

A Trusted Energy Partner

**An Interview with
Kenneth D. Daly, President, National Grid New York**



Back row, left to right: Ken Daly – National Grid, Tony Dalessio – KPMG, and Patricia Castine – Principal with Lindenhurst students in Christine Pelo's 1st grade class at William Rall Elementary in Lindenhurst on Long Island. KPMG and National Grid teamed up to donate over 500 new books to children in the first, second, and third grades. The companies donated the book *The Horrible, Horrible Hurricane* by Dee Andopfo Schockley. All proceeds from the books purchased by the company went to Sandy recovery charities in the area.

EDITORS' NOTE In 1988, Kenneth Daly joined National Grid's predecessor, Brooklyn Union Gas Company – which later became KeySpan – as a Management Trainee in the Customer Relations Department and has spent most of his 25 years with the company in its New York business. For two years he was based in London, serving as Global Financial Controller, and has previously held numerous positions in Finance, Human Resources, and Customer Relations. Daly graduated from St. Francis College with a B.A. in English and has earned both an M.B.A. in Finance from St. John's University and an M.S. in Human Resource Management from New York University. He achieved the distinguished Chartered Financial Analyst (CFA) designation in 2002. Daly is a member of the St. Francis College Board of Trustees and has been an adjunct professor at the college for 20 years. He is a graduate of the David Rockefeller Fellows Program and is active in numerous civic and academic organizations in New York.



Kenneth D. Daly

COMPANY BRIEF National Grid (www.nationalgrid.com) is a local New York business and part of an international energy delivery company. In the U.S., National Grid is the largest distributor of natural gas in the northeastern U.S. and delivers gas and electricity to nearly seven million customers in Massachusetts, New York, and Rhode Island. The company's New York service area spans from Niagara Falls to the forks of Long Island.

How has National Grid been such a consistent performer year after year?

In the state of New York, we have a diverse mix of employees with very deep technical skills and a real sensitivity to dealing with and serving customers, particularly in times of crisis.

Also, the company has made large investments in our energy infrastructure to make sure we can meet the needs of the customers by modernizing our gas and electric systems and expanding access to our products.

How have you maintained the company culture as you have grown?

We have merged with companies that are focused on the customer, on the environment, and on the energy infrastructure. Nearly all of our employees live in the same towns and cities

where we work, so we have maintained that local heritage.

With our size and scale, we have the financial resources, the engineering capability, and environmental know-how to solve today's more pressing energy challenges.

What are those key challenges today and how is National Grid addressing them?

There is an 'energy tri-lemma:' how to provide energy to customers that is affordable, reliable, and sustainable.

These three goals can often be at odds, so we have a balanced approach. We're now in the sixth year of a seven-year rate freeze for New York City customers, so we have met the 'affordable' goal. Our customers are also benefitting from very low commodity prices.

In terms of 'reliability,' we are making very large investments to modernize our infrastructure, which allows us to ensure that on the coldest morning in winter, the gas is flowing.

There is also a much greater focus on 'sustainability' and we're constantly looking at projects that help us lower the amount of energy that our customers use. So we have a number of programs that provide incentives to help customers install energy efficiency products: high-efficiency boilers, insulation, better thermostats, and better electronic equipment to help our customers reduce their energy footprint.

We're at a unique time in our industry's history – converting customers from oil to natural gas is truly a win-win-win in addressing the energy 'tri-lemma.' The customers' savings are roughly 50 percent right now. You can save half on your winter heating bill; it's incredibly reliable – there has never been a supply disruption in our history; and it's cleaner than competing fuels. When we convert a single customer from oil to gas, it's the equivalent of taking 15 cars off the road for one year.

How accurately can you evaluate and manage risk?

We had never seen anything like Superstorm Sandy anywhere in our industry. On the gas side, it was the largest mutual aid restoration ever in the history of the industry.

So we're prepared in that our employees are emergency responders: they're trained to do both their regular jobs and their storm assignments.

The main thing we learned is that when there are extreme events, customers need you to be very local. During Sandy, we opened eight temporary customer offices in the community and we are providing \$30 million in emergency grants. We assisted more than 20,000 customers, so they could get their equipment assessed and purchase a new boiler or furnace. We helped businesses reopen and their employees return to work by providing grants to help them reconnect to our gas system and rebuild their businesses.

Are we making educational inroads by creating interest and development around STEM?

We are making good progress, but a lot more needs to be done and we want to take a leadership position in making this happen.

We have started a pipeline program to get middle school students interested in STEM and getting them into a technical high school, which will help ensure that they have good careers.

In partnership with New York City and others, we opened the Energy Tech High School, the first high school focused on energy technology studies and we are helping to design the curriculum.

We also are a part of a brand new global program with NYU called the CUSP program – the Center for Urban Science and Progress in downtown Brooklyn.

Is an effective dialogue on energy policy taking place? How critical is it that we develop a national energy policy?

We need national policy, state policy, city policy, and even local policy.

In New York, we're fortunate in that there has been a clear energy policy over this past decade. The shining example is the Clean Heat program where the City and Mayor Bloomberg have mandated that to own and operate a building in New York City, you have to convert to a lower emitting fuel. That single policy statement has enabled us to convert hundreds of large buildings from oil to gas, and cleaned up the air in New York City. So it shows that having a good city policy drives the right energy solutions.

Likewise, in the state, the Energy Highway project has put a focus on building an energy connection from Upstate to Downstate regions and cleaning up the State's energy mix.

At the national level, the challenge is to develop a policy that helps customers not just have relatively low-cost and reliable energy but more sustainable forms of energy – sustainable energy is how we will safeguard future generations. ●