

Who owns national grid plc

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Driven in large part by Russia's invasion of Ukraine and the conflict's impact on global gas supply and by increased demand for energy following the end of the Covid-19 lockdowns in 2021, the ongoing crisis in Britain's energy system has reopened a crucial debate on the system's ownership and design, and whether these are fit for purpose. Common Wealth is undertaking a programme of work on every aspect of Britain's energy system, from generation to supply, looking at how to establish an energy future that is secure, green, and affordable for all.

In this briefing, we present analysis of National Grid plc and its key UK subsidiaries, including the firm's ownership, distributions to shareholders and measures of profitability.

National Grid plc's top ten shareholders range from global asset management firms BlackRock and Vanguard to public pension funds, notably those of Norway and the Abu Dhabi Investment Authority. As of 2022, BlackRock held close to 9% of total shares.

[#interactive][.img-caption][.img-caption-header]Table 1[.img-caption-header][.img-caption-text]Note: 2018 is the financial year 2017/18 etc.[.img-caption-text][.img-caption][#interactive]

Although National Grid plc is a multinational company with diverse business segments, our analysis focuses on the following key subsidiaries relevant to Britain's energy system:

All three of these subsidiaries were, until very recently, wholly owned by National Grid plc. In March 2022, a deal was agreed for National Grid plc to sell 60% of its shares in National Grid Gas plc to a consortium including Australian investment giant Macquarie and the British Columbia Investment Management Corporation, whose AUM are approximately 80% derived from the Canadian province's public pension funds.

Until the sale of National Grid Gas plc shares this year, these three key subsidiaries were all wholly owned by National Grid plc, thus dividend figures cited reflect internal redistributions of funds within the company. Payouts to external are made via National Grid plc.

Over the five years 2018-22, the electricity segment of the business made interest payments on its debts totalling ?676 million. These payments relate to multiple borrowing sources including intra-company borrowing, bank loans and overdrafts, and corporate bonds. A breakdown of the total value of debts in each of these categories was not available.

National Grid's operating profit margins over the past year differed between business segments, with electricity (transmission and system operator) at 19% and gas at 36% in 2021/22. Figures 3 and 4 show how these margins differ across the company's gas and electricity segments in Britain.

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Figure 5, below, breaks down the constituent elements of these electricity segment's profit margins. As the figure shows, National Grid's British electricity business has maintained a fairly steady operating profit since 2010. Of interest in this respect is the recent paired spike in both operating expenses and revenues.

[.img-caption][.img-caption-header]Figure 6 Breakdown of Operating Costs, 2020-22
(?m)[.img-caption-header][.img-caption-text]Source: National Grid Electricity Transmission plc Annual Report[.img-caption-text]?[.img-caption]

While the majority of the rise in the Ofgem price cap is attributable to rising wholesale costs, it is notable that there has been a substantial uptick in the scale of "network costs" within the breakdown of the price cap (see Figure 7). Specifically, between 2021/22 winter and 2022 summer, the total direct debit price cap rose by ?694 or 54% (figure not shown). As shown in Figure 7, ?103 (or 15%) of this jump pertains to a 38% rise in network costs. Meanwhile ?549 (or 79%) pertains to the 104% rise in wholesale costs (not shown).

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