and resolved.

In addition to the roles above we also have the following role:

- **Independent Expert Review** – this is carried out in addition to the assurance levels above, particularly where DAG assessment has identified a critical risk, change in process or holds specific items of significant importance. This activity is carried out by individuals not in the above sign-off chain such as internal SME's. The results are fed back to the data owner and Level 1 signatory as part of a challenge and review process.

For each of the assurance roles up to Level 2 an Assurance Template is completed to evidence the checks carried out. Thereafter, reviews of the data tables are completed via meetings with the signatory and formalised via email. A SharePoint site is used by all for document management.

c. Our Approach to Risk-Based Data Assurance

In line with DAG, we have performed a data risk assessment over the BPDT, NARMs tables and narrative. The results are used to create a risk-based approach to the assurance over the tables. Tables and narrative are categorised as having a critical, high, medium or low risk, based on the risk level an appropriate level of assurance is performed.

As a minimum, all data tables and narratives must be signed by the signatories as stated in the BPDT Table of Accountabilities. This provides a solid level of assurance and confidence and is supported by business evidence retained in an Assurance Template for each BPDT. This is supplemented by the following activities dependent on whether the data assurance effort is low, medium, high, or critical:

- **Low** risk tables are checked for reasonableness in terms of expected or anomalous data trends and business explanation sought where required by the Regulation team.
- **Medium** risk tables are checked by KPMG to source data on a sample basis.

- **High** risk tables are checked for data completeness and accuracy with business evidence required to support the data; KPMG performs the data accuracy checks to gain assurance that the data is accurately reported.
- **Critical** tables are subjected to the same level of scrutiny as all high-risk tables, with the added challenge of the internal expert review. These tables are particularly complex and/or material to the business plan submission if an error occurred. Therefore, a SME who understands the business, the investment plan and the data table process is essential to scrutinise the information sufficiently.

NGET adopts a comprehensive approach to planning, review and sign off activities which is managed by the regulatory finance team on behalf of NGET.

d. Data Assurance Activities

The Planning, Review and Sign Off activities described in Table 3.1 of the DAG v2.3 issued by Ofgem translate into the following activities for NGET:

Planning

Methodology Statement – A methodology statement has been created for each BPDT to detail how data has been gathered and used to populate the table, this document also highlights risks and controls in the table completion process.

Review

As described earlier in this section, our internal processes consist of layers of review and checking which when combined provide a strong level of assurance and confidence that the data being reported is accurate and ready for submission.

Our internal activities align to those described in DAG as follows:

- Internal Expert Review – this is carried out by our ‘Independent Expert Review’ role
- Second Person Review – this is carried out by our ‘L1 Review’ role.
- Internal Data Audit – this activity is carried out by the regulatory finance team or regulation team. A risk-based approach to reviewing BPDT is implemented to identify what work is done over each table. Data assurance checks are performed for all low-risk tables.
- External Data Audit & External Submission Process Audit – these activities are delivered by an externally appointed firm of specialist consultants with the appropriate expertise for medium, high, and critical risk tables.

Sign Off

- Senior manager sign off – this activity is performed by the ‘L2 senior manager signatory’ role.
- Director sign off – this activity is performed by the L3 relevant senior leaders within Regulation and the business.
- CEO sign off – this activity is performed by the President of NGET for the whole BDPT and NARM pack and related commentary.
- Board sign off – the NGET Board performs a high-level review and sign off of the overall plan, inclusive of the assurance activities over the Data Submission.

NGET considers its approach to Data Table governance and BPDT Narrative review provides consistent and robust coverage across the planning, review and sign-off data assurance activities stipulated by Ofgem. We have undertaken a ‘lessons learned’ exercise of the BPDT submission following the draft submission on the 31st July 2024. We have engaged and discussed the results of this with the business and made enhancements to our internal processes and procedures as required.

e. Risk Based Assessment Assumptions

Our risk assessment has been completed using the Ofgem risk assessment template v2.3 which is included in the attachment section. Please refer to Summary_Table_3.4 within the Risk Assessment for further details on the risk assessment by table and assurance approach.

- Financial risk has been calculated as a percentage of totex for the RIIO-T3 period, in line with the percentage brackets presented in Table 2.1 of the DAG v2.3. Where a table has data feeding into it from another BPDT, the financial risk has been calculated on the proportion of costs which have been manually input into the table as the data feeding in from other tables has been risk assessed and assured in the source table. Therefore, these tables have received a reduced financial impact risk score.

- Per the definition of financial impact in Table 2.1 of the DAG v2.3, the financial impact has been assessed where an error in the table can lead to a financial impact. NGET has interpreted this to be costs which feed into the cost matrix and / or BPFM inputs as these present the Licensee's annual baseline totex figure for evaluation.

f. Risk Based Assessment Results

Our risk assessment has been completed using the Ofgem risk assessment template v2.3.

Tables / Reports that are Critical

We have included an explanation of the risk level below:

- **2.10 Debt Dataset:** high impact metric score of 4, which reflects the materiality of the figures in the table, coupled with the submission requiring data from multiples sources, and new reporting requirements.
- **2.12 BPFM Inputs:** overall impact metric score of 4, reflecting the high financial impact. The submission is complex, requiring significant manual intervention.
- **2.16 BP Tax Inputs:** financial impact being set to 4, as this table contains the significant information on the Capital Allowances. Probability risk is set to 4 as the data is not routinely captured by NGET to populate this submission, with a high degree of manual intervention.
- **6.1 Scheme C&V Load Actuals/7.1 Scheme C&V Non-Load Actuals:** due to the financial impact rating being set to 4. This table contains costs and volumes relating to the Load schemes beyond the RIIO-T1 period, which form the main part of the business plan submission. Complexity is set to 4 as the table has inputs from multiple data sources and models; substantial manual intervention required.
- **6.2 Load ET1 Legacy Log/7.2 Non-Load ET1 Legacy Log:** due to the financial impact rating being set to 4. The table contains all the Load related capital expenditure in the RIIO-T1 period, which feeds into the main cost model for cost assessment and will provide historical understanding of the cost and change over time. The table has a Manual Intervention Risk rating set to 4, due to having more than 60% of the input cells in the table requiring manual inputs.
- **8.10 Visual Amenity:** mainly impacted from the customer score being rates as 4. The table provides costs and volumes on existing projects to mitigate the visual impact of pre-existing infrastructure. Errors in the planned projects could result in a significant number of legitimate customer complaints. The table has a Manual Intervention Risk rating set to 4, due to having more than 60% of the input cells in the table requiring manual inputs.
- **9.5 BS:** due to the financial rating being set as 4, as the table contains significant cost information on the Business Support Indirect Activities. The table has a Manual Intervention Risk rating set to 4, due to having more than 60% of the input cells in the table requiring manual inputs.
- **9.20 Pass Through Costs:** mainly due to the financial impact rating being set a 4. This table is recording significant information on elements of allowed revenue that are treated as pass through items. The table has a Manual Intervention Risk rating set to 4, due to having more than 60% of the input cells in the table requiring manual inputs.
- **10.5 ET Pipeline Log:** mainly due to the financial impact rating being set to 4. This table contains costs relating all beyond the RIIO-T1 period. Complexity is set to 4 as the table has inputs from multiple data sources and models, manual intervention, and the complexity of the reporting rules which require significant interpretation.

Tables / Reports that are High

We have included an explanation of the risk level below:

- **2.5 Financial Summary (TWA):** contains significant information on the debt volumes, equity issuance and dividend forecasts. Most costs in the table are auto populated from 2.10 Debt Dataset, based on the proportion of costs that are manually inputted, the financial impact rating is set to 3. The Reporting Rules rating has been set to 4, due to the complexity of the rules.
- **2.17 BP Disposals 1:** the financial impact of this table being set to 3, as it contains significant information on fixed asset disposals which feeds into the Business Plan Financial model. Complexity is set to 4, as there are multiple models used for data inputs, and reporting rules are less than 12 months old, which takes the overall probability metric to high.
- **8.4 Repairs:** the financial impact score is set to 3 given the table contains significant information on costs and volumes associated with non-routine repair interventions. Complexity is set to 4 due to having inputs from multiple data sources and models. and a high degree of manual intervention.
- **8.7 NOCs Other:** due to the financial impact score of 3. This table contains significant costs for over several areas of the plan. Complexity is set to 4 due to having inputs from multiple data sources and models and manual intervention.
- **8.9 Operational Technology:** due to the financial impact score of 3, as this table contains significant costs associated with IT and Telecom systems and equipment that can't be classed on their own as direct costs to the network assets. Complexity is set to 4 due to having inputs from multiple data sources and models. and a high degree of manual intervention.
- **9.1 Non op Capex:** due to the financial impact score of 3, as this table contains non-operational capital expenditure – this includes IT & Telecoms, Vehicles and Non-Operational Property. Complexity is set to 4 due to having inputs from multiple data sources and models. and a high degree of manual intervention.
- **9.4 CAI:** due to the financial impact score of 3, as this table contains significant CAI costs linked to support work being physically carried out on Load & Non-Load Assets. Complexity is set to 4 due to having inputs from multiple data sources and models.
- **9.17 Environment:** due to the customers impact rating of 3 on the basis that errors or omissions made in the environmental reporting, could create a moderate but high-profile number of customer complaints and dissatisfaction. The table has a medium financial impact risk, due to potential fines for not reaching environmental targets. The table has a Manual Intervention Risk rating set to 4, due to having more than 60% of the input cells in the table requiring manual inputs.

g. Results of assurance testing

All testing has been performed in line with the assurance plan and DAG Risk Based Assessment. Issues were found and corrected throughout the assurance process, tables were updated, and changes recorded to strengthen our evidence. There were a small number of immaterial errors found late in the process that could not be corrected, these are detailed in an appendix 2 to the BPDT narrative.

Overall, we have implemented a robust assurance framework to ensure the tables have been thoroughly reviewed and do not contain material issues.

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