

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2024
Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 001-37660



Avangrid, Inc.

(Exact Name of Registrant as Specified in its Charter)

New York

(State or other jurisdiction of incorporation or organization)

180 Marsh Hill Road

Orange, Connecticut

(Address of principal executive offices)

14-1798693

(I.R.S. Employer Identification No.)

06477

(Zip Code)

Registrant's telephone number, including area code: (207) 629-1190

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, par value \$0.01 per share	AGR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth	<input type="checkbox"/>		
Company			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 23, 2024, the registrant had 386,911,024 shares of common stock, par value \$0.01, outstanding.

Avangrid, Inc.
REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2024

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GLOSSARY OF TERMS AND ABBREVIATIONS

Unless the context indicates otherwise, the terms “we,” “our” and the “Company” are used to refer to Avangrid, Inc. and its subsidiaries.

2023 Joint Proposal	Joint proposal of NYSEG and RG&E and certain other signatory parties approved by the NYPSC on October 12, 2023, for a three-year rate plan for electric and gas service with effective date November 1, 2023.
AOCI	Accumulated other comprehensive income
ARHI	Avangrid Renewables Holdings, Inc.
ARP	Alternative Revenue Programs
ASC	Accounting Standards Codification
Avangrid	Avangrid, Inc.
BGC	The Berkshire Gas Company
BSEE	U.S. Bureau of Safety and Environmental Enforcement
PBR	Performance-Based Regulation
CAIDI	Customer Average Interruption Duration Index
CfDs	Contracts for Differences
CBP	U.S. Customs and Border Protection
CFIUS	Committee on Foreign Investment in the United States
CL&P	The Connecticut Light and Power Company
CMP	Central Maine Power Company
CNG	Connecticut Natural Gas Corporation
DEEP	Connecticut Department of Energy and Environmental Protection
DIMP	Distribution Integrity Management Program
DOC	Department of Commerce
DPA	Deferred Payment Arrangements
DPU	Massachusetts Department of Public Utilities
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESM	Earnings sharing mechanism
English Station	The former generation site on the Mill River in New Haven, Connecticut
Exchange Act	The Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCC	Federal Communications Commission
FERC	Federal Energy Regulatory Commission
FirstEnergy	FirstEnergy Corp.
Form 10-K	Avangrid, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on February 22, 2024.
HLBV	Hypothetical Liquidation at Book Value
HSR	Hart-Scott-Rodino Antitrust Improvements Act of 1976
IRA	Inflation Reduction Act
Iberdrola	Iberdrola, S.A.
Iberdrola Group	The group of companies controlled by Iberdrola, S.A.
Installed capacity	The production capacity of a power plant or wind farm based either on its rated (nameplate) capacity or actual capacity.
ISO	Independent system operator
Klamath Plant	Klamath gas-fired cogeneration facility located in the city of Klamath, Oregon.
KW	Kilowatts
Merger	The merger with Iberdrola, S.A. and Merger Sub on the terms and subject to the conditions set forth in the Merger Agreement, with Avangrid, Inc. continuing as the surviving corporation and as a wholly-owned subsidiary of Iberdrola.
Merger Agreement	Agreement and Plan of Merger, dated as of May 17, 2024, among Avangrid, Inc., Iberdrola, S.A. and Merger Sub.
Merger Sub	Arizona Merger Sub, Inc., a New York corporation and wholly-owned subsidiary of Iberdrola.
MNG	Maine Natural Gas Corporation
MPUC	Maine Public Utility Commission
MtM	Mark-to-market
MW	Megawatts
MWh	Megawatt-hours
NECEC	New England Clean Energy Connect
Networks	Avangrid Networks, Inc.
Non-GAAP	Financial measures that are not prepared in accordance with U.S. GAAP, including adjusted net income, adjusted earnings per share, adjusted EBITDA and adjusted EBITDA with tax credits.

NRC	Nuclear Regulatory Commission
NYPSC	New York State Public Service Commission
NYSE	New York Stock Exchange
NYSEG	New York State Electric & Gas Corporation
NYSERDA	New York State Energy Research and Development Authority
OCI	Other comprehensive income
PJM	PJM Interconnection, L.L.C.
PURA	Connecticut Public Utilities Regulatory Authority
Renewables	Avangrid Renewables, LLC
RDM	Revenue Decoupling Mechanism
RG&E	Rochester Gas and Electric Corporation
ROE	Return on equity
SAIFI	System Average Interruption Frequency Index
SCG	The Southern Connecticut Gas Company
SEC	United States Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
Tax Act	Tax Cuts and Jobs Act of 2017 enacted by the U.S. federal government on December 22, 2017
TEF	Tax equity financing arrangements
UFLPA	Uyghur Forced Labor Prevention Act
UI	The United Illuminating Company
UIL	UIL Holdings Corporation
Unaffiliated Committee	The Unaffiliated Committee of the board of directors of Avangrid, Inc., comprised solely of independent and disinterested directors
U.S. GAAP	Generally accepted accounting principles for financial reporting in the United States.
VIEs	Variable interest entities

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions, except for number of shares and per share data)				
Operating Revenues	\$ 1,923	\$ 1,587	\$ 4,340	\$ 4,053
Operating Expenses				
Purchased power, natural gas and fuel used	429	385	1,153	1,362
Operations and maintenance	819	634	1,611	1,395
Depreciation and amortization	310	285	608	565
Taxes other than income taxes	164	157	360	340
Total Operating Expenses	1,722	1,461	3,732	3,662
Operating Income	201	126	608	391
Other Income and (Expense)				
Other income	57	29	111	54
Earnings from equity method investments	5	4	11	6
Interest expense, net of capitalization	(122)	(99)	(247)	(194)
Income Before Income Tax	141	60	483	257
Income tax expense (benefit)	13	9	33	(9)
Net Income	128	51	450	266
Net loss attributable to noncontrolling interests	41	34	70	64
Net Income Attributable to Avangrid, Inc.	\$ 169	\$ 85	\$ 520	\$ 330
Earnings Per Common Share, Basic	\$ 0.44	\$ 0.22	\$ 1.34	\$ 0.85
Earnings Per Common Share, Diluted	\$ 0.44	\$ 0.22	\$ 1.34	\$ 0.85
Weighted-average Number of Common Shares Outstanding:				
Basic	387,010,149	386,749,135	386,963,191	386,747,077
Diluted	387,440,241	387,108,271	387,336,593	387,092,223

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions)				
Net Income	\$ 128	\$ 51	\$ 450	\$ 266
Other Comprehensive Income (Loss)				
Amortization of pension cost, net of income tax of \$ 0 and \$ 1 for the three months ended, respectively, and \$ 0 and \$ 1 for the six months ended, respectively	1	2	1	2
Unrealized (loss) gain from equity method investment, net of income taxes of \$(1) and \$ 1 for the three months ended, respectively, and \$(1) and \$ 1 for the six months ended, respectively	(2)	6	(2)	5
Unrealized gain during the period on derivatives qualifying as cash flow hedges, net of income taxes of \$ 2 and \$ 12 for the three months ended, respectively, and \$ 17 and \$ 11 for the six months ended, respectively	7	34	46	32
Reclassification to net income of losses on cash flow hedges, net of income taxes \$ 1 and \$ 6 for the three months ended, respectively, and \$ 3 and \$ 24 for the six months ended, respectively	1	15	8	67
Other Comprehensive Income	7	57	53	106
Comprehensive Income	135	108	503	372
Net loss attributable to noncontrolling interests	41	34	70	64
Comprehensive Income Attributable to Avangrid, Inc.	\$ 176	\$ 142	\$ 573	\$ 436

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(unaudited)

As of	June 30,	December 31,
(Millions)	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 136	\$ 91
Accounts receivable and unbilled revenues, net	1,375	1,588
Accounts receivable from affiliates	5	11
Notes receivable from affiliates	4	4
Derivative assets	79	68
Fuel and gas in storage	173	185
Materials and supplies	331	310
Prepayments and other current assets	419	429
Regulatory assets	801	718
Total Current Assets	3,323	3,404
Total Property, Plant and Equipment (\$ 2,601 and \$ 2,643 related to VIEs, respectively)	34,063	32,857
Operating lease right-of-use assets	198	195
Equity method investments	914	718
Other investments	49	46
Regulatory assets	3,180	2,811
Other Assets		
Goodwill	3,119	3,119
Intangible assets	274	284
Derivative assets	213	162
Other	356	393
Total Other Assets	3,962	3,958
Total Assets	\$ 45,689	\$ 43,989

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(unaudited)

As of	June 30, 2024	December 31, 2023
(Millions, except share information)		
Liabilities		
Current Liabilities		
Current portion of debt	\$ 1,468	\$ 612
Notes payable	1,933	1,347
Notes payable to affiliates	14	13
Interest accrued	108	104
Accounts payable and accrued liabilities	1,739	1,924
Accounts payable to affiliates	35	—
Dividends payable	170	170
Taxes accrued	71	66
Operating lease liabilities	14	16
Derivative liabilities	68	64
Other current liabilities	617	662
Regulatory liabilities	207	261
Total Current Liabilities	6,444	5,239
Regulatory liabilities	2,657	2,694
Other Non-current Liabilities		
Deferred income taxes	2,547	2,451
Deferred income	961	996
Pension and other postretirement	526	554
Operating lease liabilities	201	199
Derivative liabilities	114	111
Asset retirement obligations	314	306
Environmental remediation costs	235	254
Other	527	525
Total Other Non-current Liabilities	5,425	5,396
Non-current debt	8,312	9,184
Non-current debt to affiliate	2,000	800
Total Non-current Liabilities	18,394	18,074
Total Liabilities	24,838	23,313
Commitments and Contingencies		
Equity		
Stockholders' Equity:		
Common stock, \$.01 par value, 500,000,000 shares authorized, 388,008,132 and 387,872,787 shares issued; 386,911,024 and 386,770,915 shares outstanding, respectively	4	4
Additional paid in capital	17,705	17,701
Treasury stock	(47)	(47)
Retained earnings	2,195	2,015
Accumulated other comprehensive income (loss)	28	(25)
Total Stockholders' Equity	19,885	19,648
Non-controlling interests	966	1,028
Total Equity	20,851	20,676
Total Liabilities and Equity	\$ 45,689	\$ 43,989

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,	
	2024	2023
(Millions)		
Cash Flow from Operating Activities:		
Net income	\$ 450	\$ 266
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	608	565
Regulatory assets/liabilities amortization and carrying cost	(16)	(59)
Pension cost	(6)	(7)
Earnings from equity method investments	(11)	(6)
Distributions of earnings received from equity method investments	8	14
Unrealized gain on marked-to-market derivative contracts	—	(4)
Deferred taxes	24	(22)
Other non-cash items	(56)	(11)
Changes in operating assets and liabilities:		
Current assets	143	459
Noncurrent assets	(334)	(62)
Current liabilities	(119)	(457)
Noncurrent liabilities	(52)	54
Net Cash Provided by Operating Activities	639	730
Cash Flow from Investing Activities:		
Capital expenditures	(1,935)	(1,635)
Contributions in aid of construction	97	77
Proceeds from sale of assets	2	17
Distributions received from equity method investments	2	2
Other investments and equity method investments, net	(193)	(18)
Net Cash Used in Investing Activities	(2,027)	(1,557)
Cash Flow from Financing Activities:		
Non-current debt issuance with affiliates	1,200	—
Repayments of non-current debt	(14)	(203)
Receipts of other short-term debt, net	586	1,296
Repayments of financing leases	(5)	(2)
Issuance of common stock	(2)	(3)
Distributions to noncontrolling interests	(48)	(7)
Contributions from noncontrolling interests	56	75
Dividends paid	(340)	(340)
Net Cash Provided by Financing Activities	1,433	816
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	45	(11)
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	94	72
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 139	\$ 61
Supplemental Cash Flow Information		
Cash paid for interest, net of amounts capitalized	\$ 183	\$ 164
Cash paid for income taxes	\$ 16	\$ 22

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Equity
(unaudited)

(Millions, except for number of shares)	Number of shares (*)	Common Stock	Additional paid-in capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Noncontrolling Interests	Total
As of March 31, 2023	386,640,918	\$ 3	\$17,697	\$ (47)	\$ 1,985	\$ (131)	\$ 19,507	\$ 1,003	\$ 20,510
Net income (loss)	—	—	—	—	85	—	85	(34)	51
Other comprehensive income, net of tax of \$ 20	—	—	—	—	—	57	57	—	57
Comprehensive income									108
Dividends declared, \$ 0.44 /share	—	—	—	—	(170)	—	(170)	—	(170)
Release of common stock held in trust	4,299	—	—	—	—	—	—	—	—
Issuance of common stock	41	—	(4)	—	—	—	(4)	—	(4)
Stock-based compensation	—	—	2	—	—	—	2	—	2
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(4)	(4)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	1	1
As of June 30, 2023	386,645,258	\$ 3	\$17,695	\$ (47)	\$ 1,900	\$ (74)	\$ 19,477	\$ 966	\$ 20,443
As of March 31, 2024	386,906,260	\$ 4	\$17,702	\$ (47)	\$ 2,196	\$ 21	\$ 19,876	\$ 1,013	\$ 20,889
Net income (loss)	—	—	—	—	169	—	169	(41)	128
Other comprehensive income, net of tax of \$ 2	—	—	—	—	—	7	7	—	7
Comprehensive income									135
Dividends declared, \$ 0.44 /share	—	—	—	—	(170)	—	(170)	—	(170)
Release of common stock held in trust	4,764	—	—	—	—	—	—	—	—
Issuance of common stock	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	3	—	—	—	3	—	3
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(9)	(9)
Contributions from noncontrolling interests	—	—	—	—	—	—	—	3	3
As of June 30, 2024	386,911,024	\$ 4	\$17,705	\$ (47)	\$ 2,195	\$ 28	\$ 19,885	\$ 966	\$ 20,851

(Millions, except for number of shares)	Number of shares (*)	Common Stock	Additional paid-in capital	Treasury Stock	Retained Earnings	Accumulated Other		Total Stockholders' Equity	Noncontrolling Interests	Total
						Comprehensive (Loss) Income				
As of December 31, 2022	386,628,586	\$ 3	\$17,694	\$ (47)	\$ 1,910	\$ (180)		\$ 19,380	\$ 962	\$ 20,342
Net income (loss)	—	—	—	—	330	—		330	(64)	266
Other comprehensive income, net of tax of \$ 37	—	—	—	—	—	106		106	—	106
Comprehensive income										372
Dividends declared, \$ 0.88 /share	—	—	—	—	(340)	—		(340)	—	(340)
Release of common stock held in trust	4,299	—	—	—	—	—		—	—	—
Issuance of common stock	12,373	—	(4)	—	—	—		(4)	—	(4)
Stock-based compensation	—	—	5	—	—	—		5	—	5
Distributions to noncontrolling interests	—	—	—	—	—	—		—	(7)	(7)
Contributions from noncontrolling interests	—	—	—	—	—	—		—	75	75
As of June 30, 2023	386,645,258	\$ 3	\$17,695	\$ (47)	\$ 1,900	\$ (74)		\$ 19,477	\$ 966	\$ 20,443
As of December 31, 2023	386,770,915	\$ 4	\$17,701	\$ (47)	\$ 2,015	\$ (25)		\$ 19,648	\$ 1,028	\$ 20,676
Net income (loss)	—	—	—	—	520	—		520	(70)	450
Other comprehensive income, net of tax of \$ 19	—	—	—	—	—	53		53	—	53
Comprehensive income										503
Dividends declared, \$ 0.88 /share	—	—	—	—	(340)	—		(340)	—	(340)
Release of common stock held in trust	4,764	—	—	—	—	—		—	—	—
Issuance of common stock	135,345	—	(2)	—	—	—		(2)	—	(2)
Stock-based compensation	—	—	6	—	—	—		6	—	6
Distributions to noncontrolling interests	—	—	—	—	—	—		—	(48)	(48)
Contributions from noncontrolling interests	—	—	—	—	—	—		—	56	56
As of June 30, 2024	386,911,024	\$ 4	\$17,705	\$ (47)	\$ 2,195	\$ 28		\$ 19,885	\$ 966	\$ 20,851

(*) Par value of share amounts is \$ 0.01

The accompanying notes are an integral part of our condensed consolidated financial statements.

Avangrid, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1. Background and Nature of Operations

Avangrid, Inc. (Avangrid, we or the Company) is an energy services holding company engaged in the regulated energy transmission and distribution business through its principal subsidiary, Avangrid Networks, Inc. (Networks), and in the renewable energy generation business through its principal subsidiary, Avangrid Renewables Holding, Inc. (ARHI). ARHI in turn holds subsidiaries including Avangrid Renewables, LLC (Renewables). Iberdrola, S.A. (Iberdrola), a corporation organized under the laws of the Kingdom of Spain, owns 81.6 % of the outstanding common stock of Avangrid. The remaining outstanding shares are owned by various shareholders, with approximately 14.7 % of Avangrid's outstanding shares publicly traded on the New York Stock Exchange (NYSE).

Agreement and Plan of Merger

On May 17, 2024, Avangrid entered into an Agreement and Plan of Merger (the Merger Agreement) with Iberdrola and Arizona Merger Sub, Inc (Merger Sub). The Merger Agreement provides that, upon the terms and subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will merge with and into Avangrid (the Merger), with Avangrid continuing as the surviving corporation and a wholly-owned subsidiary of Iberdrola.

Pursuant to the terms of the Merger Agreement, at the time at which the Merger becomes effective (the "Effective Time"), as a result of the Merger, each share of common stock of Avangrid issued and outstanding immediately prior to the Effective Time (other than shares of common stock owned by Iberdrola, Merger Sub or any other direct or indirect wholly-owned subsidiary of Iberdrola and shares of common stock owned by Avangrid or any direct or indirect wholly-owned subsidiary of Avangrid, and in each case not held on behalf of third parties (collectively, the Excluded Shares)) will be converted into the right to receive \$ 35.75 in cash per share, without interest. At the Effective Time, all of the shares of common stock of Avangrid (other than the Excluded Shares) will be cancelled and will cease to exist. In addition, under the terms of the Merger Agreement, Avangrid is permitted to continue paying regular quarterly cash dividends not to exceed \$ 0.44 per share through the closing of the Merger, including a pro-rated dividend for any partial quarter prior to the closing of the Merger.

The consummation of the Merger is subject to customary closing conditions, including, among others, requisite shareholder approval and receipt of certain required regulatory approvals (including approvals from the Federal Energy Regulatory Commission (FERC), the Maine Public Utilities Commission (MPUC) and the New York Public Service Commission (NYPSC)). The Merger Agreement contains certain termination rights for each of Avangrid and Iberdrola. In addition, Avangrid, upon the recommendation of the Unaffiliated Committee, and Iberdrola may terminate the Merger Agreement if the Merger is not consummated on or before June 30, 2025, subject to one three-month extension, exercisable by either Iberdrola or Avangrid, upon the recommendation of the Unaffiliated Committee, in the event that all conditions to closing have been satisfied except for those related to the approval of FERC, MPUC and NYPSC.

Note 2. Basis of Presentation

The accompanying condensed consolidated financial statements should be read in conjunction with the Form 10-K for the fiscal year ended December 31, 2023.

The accompanying unaudited financial statements are prepared on a consolidated basis and include the accounts of Avangrid and its consolidated subsidiaries, Networks and ARHI. All intercompany transactions and accounts have been eliminated in consolidation. The year-end balance sheet data was derived from audited financial statements. The unaudited condensed consolidated financial statements for the interim periods have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the interim condensed consolidated financial statements do not include all the information and note disclosures required by U.S. GAAP for complete financial statements.

In the opinion of management, the accompanying condensed consolidated financial statements contain all adjustments necessary to present fairly our condensed consolidated financial statements for the interim periods described herein. All such adjustments are of a normal and recurring nature, except as otherwise disclosed. The results for the three and six months ended June 30, 2024, are not necessarily indicative of the results for the entire fiscal year ending December 31, 2024.

Note 3. Significant Accounting Policies and New Accounting Pronouncements

The new accounting pronouncements we have adopted as of January 1, 2024, and reflected in our condensed consolidated financial statements are described below. There have been no other material changes to the significant accounting policies

described in our Form 10-K for the fiscal year ended December 31, 2023, except for those described below resulting from the adoption of new authoritative accounting guidance issued by the Financial Accounting Standards Board (FASB).

Adoption of New Accounting Pronouncements

(a) Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued guidance requiring incremental disclosures for reportable segments. These incremental requirements include disclosing significant expenses that are regularly provided to the chief operating decision maker (CODM) and other segment items, including a description of its composition. The other segment items category is the difference between segment revenue less the significant segment expenses, and each reported measure of segment profit or loss. The guidance clarifies that if the CODM reviews multiple measures of a segments total profit or loss, that the entity may under certain conditions report multiple measures in the segment footnote; however, if only one measure is reported, it should be the one that best conforms with U.S. GAAP. The guidance requires disclosure of the title and position of the individual or the name of the group identified as the CODM. Finally, all annual disclosures are required in interim reporting starting in the first quarter of 2025. As the guidance impacts disclosures only, it will not have an impact to the consolidated financial results. These changes in disclosures will initially be reflected in the annual financial statement footnotes for the year ended December 31, 2024.

Accounting Pronouncements Issued but Not Yet Adopted

The following are new significant accounting pronouncements not yet adopted, including those issued since December 31, 2023, that we have evaluated or are evaluating to determine their effect on our condensed consolidated financial statements.

(a) Improvements to Income Tax Disclosures

In December 2023, the FASB issued guidance to enhance income tax disclosures. The standard is required to be adopted by public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The two primary enhancements relate to disaggregation of the annual effective tax rate reconciliation and income taxes paid disclosures. For the rate reconciliation, it requires additional disaggregation of information in a tabular format using both percentages and amounts broken out into specific categories (e.g., state and local income tax net of federal income tax effect, foreign tax effects, effect of changes in tax laws, tax credits, changes in valuation allowances, nontaxable or nondeductible items, and changes in unrecognized tax benefits). For income taxes paid, it requires disaggregation by jurisdiction (e.g., federal, state and foreign). We do not expect the new guidance to have a material impact on our consolidated results of operations, financial position and cash flows.

Note 4. Revenue

We recognize revenue when we have satisfied our obligations under the terms of a contract with a customer, which generally occurs when the control of promised goods or services transfers to the customer. We measure revenue as the amount of consideration we expect to receive in exchange for providing those goods or services. Contracts with customers may include multiple performance obligations. For such contracts, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. Certain revenues are not within the scope of the FASB issued ASC Topic 606, Revenue from Contracts with Customers (ASC 606), such as revenues from leasing, derivatives, other revenues that are not from contracts with customers and other contractual rights or obligations, and we account for such revenues in accordance with the applicable accounting standards. We exclude from revenue amounts collected on behalf of third parties, including any such taxes collected from customers and remitted to governmental authorities. We do not have any significant payment terms that are material because we receive payment at or shortly after the point of sale.

The following describes the principal activities, by reportable segment, from which we generate revenue. For more detailed information about our reportable segments, refer to Note 13.

Networks Segment

Networks derives its revenue primarily from tariff-based sales of electricity and natural gas service to customers in New York, Connecticut, Maine and Massachusetts with no defined contractual term. For such revenues, we recognize revenues in an amount derived from the commodities delivered to customers. Other major sources of revenue are electricity transmission and wholesale sales of electricity and natural gas.

Tariff-based sales are subject to the corresponding state regulatory authorities, which determine prices and other terms of service through the ratemaking process. The applicable tariffs are based on the cost of providing service. The utilities' approved base rates are designed to recover their allowable operating costs, including energy costs, finance costs, and the costs of equity, the last of which reflect our capital ratio and a reasonable return on equity. We traditionally invoice our customers by applying

approved base rates to usage. Maine state law prohibits the utility from providing the electricity commodity to customers. In New York, Connecticut and Massachusetts, customers have the option to obtain the electricity or natural gas commodity directly from the utility or from another supplier. For customers that receive their commodity from another supplier, the utility acts as an agent and delivers the electricity or natural gas provided by that supplier. Revenue in those cases is only for providing the service of delivery of the commodity. Networks entities calculate revenue earned but not yet billed based on the number of days not billed in the month, the estimated amount of energy delivered during those days and the estimated average price per customer class for that month. Differences between actual and estimated unbilled revenue are immaterial.

Transmission revenue results from others' use of the utility's transmission system to transmit electricity and is subject to FERC regulation, which establishes the prices and other terms of service. Long-term wholesale sales of electricity are based on individual bilateral contracts. Short-term wholesale sales of electricity are generally on a daily basis based on market prices and are administered by the Independent System Operator-New England (ISO-NE) and the New York Independent System Operator (NYISO) or PJM Interconnection, L.L.C. (PJM), as applicable. Wholesale sales of natural gas are generally short-term based on market prices through contracts with the specific customer.

The performance obligation in all arrangements is satisfied over time because the customer simultaneously receives and consumes the benefits as Networks delivers or sells the electricity or natural gas or provides the delivery or transmission service. We record revenue for all of such sales based upon the regulatory-approved tariff and the volume delivered or transmitted, which corresponds to the amount that we have a right to invoice. There are no material initial incremental costs of obtaining a contract in any of the arrangements. Networks does not adjust the promised consideration for the effects of a significant financing component if it expects, at contract inception, that the time between the delivery of promised goods or service and customer payment will be one year or less. For its New York and Connecticut utilities, Networks assesses its Deferred Payment Arrangements (DPAs) at each balance sheet date for the existence of significant financing components, but has had no material adjustments as a result.

Certain Networks entities record revenue from Alternative Revenue Programs (ARPs), which is not ASC 606 revenue. Such programs represent contracts between the utilities and their regulators. The Networks ARPs include revenue decoupling mechanisms (RDMs), other ratemaking mechanisms, annual revenue requirement reconciliations and other demand side management programs. The Networks entities recognize and record only the initial recognition of "originating" ARP revenues (when the regulatory-specified conditions for recognition have been met). When they subsequently include those amounts in the price of utility service billed to customers, they record such amounts as a recovery of the associated regulatory asset or liability. When they owe amounts to customers in connection with ARPs, they evaluate those amounts on a quarterly basis and include them in the price of utility service billed to customers and do not reduce ARP revenues.

Networks also has various other sources of revenue including billing, collection, other administrative charges, sundry billings, rent of utility property and miscellaneous revenue. It classifies such revenues as other ASC 606 revenues to the extent they are not related to revenue generating activities from leasing, derivatives or ARPs.

Renewables Segment

Renewables derives its revenue primarily from the sale of energy, transmission, capacity and other related charges from its renewable wind, solar and thermal energy generating sources. For such revenues, we will recognize revenues in an amount derived from the commodities delivered and from services as they are made available. Renewables has bundled power purchase agreements consisting of electric energy, transmission, capacity and/or renewable energy credits (RECs). The related contracts are generally long-term with no stated contract amount, that is, the customer is entitled to all or a percentage of the unit's output. Renewables also has unbundled sales of electric energy and capacity, RECs and natural gas, which are generally for periods of less than a year. The performance obligations in substantially all of both bundled and unbundled arrangements for electricity and natural gas are satisfied over time, for which we record revenue based on the amount invoiced to the customer for the actual energy delivered. The performance obligation for stand-alone RECs is satisfied at a point in time, for which we record revenue when the performance obligation is satisfied upon delivery of the REC. There are no significant financing elements in any of the arrangements. We recognize an asset for incremental costs of obtaining a contract with a customer when we expect the benefit of those costs to be longer than one year.

Renewables classifies certain contracts for the sale of electricity as derivatives, in accordance with the applicable accounting standards. Renewables also has revenue from its energy trading operations, which it generally classifies as derivative revenue. However, trading contracts not classified as derivatives are within the scope of ASC 606, with the performance obligation of the delivery of energy (electricity, natural gas) and settlement of the contracts satisfied at a point in time at which time we recognize the revenue. Renewables also has other ASC 606 revenue, which we recognize based on the amount invoiced to the customer.

Certain customers may receive cash credits, which we account for as variable consideration. Renewables estimates those amounts based on the expected amount to be provided to customers and reduces revenues recognized. We believe that there will not be significant changes to our estimates of variable consideration.

Other

Other, which does not represent a segment, includes miscellaneous Corporate revenues and intersegment eliminations.

Contract Assets and Liabilities

We have contract assets for costs from development success fees and construction delays, which were paid during solar farm assets development periods. The contract assets are amortized ratably into expense over the 16 - 21 year life of the respective power purchase agreements (PPAs). Contract assets totaled \$ 19 million and \$ 9 million at June 30, 2024 and December 31, 2023, respectively, and are presented in "Other non-current assets" on our condensed consolidated balance sheets.

We have contract liabilities for revenue from transmission congestion contract (TCC) auctions, for which we receive payment at the beginning of an auction period, and amortize ratably each month into revenue over the applicable auction period. The auction periods range from six months to two years . TCC contract liabilities totaled \$ 9 million and \$ 18 million at June 30, 2024 and December 31, 2023, respectively, and are presented in "Other current liabilities" on our condensed consolidated balance sheets. We recognized \$ 5 million and \$ 14 million as revenue related to contract liabilities for the three and six months ended June 30, 2024, respectively, and \$ 11 million and \$ 28 million for the three and six months ended June 30, 2023, respectively.

We apply a practical expedient to expense as incurred costs to obtain a contract when the amortization period is one year or less. We record costs incurred to obtain a contract within operating expenses, including amortization of capitalized costs.

Disaggregated revenues

Revenues disaggregated by major source for our reportable segments for the three and six months ended June 30, 2024 and 2023 are as follows:

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Networks	Renewables	Other (b)	Total	Networks	Renewables	Other (b)	Total
(Millions)								
Regulated operations – electricity	\$ 1,201	\$ —	\$ —	\$ 1,201	\$ 2,551	\$ —	\$ —	\$ 2,551
Regulated operations – natural gas	298	—	—	298	890	—	—	890
Nonregulated operations – wind	—	258	—	258	—	482	—	482
Nonregulated operations – solar	—	17	—	17	—	24	—	24
Nonregulated operations – thermal	—	16	—	16	—	107	—	107
Other(a)	26	(8)	(1)	17	46	(21)	(2)	23
Revenue from contracts with customers	1,525	283	(1)	1,807	3,487	592	(2)	4,077
Leasing revenue	5	—	—	5	7	—	—	7
Derivative revenue	—	47	—	47	—	134	—	134
Alternative revenue programs	53	—	—	53	96	—	—	96
Other revenue	7	4	—	11	18	8	—	26
Total operating revenues	\$ 1,590	\$ 334	\$ (1)	\$ 1,923	\$ 3,608	\$ 734	\$ (2)	\$ 4,340

	Three Months Ended June 30, 2023				Six Months Ended June 30, 2023			
	Networks	Renewables	Other (b)	Total	Networks	Renewables	Other (b)	Total
(Millions)								
Regulated operations – electricity	\$ 953	\$ —	\$ —	\$ 953	\$ 2,261	\$ —	\$ —	\$ 2,261
Regulated operations – natural gas	251	—	—	251	973	—	—	973
Nonregulated operations – wind	—	216	—	216	—	432	—	432
Nonregulated operations – solar	—	17	—	17	—	21	—	21
Nonregulated operations – thermal	—	1	—	1	—	56	—	56
Other(a)	22	(14)	—	8	19	(27)	—	(8)
Revenue from contracts with customers	1,226	220	—	1,446	3,253	482	—	3,735
Leasing revenue	4	—	—	4	6	—	—	6
Derivative revenue	—	92	—	92	—	214	—	214
Alternative revenue programs	33	—	—	33	70	—	—	70
Other revenue	10	3	(1)	12	20	9	(1)	28
Total operating revenues	\$ 1,273	\$ 315	\$ (1)	\$ 1,587	\$ 3,349	\$ 705	\$ (1)	\$ 4,053

(a) Primarily includes certain intra-month trading activities, billing, collection and administrative charges, sundry billings and other miscellaneous revenue.

(b) Does not represent a segment. Includes Corporate and intersegment eliminations.

As of June 30, 2024 and December 31, 2023, accounts receivable balances related to contracts with customers were approximately \$ 1,308 million and \$ 1,441 million, respectively, including unbilled revenues of \$ 317 million and \$ 426 million, which are included in “Accounts receivable and unbilled revenues, net” on our condensed consolidated balance sheets.

As of June 30, 2024, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) were as follows:

As of June 30, 2024	2025	2026	2027	2028	2029	Thereafter	Total
(Millions)							
Revenue expected to be recognized on multiyear capacity and carbon-free energy sale contracts	30	10	7	5	5	49	106
Revenue expected to be recognized on multiyear renewable energy credit sale contracts	77	50	31	5	1	1	165
Total operating revenues	\$ 107	\$ 60	\$ 38	\$ 10	\$ 6	\$ 50	\$ 271

As of June 30, 2024, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for the remainder of 2024 was \$ 92 million.

We do not disclose information about remaining performance obligations for contracts for which we recognize revenue in the amount to which we have the right to invoice (e.g., usage-based pricing terms).

Note 5. Regulatory Assets and Liabilities

Pursuant to the requirements concerning accounting for regulated operations, our utilities capitalize, as regulatory assets, incurred and accrued costs that are probable of recovery in future electric and natural gas rates. We base our assessment of whether recovery is probable on the existence of regulatory orders that allow for recovery of certain costs over a specific period, or allow for reconciliation or deferral of certain costs. When costs are not treated in a specific regulatory order, we use regulatory precedent to determine if recovery is probable. Our operating utilities also record, as regulatory liabilities, obligations to refund previously collected revenue or to spend revenue collected from customers on future costs. The primary items that are not included in rate base or accruing carrying costs are regulatory assets for qualified pension and other

postretirement benefits, which reflect unrecognized actuarial gains and losses; debt premium; environmental remediation costs, which are primarily the offset of accrued liabilities for future spending; unfunded future income taxes, which are the offset to the unfunded future deferred income tax liability recorded; asset retirement obligations; hedge losses; and contracts for differences. As of June 30, 2024, the total net amount of these items is approximately \$ 1,146 million.

CMP Distribution Rate Case

On August 11, 2022, CMP filed a three-year rate plan, with adjustments to the distribution revenue requirement in each year. On June 6, 2023, the MPUC approved a Stipulation resolving all issues in the case providing for a 9.35 % ROE, 50 % equity ratio, and 50 % earnings sharing for annual earnings in excess of 100 basis points of CMP's allowed ROE. The Stipulation also provides for a two-year forward looking rate plan with increases to occur in four equal leveled amounts every six months beginning on July 1, 2023. An increase occurred on January 1, 2023. The next two increases will occur on July 1, 2024 and January 1, 2025. The amount of each increase is \$ 16.75 million. These revenue increases include amounts for operations and maintenance but are primarily driven by increases in capital investment forecasted by CMP to occur during the period covered by the Stipulation. The Stipulation also imposes a service quality indicator incentive mechanism on CMP. The incentive is provided by a penalty mechanism that would impose a maximum of \$ 8.8 million per year for a failure to meet specified service quality indicator targets.

NYSEG and RG&E Rate Plans

On June 14, 2023, NYSEG and RG&E filed a Joint Proposal (2023 JP) settlement for a three-year rate plan with the NYPSC. For purposes of the 2023 JP, the three rate years are defined as the 12 months ending April 30, 2024 (New York Rate Year 1); April 30, 2025 (New York Rate Year 2); and April 30, 2026 (New York Rate Year 3); respectively. On October 12, 2023, the NYPSC approved the 2023 JP, commencing May 1, 2023 and continuing through April 30, 2026. The effective date of new tariffs was November 1, 2023 with a make-whole provision back to May 1, 2023.

The 2023 JP, as approved, includes levelization across the three years of the rate plan for delivery rates for NYSEG's and RG&E's Electric and Gas businesses with an allowed rate of return on common equity for NYSEG Electric, NYSEG Gas, RG&E Electric and RG&E Gas of 9.20 %. The common equity ratio for each business is 48.00 %.

The 2023 JP also includes Earnings Sharing Mechanism (ESM) applicable to each business varies based on the earned ROE with 100 % of the customers' portion of earnings above the sharing threshold that would otherwise be deferred for the benefit of customers will be used to reduce NYSEG's and RG&E's respective outstanding regulatory asset deferral balances. In addition, 50 % of NYSEG's and RG&E's portion will be used to reduce their respective outstanding storm-related regulatory asset deferral balances to the extent such balances exist.

The 2023 JP further enhances distribution vegetation management, maintains gas safety performance measures, establishes threshold performance levels for designated aspects of customer service quality, and includes three Electric Reliability Performance Measures (SAIFI, CAIDI, and Distribution Line Inspection Program Metric for Level II Deficiencies) with a negative revenue adjustment (NRA) beginning with calendar year 2023, if NYSEG fails to meet its annual SAIFI performance metric.

NYSEG and RG&E will continue a RAM to return or collect the remaining Customer Bill Credits established in the prior rate plan and will continue an Electric Revenue Decoupling Mechanism on a total revenue per class basis.

The 2023 JP reflects the recovery of deferred NYSEG Electric and RG&E Electric Major Storm costs of approximately \$ 371 million and \$ 54.6 million, respectively. NYSEG's remaining super storm regulatory asset of \$ 52.3 million and the non-super storm regulatory asset of \$ 96.6 million from the 2020 Joint Proposal are being amortized over seven years. RG&E's remaining non-super storm regulatory asset of \$ 19.6 million established prior to the 2020 Joint Proposal is being amortized over two years. All other deferred storm costs at both NYSEG and RG&E are being amortized over 10 years. The 2023 JP gradually increases NYSEG's and RG&E's Major Storm rate allowances over the term of the 2023 JP to better align NYSEG's and RG&E's actual Major Storm costs with such rate allowances and to support NYSEG's and RG&E's credit metrics.

The 2023 JP contains provisions consistent with, supportive of, and in furtherance of the objectives of the Climate Leadership and Community Protection Act (CLCPA) including provisions that will, among other things, increase funding for energy efficiency programs, enhance the electric system in anticipation of increased electrification and increase funding for electric heat pump programs, provide funding for improved electric and gas reliability and resiliency, encourage non-pipe and non-wire alternatives, and replace leak prone pipe. The 2023 JP also includes support for \$ 634 million of capital investment for CLCPA Phase 1 investments projected to be placed in-service beyond the three-year rate plan.

New York CLCPA

On February 16, 2023, the NYPSC issued an order to authorize transmission upgrades solely to support new renewable generation sources pursuant to the implementation of the Accelerated Renewable Growth and Community Benefit Act as part of the CLCPA Phase 2. The order approves an estimated \$ 4.4 billion in transmission upgrades proposed by upstate utilities to help integrate 3,500 MW of clean energy capacity into the grid, of which NYSEG and RG&E are approved for estimated upgrade costs of \$ 2.2 billion, including participation with other upstate utilities on certain projects. On October 17, 2023, NYSEG and RG&E filed a petition requesting approval from the NYPSC to seek authorization from the FERC, to utilize 100 percent construction work in progress (CWIP), in rate base for the local transmission upgrades under the CLCPA Phase 2. On April 18, 2024, the NYPSC approved the petition to allow NYSEG and RG&E to seek FERC approval along with adding other related reporting requirements. On July 5, 2024, FERC conditionally accepted NYSEG and RG&E's application for CWIP and the 100% Abandoned Plant incentive (Abandoned Plant), subject to further compliance, for projects that are subject to subsequent permitting approval by the NYPSC under Article VII of New York State's Public Service Law, effective July 8, 2024, and denied the application for CWIP and Abandoned Plant for projects not subject to Article VII permitting approval. NYSEG and RG&E are assessing the July 5, 2024 FERC order and the impacts on the companies.

UI, CNG, SCG and BGC Rate Plans

Under Connecticut law, The United Illuminating Company's (UI) retail electricity customers are able to choose their electricity supplier while UI remains their electric distribution company. UI purchases power for those of its customers under standard service rates who do not choose a retail electric supplier and have a maximum demand of less than 500 kilowatts and its customers under supplier of last resort service for those who are not eligible for standard service and who do not choose to purchase electric generation service from a retail electric supplier. The cost of the power is a "pass-through" to those customers through the Generation Service Charge on their bills.

UI has wholesale power supply agreements in place for its entire standard service load for the second half of 2024 and 40 % of the first half of 2025. Supplier of last resort service is procured on a quarterly basis and UI has a wholesale power supply agreement in place for the third quarter of 2024.

On September 9, 2022, UI filed a distribution revenue requirement case proposing a three-year rate plan commencing September 1, 2023 through August 31, 2026. The filing was based on a test year ending December 31, 2021, for the rate years beginning September 1, 2023 (UI Rate Year 1), September 1, 2024 (UI Rate Year 2), and September 1, 2025 (UI Rate Year 3). On August 25, 2023, PURA issued its Final Decision provided for a one-year rate plan commencing on September 1, 2023, providing for a rate increase of \$ 23 million based on an allowed ROE of 9.1 % that was reduced to 8.63 % by certain adjustments. The Final Decision established a capital structure consisting of 50 % common equity and 50 % debt. The Final Decision results in an average increase in base distribution rates of about 6.6 % and an average increase in customer bills of about 2 % compared to current levels. On September 18, 2023, UI filed an appeal of the PURA's Final Decision in Connecticut Superior Court, because of factual and legal errors related to the treatment of deferred assets, plant in service, and operating expenses. We cannot predict the outcome of this matter.

In 2017, PURA approved new tariffs for SCG effective January 1, 2018 for a three-year rate plan with annual rate increases. The new tariffs also include an RDM and Distribution Integrity Management Program (DIMP) mechanism, ESM, the amortization of certain regulatory liabilities (most notably accumulated hardship deferral balances and certain accumulated deferred income taxes) and tariff increases based on an ROE of 9.25 % and an approximately 52.00 % equity ratio. Any dollars due to customers from the ESM are be first applied against any environmental regulatory asset balance as defined in the settlement agreement (if one exists at that time) or refunded to customers through a bill credit if such environmental regulatory asset balance does not exist.

In 2018, PURA approved new tariffs for CNG effective January 1, 2019 for a three-year rate plan with annual rate increases. The new tariffs continued the RDM and DIMP mechanism. ESM and tariff increases are based on an ROE of 9.30 % and an equity ratio of 54.00 % in 2019, 54.50 % in 2020 and 55.00 % in 2021.

On November 3, 2023, CNG and SCG filed a distribution revenue requirement case proposing a one-year rate plan commencing November 1, 2024 through October 31, 2025, for each company respectively. CNG requested that PURA approve new distribution rates to recover an increase in revenue requirements of approximately \$ 19.8 million, and SCG requested approval of new distribution rates to recover an increase in revenue requirements of approximately \$ 40.6 million. CNG's and SCG's rate plans also included several measures to moderate the impact of the proposed rate update for all customers, including, the adoption of a low-income discount rate and each company seeks to maintain their current revenue decoupling and earning sharing mechanisms. Evidentiary hearings commenced on April 22, 2024 with a draft decision expected by the end of the third quarter of 2024 and a final decision in the fourth quarter of 2024. We cannot predict the outcome of this matter.

On June 24, 2022, BGC filed a Settlement Agreement with the Massachusetts Attorney General's Office (AGO) for DPU approval negotiated between BGC and the AGO in lieu of a fully litigated rate case before the DPU. The Settlement Agreement allowed for agreed-upon adjustments to BGC's revenue requirement as well as various step increases BGC shall be entitled to on January 1, 2023 and January 1, 2024. It provided for the opportunity to increase BGC's revenue requirement by as much as \$ 5.6 million over current rates (reflective of a 9.70 % ROE and a 54.00 % equity ratio as well as other stepped adjustments) through January 1, 2024. The Settlement Agreement was approved in its entirety by the DPU on October 27, 2022, and new rates went into effect January 1, 2023.

Connecticut Energy Legislation

On October 7, 2020, the Governor of Connecticut signed into law an energy bill that, among other things, instructs PURA to revise the rate-making structure in Connecticut to adopt performance-based rates for each electric distribution company, increases the maximum civil penalties assessable for failures in emergency preparedness, and provides for certain penalties and reimbursements to customers after storm outages greater than 96 hours and extends rate case timelines.

Pursuant to the legislation, PURA opened a docket to consider the implementation of the associated customer compensation and reimbursement provisions in emergency events where customers were without power for more than 96 consecutive hours. On June 30, 2021, PURA issued a final decision implementing the legislative mandate to create a program pursuant to which residential customers will receive \$ 25 for each day without power after 96 hours and also receive reimbursement of \$ 250 for spoiled food and medicine. The decision emphasizes that no costs incurred in connection with this program are recoverable from customers. On June 29, 2023 the Governor of Connecticut signed SB7 into law, which included language that Level 1 storm events were exempt from the waiver. We will continue to review the requirements of the program for the next legislative session.

PURA Investigation of the Preparation for and Response to the Tropical Storm Isaias and Connecticut Storm Reimbursement Legislation

On August 6, 2020, PURA opened a docket to investigate the preparation for and response to Tropical Storm Isaias by the electric distribution companies in Connecticut including UI. Following hearings and the submission of testimony, PURA issued a final decision on April 15, 2021, finding that UI "generally met standards of acceptable performance in its preparation and response to Tropical Storm Isaias," subject to certain exceptions noted in the decision, but ordered a 15 -basis point reduction to UI's ROE in its next rate case to incentivize better performance and indicated that penalties could be forthcoming in the penalty phase of the proceedings. On June 11, 2021, UI filed an appeal of PURA's decision with the Connecticut Superior Court.

On May 6, 2021, in connection with its findings in the Tropical Storm Isaias docket, PURA issued a Notice of Violation to UI for allegedly failing to comply with standards of acceptable performance in emergency preparation or restoration of service in an emergency and with orders of the Authority, and for violations of accident reporting requirements. PURA assessed a civil penalty in the total amount of approximately \$ 2 million. PURA held a hearing on this matter and, in an order dated July 14, 2021, reduced the civil penalty to approximately \$ 1 million. UI filed an appeal of PURA's decision with the Connecticut Superior Court. This appeal and the appeal of PURA's decision on the Tropical Storm Isaias docket have been consolidated. Following oral arguments in October 2022, the court denied UI's appeal and affirmed PURA's decisions in their entirety. UI filed a notice of appeal to Connecticut's Appellate court on November 7, 2022. This matter has been briefed and oral argument was held December 11, 2023. We cannot predict the outcome of this proceeding.

Regulatory Assets and Liabilities

The regulatory assets and regulatory liabilities shown in the tables below result from various regulatory orders that allow for the deferral and/or reconciliation of specific costs. Regulatory assets and regulatory liabilities are classified as current when recovery or refund in the coming year is allowed or required through a specific order or when the rates related to a specific regulatory asset or regulatory liability are subject to automatic annual adjustment.

Regulatory assets as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of	June 30, 2024	December 31, 2023
(Millions)		
Pension and other post-retirement benefits	\$ 430	\$ 445
Pension and other post-retirement benefits cost deferrals	55	58
Storm costs	1,163	868
Rate adjustment mechanism	35	24
Revenue decoupling mechanism	116	86
Contracts for differences	29	38
Hardship programs	24	23
Deferred purchased gas	6	16
Environmental remediation costs	245	240
Debt premium	57	58
Unamortized losses on reacquired debt	16	17
Unfunded future income taxes	613	578
Federal tax depreciation normalization adjustment	128	130
Asset retirement obligation	20	19
Deferred meter replacement costs	60	59
COVID-19 cost recovery and late payment surcharge	11	12
Low income arrears forgiveness	45	55
Excess generation service charge	52	52
System Expansion	20	22
Non-bypassable charge	151	103
Hedge losses	6	34
Rate change levelization	92	60
Value of distributed energy resources	43	49
Uncollectible reserve	127	104
New York make-whole provision	73	96
Other	364	283
Total regulatory assets	3,981	3,529
Less: current portion	801	718
Total non-current regulatory assets	\$ 3,180	\$ 2,811

"Pension and other post-retirement benefits" represent the actuarial losses on the pension and other post-retirement plans that will be reflected in customer rates when they are amortized and recognized in future pension expenses.

"Pension and other post-retirement benefits cost deferrals" include the difference between actual expense for pension and other post-retirement benefits and the amount provided for in rates for certain of our regulated utilities. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

"Storm costs" for CMP, NYSEG, RG&E and UI are allowed in rates based on an estimate of the routine costs of service restoration. The companies are also allowed to defer unusually high levels of service restoration costs resulting from major storms when they meet certain criteria for severity and duration. A portion of this balance is amortized through current rates, and the remaining portion will be determined through future rate cases.

"Rate adjustment mechanism" represents an interim rate change to return or collect certain defined reconciled revenues and costs for NYSEG and RG&E following the approval of the Joint Proposal by the NYPSC. The RAM, when triggered, is implemented in rates on July 1 of each year for return or collection over a twelve-month period.

"Revenue decoupling mechanism" represents the mechanism established to disassociate the utility's profits from its delivery/commodity sales.

“Contracts for Differences” represent the deferral of unrealized gains and losses on contracts for differences derivative contracts. The balance fluctuates based upon quarterly market analysis performed on the related derivatives. The amounts, which do not earn a return, are fully offset by a corresponding derivative asset/liability.

“Hardship Programs” represent hardship customer accounts deferred for future recovery to the extent they exceed the amount in rates.

“Deferred Purchased Gas” represents the difference between actual gas costs and gas costs collected in rates.

“Environmental remediation costs” includes spending that has occurred and is eligible for future recovery in customer rates. Environmental costs are currently recovered through a reserve mechanism whereby projected spending is included in rates with any variance recorded as a regulatory asset or a regulatory liability. The amortization period will be established in future proceedings and will depend upon the timing of spending for the remediation costs. It also includes the anticipated future rate recovery of costs that are recorded as environmental liabilities since these will be recovered when incurred. Because no funds have yet been expended for the regulatory asset related to future spending, it does not accrue carrying costs and is not included within rate base.

“Debt premium” represents the regulatory asset recorded to offset the fair value adjustment to the regulatory component of the non-current debt of UIL at the acquisition date. This amount is being amortized to interest expense over the remaining term of the related outstanding debt instruments.

“Unamortized losses on reacquired debt” represent deferred losses on debt reacquisitions that will be recovered over the remaining original amortization period of the reacquired debt.

“Unfunded future income taxes” represent unrecovered federal and state income taxes primarily resulting from regulatory flow through accounting treatment and are the offset to the unfunded future deferred income tax liability recorded. The income tax benefits or charges for certain plant related timing differences, such as removal costs, are immediately flowed through to, or collected from, customers. This amount is being amortized as the amounts related to temporary differences that give rise to the deferrals are recovered in rates. These amounts are being collected over a period of 46 years, and the NYPSC staff has initiated an audit, as required, of the unfunded future income taxes and other tax assets to verify the balances.

“Federal tax depreciation normalization adjustment” represents the revenue requirement impact of the difference in the deferred income tax expense required to be recorded under the IRS normalization rules and the amount of deferred income tax expense that was included in cost of service for rate years covering 2011 forward. The recovery period in New York is from 25 to 35 years and for CMP 32.5 years beginning in 2020.

“Asset retirement obligations” represents the differences in timing of the recognition of costs associated with our AROs and the collection of such amounts through rates. This amount is being amortized at the related depreciation and accretion amounts of the underlying liability.

“Deferred meter replacement costs” represent the deferral of the book value of retired meters which were replaced or are planned to be replaced by AMI meters. This amount is being amortized over the initial depreciation period of related retired meters.

“COVID-19 cost recovery and late payment surcharge” represents: a) deferred COVID-19-related costs in the state of Connecticut based on the order issued by PURA on April 29, 2020, requiring utilities to track COVID-19-related expenses and lost revenue and create a regulatory asset, and b) deferred lost late payment revenue in the state of New York based on the order issued by the NYPSC on June 17, 2022, approving deferral and surcharge/sur-credit mechanism to recover/return deferred balances starting July 1, 2022.

“Low-income arrears forgiveness” represents deferred bill credits in the state of New York based on the order issued by the NYPSC on June 16, 2022, approving deferral of bill credits for low-income customers and recovery of regulatory asset from all customers over five years for RG&E and three years for NYSEG. Surcharge started August 1, 2022.

“Excess generation service charge” represents deferred generation-related costs or revenues for future recovery from or return to customers. The amount fluctuates based upon timing differences between revenues collected from rates and actual costs incurred.

“System expansion” represents expenses not covered by system expansion rates related to expanding the natural gas system and converting customers to natural gas.

“Non-bypassable charges” represent non-bypassable federally mandated congestion costs or revenues for future recovery from or return to customers. The amount fluctuates based upon timing differences between revenues collected from rates and actual costs incurred.

“Hedge losses” represents the deferred fair value losses on electric and gas hedge contracts.

“Rate change levelization” adjusts the New York delivery rate increases across the three-year plan to avoid unnecessary spikes and offsetting dips in customer rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Value of distributed energy resources” represents the mechanism to compensate for energy created by distributed energy resources, such as solar.

“Uncollectible reserve” includes the anticipated future rate recovery of costs that are recorded as uncollectible since those will be recovered when incurred. Because no funds have yet been expended for the regulatory asset related to future uncollectible expense, it does not accrue carrying costs and is not included within rate base. It also includes the variance between actual uncollectible expense and uncollectible expense included in rates that is eligible for future recovery in customer rates. The amortization period will be established in future proceedings.

“New York make-whole provision” represents the regulatory asset to recover revenues that would have been received by NYSEG/RGE had Rate Year 1 rates approved in the 22-E-0317 et al. joint proposal gone into effect on the effective date of May 1, 2023. The balance is being recovered through a separately stated make-whole rate, effective November 1, 2022, over 6 - 30 months.

“Other” includes various items subject to reconciliation including vegetation management and systems benefit charge.

Regulatory liabilities as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of	June 30, 2024	December 31, 2023
(Millions)		
Energy efficiency portfolio standard	\$ 23	\$ 15
Gas supply charge and deferred natural gas cost	38	8
Pension and other post-retirement benefits cost deferrals	85	89
Carrying costs on deferred income tax bonus depreciation	2	3
Carrying costs on deferred income tax - Mixed Services 263(a)	1	2
2017 Tax Act	1,179	1,190
Accrued removal obligations	1,128	1,139
Positive benefit adjustment	5	9
Deferred property tax	23	21
Net plant reconciliation	22	23
Debt rate reconciliation	12	18
Rate refund – FERC ROE proceeding	40	39
Transmission congestion contracts	22	26
Merger-related rate credits	7	8
Accumulated deferred investment tax credits	20	21
Asset retirement obligation	19	19
Middletown/Norwalk local transmission network service collections	15	16
Non-firm margin sharing credits	41	34
Non by-passable charges	4	9
Transmission revenue reconciliation mechanism	2	57
Other	176	209
Total regulatory liabilities	2,864	2,955
Less: current portion	207	261
Total non-current regulatory liabilities	\$ 2,657	\$ 2,694

“Energy efficiency portfolio standard” represents the costs of energy efficiency programs deferred for future recovery to the extent they exceed the amount in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Gas supply charge and deferred natural gas cost” reflects the actual costs of purchasing, transporting and storing of natural gas. Gas supply reconciliation is determined by comparing actual gas supply expenses to the monthly gas cost recoveries in rates. Prior rate year balances are collected/returned to customers beginning the next calendar year.

“Pension and other postretirement benefits cost deferrals” include the difference between actual expense for pension and other post-retirement benefits and the amount provided for in rates for certain of our regulated utilities. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Carrying costs on deferred income tax bonus depreciation” represent the carrying costs benefit of increased accumulated deferred income taxes created by the change in tax law allowing bonus depreciation. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Carrying costs on deferred income tax - Mixed Services 263(a)” represent the carrying costs benefit of increased accumulated deferred income taxes created by Section 263 (a) IRC. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“2017 Tax Act” represents the impact from remeasurement of deferred income tax balances as a result of the Tax Act enacted by the U.S. federal government on December 22, 2017. Reductions in accumulated deferred income tax balances due to the reduction in the corporate income tax rates from 35% to 21% under the provisions of the Tax Act will result in amounts previously and currently collected from utility customers for these deferred taxes to be refundable to such customers, generally

through reductions in future rates. The NYPSC, MPUC, PURA, DPU and the FERC held separate proceedings in New York, Maine, Connecticut, Massachusetts and the FERC, respectively, and for the majority of our regulated utilities, authorized the amortization periods for the return of regulatory liabilities and the recovery of regulatory assets, including the authorization of sur-credits to return the related benefits to rate payers in certain jurisdictions.

“Accrued removal obligations” represent the differences between asset removal costs recorded and amounts collected in rates for those costs. The amortization period is dependent upon the asset removal costs of underlying assets and the life of the utility plant.

“Positive benefit adjustment” resulted from Iberdrola’s 2008 acquisition of Avangrid (formerly Energy East Corporation). This is being used to moderate increases in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Deferred property tax” represents the difference between actual expense for property taxes recoverable from customers and the amount provided for in rates. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Net plant reconciliation” represents the reconciliation of the actual electric and gas net plant and book depreciation to the targets set forth in the 2020 Joint Proposal. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Debt rate reconciliation” represents the over/under collection of costs related to debt instruments identified in the rate case. Costs would include interest, commissions and fees versus amounts included in rates.

“Rate refund - FERC ROE proceeding” represents the reserve associated with the FERC proceeding around the base return on equity (ROE) reflected in ISO New England, Inc.’s (ISO-NE) open access transmission tariff (OATT). See Note 8 for more details.

“Transmission congestion contracts” represents deferral of the Nine Mile 2 Nuclear Plant transmission congestion contract at RG&E. A portion of this balance is amortized through current rates, the remaining portion will be refunded in future periods through future rate cases.

“Merger-related rate credits” resulted from the acquisition of UIL. This is being used to moderate increases in rates. During the three and six months ended June 30, 2024, \$ 0 million and \$ 1 million, respectively, and \$ 0 and \$ 1 million, respectively, for the three and six months ended June 30, 2023 of rate credits were applied against customer bills.

“Asset retirement obligation” represents the differences in timing of the recognition of costs associated with our AROs and the collection of such amounts through rates. This amount is being amortized at the related depreciation and accretion amounts of the underlying liability.

“Middletown/Norwalk local transmission network service collections” represents allowance for funds used during construction of the Middletown/Norwalk transmission line, which is being amortized over the useful life of the project.

“Non-firm margin sharing credits” represents the portion of interruptible and off-system sales revenue set aside to fund gas expansion projects.

“Other” includes various items subject to reconciliation or being returned through rates, such as service quality metrics.

Note 6. Fair Value of Financial Instruments and Fair Value Measurements

We determine the fair value of our derivative assets and liabilities and non-current equity investments associated with Networks’ activities utilizing market approach valuation techniques:

- Our equity and other investments consist of Rabbi Trusts. Our Rabbi Trusts, which cover certain deferred compensation plans and non-qualified pension plan obligations, consist of equity and other investments. The Rabbi Trusts primarily invest in equity securities, fixed income and money market funds. Certain Rabbi Trusts also invest in trust or company owned life insurance policies. We measure the fair value of our Rabbi Trust portfolio using observable, unadjusted quoted market prices in active markets for identical assets and include the measurements in Level 1. We measure the fair value of the supplemental retirement benefit life insurance trust based on quoted prices in the active markets for the various funds within which the assets are held and include the measurement in Level 2.
- NYSEG and RG&E enter into electric energy derivative contracts to hedge the forecasted purchases required to serve their electric load obligations. They hedge their electric load obligations using derivative contracts that are settled based

upon Locational Based Marginal Pricing published by the NYISO. NYSEG and RG&E hedge approximately 70 % of their electric load obligations using contracts for a NYISO location where an active market exists. The forward market prices used to value the companies' open electric energy derivative contracts are based on quoted prices in active markets for identical assets or liabilities with no adjustment required and therefore we include the fair value measurements in Level 1.

- NYSEG and RG&E enter into natural gas derivative contracts to hedge their forecasted purchases required to serve their natural gas load obligations. NYSEG and RG&E hedge up to approximately 55 % of their forecasted winter demand through the use of financial transactions and storage withdrawals. The forward market prices used to value open natural gas derivative contracts are exchange-based prices for the identical derivative contracts traded actively on the New York Mercantile Exchange (NYMEX). We include the fair value measurements in Level 1 because we use prices quoted in an active market.
- NYSEG, RG&E and CMP enter into fuel derivative contracts to hedge their unleaded and diesel fuel requirements for their fleet vehicles. Exchange-based forward market prices are used, but because an unobservable basis adjustment is added to the forward prices, we include the fair value measurement for these contracts in Level 3.
- UI enters into CfDs, which are marked-to-market based on a probability-based expected cash flow analysis that is discounted at risk-free interest rates and an adjustment for non-performance risk using credit default swap rates. We include the fair value measurement for these contracts in Level 3 (See Note 7 for further discussion of CfDs).

We determine the fair value of our derivative assets and liabilities associated with Renewables activities utilizing market approach valuation techniques. Exchange-traded transactions, such as NYMEX futures contracts, that are based on quoted market prices in active markets for identical products with no adjustment are included in fair value Level 1. Contracts with delivery periods of two years or less which are traded in active markets and are valued with or derived from observable market data for identical or similar products such as over-the-counter NYMEX, foreign exchange swaps, and fixed price physical and basis and index trades are included in fair value Level 2. Contracts with delivery periods exceeding two years or that have unobservable inputs or inputs that cannot be corroborated with market data for identical or similar products are included in fair value Level 3. The unobservable inputs include modeled volumes on unit-contingent contracts, extrapolated power curves through May 2032 and scheduling assumptions on California power exports to cover Nevada physical power sales. The valuation for this category is based on our judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists.

We determine the fair value of our interest rate derivative instruments based on a model whose inputs are observable, such as SOFR, forward interest rate curves or other relevant benchmark. We include the fair value measurement for these contracts in Level 2 (See Note 7 for further discussion of interest rate contracts).

We determine the fair value of our foreign currency exchange derivative instruments based on current exchange rates compared to the rates at inception of the hedge. We include the fair value measurement for these contracts in Level 2.

The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable, accounts payable, notes payable, lease obligations and interest accrued approximate fair value.

Restricted cash was \$ 3 million as of both June 30, 2024 and December 31, 2023, and is included in "Other Assets" on our condensed consolidated balance sheets.

The financial instruments measured at fair value as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of June 30, 2024	Level 1	Level 2	Level 3	Netting	Total
(Millions)					
Equity investments with readily determinable fair values	\$ 30	\$ 19	\$ —	\$ —	\$ 49
Derivative assets					
Derivative financial instruments - power	\$ 28	\$ 63	\$ 92	\$ (68)	\$ 115
Derivative financial instruments - gas	1	8	—	(7)	2
Contracts for differences	—	—	1	—	1
Derivative financial instruments - Other	—	174	—	—	174
Total	\$ 29	\$ 245	\$ 93	\$ (75)	\$ 292
Derivative liabilities					
Derivative financial instruments - power	\$ (30)	\$ (66)	\$ (50)	\$ 96	\$ (50)
Derivative financial instruments - gas	(3)	(21)	—	24	—
Contracts for differences	—	—	(30)	—	(30)
Derivative financial instruments - Other	—	(102)	—	—	(102)
Total	\$ (33)	\$ (189)	\$ (80)	\$ 120	\$ (182)
As of December 31, 2023	Level 1	Level 2	Level 3	Netting	Total
(Millions)					
Equity investments with readily determinable fair values	\$ 29	\$ 16	\$ —	\$ —	\$ 45
Derivative assets					
Derivative financial instruments - power	\$ 15	\$ 42	\$ 114	\$ (69)	\$ 102
Derivative financial instruments - gas	—	17	—	(12)	5
Contracts for differences	—	—	1	—	1
Derivative financial instruments - Other	—	122	—	—	122
Total	\$ 15	\$ 181	\$ 115	\$ (81)	\$ 230
Derivative liabilities					
Derivative financial instruments - power	\$ (37)	\$ (101)	\$ (40)	\$ 135	\$ (43)
Derivative financial instruments - gas	(12)	(26)	—	37	(1)
Contracts for differences	—	—	(39)	—	(39)
Derivative financial instruments - Other	—	(92)	—	—	(92)
Total	\$ (49)	\$ (219)	\$ (79)	\$ 172	\$ (175)

The reconciliation of changes in the fair value of financial instruments based on Level 3 inputs for the three and six months ended June 30, 2024 and 2023, respectively, is as follows:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Fair Value Beginning of Period,	\$ 18	\$ 14	\$ 36	\$ 16
Gains recognized in operating revenues	12	10	6	10
(Losses) recognized in operating revenues	—	(11)	(10)	(14)
Total losses recognized in operating revenues	12	(1)	(4)	(4)
Gains recognized in OCI	—	—	—	11
(Losses) recognized in OCI	(9)	(1)	(14)	(4)
Total (losses) gains recognized in OCI	(9)	(1)	(14)	7
Net change recognized in regulatory assets and liabilities	4	4	9	8
Purchases	2	22	3	31
Settlements	(14)	(15)	(17)	(35)
Fair Value as of June 30,	<u>\$ 13</u>	<u>\$ 23</u>	<u>\$ 13</u>	<u>\$ 23</u>
Losses for the period included in operating revenues attributable to the change in unrealized gains relating to financial instruments still held at the reporting date	\$ 12	\$ (1)	\$ (4)	\$ (4)

Level 3 Fair Value Measurement

The table below illustrates the significant sources of unobservable inputs used in the fair value measurement of our Level 3 derivatives and the variability in prices for those transactions classified as Level 3 derivatives.

As of June 30, 2024

Index	Avg.	Max.	Min.
Ameren (\$/MWh)	\$ 42.95	\$ 90.60	\$ 19.58
ComEd (\$/MWh)	\$ 38.96	\$ 85.85	\$ 15.39
ERCOT S hub (\$/MWh)	\$ 47.60	\$ 197.00	\$ 16.17
Mid C (\$/MWh)	\$ 83.85	\$ 248.45	\$ 14.30

Our Level 3 valuations primarily consist of a Hydro PPA utilized for balancing services for the Northwest wind fleet, power swaps with delivery periods extending through May 2032 hedging Midwest and Texas wind farms and physical power sales agreements in Nevada.

We considered the measurement uncertainty regarding the Level 3 gas and power positions to changes in the valuation inputs. Given the nature of the transactions in Level 3, the primary input to the valuation is the market price of gas or power for transactions with delivery periods exceeding two years. The fixed price power swaps are economic hedges of future power generation, with decreases in power prices resulting in unrealized gains and increases in power prices resulting in unrealized losses. The hydro PPA is a long capacity/energy position in the Northwest that provides balancing services with increases in power prices resulting in unrealized gains and decreases in power prices resulting in unrealized losses. The gas swaps are economic hedges of fuel purchases for a combined cycle gas plant, with increases in gas prices resulting in unrealized gains and decreases in gas prices resulting in unrealized losses. As all transactions are economic hedges of the underlying position, any changes in the fair value of these transactions will be offset by changes in the anticipated purchase/sales price of the underlying commodity.

Two elements of the analytical infrastructure employed in valuing transactions are the price curves used in the calculation of market value and the modeled volumes on unit-contingent agreements. We maintain and document authorized trading points and associated forward price curves, and we develop and document models used in valuation of the various products.

Transactions are valued in part on the basis of forward prices and estimated volumes. We maintain and document descriptions of these curves and their derivations. Forward price curves used in valuing the transactions are applied to the full duration of the transaction.

The determination of fair value of the CfDs (see Note 7 for further details on CfDs) was based on a probability-based expected cash flow analysis that was discounted at risk-free interest rates, as applicable, and an adjustment for non-performance risk using credit default swap rates. Certain management assumptions were required, including development of pricing that extends over the term of the contracts. We believe this methodology provides the most reasonable estimates of the amount of future discounted cash flows associated with the CfDs. Additionally, on a quarterly basis, we perform analytics to ensure that the fair value of the derivatives is consistent with changes, if any, in the various fair value model inputs. Significant isolated changes in the risk of non-performance, the discount rate or the contract term pricing would result in an inverse change in the fair value of the CfDs. Additional quantitative information about Level 3 fair value measurements of the CfDs is as follows:

Unobservable Input	Range at June 30, 2024
Risk of non-performance	0.48 % - 0.55 %
Discount rate	4.44 % - 4.58 %
Forward pricing (\$ per KW-month)	\$ 2.59 - \$ 2.61

Fair Value of Debt

As of June 30, 2024 and December 31, 2023, debt consisted of first mortgage bonds, unsecured pollution control notes and other various non-current debt securities. The estimated fair value of debt was \$ 11,246 million and \$ 10,266 million as of June 30, 2024 and December 31, 2023, respectively. The estimated fair value was determined, in most cases, by discounting the future cash flows at market interest rates. The interest rates used to make these calculations take into account the credit ratings of the borrowers in each case. The fair value of debt is considered Level 2 within the fair value hierarchy.

Note 7. Derivative Instruments and Hedging

Our operating and financing activities are exposed to certain risks, which are managed by using derivative instruments. All derivative instruments are recognized as either assets or liabilities at fair value on our condensed consolidated balance sheets in accordance with the accounting requirements concerning derivative instruments and hedging activities.

(a) Networks activities

The tables below present Networks' derivative positions as of June 30, 2024 and December 31, 2023, respectively, including those subject to master netting agreements and the location of the net derivative positions on our condensed consolidated balance sheets:

As of June 30, 2024	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
(Millions)				
Not designated as hedging instruments				
Derivative assets	\$ 23	\$ 5	\$ 21	\$ 6
Derivative liabilities	(21)	(5)	(39)	(23)
	2	—	(18)	(17)
Designated as hedging instruments				
Derivative assets	—	—	—	—
Derivative liabilities	—	—	—	—
	—	—	—	—
Total derivatives before offset of cash collateral	2	—	(18)	(17)
Cash collateral receivable	—	—	2	4
Total derivatives as presented in the balance sheet	\$ 2	\$ —	\$ (16)	\$ (13)

As of December 31, 2023	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
(Millions)				
Not designated as hedging instruments				
Derivative assets	\$ 13	\$ 3	\$ 12	\$ 3
Derivative liabilities	(12)	(3)	(57)	(32)
	1	—	(45)	(29)
Designated as hedging instruments				
Derivative assets	—	—	—	—
Derivative liabilities	—	—	—	—
	—	—	—	—
Total derivatives before offset of cash collateral	1	—	(45)	(29)
Cash collateral receivable	—	—	27	7
Total derivatives as presented in the balance sheet	\$ 1	\$ —	\$ (18)	\$ (22)

The net notional volumes of the outstanding derivative instruments associated with Networks' activities as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of	June 30, 2024	December 31, 2023
(Millions)		
Wholesale electricity purchase contracts (MWh)	6.5	5.6
Natural gas purchase contracts (Dth)	9.3	10.7

Derivatives not designated as hedging instruments

NYSEG and RG&E have an electric commodity charge that passes costs for the market price of electricity through rates. We use electricity contracts, both physical and financial, to manage fluctuations in electricity commodity prices in order to provide price stability to customers. We include the cost or benefit of those contracts in the amount expensed for electricity purchased when the related electricity is sold. We record changes in the fair value of electric hedge contracts to derivative assets and/or liabilities with an offset to regulatory assets and/or regulatory liabilities, in accordance with the accounting requirements concerning regulated operations.

NYSEG and RG&E have purchased gas adjustment clauses that allow us to recover through rates any changes in the market price of purchased natural gas, substantially eliminating our exposure to natural gas price risk. NYSEG and RG&E use natural gas futures and forwards to manage fluctuations in natural gas commodity prices to provide price stability to customers. We include the cost or benefit of natural gas futures and forwards in the commodity cost that is passed on to customers when the related sales commitments are fulfilled. We record changes in the fair value of natural gas hedge contracts to derivative assets and/or liabilities with an offset to regulatory assets and/or regulatory liabilities in accordance with the accounting requirements for regulated operations.

The amounts for electricity hedge contracts and natural gas hedge contracts recognized in regulatory liabilities and assets as of June 30, 2024 and December 31, 2023 and amounts reclassified from regulatory assets and liabilities into income for the three and six months ended June 30, 2024 and 2023 are as follows:

(Millions)	Loss or Gain Recognized in Regulatory Assets/Liabilities		Location of Loss (Gain) Reclassified from Regulatory Assets/Liabilities into Income		Loss (Gain) Reclassified from Regulatory Assets/Liabilities into Income			
					Three Months Ended June 30,		Six Months Ended June 30,	
As of								
June 30, 2024	Electricity	Natural Gas			Electricity	Natural Gas	Electricity	Natural Gas
			Purchased power, natural gas and fuel					
Regulatory assets	\$ 4	\$ 2	used		\$ 13	\$ —	\$ 33	\$ 11
Regulatory liabilities	\$ (2)	\$ —						
December 31, 2023			2023					
			Purchased power, natural gas and fuel					
Regulatory assets	\$ 22	\$ 12	used		\$ 22	\$ —	\$ 71	\$ 6

Pursuant to a PURA order, UI and Connecticut's other electric utility, CL&P, each executed two long-term CfDs with certain incremental capacity resources, each of which specifies a capacity quantity and a monthly settlement that reflects the difference between a forward market price and the contract price. The costs or benefits of each contract will be paid by or allocated to customers and will be subject to a cost-sharing agreement between UI and CL&P pursuant to which approximately 20 % of the cost or benefit is borne by or allocated to UI customers and approximately 80 % is borne by or allocated to CL&P customers.

PURA has determined that costs associated with these CfDs will be fully recoverable by UI and CL&P through electric rates, and UI has deferred recognition of costs (a regulatory asset) or obligations (a regulatory liability), including carrying costs. For those CfDs signed by CL&P, UI records its approximate 20 % portion pursuant to the cost-sharing agreement noted above. As of June 30, 2024, UI has recorded a gross derivative asset of \$ 1 million (\$ 0 of which is related to UI's portion of the CfD signed by CL&P), a regulatory asset of \$ 28 million, a gross derivative liability of \$ 29 million (\$ 28 million of which is related to UI's portion of the CfD signed by CL&P) and a regulatory liability of \$ 0 . As of December 31, 2023, UI had recorded a gross derivative asset of \$ 1 million (\$ 0 of which is related to UI's portion of the CfD signed by CL&P), a regulatory asset of \$ 38 million, a gross derivative liability of \$ 39 million (\$ 38 million of which is related to UI's portion of the CfD signed by CL&P) and a regulatory liability of \$ 0 .

The unrealized gains and losses from fair value adjustments to these derivatives, which are recorded in regulatory assets, for the three and six months ended June 30, 2024 and 2023, respectively, were as follows:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Derivative liabilities	\$ 4	\$ 4	\$ 9	\$ 8

Derivatives designated as hedging instruments

The effect of derivatives in cash flow hedging relationships on Other Comprehensive Income (OCI) and income for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

Three Months Ended June 30,	Gain Recognized in OCI on Derivatives (a)	Location of Loss Reclassified from Accumulated OCI into Income	Loss Reclassified from Accumulated OCI into Income	Total amount per Income Statement
(Millions)				
2024				
Interest rate contracts	\$ —	Interest expense	\$ 1	\$ 122
Commodity contracts	—	Purchased power, natural gas and fuel used	—	429
Total	\$ —		\$ 1	
2023				
Interest rate contracts	\$ —	Interest expense	\$ 1	\$ 99
Commodity contracts	—	Purchased power, natural gas and fuel used	—	385
Total	\$ —		\$ 1	
Six Months Ended June 30,				
(Millions)				
2024				
Interest rate contracts	\$ —	Interest expense	\$ 2	\$ 247
Commodity contracts	—	Purchased power, natural gas and fuel used	—	1,153
Total	\$ —		\$ 2	
2023				
Interest rate contracts	\$ —	Interest expense	\$ 2	\$ 194
Commodity contracts	—	Purchased power, natural gas and fuel used	—	1,362
Total	\$ —		\$ 2	

(a) Changes in accumulated OCI are reported on a pre-tax basis.

As of June 30, 2024 and December 31, 2023, the net loss in accumulated OCI related to previously settled forward starting swaps and accumulated amortization was \$ 37 million and \$ 39 million, respectively. Networks recorded net derivative losses related to discontinued cash flow hedges of \$ 1 million and \$ 2 million, for the three and six months ended June 30, 2024 and 2023, respectively. Networks will amortize approximately \$ 4 million of net derivative losses related to discontinued cash flow hedges within the next twelve months.

(b) Renewables activities

Renewables sells fixed-price gas and power forwards to hedge our merchant wind assets from declining commodity prices for our Renewables business. Renewables also purchases fixed-price gas and basis swaps and sells fixed-price power in the forward market to hedge the spark spread or heat rate of our merchant thermal assets and enters into tolling arrangements to sell the output of its thermal generation facilities.

Renewables has proprietary trading operations that enter into fixed-price power and gas forwards in addition to basis swaps. The intent is to speculate on fixed-price commodity and basis volatility in the U.S. commodity markets.

Renewables will periodically designate derivative contracts as cash flow hedges for both its thermal and wind portfolios. The fair value changes are recorded in OCI. For thermal operations, Renewables will periodically designate both fixed-price NYMEX gas contracts and natural gas basis swaps that hedge the fuel requirements of its Klamath Plant in Klamath, Oregon. Renewables will also designate fixed-price power swaps at various locations in the U.S. market to hedge future power sales from its Klamath facility and various wind farms.

The net notional volumes of outstanding derivative instruments associated with Renewables' activities as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of	June 30, 2024	December 31, 2023
(MWh/Dth in millions)		
Wholesale electricity purchase contracts	—	1
Wholesale electricity sales contracts	5	6
Natural gas and other fuel purchase contracts	20	21
Financial power contracts	4	4
Basis swaps – purchases	27	24
Basis swaps – sales	1	1

The fair values of derivative contracts associated with Renewables' activities as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of	June 30, 2024	December 31, 2023
(Millions)		
Wholesale electricity purchase contracts	\$ 7	\$ 29
Wholesale electricity sales contracts	36	14
Natural gas and other fuel purchase contracts	2	4
Financial power contracts	19	17
Total	\$ 64	\$ 64

Renewables has a forward interest rate swap, with a total notional amount of \$ 956 million, to hedge the issuance of forecasted variable rate debt. The forward interest rate swap is designated and qualifies as a cash flow hedge. As of June 30, 2024 and December 31, 2023, the fair value of the interest rate swap was \$ 173 million and \$ 122 million, respectively, as a current and non-current asset. The gain or loss on the interest rate swap is reported as a component of accumulated OCI and will be reclassified into earnings in the period or periods during which the related interest expense on the debt is incurred.

The tables below present Renewables' derivative positions as of June 30, 2024 and December 31, 2023, respectively, including those subject to master netting agreements and the location of the net derivative position on our condensed consolidated balance sheets:

As of June 30, 2024	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
(Millions)				
Not designated as hedging instruments				
Derivative assets	\$ 64	\$ 51	\$ 22	\$ 3
Derivative liabilities	(2)	(3)	(48)	(7)
	62	48	(26)	(4)
Designated as hedging instruments				
Derivative assets	20	166	10	4
Derivative liabilities	(1)	—	(37)	(42)
	19	166	(27)	(38)
Total derivatives before offset of cash collateral	81	214	(53)	(42)
Cash collateral (payable) receivable	(4)	(1)	31	11
Total derivatives as presented in the balance sheet	\$ 77	\$ 213	\$ (22)	\$ (31)

As of December 31, 2023	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities
(Millions)				
Not designated as hedging instruments				
Derivative assets	\$ 53	\$ 52	\$ 53	\$ 1
Derivative liabilities	—	(3)	(73)	(4)
	53	49	(20)	(3)
Designated as hedging instruments				
Derivative assets	15	113	7	1
Derivative liabilities	(1)	—	(47)	(37)
	14	113	(40)	(36)
Total derivatives before offset of cash collateral	67	162	(60)	(39)
Cash collateral receivable	—	—	43	13
Total derivatives as presented in the balance sheet	\$ 67	\$ 162	\$ (17)	\$ (26)

Derivatives not designated as hedging instruments

The effects of trading and non-trading derivatives associated with Renewables' activities for the three and six months ended June 30, 2024, consisted of:

	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Trading	Non-trading	Total amount per income statement	Trading	Non-trading	Total amount per income statement
(Millions)						
Operating Revenues						
Wholesale electricity purchase contracts	\$ 2	\$ —	\$ (1)	\$ —		
Wholesale electricity sales contracts	(10)	3	1	25		
Financial power contracts	(2)	1	(4)	3		
Financial and natural gas contracts	—	(3)	—	(5)		
Total (loss) gain included in operating revenues	\$ (10)	\$ 1	\$ 1,923	\$ (4)	\$ 23	\$ 4,340
Purchased power, natural gas and fuel used						
Wholesale electricity purchase contracts	\$ —	\$ (3)	\$ —	\$ (20)		
Financial and natural gas contracts	—	(7)	—	1		
Total loss included in purchased power, natural gas and fuel used	\$ —	\$ (10)	\$ 429	\$ —	\$ (19)	\$ 1,153
Total (loss) gain	\$ (10)	\$ (9)		\$ (4)	\$ 4	

The effects of trading and non-trading derivatives associated with Renewables' activities for the three and six months ended June 30, 2023, consisted of:

	Three Months Ended June 30, 2023			Six Months Ended June 30, 2023		
	Trading	Non-trading	Total amount per income statement	Trading	Non-trading	Total amount per income statement
(Millions)						
Operating Revenues						
Wholesale electricity purchase contracts	\$ (4)	\$ (2)		\$ (8)	\$ (1)	
Wholesale electricity sales contracts	21	19		28	43	
Financial power contracts	(3)	10		(1)	25	
Financial and natural gas contracts	—	(4)		—	6	
Total gain included in operating revenues	\$ 14	\$ 23	\$ 1,587	\$ 19	\$ 73	\$ 4,053
Purchased power, natural gas and fuel used						
Wholesale electricity purchase contracts	\$ —	\$ (21)		\$ —	\$ (56)	
Financial and natural gas contracts	—	(11)		—	(32)	
Total loss included in purchased power, natural gas and fuel used	\$ —	\$ (32)	\$ 385	\$ —	\$ (88)	\$ 1,362
Total gain (loss)	\$ 14	\$ (9)		\$ 19	\$ (15)	

Derivatives designated as hedging instruments

The effect of derivatives in cash flow hedging relationships on accumulated OCI and income for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

Three Months Ended June 30,	(Loss) Gain Recognized in OCI on Derivatives (a)	Location of (Gain) Reclassified from Accumulated OCI into Income	Loss Reclassified from Accumulated OCI into Income	Total amount per Income Statement
(Millions)				
2024				
Interest rate contracts	15	Interest Expense	—	\$ 122
Commodity contracts	(15)	Operating revenues	8	\$ 1,923
Total	\$ —		\$ 8	
2023				
Interest rate contracts	34	Interest Expense	—	\$ 99
Commodity contracts	12	Operating revenues	18	\$ 1,587
Total	\$ 46		\$ 18	

Six Months Ended June 30,	(Loss) Gain Recognized in OCI on Derivatives (a)	Location of (Gain) Reclassified from Accumulated OCI into Income	Loss Reclassified from Accumulated OCI into Income	Total amount per Income Statement
(Millions)				
2024				
Interest rate contracts	51	Interest Expense	—	\$ 247
Commodity contracts	5	Operating revenues	13	\$ 4,340
Total	<u>\$ 56</u>		<u>\$ 13</u>	
2023				
Interest rate contracts	124	Interest Expense	—	\$ 194
Commodity contracts	35	Operating revenues	84	\$ 4,053
Total	<u>\$ 159</u>		<u>\$ 84</u>	

(a) Changes in OCI are reported on a pre-tax basis.

Amounts are reclassified from accumulated OCI into income in the period during which the transaction being hedged affects earnings or when it becomes probable that a forecasted transaction being hedged would not occur. Notwithstanding future changes in prices, approximately \$ 23 million of losses included in accumulated OCI at June 30, 2024, are expected to be reclassified into earnings within the next twelve months. For all of the three and six months ended June 30, 2024 and 2023, we did not record any net derivative losses related to discontinued cash flow hedges.

(c) Interest rate contracts

Avangrid uses financial derivative instruments from time to time to alter its fixed and floating rate debt balances or to hedge fixed rates in anticipation of future fixed rate issuances.

As of June 30, 2024 and December 31, 2023, the net loss in accumulated OCI related to previously settled interest rate contracts was \$ 24 million and \$ 29 million, respectively. We amortized into income \$ 3 million and \$ 3 million, and \$ 5 million and \$ 5 million, for the three and six months ended June 30, 2024 and 2023, respectively, of the loss related to settled interest rate contracts. We will amortize approximately \$ 8 million of the net loss on the interest rate contracts within the next twelve months.

The effect of derivatives in cash flow hedging relationships on accumulated OCI for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

Three Months Ended June 30,	(Loss) Recognized in OCI on Derivatives (a)	Location of Loss Reclassified from Accumulated OCI into Income	Loss Reclassified from Accumulated OCI into Income	Total amount per Income Statement
(Millions)				
2024				
Interest rate contracts	\$ —	Interest expense	\$ 3	\$ 122
2023				
Interest rate contracts	\$ —	Interest expense	\$ 3	\$ 99
Six Months Ended June 30,	(Loss) Recognized in OCI on Derivatives (a)	Location of Loss Reclassified from Accumulated OCI into Income	Loss Reclassified from Accumulated OCI into Income	Total amount per Income Statement
(Millions)				
2024				
Interest rate contracts	\$ —	Interest expense	\$ 5	\$ 247
2023				
Interest rate contracts	\$ —	Interest expense	\$ 5	\$ 194

(a) Changes in OCI are reported on a pre-tax basis. The amounts in accumulated OCI are being reclassified into earnings over the underlying debt maturity periods which end in 2025 and 2029.

On July 15, 2021, Corporate entered into an interest rate swap to hedge the fair value of \$ 750 million of existing debt included in "Non-current debt" on our consolidated balance sheets. The interest rate swap is designated and qualifies as a fair value hedge. The change in the fair value of the interest rate swap and the offsetting change in the fair value of the underlying debt are reported as components of "Interest expense."

The effects on our consolidated financial statements as of and for the three and six months ended June 30, 2024 and 2023, respectively, are as follows:

	Fair value of hedge	Location of (Gain) Recognized in Income Statement	Loss Recognized in Income Statement		Total per Income Statement	
			Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024
(Millions)	As of June 30, 2024					
Current Liabilities	\$ (28)	Interest Expense	\$ 6	\$ 17	\$ 122	\$ 247
Non-current liabilities	\$ (70)					

	Cumulative effect on hedged debt					
Current debt	\$ —					
Non-current debt	\$ 98					

	Fair value of hedge	Location of Loss Recognized in Income Statement	Loss Recognized in Income Statement		Total per Income Statement	
			Three Months Ended June 30, 2023	Six Months Ended June 30, 2023	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
(Millions)	As of December 31, 2023					
Current Liabilities	\$ (26)	Interest Expense	\$ 7	\$ 14	\$ 99	\$ 194
Non-current liabilities	\$ (63)					

	Cumulative effect on hedged debt					
Current debt	\$ —					
Non-current debt	\$ 89					

(d) Counterparty credit risk management

NYSEG and RG&E face risks related to counterparty performance on hedging contracts due to counterparty credit default. We have developed a matrix of unsecured credit thresholds that are applicable based on the respective counterparty's or the counterparty guarantor's credit rating, as provided by Moody's or Standard & Poor's. When our exposure to risk for a counterparty exceeds the unsecured credit threshold, the counterparty is required to post additional collateral or we will no longer transact with the counterparty until the exposure drops below the unsecured credit threshold.

The wholesale power supply agreements of UI contain default provisions that include required performance assurance, including certain collateral obligations, in the event that UI's credit ratings on senior debt were to fall below investment grade. If such an event had occurred as of June 30, 2024, UI would have had to post an aggregate of approximately \$ 17 million in collateral.

We have various master netting arrangements in the form of multiple contracts with various single counterparties that are subject to contractual agreements that provide for the net settlement of all contracts through a single payment. Those arrangements reduce our exposure to a counterparty in the event of a default on or termination of any single contract. For financial statement presentation purposes, we offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim or the obligation to return cash collateral arising from derivative instruments executed with the same counterparty under a master netting arrangement. As of June 30, 2024 and December 31, 2023, the amount of cash collateral under master netting arrangements that have not been offset against net derivative positions was \$ 61 million and \$ 63 million, respectively. Derivative instruments settlements and collateral payments are included throughout the "Changes in operating assets and liabilities" section of operating activities in our condensed consolidated statements of cash flows.

Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, we would be in violation of those provisions and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. The aggregate fair value of all

derivative instruments with credit risk related contingent features that are in a liability position as of June 30, 2024 was \$ 6 million, for which we have posted collateral.

Note 8. Contingencies and Commitments

We are party to various legal disputes arising as part of our normal business activities. We assess our exposure to these matters and record estimated loss contingencies when a loss is probable and can be reasonably estimated. We do not provide for accrual of legal costs expected to be incurred in connection with a loss contingency.

Transmission - ROE Complaint – CMP and UI

On September 30, 2011, the Massachusetts Attorney General, DPU, PURA, New Hampshire Public Utilities Commission, Rhode Island Division of Public Utilities and Carriers, Vermont Department of Public Service, numerous New England consumer advocate agencies and transmission tariff customers collectively filed a joint complaint with the FERC, pursuant to sections 206 and 306 of the Federal Power Act against several NETOs claiming that the approved base ROE of 11.14 % used by NETOs in calculating formula rates for transmission service under the ISO-New England Open Access Transmission Tariff (OATT) was not just and reasonable and seeking a reduction of the base ROE of 9.2 %. CMP and UI are NETOs with assets and service rates that are governed by the OATT and will thereby be affected by any FERC order resulting from the filed complaint.

On December 26, 2012, a second related complaint for a subsequent rate period was filed requesting the ROE be reduced to 8.7 %. On July 31, 2014, a third related complaint was filed for a subsequent rate period requesting the ROE be reduced to 8.84 %. On April 29, 2016, a fourth complaint was filed for a rate period subsequent to prior complaints requesting the base ROE be 8.61 % and ROE Cap be 11.24 %.

On October 16, 2018, the FERC issued an order directing briefs and proposing a new methodology to calculate the NETOs ROE that is contained in NETOs' transmission formula rate on file at FERC. We cannot predict the final outcome of the proceedings.

Customer Invoice Dispute

On May 4, 2021, Nike USA, Inc. (Nike), the buyer under a virtual PPA with a subsidiary of Renewables, provided notice that it disagreed with the settlement amounts included in certain invoices. The PPA provides for a monthly settlement between the parties based on the metered output of the project based on a stated hub price. The disagreement relates as to the appropriate hub price to use for settlement calculations, most notably during Winter Storm Uri in February of 2021. Nike has requested an adjustment to the invoices that would increase the amount payable by approximately \$ 31 million. Renewables has responded that the invoices have been properly calculated in accordance with the provisions of the PPA, and that Nike is not entitled to any further payments. On June 16, 2023, Nike filed suit against the Company, Renewables and certain subsidiaries of Renewables alleging breach of contract, and seeking more than \$ 31 million in invoice adjustments, fees, and interest. The Company filed a motion to dismiss the complaint, which the Circuit Court of the State of Oregon for the County of Multnomah denied on October 25, 2023 following oral arguments. The case is currently proceeding with an expected trial beginning in February 2025. We cannot predict the outcome of this matter.

Solar Contractor Dispute

Renewables, through certain subsidiaries, has Engineering, Procurement and Construction (EPC) contracts with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the construction of two Solar farms—Lund Hill in Klickitat, WA (Lund Hill), and Pachway Fields in Gillam County, OR (Montague). Renewables believes that SWSS is in default of a number of its obligations under the respective EPC contracts, including construction flaws and failing to pay certain subcontractors. As a result, Renewables drew on Letters of Credit for both Montague and Lund Hill. In response, SWSS filed liens on both projects totaling approximately \$ 105 million claiming that this amount is due under EPC contracts. Renewables has bonded over the liens on both properties. On October 27, 2023, SWSS commenced foreclosure actions in Oregon on the lien at Montague, and added claims for breach of contract and quantum meruit, seeking up to \$ 111.8 million. SWSS has also commenced foreclosure procedures in Washington State against Lund Hill seeking to close on its lien of \$ 59.9 million. On February 26, 2024, SWSS filed a lawsuit against Lund Hill and Renewables in New York State court, all based on the same facts as the previously filed foreclosure matter and seeking \$ 59.9 million in damages. We cannot predict the outcome of these disputes.

Guarantee Commitments to Third Parties

As of June 30, 2024, we had approximately \$ 938 million of standby letters of credit, surety bonds, guarantees and indemnifications outstanding. We also provided a guaranty related to Renewables' commitment to contribute equity to Vineyard Wind and an indemnification of Vineyard Wind tax equity investors as described in Note 19, which are in addition to the amounts above. These instruments provide financial assurance to the business and trading partners of Avangrid, its subsidiaries and equity method investees in their normal course of business. The instruments only represent liabilities if Avangrid or its

subsidiaries fail to deliver on contractual obligations. We therefore believe it is unlikely that any material liabilities associated with these instruments will be incurred and, accordingly, as of June 30, 2024, neither we nor our subsidiaries have any liabilities recorded for these instruments.

NECEC Commitments

On January 4, 2021, CMP transferred the NECEC project to NECEC Transmission LLC, a wholly-owned subsidiary of Networks. Among other things, NECEC Transmission LLC and/or CMP committed to approximately \$90 million of future payments to support various programs in the state of Maine, of which approximately \$12 million was paid through the six months ended June 30, 2024.

Note 9. Environmental Liabilities

Environmental laws, regulations and compliance programs may occasionally require changes in our operations and facilities and may increase the cost of electric and natural gas service. We do not provide for accruals of legal costs expected to be incurred in connection with loss contingencies.

Waste sites

The Environmental Protection Agency and various state environmental agencies, as appropriate, have notified us that we are among the potentially responsible parties that may be liable for costs incurred to remediate certain hazardous substances at twenty-four waste sites, which do not include sites where gas was manufactured in the past. Sixteen of the twenty-four sites are included in the New York State Registry of Inactive Hazardous Waste Disposal Sites; one site is included in Maine's Uncontrolled Sites Program; and one site is included on the Massachusetts Non-Priority Confirmed Disposal Site list. The remaining sites are not included in any registry list. Finally, five of the twenty-four sites are also included on the National Priorities list. Any liability may be joint and several for certain sites.

We have recorded an estimated liability of \$9 million related to seven of the twenty-four sites. We have paid remediation costs related to the remaining seventeen sites and do not expect to incur additional liabilities. Additionally, we have recorded an estimated liability of \$7 million related to another nine sites where we believe it is probable that we will incur remediation and/or monitoring costs, although we have not been notified that we are among the potentially responsible parties or that we are regulated under State Resource Conservation and Recovery Act programs. It is possible the ultimate cost to remediate these sites may be significantly more than the accrued amount. As of June 30, 2024, our estimate for costs to remediate these sites ranges from \$14 million to \$22 million. Factors affecting the estimated remediation amount include the remedial action plan selected, the extent of site contamination, and the allocation of the clean-up costs.

Manufactured Gas Plants

We have a program to investigate and perform necessary remediation at our fifty-three sites where gas was manufactured in the past (Manufactured Gas Plants, or MGPs). Six sites are included in the New York State Registry; thirty-nine sites are included in the New York State Department of Environmental Conservation (NYSDEC) Multi-Site Order of Consent; one site is with individual NYSDEC Orders of Consent; two sites are under a Brownfield Cleanup Program and two sites are included in Maine Department of Environmental Protection programs (none in the Voluntary Response Action Program, Brownfield Cleanup Program and Uncontrolled Sites Program). The remaining sites are not included in a formal program. We have entered into consent orders with various environmental agencies to investigate and, where necessary, remediate forty-one of the fifty-three sites.

As of June 30, 2024, our estimate for all costs related to investigation and remediation of the fifty-three sites ranges from \$115 million to \$211 million. Our estimate could change materially based on facts and circumstances derived from site investigations, changes in required remedial actions, changes in technology relating to remedial alternatives and changes to current laws and regulations.

Certain of our Connecticut and Massachusetts regulated gas companies own or have previously owned properties where MGPs had historically operated. MGP operations have led to contamination of soil and groundwater with petroleum hydrocarbons, benzene and metals, among other things, at these properties, the regulation and cleanup of which is regulated by the federal Resource Conservation and Recovery Act as well as other federal and state statutes and regulations. Each of the companies has or had an ownership interest in one or more such properties contaminated as a result of MGP-related activities. Under the existing regulations, the cleanup of such sites requires state and at times, federal, regulators' involvement and approval before cleanup can commence. In certain cases, such contamination has been evaluated, characterized and remediated. In other cases, the sites have been evaluated and characterized, but not yet remediated. Finally, at some of these sites, the scope of the contamination has not yet been fully characterized; as of June 30, 2024, no liability was recorded related to these sites and no amount of loss, if any, can be reasonably estimated at this time. In the past, the companies have received approval for the

recovery of MGP-related remediation expenses from customers through rates and will seek recovery in rates for ongoing MGP-related remediation expenses for all of their MGP sites.

As of June 30, 2024 and December 31, 2023, the liability associated with our MGP sites in Connecticut was \$ 111 million and \$ 112 million, respectively, the remediation costs of which could be significant and will be subject to a review by PURA as to whether these costs are recoverable in rates.

As of June 30, 2024 and December 31, 2023, our total recorded liability to investigate and perform remediation at all known inactive MGP sites discussed above and other sites was \$ 242 million and \$ 250 million, respectively. We recorded a corresponding regulatory asset, net of insurance recoveries and the amount collected from FirstEnergy, as described below, because we expect to recover the net costs in rates. Our environmental liability accruals are recorded on an undiscounted basis and are expected to be paid through the year 2058.

FirstEnergy

NYSEG and RG&E each sued FirstEnergy under the Comprehensive Environmental Response, Compensation, and Liability Act to recover environmental cleanup costs at certain former MGP sites, which are included in the discussion above. In 2011, the District Court issued a decision and order in NYSEG's favor, which was upheld on appeal, requiring FirstEnergy to pay NYSEG for past and future clean-up costs at the sixteen sites in dispute. In 2008, the District Court issued a decision and order in RG&E's favor requiring FirstEnergy to pay RG&E for past and future clean-up costs at the two MGP sites in dispute. FirstEnergy remains liable for a substantial share of clean up expenses at the MGP sites. Based on projections as of June 30, 2024, FirstEnergy's share of clean-up costs owed to NYSEG & RG&E is estimated at approximately \$ 8 million and \$ 5 million, respectively. These amounts are being treated as contingent assets and have not been recorded as either a receivable or a decrease to the environmental provision. Any recovery will be flowed through to NYSEG and RG&E customers, as applicable.

English Station

On August 4, 2016, DEEP issued a partial consent order (the consent order), that requires UI to investigate and remediate certain environmental conditions within the perimeter of a former generation site on the Mill River in New Haven (English Station) that UI sold to Quinnipiac Energy in 2000. Under the consent order, to the extent that the cost of this investigation and remediation is less than \$ 30 million, UI will remit to the State of Connecticut the difference between such cost and \$ 30 million. UI must comply with the terms of the consent order, but may seek to recover costs above \$ 30 million in consultation with the state. UI continues its activities to investigate and remediate the environmental conditions at the site. In 2023 and 2024, DEEP sent UI a series of letters requesting details on remediation plans and security, which UI has responded to.

On January 25, 2024, DEEP issued a notice of declaratory ruling to determine the "high occupancy standard" necessary "to abate on-site pollution and impacts for industrial/commercial use of the Site...inside the buildings" as referenced in section (B)(1)(e)(4) of the Partial Consent Order. On February 26, 2024, UI was granted intervenor status and it subsequently submitted its written comments objecting to the proceedings on March 11, 2024. On January 29, 2024, DEEP served UI with a Summons and Complaint seeking injunctive relief and enforcement of the consent order from the Connecticut Superior Court. On April 9, 2024, the application to transfer the proceedings to the Complex Litigation Docket of the Connecticut Superior Court was granted. On May 28, DEEP issued a declaratory ruling that the applicable high occupancy standard inside the building is 1 part per million of PCBs. UI appealed DEEP's ruling to the Connecticut Superior Court on July 3, 2024.

As of both June 30, 2024 and December 31, 2023, the amount reserved related to English Station was \$ 19 million. Since its inception, we have recorded \$ 35 million to the reserve which has been offset with cash payments over time. We cannot predict the outcome of these proceedings.

Note 10. Post-retirement and Similar Obligations

During the three and six months ended June 30, 2024, we made \$ 4 million and \$ 5 million of pension contributions, respectively. We expect to make additional contributions of \$ 23 million for the remainder of 2024.

The components of net periodic benefit cost for pension benefits for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions)				
Service cost	\$ 1	\$ 1	\$ 3	\$ 3
Interest cost	28	31	56	61
Expected return on plan assets	(41)	(37)	(81)	(73)
Amortization of:				
Prior service costs	1	1	1	1
Actuarial loss	8	—	15	1
Net Periodic Benefit Credit	\$ (3)	\$ (4)	\$ (6)	\$ (7)

The components of net periodic benefit cost for postretirement benefits for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions)				
Service cost	\$ 1	\$ 1	\$ 1	\$ 1
Interest cost	3	4	6	7
Expected return on plan assets	(1)	(2)	(2)	(3)
Amortization of:				
Prior service costs	—	—	—	—
Actuarial gain	(2)	(3)	(3)	(6)
Net Periodic Benefit Credit (Cost)	\$ 1	\$ —	\$ 2	\$ (1)

Note 11. Equity

As of June 30, 2024 and December 31, 2023, we had, respectively, 99,125 and 103,889 shares of common stock held in trust and no convertible preferred shares outstanding. During both the three and six months ended June 30, 2024, we released 4,764 shares of common stock held in trust, respectively. During both the three and six months ended June 30, 2023, we released 4,299 shares of common stock held in trust.

We maintain a repurchase agreement with J.P. Morgan Securities, LLC. (JPM), pursuant to which JPM will, from time to time, acquire, on behalf of Avangrid, shares of common stock of Avangrid. The purpose of the stock repurchase program is to allow Avangrid to maintain Iberdrola's relative ownership percentage of approximately 81.5 %. The stock repurchase program may be suspended or discontinued at any time upon notice. As of June 30, 2024, a total of 997,983 shares have been repurchased in the open market, all of which are included as Avangrid treasury shares. The total cost of all repurchases, including commissions, was \$ 47 million as of June 30, 2024.

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

	As of March 31, 2024	Three Months Ended June 30, 2024	As of June 30, 2024	As of March 31, 2023	Three Months Ended June 30, 2023	As of June 30, 2023
(Millions)						
Amortization of pension cost, net of income tax expense of \$ 0 and \$ 1 for 2024 and 2023		1			2	
Net (loss) gain on pension plans	(21)	1	(20)	(20)	2	(18)
Unrealized gain (loss) from equity method investment, net of income tax (benefit) expense of \$(1) for 2024 and \$ 1 for 2023 (a)	18	(2)	16	12	6	18
Unrealized (loss) gain during period on derivatives qualifying as cash flow hedges, net of income tax expense of \$ 2 for 2024 and \$ 12 for 2023	(139)	7	(132)	(197)	34	(163)
Reclassification to net income of losses on cash flow hedges, net of income tax expense of \$ 1 for 2024 and \$ 6 for 2023 (b)	163	1	164	74	15	89
Gain (Loss) on derivatives qualifying as cash flow hedges	24	8	32	(123)	49	(74)
Accumulated Other Comprehensive Income (Loss)	\$ 21	\$ 7	\$ 28	\$ (131)	\$ 57	\$ (74)
	As of December 31, 2023	Six Months Ended June 30, 2024	As of June 30, 2024	As of December 31, 2022	Six Months Ended June 30, 2023	As of June 30, 2023
(Millions)						
Amortization of pension cost, net of income tax expense of \$ 0 and \$ 1 for 2024 and 2023		\$ 1			\$ 2	
Net (loss) gain on pension plans	\$ (21)	\$ 1	\$ (20)	\$ (20)	\$ 2	\$ (18)
Unrealized gain (loss) from equity method investment, net of income tax (benefit) expense of \$(1) for 2024 and \$ 1 for 2023 (a)	\$ 18	\$ (2)	\$ 16	\$ 13	\$ 5	\$ 18
Unrealized (loss) gain during period on derivatives qualifying as cash flow hedges, net of income tax expense of \$ 17 for 2024 and \$ 11 for 2023	(178)	46	(132)	(195)	32	(163)
Reclassification to net income of losses on cash flow hedges, net of income tax expense of \$ 3 for 2024 and \$ 24 for 2023 (b)	156	8	164	22	67	89
(Loss) Gain on derivatives qualifying as cash flow hedges	(22)	54	32	(173)	99	(74)
Accumulated Other Comprehensive (Loss) Income	\$ (25)	\$ 53	\$ 28	\$ (180)	\$ 106	\$ (74)

(a) Foreign currency and interest rate contracts.

(b) Reclassification is reflected in the operating expenses and interest expense, net of capitalization line items, respectively, in our condensed consolidated statements of income.

Note 12. Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to Avangrid by the weighted-average number of shares of our common stock outstanding. During the three and six months ended June 30, 2024 and 2023, while we did have securities that were dilutive, these securities did not result in a change in our earnings per share calculations for the both three and six months ended June 30, 2024 and 2023.

The calculations of basic and diluted earnings per share attributable to Avangrid, for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions, except for number of shares and per share data)				
Numerator:				
Net income attributable to Avangrid	\$ 169	\$ 85	\$ 520	\$ 330
Denominator:				
Weighted average number of shares outstanding - basic	387,010,149	386,749,135	386,963,191	386,747,077
Weighted average number of shares outstanding - diluted	387,440,241	387,108,271	387,336,593	387,092,223
Earnings per share attributable to Avangrid				
Earnings Per Common Share, Basic	\$ 0.44	\$ 0.22	\$ 1.34	\$ 0.85
Earnings Per Common Share, Diluted	\$ 0.44	\$ 0.22	\$ 1.34	\$ 0.85

Note 13. Segment Information

Our segment reporting structure uses our management reporting structure as its foundation to reflect how Avangrid manages the business internally and is organized by type of business. We report our financial performance based on the following two reportable segments:

- **Networks:** includes all of the energy transmission and distribution activities, any other regulated activity originating in New York and Maine and regulated electric distribution, electric transmission and gas distribution activities originating in Connecticut and Massachusetts. The Networks reportable segment includes nine rate regulated operating segments. These operating segments generally offer the same services distributed in similar fashions, have the same types of customers, have similar long-term economic characteristics and are subject to similar regulatory requirements, allowing these operations to be aggregated into one reportable segment.
- **Renewables:** activities relating to renewable energy, mainly wind energy generation and trading related with such activities.

The chief operating decision maker evaluates segment performance based on segment adjusted net income defined as net income adjusted to exclude mark-to-market earnings from changes in the fair value of derivative instruments, costs incurred related to the merger and other transactions, and accelerated depreciation from the repowering of wind farms.

Products and services are sold between reportable segments and affiliate companies at cost. Segment income, expense and assets presented in the accompanying tables include all intercompany transactions that are eliminated in our condensed consolidated financial statements. Refer to Note 4 - Revenue for more detailed information on revenue by segment.

Segment information as of and for the three and six months ended June 30, 2024, consisted of:

Three Months Ended June 30, 2024	Networks	Renewables	Other (a)	Avangrid Consolidated
(Millions)				
Revenue - external	\$ 1,590	\$ 334	\$ (1)	\$ 1,923
Revenue - intersegment	—	—	—	—
Depreciation and amortization	187	121	2	310
Operating income (loss)	200	4	(3)	201
Earnings from equity method investments	4	1	—	5
Interest expense, net of capitalization	77	(1)	46	122
Income tax expense (benefit)	33	(17)	(3)	13
Adjusted net income (loss)	152	86	(50)	189
Six Months Ended June 30, 2024	Networks	Renewables	Other (a)	Avangrid Consolidated
(Millions)				
Revenue - external	\$ 3,607	\$ 734	\$ (1)	\$ 4,340
Revenue - intersegment	1	—	(1)	—
Depreciation and amortization	365	239	4	608
Operating income (loss)	553	64	(9)	608
Earnings from equity method investments	8	3	—	11
Interest expense, net of capitalization	166	3	78	247
Income tax expense (benefit)	90	(23)	(34)	33
Adjusted net income (loss)	420	171	(61)	530
Capital expenditures	1,379	550	6	1,935
As of June 30, 2024				
Property, plant and equipment	22,598	11,454	11	34,063
Equity method investments	197	717	—	914
Total assets	\$ 31,734	\$ 14,441	\$ (486)	\$ 45,689

(a) Includes Corporate and intersegment eliminations.

Segment information for the three and six months ended June 30, 2023 and as of December 31, 2023, consisted of:

Three Months Ended June 30, 2023	Networks	Renewables	Other (a)	Avangrid Consolidated
(Millions)				
Revenue - external	\$ 1,272	\$ 315	\$ —	\$ 1,587
Revenue - intersegment	1	—	(1)	—
Depreciation and amortization	175	110	—	285
Operating income (loss)	120	9	(3)	126
Earnings from equity method investments	4	—	—	4
Interest expense, net of capitalization	69	4	26	99
Income tax expense (benefit)	14	(26)	21	9
Adjusted net income (loss)	76	63	(59)	80
Six Months Ended June 30, 2023	Networks	Renewables	Other (a)	Avangrid Consolidated
(Millions)				
Revenue - external	\$ 3,348	\$ 705	\$ —	\$ 4,053
Revenue - intersegment	1	—	(1)	—
Depreciation and amortization	349	215	1	565
Operating income (loss)	397	(1)	(5)	391
Earnings (losses) from equity method investments	8	(2)	—	6
Interest expense, net of capitalization	139	10	45	194
Income tax expense (benefit)	58	(60)	(7)	(9)
Adjusted net income (loss)	271	115	(58)	328
Capital expenditures	1,118	497	20	1,635
As of December 31, 2023				
Property, plant and equipment	21,692	11,153	12	32,857
Equity method investments	186	532	—	718
Total assets	\$ 30,413	\$ 14,538	\$ (962)	\$ 43,989

(a) Includes Corporate and intersegment eliminations.

Reconciliation of Adjusted Net Income to Net Income attributable to Avangrid for the three and six months ended June 30, 2024 and 2023, respectively, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(Millions)				
Adjusted Net Income Attributable to Avangrid, Inc.	\$ 189	\$ 80	\$ 530	\$ 328
Adjustments:				
Mark-to-market earnings - Renewables (1)	(18)	8	—	4
Accelerated depreciation from repowering (2)	(3)	—	(6)	—
Merger and other transaction costs (3)	(6)	(2)	(6)	(2)
Income tax impact of adjustments	7	(2)	3	(1)
Net Income Attributable to Avangrid, Inc.	\$ 169	\$ 85	\$ 520	\$ 330

- (1) Mark-to-market earnings relates to earnings impacts from changes in the fair value of Renewables' derivative instruments associated with electricity and natural gas.
- (2) Represents the amount of accelerated depreciation derived from the repowering of wind farms in Renewables.
- (3) Pre-merger and other transaction costs incurred.

Note 14. Related Party Transactions

We engage in related party transactions that are generally billed at cost and in accordance with applicable state and federal commission regulations.

Related party transactions for the three and six months ended June 30, 2024 and 2023, respectively, consisted of:

Three Months Ended June 30, (Millions)	2024		2023	
	Sales To	Purchases From	Sales To	Purchases From
Iberdrola, S.A.	\$ —	\$ (16)	\$ —	\$ (15)
Iberdrola Renovables Energía, S.L.	\$ —	\$ —	\$ —	\$ (1)
Iberdrola Financiación, S.A.	\$ —	\$ (26)	\$ —	\$ (4)
Vineyard Wind	\$ 3	\$ —	\$ 2	\$ —
Other	\$ —	\$ —	\$ —	\$ —
Six Months Ended June 30, (Millions)	2024		2023	
	Sales To	Purchases From	Sales To	Purchases From
Iberdrola, S.A.	\$ —	\$ (28)	\$ —	\$ (26)
Iberdrola Renovables Energía, S.L.	\$ —	\$ (1)	\$ —	\$ (3)
Iberdrola Financiación, S.A.	\$ —	\$ (42)	\$ —	\$ (8)
Vineyard Wind	\$ 6	\$ —	\$ 4	\$ —
Other	\$ —	\$ (1)	\$ —	\$ —

Related party balances as of June 30, 2024 and December 31, 2023, respectively, consisted of:

As of (Millions)	June 30, 2024		December 31, 2023	
	Owed By	Owed To	Owed By	Owed To
Iberdrola	\$ 1	\$ (24)	\$ 1	\$ —
Iberdrola Renovables Energía, S.L.	\$ —	\$ (5)	\$ 4	\$ —
Iberdrola Financiación, S.A.	\$ —	\$ (2,005)	\$ —	\$ (799)
Vineyard Wind	\$ 4	\$ (8)	\$ 6	\$ (8)
Iberdrola Solutions	\$ —	\$ (6)	\$ —	\$ (6)
Other	\$ 4	\$ (1)	\$ 4	\$ —

Transactions with Iberdrola relate predominantly to the provision and allocation of corporate services and management fees, and certain financing arrangements described below. All costs that can be specifically allocated, to the extent possible, are charged directly to the company receiving such services. In situations when Iberdrola corporate services are provided to two or more companies of Avangrid, any costs remaining after direct charges are allocated using agreed upon cost allocation methods designed to allocate such costs. We believe that the allocation method used is reasonable.

There have been no guarantees provided or received for any related party receivables or payables. These balances are unsecured and are typically settled in cash. Interest is not charged on regular business transactions but is charged on outstanding loan balances. There have been no impairments or provisions made against any affiliated balances.

Avangrid optimizes its liquidity position as part of the Iberdrola Group and is a party to a liquidity agreement with a financial institution, along with certain members of the Iberdrola Group. Cash surpluses remaining after meeting the liquidity requirements of Avangrid and its subsidiaries may be deposited at the financial institution. Deposits, or credit balances, serve as collateral against the debit balances of other parties to the liquidity agreement. The balance at both June 30, 2024 and December 31, 2023, was \$ 0 .

Avangrid has a credit facility with Iberdrola Financiación, S.A.U., a subsidiary of Iberdrola. The facility has a limit of \$ 750 million and matures on June 18, 2028. Avangrid pays a quarterly facility fee of 22.5 basis points (rate per annum) on the facility based on Avangrid's current Moody's and S&P ratings for senior unsecured long-term debt. As of both June 30, 2024 and December 31, 2023, there was no outstanding amount under this credit facility, respectively.

On July 19, 2023, we entered into an intra-group green term loan agreement with Iberdrola Financiación, S.A.U., a subsidiary of Iberdrola, with an aggregate principal amount of \$ 800 million maturing on July 13, 2033 at an interest rate of 5.45 %.

On June 13, 2024, we entered into an intra-group green loan agreement with Iberdrola Financiación, S.A.U., with an aggregate principal amount of \$ 600 million maturing on September 13, 2027 at an interest rate of 5.48 %.

On June 13, 2024, we entered into an additional intra-group green loan agreement with Iberdrola Financiación, S.A.U., with an additional aggregate principal amount of \$ 600 million maturing on June 13, 2030 at an interest rate of 5.53 %.

We have a bi-lateral demand note agreement with Iberdrola Solutions, LLC, which had notes payable balances of \$ 6 million as of both June 30, 2024 and December 31, 2023.

See Note 19 - Equity Method Investments for more information on transactions with our equity method investees.

Note 15. Other Financial Statement Items

Accounts receivable and unbilled revenue, net

Accounts receivable and unbilled revenues, net as of June 30, 2024 and December 31, 2023 consisted of:

As of	June 30, 2024	December 31, 2023
(Millions)		
Trade receivables and unbilled revenues	\$ 1,549	\$ 1,749
Allowance for credit losses	(174)	(161)
Accounts receivable and unbilled revenues, net	\$ 1,375	\$ 1,588

The change in the allowance for credit losses for the three and six months ended June 30, 2024 and 2023 consisted of:

(Millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
As of Beginning of Period,	\$ 169	\$ 148	\$ 161	\$ 155
Current period provision	48	33	94	50
Write-off as uncollectible	(43)	(26)	(81)	(50)
As of June 30,	\$ 174	\$ 155	\$ 174	\$ 155

The Deferred Payment Arrangements (DPA) receivable balance was \$ 141 million and \$ 110 million at June 30, 2024 and December 31, 2023, respectively. The allowance for credit losses for DPAs at June 30, 2024 and December 31, 2023 was \$ 50 million and \$ 44 million, respectively. Furthermore, the change in the allowance for credit losses associated with the DPAs for the three and six months ended June 30, 2024 was \$ 4 million and \$ 6 million, respectively, and for the three and six months ended June 30, 2023 was \$ 7 million and \$ 5 million, respectively.

Prepayments and other current assets

Included in prepayments and other current assets are \$ 224 million and \$ 165 million of broker margin and collateral accounts as of June 30, 2024 and December 31, 2023, respectively.

Property, plant and equipment and intangible assets

The accumulated depreciation and amortization as of June 30, 2024 and December 31, 2023, respectively, were as follows:

As of	June 30, 2024	December 31, 2023
(Millions)		
Property, plant and equipment		
Accumulated depreciation	\$ 12,998	\$ 12,479
Intangible assets		
Accumulated amortization	\$ 362	\$ 351

As of June 30, 2024 and 2023, accrued liabilities for property, plant and equipment additions were \$ 545 million and \$ 266 million, respectively.

Debt

Commercial Paper

As of June 30, 2024 and December 31, 2023, there was \$ 1,935 million and \$ 1,332 million of commercial paper outstanding, respectively. As of June 30, 2024 and December 31, 2023, the weighted-average interest rate on commercial paper was 5.60 % and 5.65 %, respectively.

Note 16. Income Tax Expense

The effective tax rates, inclusive of federal and state income tax, for the three and six months ended June 30, 2024, were 9.2 % and 6.8 %, respectively. The effective tax rates for the three and six months ended June 30, 2024, are below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits, the effect of the excess deferred tax amortization resulting from the Tax Act, the equity component of allowance for funds used during construction and other property related flow through items, partially offset by tax equity financing impacts and the effects of state taxes.

The effective tax rates, inclusive of federal and state income tax, for the three and six months ended June 30, 2023, were 15.0 % and (3.5)%, respectively. The effective tax rates for the three and six months ended June 30, 2023 are below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits associated with wind production, the effect of the excess deferred tax amortization resulting from the Tax Act, and the equity component of allowance for funds used during construction. Additionally, for the three months ended June 30, 2023, there was an unfavorable effect from the update to the annualized effective tax rate.

Note 17. Stock-Based Compensation Expense

The Avangrid, Inc. Amended and Restated Omnibus Incentive Plan (the Plan) provides for, among other things, the issuance of performance stock units (PSUs), restricted stock units (RSUs) and phantom share units (Phantom Shares).

Performance Stock Units

In March 2023, a total number of 677,752 PSUs, before applicable taxes, were approved to be earned by participants based on achievement of certain performance and market-based metrics for the 2021 to 2022 performance period and are payable in three equal installments, net of applicable taxes, in 2023, 2024 and 2025. The remaining unvested PSUs were forfeited. The second installment was paid in March 2024, and 126,311 shares of common stock were issued to settle this installment payment.

During 2023 and 2024, 1,067,500 and 15,296 PSUs, respectively, were granted to certain executives of Avangrid with achievement measured based on certain performance and market-based metrics for the 2023 to 2025 performance period. The PSUs will be payable in three equal installments, net of applicable taxes, in 2026, 2027 and 2028.

Restricted Stock Units

In June 2022, 25,000 RSUs were granted to an officer of Avangrid. The RSUs vest in two equal installments in 2023 and 2024, provided that the grantee remains continuously employed with Avangrid through the applicable vesting dates. The fair value on the grant date was determined based on a price of \$ 47.64 per share. The second and final installment of this RSU grant was settled in January 2024, net of applicable taxes, by issuing 9,034 shares of common stock.

Phantom Share Units

In February 2022, 9,000 Phantom Shares were granted to certain Avangrid executives and employees. These awards vest in four equal installments in 2022 - 2024 and will be settled in a cash amount equal to the number of Phantom Shares multiplied by the closing share price of Avangrid's common stock on the respective vesting dates, subject to continued employment. The liability of these awards is measured based on the closing share price of Avangrid's common stock at each reporting date until the date of settlement. In February 2024, \$ 0.1 million was paid to settle the fourth and final installment under this plan.

In February 2023, 81,000 Phantom Shares were granted to certain Avangrid executives and employees. These awards vest in three equal installments in 2024, 2025 and 2026 and will be settled in a cash amount equal to the number of Phantom Shares multiplied by the closing share price of Avangrid's common stock on the respective vesting dates, subject to continued employment. The liability of these awards is measured based on the closing share price of Avangrid's common stock at each reporting date until the date of settlement. In February 2024, \$ 1.0 million was paid to settle the first installment under this plan.

As of June 30, 2024 and December 31, 2023, the total liability was \$ 1 million and \$ 2 million, respectively, which is included in other current and non-current liabilities.

The total stock-based compensation expense, which is included in "Operations and maintenance" in our condensed consolidated statements of income, for the three and six months ended June 30, 2024 was \$ 3 million and \$ 6 million, respectively, and for the three and six months ended June 30, 2023 was \$ 3 million and \$ 7 million, respectively.

Note 18. Variable Interest Entities

We participate in certain partnership arrangements that qualify as VIEs. These arrangements consist of tax equity financing arrangements (TEFs) and partnerships in which an investor holds a noncontrolling interest and does not have substantive kick-out or participating rights.

The sale of a membership interest in the TEFs represents the sale of an equity interest in a structure that is considered a sale of non-financial assets. Under the sale of non-financial assets, the membership interests in the TEFs we sell to third-party investors are reflected as noncontrolling interest on our condensed consolidated balance sheets valued based on an HLBV model. Earnings from the TEFs are recognized in net income attributable to noncontrolling interests in our condensed consolidated statements of income. We consolidate the entities that have TEFs based on being the primary beneficiary for these VIEs.

The assets and liabilities of the VIEs totaled approximately \$ 2,713 million and \$ 195 million, respectively, at June 30, 2024. As of December 31, 2023, the assets and liabilities of VIEs totaled approximately \$ 2,741 million and \$ 174 million, respectively. At June 30, 2024 and December 31, 2023, the assets and liabilities of the VIEs consisted primarily of property, plant and equipment.

Wind and solar power generation are subject to certain favorable tax treatments in the U.S. In order to monetize the tax benefits, we have entered into these structured institutional partnership investment transactions related to certain wind and solar farms. Under these structures, we contribute certain wind / solar assets, relating both to existing wind farms and wind farms / solar facilities that are being placed into operation at the time of the relevant transaction, and other parties invest in the share equity of the limited liability holding company. As consideration for their investment, the third parties make either an upfront cash payment or a combination of upfront cash and payments over time. We retain a class of membership interest and day-to-day operational and management control, subject to investor approval of certain major decisions. The third-party investors do not receive a lien on any assets and have no recourse against us for their upfront cash payments.

The partnerships generally involve disproportionate allocations of profit or loss, cash distributions and tax benefits resulting from the wind farm energy generation between the investor and sponsor until the investor recovers its investment and achieves a targeted cumulative annual after-tax return. Once this target return is met, the relative sharing of profit or loss, cash distributions and taxable income or loss between the Company and the third party investor flips, with the sponsor generally receiving higher percentages thereafter. We also have a call option to acquire the third party investors' membership interest within a defined time period after this target return is met.

At June 30, 2024, El Cabo Wind, LLC (El Cabo), Patriot Wind Farm LLC (Patriot), Aeolus Wind Power VII, LLC (Aeolus VII), Aeolus VIII, and Solis I are our consolidated VIEs.

Our El Cabo, Patriot, Aeolus VII, Aeolus VIII, and Solis I interests are not subject to any rights of investors that may restrict our ability to access or use the assets or to settle any existing liabilities associated with the interests.

See Note 19 - Equity Method Investments for information on our VIE we do not consolidate.

Note 19. Equity Method Investments

Renewables holds a 50 % indirect ownership interest in Vineyard Wind 1, LLC (Vineyard Wind 1), a joint venture with Copenhagen Infrastructure Partners (CIP). Prior to a restructuring transaction that took place on January 10, 2022 (Restructuring Transaction), Renewables held a 50 % ownership interest in Vineyard Wind, LLC (Vineyard Wind) which held rights to two easements from the U.S. Bureau of Ocean Energy Management (BOEM) for the development of offshore wind generation, Lease Area 501 which contained 166,886 acres and Lease Area 522 which contained 132,370 acres, both located southeast of Martha's Vineyard. Lease Area 501 was subdivided in 2021, creating Lease Area 534. On September 15, 2021, Vineyard Wind closed on construction financing for the Vineyard Wind 1 project. Among other items, the Vineyard Wind 1 project was transferred into a separate joint venture, Vineyard Wind 1. Following the Restructuring Transaction, Vineyard Wind 1 remained a 50 -50 joint venture and kept the rights to develop Lease Area 501, and Vineyard Wind was effectively dissolved where Renewables received rights to the Lease Area 534 and CIP received rights to Lease Area 522 as liquidating distributions. In contemplation of the liquidating distributions, Renewables also made an incremental payment of approximately \$ 168 million to CIP in 2022.

Concurrently with the closing on the construction financing for the Vineyard Wind 1 project, Renewables entered into a credit agreement with certain banks to provide future term loans and letters of credit up to a maximum of approximately \$ 1.2 billion to finance a portion of its share of the cost of Vineyard Wind 1 at the maturity of the Vineyard Wind 1 project construction loan. Any term loans mature by October 15, 2031, subject to certain extension provisions. Renewables also entered into an Equity Contribution Agreement in which Renewables agreed to, among other things, make certain equity contributions to fund certain costs of developing and constructing the Vineyard Wind 1 project in accordance with the credit agreement. In addition,

we issued a guaranty up to \$ 827 million for Renewables' equity contributions under the Equity Contribution Agreement. As part of the Vineyard Wind 1 financial close, \$ 152 million of Renewables prior contributions for the Vineyard Wind 1 project were returned in 2021.

On October 24, 2023, Vineyard Wind 1 closed on a TEF agreement, pursuant to which Vineyard Wind 1 is expected to receive approximately \$ 1.2 billion from tax equity investors in installments based on the number of turbines reaching or about to reach mechanical completion each month until the entire project reaches commercial operation date. Vineyard Wind 1 received the initial funding of \$ 85 million from tax equity investors in 2023. On May 29, 2024, Vineyard Wind 1 received the second funding of \$ 22 million from tax equity investors. The remaining \$ 1.1 billion is expected to be received in 2024 and 2025. In conjunction with the equity installments received since the closing of the TEF agreement, we have issued an indemnification of our joint share of the investor contributions. As of June 30, 2024 and December 31, 2023, our total indemnified amount was \$ 54 million and \$ 43 million, respectively.

Vineyard Wind 1 is considered a VIE because it cannot finance its activities without additional support from its owners or third parties. Renewables is not the primary beneficiary of the entity since it does not have a controlling financial interest, and therefore we do not consolidate this entity. During 2024, Renewables made a capital contribution of \$ 188 million to Vineyard Wind 1. As of June 30, 2024 and December 31, 2023, the carrying amount of Renewables' investments in Vineyard Wind 1, LLC and Vineyard Wind 1 Pledgor LLC was \$ 493 million and \$ 297 million, respectively.

Note 20. Subsequent Event

On July 8, 2024, Avangrid entered into an agreement to sell the Kitty Hawk North, LLC related offshore lease and associated assets for approximately \$ 158 million. This transaction is subject to customary closing conditions and is expected to close in the fourth quarter of 2024.

On July 16, 2024, the board of directors of Avangrid declared a quarterly dividend of \$ 0.44 per share on its common stock. This dividend is payable on October 1, 2024 to shareholders of record at the close of business on September 2, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements as of December 31, 2023 and 2022, and for the three years ended December 31, 2023, included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission, or the SEC, on February 22, 2024, which we refer to as our "Form 10-K." In addition to historical condensed consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. The foregoing and other factors are discussed and should be reviewed in our Form 10-K and other subsequent filings with the SEC.

Overview

Avangrid aspires to be the leading sustainable energy company in the United States. Our purpose is to work every day to deliver a more accessible clean energy model that promotes healthier, more sustainable communities. A commitment to sustainability is firmly entrenched in the values and principles that guide Avangrid, with environmental, social, governance and financial sustainability key priorities driving our business strategy.

Avangrid has approximately \$46 billion in assets and operations in 24 states concentrated in our two primary lines of business - Avangrid Networks and Avangrid Renewables. Avangrid Networks owns eight electric and natural gas utilities, serving approximately 3.3 million customers in New York and New England. Avangrid Renewables owns and operates 9.8 gigawatts of electricity capacity, primarily through wind and solar power, with a presence in 22 states across the United States. Avangrid supports the achievement of the Sustainable Development Goals approved by the member states of the United Nations, was named among the World's Most Ethical companies in 2024 for the sixth consecutive year by the Ethisphere Institute and recognized by Just Capital as one of the 2024 Just 100, an annual ranking of the most just U.S. public companies for the fourth time. Avangrid employs approximately 8,000 people. Iberdrola S.A., or Iberdrola, a corporation (*sociedad anónima*) organized under the laws of the Kingdom of Spain, a worldwide leader in the energy industry, directly owns 81.6% of the outstanding shares of Avangrid common stock. The remaining outstanding shares are owned by various shareholders with approximately 14.7% of Avangrid's outstanding shares publicly-traded on the New York Stock Exchange (NYSE). Avangrid's primary businesses are described below.

Our direct, wholly-owned subsidiaries include Avangrid Networks, Inc., or Networks, and Avangrid Renewables Holdings, Inc., or ARHI. ARHI in turn holds subsidiaries including Avangrid Renewables, LLC, or Renewables. Networks owns and operates our regulated utility businesses through its subsidiaries, including electric transmission and distribution and natural gas distribution, transportation and sales. Renewables operates a portfolio of renewable energy generation facilities primarily using onshore wind power and also solar, biomass and thermal power.

Through Networks, we own electric distribution, transmission and generation companies and natural gas distribution, transportation and sales companies in New York, Maine, Connecticut and Massachusetts, delivering electricity to approximately 2.3 million electric utility customers and delivering natural gas to approximately 1.0 million natural gas utility customers as of June 30, 2024.

Networks, a Maine corporation, holds regulated utility businesses, including electric transmission and distribution and natural gas distribution, transportation and sales. Networks serves as a super-regional energy services and delivery company through the eight regulated utilities it owns directly:

- New York State Electric & Gas Corporation, or NYSEG, which serves electric and natural gas customers across more than 40% of the upstate New York geographic area;
- Rochester Gas and Electric Corporation, or RG&E, which serves electric and natural gas customers within a nine-county region in western New York, centered around Rochester;
- The United Illuminating Company, or UI, which serves electric customers in southwestern Connecticut;
- Central Maine Power Company, or CMP, which serves electric customers in central and southern Maine;
- The Southern Connecticut Gas Company, or SCG, which serves natural gas customers in Connecticut;
- Connecticut Natural Gas Corporation, or CNG, which serves natural gas customers in Connecticut;
- The Berkshire Gas Company, or BGC, which serves natural gas customers in western Massachusetts; and
- Maine Natural Gas Corporation, or MNG, which serves natural gas customers in several communities in central and southern Maine.

Renewables has a combined wind, solar and thermal installed capacity of 9,807 megawatts, or MW, as of June 30, 2024, including Renewables' share of joint projects, of which 8,045 MW was installed onshore wind capacity and 137 MW of offshore. Renewables targets to contract or hedge above 80% of its capacity under long-term PPAs and hedges to limit market volatility. As of June 30, 2024, approximately 78% of the capacity was contracted with PPAs for an average period of approximately 9 years and an additional 10% of production was hedged. Avangrid is one of the three largest wind operators in the United States based on installed capacity as of December 31, 2023, and strives to lead the transformation of the U.S. energy industry to a sustainable, competitive, clean energy future. Renewables installed capacity includes 68 onshore wind farms and seven solar facilities operational and one offshore wind facility in 21 states across the United States.

Agreement and Plan of Merger

On May 17, 2024, Avangrid entered into an Agreement and Plan of Merger (the Merger Agreement) with Iberdrola and Arizona Merger Sub, Inc (Merger Sub). The Merger Agreement provides that, upon the terms and subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will merge with and into Avangrid (the Merger), with Avangrid continuing as the surviving corporation and a wholly-owned subsidiary of Iberdrola.

Pursuant to the terms of the Merger Agreement, at the time at which the Merger becomes effective (the "Effective Time"), as a result of the Merger, each share of common stock of Avangrid issued and outstanding immediately prior to the Effective Time (other than shares of common stock owned by Iberdrola, Merger Sub or any other direct or indirect wholly-owned subsidiary of Iberdrola and shares of common stock owned by Avangrid or any direct or indirect wholly-owned subsidiary of Avangrid, and in each case not held on behalf of third parties (collectively, the Excluded Shares)) will be converted into the right to receive \$35.75 in cash per share, without interest. At the Effective Time, all of the shares of common stock of Avangrid (other than the Excluded Shares) will be cancelled and will cease to exist. In addition, under the terms of the Merger Agreement, Avangrid is permitted to continue paying regular quarterly cash dividends not to exceed \$0.44 per share through the closing of the Merger, including a pro-rated dividend for any partial quarter prior to the closing of the Merger.

The consummation of the Merger is subject to customary closing conditions, including, among others, requisite shareholder approval and receipt of certain required regulatory approvals (including approvals from the Federal Energy Regulatory Commission (FERC), the Maine Public Utilities Commission (MPUC) and the New York Public Service Commission (NYPSC)). The Merger Agreement contains certain termination rights for each of Avangrid and Iberdrola. In addition, Avangrid, upon the recommendation of the Unaffiliated Committee, and Iberdrola may terminate the Merger Agreement if the Merger is not consummated on or before June 30, 2025, subject to one three-month extension, exercisable by either Iberdrola or Avangrid, upon the recommendation of the Unaffiliated Committee, in the event that all conditions to closing have been satisfied except for those related to the approval of FERC, MPUC and NYPSC.

Business Environment

The impact of extraordinary external events such as global pandemics and geopolitical instability continue to cause global economic and supply chain disruption and volatility in financial markets and the United States economy. We continue to experience changes in inflation levels resulting from various supply chain disruptions, increased business and labor costs, increased financing costs from changes in the Federal Reserve's monetary policy and other disruptions caused by global economic conditions. We continue to take steps intended to mitigate the potential risks from continued conflict, including without limitation, communication with suppliers to ensure that the supply chains are free from sanctioned materials and efforts to diversify sourcing and capacity planning to help avoid supply chain disruptions. To date, there has been no material impact on our operations or financial performance as a result of ongoing extraordinary events including, without limitation, the conflicts in Eastern Europe and the Middle East; however, we cannot predict the extent of these effects, given the evolving nature of the geopolitical situation, on our business, results of operations or financial condition.

For more information, see the risk factors in Item 1A. Risk Factors in our Form 10-K for the year ended December 31, 2023 and in this Quarterly Report on Form 10-Q.

Summary of Results of Operations

Our operating revenues increased by \$336 million from \$1,587 million for the three months ended June 30, 2023 to \$1,923 million for the three months ended June 30, 2024.

Networks business revenues increased mainly due to rate increases in New York effective October 12, 2023. Renewables revenues increased mainly due to favorable thermal and power trading driven by higher average prices in the period primarily due to weather.

Net income attributable to Avangrid increased by \$84 million from \$85 million for the three months ended June 30, 2023 to \$169 million for the three months ended June 30, 2024, primarily driven by a rate increase in New York and thermal and power trading revenues in Renewables in the period

Adjusted net income (a non-GAAP financial measure) increased by \$108 million from \$80 million for the three months ended June 30, 2023 to \$189 million for the three months ended June 30, 2024. The increase is primarily due to a \$76 million increase in Networks driven primarily by rate increases in New York effective October 12, 2023, a \$23 million increase in Renewables primarily driven by favorable thermal and power trading due to higher average prices in the period primarily due to weather and a \$9 million increase in Corporate mainly driven by favorable taxes from applying the annual consolidated estimated tax rate, offset by higher interest expenses in the period.

For additional information and reconciliation of the non-GAAP adjusted net income to net income attributable to Avangrid, see “— *Non-GAAP Financial Measures*”.

See “—*Results of Operations*” for further analysis of our operating results for the quarter.

Legislative and Regulatory Update

We are subject to complex and stringent energy, environmental and other laws and regulations at the federal, state and local levels as well as rules within the independent system operator, or ISO, markets in which we participate. Federal and state legislative and regulatory actions continue to change how our business is regulated. We actively participate in the regulatory process at the federal, regional, state and ISO levels. Significant updates are discussed below. For a further discussion of the environmental and other governmental regulations that affect us, see our Form 10-K for the year ended December 31, 2023.

New England Clean Energy Connect

In 2018, the New England Clean Energy Connect, or NECEC, transmission project, proposed in a joint bid by CMP and Hydro-Québec, was selected by the Massachusetts electric distribution utilities, or EDCs, and the DOER in the Commonwealth of Massachusetts’s 83D clean energy Request for Proposal. The NECEC transmission project includes a 145-mile transmission line linking the electrical grids in Québec, Canada and New England. The project, which has estimated construction costs of approximately \$1.5 billion in total, would add 1,200 MW of transmission capacity to supply Maine and the rest of New England with power from reliable hydroelectric generation.

On June 13, 2018, CMP entered into transmission service agreements, or TSAs, with the Massachusetts EDCs, and H.Q. Energy Services (U.S.) Inc., or HQUS, an affiliate of Hydro-Québec, which govern the terms of service and revenue recovery for the NECEC transmission project. Simultaneous with the execution of the TSAs with CMP, the EDCs executed certain PPAs with HQUS for sales of electricity and environmental attributes to the EDCs. On October 19, 2018, FERC issued an order accepting the TSAs for filing as CMP rate schedules effective as of October 20, 2018. On June 25, 2019, the Massachusetts DPU issued an Order approving the NECEC project long term PPAs and the cost recovery by the EDCs of the TSA charges. This Order was subsequently appealed by NextEra Energy Resources. On September 3, 2020, the Massachusetts Supreme Judicial Court denied NextEra Energy Resources’ appeal of the DPU Order.

The NECEC project requires a Certificate of Public Convenience and Necessity, or CPCN, from the MPUC. On May 3, 2019, the MPUC issued an Order granting the CPCN for the NECEC project. This Order was subsequently appealed by NextEra Energy Resources. On March 17, 2020, the Maine Law Court denied NextEra Energy Resources’ appeal of the CPCN.

On January 4, 2021, CMP transferred the NECEC project to NECEC Transmission LLC, a wholly-owned subsidiary of Networks, pursuant to the terms of a transfer agreement dated November 3, 2020.

The NECEC project requires certain permits, including environmental, from multiple state and federal agencies and a presidential permit from the U.S. Department of Energy, or DOE, authorizing the construction, operation, maintenance and connection of facilities for the transmission of electric energy at the international border between the United States and Canada. On January 8, 2020, the Maine Land Use Planning Commission, or LUPC, granted the LUPC Certification for the NECEC. The Maine Department of Environmental Protection, or MDEP, granted Site Location of Development Act, Natural Resources Protection Act, and Water Quality Certification permits for the NECEC by an Order dated May 11, 2020. The MDEP Order was appealed by certain intervenors. Through an Order dated July 21, 2022, the Maine Board of Environmental Protection, or MBEP, denied the appeals of the MDEP Order, as well as the appeal of MDEP’s December 4, 2020 Order approving the partial transfer of the permits for the project to NECEC Transmission LLC. In August 2022, the intervenors that had appealed the MDEP Order appealed the MBEP Order, and these appeals have all been dismissed.

On November 6, 2020, the project received the required approvals from the U.S. Army Corps of Engineers, or Army Corps, pursuant to Section 10 of the Rivers and Harbor Act of 1899 and Section 404 of the Clean Water Act. A complaint for declaratory and injunctive relief asking the court to, among other things, vacate or remand the Section 404 Clean Water Act permit for the NECEC project filed by three environmental groups is currently pending before the District Court in Maine. We cannot predict the outcome of this proceeding.

ISO-NE issued the final System Impact Study (SIS) for NECEC on May 13, 2020, determining the upgrades required to permit the interconnection of NECEC to the ISO-NE system. On July 9, 2020, the project received the formal I.3.9 approval associated with this interconnection request. CMP, NECEC Transmission LLC and ISO-NE executed an interconnection agreement. With respect to the upgrade required at the Seabrook Nuclear Generation Station, or Seabrook Station, on February 1, 2023, FERC issued an order granting in part Avangrid and NECEC Transmission LLC's complaint against NextEra Energy Resources, LLC and NextEra Energy Seabrook, LLC, or Seabrook, denying in part Avangrid and NECEC Transmission LLC's complaint, and dismissing Seabrook's petition for declaratory order. Among other things, FERC directed Seabrook to replace the breaker at Seabrook Station pursuant to its obligations under Seabrook Station's large generator interconnection agreement and good utility practice. Furthermore, FERC determined that Seabrook should not recover opportunity or legal costs in connection with the breaker replacement. NextEra sought reconsideration of FERC's decision, which was denied in April 2023 and by further FERC order in June 2023. NextEra has appealed that decision to the U.S. Court of Appeals for the D.C. Circuit, where it remains pending. We cannot predict the outcome of this proceeding.

On January 14, 2021, the DOE issued a Presidential Permit granting permission to NECEC Transmission LLC to construct, operate, maintain and connect electric transmission facilities at the international border of the United States and Canada. On March 26, 2021, the plaintiffs challenging the Army Corps permit filed a motion for leave before the District Court in Maine to supplement their complaint to add claims against DOE in connection with the Presidential Permit. On April 20, 2021, the District Court granted the plaintiffs motion to amend the complaint. On April 22, 2021, the plaintiffs filed their amended complaint asking the Court, among other things, to vacate, set aside, remand or stay the Presidential Permit. This challenge to the Presidential Permit is currently pending before the District Court in Maine. We cannot predict the outcome of this proceeding.

On November 2, 2021, Maine voters approved, by virtue of a referendum, L.D. 1295 (I.B. 1) (130th Legis. 2021), "An Act To Require Legislative Approval of Certain Transmission Lines, Require Legislative Approval of Certain Transmission Lines and Facilities and Other Projects on Public Reserved Lands and Prohibit the Construction of Certain Transmission Lines in the Upper Kennebec Region" (the "Initiative"), which per its terms would retroactively apply to the NECEC project.

On November 3, 2021, Networks and NECEC Transmission LLC filed a lawsuit challenging the constitutionality of the Initiative and requesting injunctive relief preventing retroactive enforcement of the Initiative to the NECEC transmission project. Networks and NECEC Transmission LLC also requested a preliminary injunction preventing such retroactive enforcement during the pendency of the lawsuit, which was ultimately denied. The Initiative took effect on December 19, 2021.

On December 22, 2021, Networks and NECEC Transmission LLC moved that the Business & Consumer Court report its decision to the Maine Law Court for an interlocutory appeal under the applicable rule of appellate procedure. The Business & Consumer Court granted this motion, thereby sending its decision to the Law Court for review. On August 30, 2022, the Law Court ruled that certain Initiative provisions would infringe on NECEC's constitutionally protected vested rights if NECEC Transmission LLC can demonstrate that it engaged in substantial construction of the NECEC project in good-faith reliance of the authority under the CPCN granted by the MPUC before Maine voters approved the Initiative. The Maine Law Court remanded the matter to the Business & Consumer Court for a trial to determine that question. The trial began on April 10, 2023 and concluded on April 20, 2023, when the jury reached a unanimous decision finding that NECEC had constructed substantial construction in good faith. The Court subsequently entered an Order that NECEC had obtained vested rights to continue work on the project, and that retroactively applying the Initiative to the NECEC project would violate the Maine Constitution. No party appealed that decision.

In connection with the lease granted by BPL over a small area of Maine public lands to house a 0.9-mile section of the NECEC, on November 29, 2022, the Law Court vacated the trial court's prior decision to reverse BPL's decision to grant the lease.

On August 3, 2023, NECEC resumed limited construction and is continuing to evaluate the construction schedule for the NECEC project, related commercial operation date, and total project cost, including potential impacts from increased construction costs, disputes with third party vendors regarding contracts and certain change orders, and a decrease in expected returns. As of June 30, 2024, we have capitalized approximately \$1,059 million for the NECEC project, which includes capitalized interest costs and other additional payments related to the project along with construction costs.

At the municipal level, the project has obtained all approvals.

PURA Investigation of the Preparation for and Response to the Tropical Storm Isaias and Connecticut Storm Reimbursement Legislation

On August 6, 2020, PURA opened a docket to investigate the preparation for and response to Tropical Storm Isaias by the electric distribution companies in Connecticut including UI. Following hearings and the submission of testimony, PURA

issued a final decision on April 15, 2021, finding that UI “generally met standards of acceptable performance in its preparation and response to Tropical Storm Isaias,” subject to certain exceptions noted in the decision, but ordered a 15-basis point reduction to UI’s ROE in its next rate case to incentivize better performance and indicated that penalties could be forthcoming in the penalty phase of the proceedings. On June 11, 2021, UI filed an appeal of PURA’s decision with the Connecticut Superior Court.

On May 6, 2021, in connection with its findings in the Tropical Storm Isaias docket, PURA issued a Notice of Violation to UI for allegedly failing to comply with standards of acceptable performance in emergency preparation or restoration of service in an emergency and with orders of the Authority, and for violations of accident reporting requirements. PURA assessed a civil penalty in the total amount of approximately \$2 million. PURA held a hearing on this matter and, in an order dated July 14, 2021, reduced the civil penalty to approximately \$1 million. UI filed an appeal of PURA’s decision with the Connecticut Superior Court. This appeal and the appeal of PURA’s decision on the Tropical Storm Isaias docket have been consolidated. Following oral arguments in October 2022, the court denied UI’s appeal and affirmed PURA’s decisions in their entirety. UI filed a notice of appeal to Connecticut’s Appellate court on November 7, 2022. This matter has been briefed and oral argument was held December 11, 2023. We cannot predict the outcome of this proceeding.

Power Tax Audits

Previously, CMP, NYSEG and RG&E implemented Power Tax software to track and measure their respective deferred tax amounts. In connection with this change, we identified historical updates needed with deferred taxes recognized by CMP, NYSEG and RG&E and increased our deferred tax liabilities, with a corresponding increase to regulatory assets, to reflect the updated amounts calculated by the Power Tax software. Since 2015, the NYPSC and MPUC accepted certain adjustments to deferred taxes and associated regulatory assets for this item in recent distribution rate cases, resulting in regulatory asset balances of approximately \$128 million and \$130 million, respectively, for this item at June 30, 2024 and December 31, 2023.

CMP began recovering its regulatory asset in 2020. In 2017, the NYPSC commenced an audit of the power tax regulatory assets. On January 11, 2018, the NYPSC issued an order opening an operations audit of NYSEG and RG&E and certain other New York utilities regarding tax accounting. In September 2023, NYSEG and RG&E received the NYPSC final audit report and in October 2023 we responded with comments and a request for certain clarifications. The report includes recommendations that are primarily intended to enhance existing practices. The NYPSC audit process was completed and the final audit report issued by the Commission on November 21, 2023 with no impacts to the recorded regulatory assets.

SEC’s Climate Disclosure Rule

On March 6, 2024, the SEC issued a final rule that requires registrants to provide climate-related disclosures in their annual reports and registration statements, beginning with annual reports for the year ending December 31, 2025, for calendar-year-end large accelerated filers. On April 4, 2024, the SEC announced to voluntarily delay the implementation of climate disclosure regulations while going through certain legal challenges filed to vacate the proposed rules.

The new rules include disclosures relating to climate-related risks and risk management as well as the board and management’s governance of such risks. In addition, the rules include requirements to disclose the financial effects of severe weather events and other natural conditions in the audited financial statements. Larger registrants will also be required to disclose information about greenhouse gas emissions, which will be subject to a phased-in assurance requirement. We are currently evaluating the new rules and their impact to our systems, processes, and controls for gathering and reporting of these incremental disclosures.

Anti-Circumvention Petition

We are monitoring the Department of Commerce’s, or DOC, anti-circumvention determination made on August 18, 2023 finding that producers shipping solar panels and cells from Vietnam, Thailand, Malaysia and Cambodia may have circumvented tariffs imposed on Chinese solar panels and cells. Anti-dumping and countervailing duties began being applied to producers found to be circumventing on June 6, 2024 after the end of the Biden Administration’s 24-month tariff exemption. Panels imported before June 6, 2024, that entered under the moratorium must be “used or installed” by December 3, 2024. On April 24, 2024, several solar manufacturers filed a new petition to launch an anti-dumping and countervailing duties investigation applicable to manufacturers of solar cells and modules operating in the same four Southeast Asian countries (Cambodia, Malaysia, Thailand and Vietnam). An anticipated preliminary determination is not expected until the third or fourth quarter of 2024. To date, there has been no material impact on Renewables’ operations or financial performance as a result of either the anti-circumvention determination or the new investigation. Despite mitigation actions, there is uncertainty around related long-term effects to the solar panel supply chain and we currently cannot predict if there will be materially adverse impacts to our business, results of operations or financial condition.

201 Tariff bifacial exclusion

The bifacial exclusion from 201 tariffs on imported solar panels was ended via Presidential proclamation on June 21, 2024. Beginning September 24, 2024, bifacial panels entering the US will face a tariff rate of 14.25% until February 2025 and 14.00% until February 2026, with certain exceptions granted to a subset of developing countries of origin. To date, there has been no material impact on Renewables' operations or financial performance as a result of this tariff. Currently, mitigation actions are being taken however there is uncertainty around related long-term impacts, and we currently cannot predict if there will be materially adverse impacts to our business, results of operations or financial condition.

New York Climate Leadership and Community Protection Act

On February 16, 2023, the NYPSC issued an order to authorize transmission upgrades solely to support new renewable generation sources pursuant to the implementation of the Accelerated Renewable Growth and Community Benefit Act as part of the Climate Leadership and Community Protection Act (CLCPA) Phase 2. The order approves an estimated \$4.4 billion in transmission upgrades proposed by upstate utilities to help integrate 3,500 MW of clean energy capacity into the grid, of which NYSEG and RG&E are approved for estimated upgrade costs of \$2.2 billion, including participation with other upstate utilities on certain projects. On October 17, 2023, NYSEG and RG&E filed a petition requesting approval from the NYPSC to seek authorization from the Federal Energy Regulatory Commission, or FERC, to utilize 100 percent construction work in progress, or CWIP, in rate base for the local transmission upgrades under the CLCPA Phase 2. On April 18, 2024, the NYPSC approved the petition to allow NYSEG and RG&E to seek FERC approval along with adding other related reporting requirements. On July 5, 2024, FERC conditionally accepted NYSEG and RG&E's application for CWIP and the 100% Abandoned Plant incentive (Abandoned Plant), subject to further compliance, for projects that are subject to subsequent permitting approval by the NYPSC under Article VII of New York State's Public Service Law, effective July 8, 2024, and denied the application for CWIP and Abandoned Plant for projects not subject to Article VII permitting approval. NYSEG and RG&E are assessing the July 5, 2024 FERC order and the impacts on the companies.

UI RAM Proceeding

On March 1, 2024, UI submitted its 2023 comprehensive rate adjustment mechanism, or RAM, filing detailing the UI's calculated over- or under-recoveries for the RAM components for the period of January 1, 2023, through December 31, 2023 (RAM Application) to PURA. The RAM Application detailed the UI's proposed weighted-average rate adjustments associated with such over- or under-recoveries of the RAM components.

PURA held a noticed public hearing on this matter on March 11, 2024, and on March 28, 2024, a proposed interim decision was issued in this proceeding to provide an opportunity for the parties and intervenors to file written exceptions and to present oral arguments, which were heard on April 4, 2024. On April 17, 2024, PURA conditionally approved rates for UI's RAM components effective July 1, 2024, through April 30, 2025, subject to its final prudence review of UI's 2023 reported RAM costs.

Stipulation Agreement for 2022 CMP Incremental Storm Costs

On June 11, 2024, the MPUC issued an order approving a stipulation filed by CMP on May 30, 2024, to resolve the Office of the Public Advocate's complaint regarding 2022 storm costs and to include a provision that it will not challenge 2023 storm costs recovery. As a result of the stipulation agreement, CMP will reduce carrying costs on the unamortized balance of the 2022 incremental storm costs by \$0.85 million for the period of July 1, 2024 to June 30, 2025. The stipulation also recognizes that there is no disallowance or finding of imprudence by CMP, with no other modification on incurred storm costs recovery aside from the aforementioned carrying cost adjustment.

IRS Normalization Rulings

In June 2024, the IRS released private letter rulings that clarified how the normalization rules apply to situations where customer rates are reduced for certain tax benefits realized through affiliate rather than stand-alone activity. The Company is assessing the impact of this development on our utility businesses and financial statements.

Results of Operations

The following tables set forth financial information by segment for each of the periods indicated:

	Three Months Ended				Three Months Ended			
	June 30, 2024				June 30, 2023			
	Total	Networks	Renewables	Other(1)	Total	Networks	Renewables	Other(1)
	(in millions)							
Operating Revenues	\$ 1,923	\$ 1,590	\$ 334	\$ (1)	\$ 1,587	\$ 1,273	\$ 315	\$ (1)
Operating Expenses								
Purchased power, natural gas and fuel used	429	361	68	—	385	304	81	—
Operations and maintenance	819	694	123	2	634	531	101	2
Depreciation and amortization	310	187	121	2	285	175	110	—
Taxes other than income taxes	164	148	18	(2)	157	143	14	—
Total Operating Expenses	1,722	1,390	330	2	1,461	1,153	306	2
Operating Income	201	200	4	(3)	126	120	9	(3)
Other Income (Expense)								
Other income (expense)	57	59	5	(7)	29	36	3	(10)
Earnings (losses) from equity method investments	5	4	1	—	4	4	—	—
Interest expense, net of capitalization	(122)	(77)	1	(46)	(99)	(69)	(4)	(26)
Income (Loss) Before Income Tax	141	186	11	(56)	60	91	8	(39)
Income tax expense (benefit)	13	33	(17)	(3)	9	14	(26)	21
Net Income (Loss)	128	153	28	(53)	51	77	34	(60)
Net (income) loss attributable to noncontrolling interests	41	(1)	42	—	34	(1)	35	—
Net Income (Loss) Attributable to Avangrid, Inc.	\$ 169	\$ 152	\$ 70	\$ (53)	\$ 85	\$ 76	\$ 69	\$ (60)
	Six Months Ended				Six Months Ended			
	June 30, 2024				June 30, 2023			
	Total	Networks	Renewables	Other(1)	Total	Networks	Renewables	Other(1)
	(in millions)							
Operating Revenues	\$ 4,340	\$ 3,608	\$ 734	\$ (2)	\$ 4,053	\$ 3,349	\$ 705	\$ (1)
Operating Expenses								
Purchased power, natural gas and fuel used	1,153	1,004	149	—	1,362	1,137	225	—
Operations and maintenance	1,611	1,370	241	—	1,395	1,162	231	2
Depreciation and amortization	608	365	239	4	565	349	215	1
Taxes other than income taxes	360	316	41	3	340	304	35	1
Total Operating Expenses	3,732	3,055	670	7	3,662	2,952	706	4
Operating Income	608	553	64	(9)	391	397	(1)	(5)
Other Income (Expense)								
Other income (expense)	111	117	6	(12)	54	65	5	(16)
Earnings (losses) from equity method investments	11	8	3	—	6	8	(2)	—
Interest expense, net of capitalization	(247)	(166)	(3)	(78)	(194)	(139)	(10)	(45)
Income (Loss) Before Income Tax	483	512	70	(99)	257	331	(8)	(66)
Income tax expense (benefit)	33	90	(23)	(34)	(9)	58	(60)	(7)
Net Income (Loss)	450	422	93	(65)	266	273	52	(59)
Net loss (income) attributable to noncontrolling interests	70	(2)	72	—	64	(2)	66	—
Net Income (Loss) Attributable to Avangrid, Inc.	\$ 520	\$ 420	\$ 165	\$ (65)	\$ 330	\$ 271	\$ 118	\$ (59)

(1) "Other" represents Corporate and intersegment eliminations.

Comparison of Period to Period Results of Operations

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Operating Revenues

Our operating revenues increased by \$336 million from \$1,587 million for the three months ended June 30, 2023 to \$1,923 million for the three months ended June 30, 2024, as detailed by segment below:

Networks

Operating revenues increased by \$317 million from \$1,273 million for the three months ended June 30, 2023 to \$1,590 million for the three months ended June 30, 2024. Electricity and gas revenues increased by \$98 million, primarily due to rate increases in New York effective October 12, 2023, and a \$45 million favorable impact from deferrals mainly driven by new regulatory mechanisms established by the rate case in New York. Additionally, electricity and gas revenues changed due to the following items that have offsets within the income statement: an increase of \$57 million in purchased power and purchased gas (offset in purchased power) driven by higher average units and pricing in commodities in the period, and an increase of \$117 million in flow through amortizations (offset in operating expenses).

Renewables

Operating revenues increased by \$19 million from \$315 million for the three months ended June 30, 2023 to \$334 million for the three months ended June 30, 2024. The increase in operating revenues was primarily due to an increase of \$27 million in favorable thermal and power trading due to wider spark spreads in the period primarily driven by weather, \$22 million increase in merchant prices driven by higher average prices in the current period and \$17 million increase from production in the current period, offset by unfavorable MtM changes of \$47 million on energy derivative transactions entered for economic hedging purposes in the current period.

Purchased Power, Natural Gas and Fuel Used

Our purchased power, natural gas and fuel used increased by \$44 million from \$385 million for the three months ended June 30, 2023 to \$429 million for the three months ended June 30, 2024, as detailed by segment below:

Networks

Purchased power, natural gas and fuel used increased by \$57 million from \$304 million for the three months ended June 30, 2023 to \$361 million for the three months ended June 30, 2024. The increase is primarily driven by a \$57 million increase in average commodity prices and an overall increase in electricity and gas units procured due to higher degree days in the period.

Renewables

Purchased power, natural gas and fuel used decreased by \$13 million from \$81 million for the three months ended June 30, 2023 to \$68 million for the three months ended June 30, 2024. The decrease is primarily due to favorable MtM changes on derivatives of \$21 million driven by market price changes in the period, offset by an increase of \$8 million in power and gas purchases due to higher average prices in the current period driven by weather.

Operations and Maintenance

Operations and maintenance expenses increased by \$185 million from \$634 million for the three months ended June 30, 2023 to \$819 million for the three months ended June 30, 2024, as detailed by segment below:

Networks

Operations and maintenance expenses increased by \$163 million from \$531 million for the three months ended June 30, 2023 to \$694 million for the three months ended June 30, 2024. The increase is driven by increased business and corporate costs of \$13 million, and a \$33 million increase in personnel expenses primarily driven by higher headcount. In addition, there were increases of \$117 million in flow-through items and amortizations (which is offset in revenue).

Renewables

Operations and maintenance expenses increased by \$22 million from \$101 million for the three months ended June 30, 2023 to \$123 million for the three months ended June 30, 2024. The increase is primarily driven by a \$9 million bad debt provision reversal recorded in the same period of 2023 arising from the 2022 weather event in the PJM market, and a \$13 million increase driven by higher operating costs in the current period.

Depreciation and Amortization

Depreciation and amortization for the three months ended June 30, 2024 was \$310 million compared to \$285 million for the three months ended June 30, 2023, representing an increase of \$25 million. The increase is primarily driven by \$22 million from plant additions mainly in Networks and Renewables, and \$3 million impact of accelerated depreciation from the repowering of wind farms in the current period.

Other Income (Expense) and Earnings (Losses) from Equity Method Investments

Other income (expense) and equity earnings (losses) increased by \$29 million from \$33 million for the three months ended June 30, 2023 to \$62 million for the three months ended June 30, 2024. The increase is primarily due to a \$18 million increase in allowance for funds used during construction in Networks primarily driven by the NECEC project construction, a \$10 million increase in carrying costs on regulatory deferrals and a \$1 million of favorable equity earnings in the current period.

Interest Expense, Net of Capitalization

Interest expense for the three months ended June 30, 2024 and 2023 was \$122 million and \$99 million, respectively. The change is primarily due to a \$16 million increase in interest expense mainly driven by increased debt in the period at Networks and a \$29 million increase in Other mainly driven by increased outstanding balances on commercial paper and the intragroup loan and unfavorable changes in the fair value hedges in the current period, offset by \$22 million of capitalized interest driven by higher interest rates in the period.

Income Tax

The effective tax rates, inclusive of federal and state income tax, for the three months ended June 30, 2024 was 9.2%, which is below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits, the effect of the excess deferred tax amortization resulting from the Tax Act, the equity component of allowance for funds used during construction and other property related flow through items, partially offset by tax equity financing impacts and the effects of state taxes. The effective tax rates, inclusive of federal and state income tax, for the three months ended June 30, 2023 was 15.0%, which is below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits associated with wind production, the effect of the excess deferred tax amortization resulting from the Tax Act, the equity component of allowance for funds used during construction and an unfavorable effect from the update to the annualized effective tax rate.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Operating Revenues

Our operating revenues increased by \$287 million from \$4,053 million for the six months ended June 30, 2023 to \$4,340 million for the six months ended June 30, 2024, as detailed by segment below:

Networks

Operating revenues increased by \$259 million from \$3,349 million for the six months ended June 30, 2023 to \$3,608 million for the six months ended June 30, 2024. Electricity and gas revenues increased by \$182 million, primarily due to rate increases in New York effective October 12, 2023, and a \$78 million favorable impact from deferrals mainly driven by new regulatory mechanisms established by the rate case in New York. Additionally, electricity and gas revenues changed due to the following items that have offsets within the income statement: a decrease of \$133 million in purchased power and purchased gas (offset in purchased power) driven by lower average pricing in commodities in the period, offset by an increase of \$132 million in flow through items and amortizations (offset in operating expenses).

Renewables

Operating revenues increased by \$29 million from \$705 million for the six months ended June 30, 2023, to \$734 million for the six months ended June 30, 2024. The increase in operating revenues was primarily due to an increase of \$57 million in favorable thermal and power trading due to wider spark spreads in the period primarily driven by weather, and a \$58 million increase in merchant prices driven by higher average prices in the current period, offset by unfavorable MtM changes of \$72 million on energy derivative transactions entered for economic hedging purposes and a \$14 million decrease from production in the current period.

Purchased Power, Natural Gas and Fuel Used

Purchased power, natural gas and fuel used decreased by \$209 million from \$1,362 million for the six months ended June 30, 2023 to \$1,153 million for the six months ended June 30, 2024, as detailed by segment below:

Networks

Purchased power, natural gas and fuel used decreased by \$133 million from \$1,137 million for the six months ended June 30, 2023 to \$1,004 million for the six months ended June 30, 2024. The decrease is primarily driven by a \$133 million decrease in average commodity prices and an overall decrease in electricity and gas units procured due to lower degree days in the period.

Renewables

Purchased power, natural gas and fuel used decreased by \$76 million from \$225 million for the six months ended June 30, 2023 to \$149 million for the six months ended June 30, 2024. The decrease is primarily due to favorable MtM changes on derivatives of \$68 million driven by market price changes in the period and a decrease of \$8 million in power and gas purchases due to lower average prices in the current period driven by weather.

Operations and Maintenance

Operations and maintenance expenses increased by \$216 million from \$1,395 million for the six months ended June 30, 2023 to \$1,611 million for the six months ended June 30, 2024, as detailed by segment below:

Networks

Operations and maintenance expenses increased by \$208 million from \$1,162 million for the six months ended June 30, 2023 to \$1,370 million for the six months ended June 30, 2024. The increase is driven by increased business and corporate costs of \$23 million, and a \$53 million increase in personnel expenses primarily driven by higher headcount. In addition, there were increases of \$132 million in flow-through items and amortizations (which is offset in revenue).

Renewables

Operations and maintenance expenses increased by \$10 million from \$231 million for the six months ended June 30, 2023 to \$241 million for the six months ended June 30, 2024. The increase is primarily driven by a \$9 million bad debt provision reversal recorded in the same period of 2023 arising from the 2022 weather event in the PJM market, and \$1 million in higher corporate charges in the current period.

Depreciation and Amortization

Depreciation and amortization for the six months ended June 30, 2024 was \$608 million compared to \$565 million for the six months ended June 30, 2023, an increase of \$43 million. The increase is primarily driven by \$37 million from plant additions mainly in Networks and Renewables, and \$6 million impact of accelerated depreciation from the repowering of wind farms in the current period.

Other Income (Expense) and Earnings (Losses) from Equity Method Investments

Other income (expense) and equity earnings (losses) decreased by \$62 million from \$60 million for the six months ended June 30, 2023 to \$122 million for the six months ended June 30, 2024. The increase is primarily due to a \$36 million increase in allowance for funds used during construction in Networks primarily driven by the NECEC project construction, a \$21 million increase in carrying costs on regulatory deferrals and \$5 million of favorable equity earnings in the current period.

Interest Expense, Net of Capitalization

Interest expense for the six months ended June 30, 2024 and 2023 was \$247 million and \$194 million, respectively. The change is primarily due to a \$32 million increase in interest expense mainly driven by increased debt in the period at Networks and a \$58 million increase in Other mainly driven by increased outstanding balances on commercial paper and the intragroup loan and unfavorable changes in the fair value hedges in the current period, offset by \$37 million of capitalized interest driven by higher interest rates in the period.

Income Tax

The effective tax rates, inclusive of federal and state income tax, for the six months ended June 30, 2024 was 6.8%, which is below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits, the effect of the excess deferred tax amortization resulting from the Tax Act, the equity component of allowance for funds used during construction and other property related flow through items, partially offset by tax equity financing impacts and state taxes. The effective tax rate, inclusive of federal and state income tax, for the six months ended June 30, 2023 was (3.5)%, which was below the federal statutory tax rate of 21%, primarily due to the recognition of production tax credits associated with wind production, the effect of the excess deferred tax amortization resulting from the Tax Act and the equity component of allowance for funds used during construction.

Non-GAAP Financial Measures

To supplement our consolidated financial statements presented in accordance with U.S. GAAP, we consider adjusted net income and adjusted earnings per share, adjusted EBITDA and adjusted EBITDA with Tax Credits as financial measures that are not prepared in accordance with U.S. GAAP. The non-GAAP financial measures we use are specific to Avangrid and the non-GAAP financial measures of other companies may not be calculated in the same manner. We use these non-GAAP financial measures, in addition to U.S. GAAP measures, to establish operating budgets and operational goals to manage and monitor our business, evaluate our operating and financial performance and to compare such performance to prior periods and to the performance of our competitors. We believe that presenting such non-GAAP financial measures is useful because such measures can be used to analyze and compare profitability between companies and industries by eliminating the impact of certain non-cash charges. In addition, we present non-GAAP financial measures because we believe that they and other similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance.

We define adjusted net income as net income adjusted to exclude mark-to-market earnings from changes in the fair value of derivative instruments, costs incurred related to the merger and other transactions, and accelerated depreciation from the repowering of wind farms. We believe adjusted net income is more useful in understanding and evaluating actual and projected financial performance and contribution of Avangrid core lines of business and to more fully compare and explain our results. The most directly comparable U.S. GAAP measure to adjusted net income is net income. We also define adjusted earnings per share, or adjusted EPS, as adjusted net income converted to an earnings per share amount.

We define adjusted EBITDA as adjusted net income adjusted to fully exclude the effects of net (loss) income attributable to noncontrolling interests, income tax expense (benefit), depreciation and amortization, interest expense, net of capitalization, other (income) expense and (earnings) losses from equity method investments. We further define adjusted EBITDA with tax credits as adjusted EBITDA adding back the pre-tax effect of retained Production Tax Credits (PTCs) and Investment Tax Credits (ITCs) and PTCs allocated to tax equity investors. The most directly comparable U.S. GAAP measure to adjusted EBITDA and adjusted EBITDA with tax credits is net income.

The use of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, Avangrid's U.S. GAAP financial information, and investors are cautioned that the non-GAAP financial measures are limited in their usefulness, may be unique to Avangrid, and should be considered only as a supplement to Avangrid's U.S. GAAP financial measures. The non-GAAP financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools.

Non-GAAP financial measures are not primary measurements of our performance under U.S. GAAP and should not be considered as alternatives to operating income, net income or any other performance measures determined in accordance with U.S. GAAP.

The following tables provide a reconciliation between Net Income attributable to Avangrid and non-GAAP measures Adjusted Net Income, Adjusted EBITDA and Adjusted EBITDA with Tax Credits by segment for the three and six months ended June 30, 2024 and 2023, respectively:

	Three Months Ended June 30, 2024				Six Months Ended June 30, 2024			
	Total	Networks	Renewables	Corporate*	Total	Networks	Renewables	Corporate*
	(in millions)				(in millions)			
Net Income Attributable to Avangrid, Inc.	\$ 169	\$ 152	\$ 70	\$ (54)	\$ 520	\$ 420	\$ 165	\$ (66)
Adjustments:								
Mark-to-market earnings – Renewables	18	—	18	—	—	—	—	—
Accelerated depreciation from repowering	3	—	3	—	6	—	6	—
Merger and other transaction costs	6	—	1	6	6	—	1	6
Income tax impact of adjustments (1)	(7)	—	(6)	(2)	(3)	—	(2)	(2)
Adjusted Net Income (2)	\$ 189	\$ 152	\$ 96	\$ 50	\$ 530	\$ 420	\$ 171	\$ (61)
Net (loss) income attributable to noncontrolling interests	(41)	1	(42)	—	(70)	2	(72)	—
Income tax expense (benefit)	20	33	(11)	(1)	36	90	(21)	(32)
Depreciation and amortization	310	187	121	2	608	365	239	4
Interest expense, net of capitalization	122	77	(1)	46	247	166	3	78
Other (income) expense	(57)	(59)	(5)	7	(111)	(117)	(6)	12
(Earnings) losses from equity method investments	(5)	(4)	(1)	—	(11)	(8)	(3)	—
Adjusted EBITDA (3)	\$ 538	\$ 387	\$ 147	\$ 4	\$ 1,229	\$ 918	\$ 310	\$ —
Retained PTCs and ITCs	45	—	45	—	93	—	93	—
PTCs allocated to tax equity investors	47	—	47	—	83	—	83	—
Adjusted EBITDA with Tax Credits (3)	\$ 630	\$ 387	\$ 239	\$ 4	\$ 1,405	\$ 918	\$ 486	\$ —
	Three Months Ended June 30, 2023				Six Months Ended June 30, 2023			
	Total	Networks	Renewables	Corporate*	Total	Networks	Renewables	Corporate*
	(in millions)				(in millions)			
Net Income Attributable to Avangrid, Inc.	\$ 85	\$ 76	\$ 69	\$ (60)	\$ 330	\$ 271	\$ 118	\$ (59)
Adjustments:								
Mark-to-market earnings – Renewables	(8)	—	(8)	—	(4)	—	(4)	—
Merger and other transaction costs	2	—	—	2	2	—	—	2
Income tax impact of adjustments (1)	2	—	2	—	1	—	1	—
Adjusted Net Income (2)	\$ 80	\$ 76	\$ 63	\$ (59)	\$ 328	\$ 271	\$ 115	\$ (58)
Net (loss) income attributable to noncontrolling interests	(34)	1	(35)	—	(64)	2	(66)	—
Income tax expense (benefit)	7	14	(28)	21	(10)	58	(61)	(7)
Depreciation and amortization	285	175	110	—	565	349	215	1
Interest expense, net of capitalization	99	69	4	26	194	139	10	45
Other (income) expense	(29)	(36)	(3)	10	(54)	(65)	(5)	16
Earnings from equity method investments	(4)	(4)	—	—	(6)	(8)	2	—
Adjusted EBITDA (3)	\$ 405	\$ 295	\$ 111	\$ (2)	\$ 954	\$ 746	\$ 210	\$ (3)
Retained PTCs and ITCs	45	—	45	—	90	—	90	—
PTCs allocated to tax equity investors	40	—	40	—	79	—	79	—
Adjusted EBITDA with Tax Credits (3)	\$ 490	\$ 295	\$ 197	\$ (2)	\$ 1,123	\$ 746	\$ 379	\$ (3)

(1) Income tax impact of adjustments: 2023 - \$(4) million and \$1 million from MtM earnings, \$(1) million and \$(2) million from repowering, and \$(2) and \$(2) from merger and other transaction costs for the three and six months ended June 30, 2024, respectively; 2023 - \$2 million and \$1 million from MtM earnings for the three and six months ended June 30, 2023, respectively.

(2) Adjusted Net Income is a non-GAAP financial measure and is presented after excluding MTM activities in Renewables, costs incurred related to the merger and other transactions and accelerated depreciation from the repowering of wind farms.

(3) Adjusted EBITDA is a non-GAAP financial measure defined as adjusted net income adjusted to fully exclude the effects of net (loss) income attributable to noncontrolling interests, income tax expense (benefit), depreciation and amortization, interest expense, net of capitalization, other (income) expense and (earnings) losses from equity method investments. We further define adjusted EBITDA with tax credits as adjusted EBITDA adding back the pre-tax effect of retained PTCs and ITCs and PTCs allocated to tax equity investors.

* Includes corporate and other non-regulated entities as well as intersegment eliminations.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Adjusted net income

Our adjusted net income increased by \$108 million from \$80 million for the three months ended June 30, 2023 to \$189 million for the three months ended June 30, 2024. The increase is primarily due to a \$76 million increase in Networks driven primarily by rate increases in New York effective October 12, 2023, a \$23 million increase in Renewables primarily driven by favorable thermal and power trading due to higher average prices in the period primarily due to weather and a \$9 million increase in Corporate mainly driven by favorable taxes from applying the annual consolidated estimated tax rate, offset by higher interest expenses in the period.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2023

Adjusted net income

Our adjusted net income increased by \$201 million from \$328 million for the six months ended June 30, 2023 to \$530 million for the six months ended June 30, 2024. The increase is primarily due to a \$149 million increase in Networks driven primarily by rate increases in New York effective October 12, 2023, a \$56 million increase in Renewables primarily driven by favorable thermal and power trading due to higher average prices in the period primarily due to weather, offset by a \$3 million decrease in Corporate mainly driven by higher interest expenses, offset by favorable taxes from applying the annual consolidated estimated tax rate in the period.

The following tables reconcile Net Income attributable to Avangrid to Adjusted Net Income (non-GAAP), and EPS attributable to Avangrid to adjusted EPS (non-GAAP) for the three and six months ended June 30, 2024 and 2023, respectively:

(Millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Networks	\$ 152	\$ 76	\$ 420	\$ 271
Renewables	70	69	165	118
Corporate (1)	(54)	(60)	(66)	(59)
Net Income	\$ 169	\$ 85	\$ 520	\$ 330
Adjustments:				
Mark-to-market earnings - Renewables (2)	18	(8)	—	(4)
Accelerated depreciation from repowering (3)	3	—	6	—
Merger and other transaction costs (4)	6	2	6	2
Income tax impact of adjustments	(7)	2	(3)	1
Adjusted Net Income (5)	\$ 189	\$ 80	\$ 530	\$ 328

(Millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Networks	\$ 0.39	\$ 0.20	\$ 1.09	\$ 0.70
Renewables	0.18	0.18	0.43	0.30
Corporate (1)	(0.14)	(0.16)	(0.17)	(0.15)
Earnings Per Share	\$ 0.44	\$ 0.22	\$ 1.34	\$ 0.85
Adjustments:				
Mark-to-market earnings - Renewables (2)	0.05	(0.02)	—	(0.01)
Accelerated depreciation from repowering (3)	0.01	—	0.02	—
Merger and other transaction costs (4)	0.02	—	0.02	—
Income tax impact of adjustments	(0.02)	—	(0.01)	—
Adjusted Earnings Per Share (5)	\$ 0.49	\$ 0.21	\$ 1.37	\$ 0.85

(1) Includes corporate and other non-regulated entities as well as intersegment eliminations.

(2) Mark-to-market earnings relates to earnings impacts from changes in the fair value of Renewables' derivative instruments associated with electricity and natural gas.

(3) Represents the amount of accelerated depreciation derived from the repowering of wind farms in Renewables.

(4) Pre-merger and other transaction costs incurred.

(5) Adjusted net income and adjusted earnings per share are non-GAAP financial measures and are presented after excluding MtM activities in Renewables, costs incurred related to the merger and other transactions and accelerated depreciation from the repowering of wind farms.

Liquidity and Capital Resources

Our operations, capital investment and business development require significant short-term liquidity and long-term capital resources. Historically, we have used cash from operations and borrowings under our credit facilities and commercial paper program as our primary sources of liquidity. Our long-term capital requirements have been met primarily through retention of earnings, equity issuances and borrowings in the investment grade debt capital markets. Continued access to these sources of liquidity and capital are critical to us. Risks may increase due to circumstances beyond our control, such as a general disruption of the financial markets and adverse economic conditions.

We and our subsidiaries are required to comply with certain covenants in connection with our respective loan agreements. The covenants are standard and customary in financing agreements, and we and our subsidiaries were in compliance with such covenants as of and throughout the six months ended June 30, 2024.

Liquidity Position

We optimize our liquidity within the United States through a series of arms-length intercompany lending arrangements with our subsidiaries and among our regulated utilities to provide for lending of surplus cash to subsidiaries with liquidity needs, subject to the limitation that the regulated utilities may not lend to unregulated affiliates. These arrangements minimize overall short-term funding costs and maximize returns on the temporary cash investments of the subsidiaries. We have the capacity to borrow up to \$3,575 million from the lenders committed to the Avangrid Credit Facility described below.

The following table provides the components of our liquidity position as of June 30, 2024 and December 31, 2023, respectively:

	As of June 30,	As of December 31,
	2024	2023
	(in millions)	
Cash and cash equivalents	\$ 136	\$ 91
Avangrid Credit Facility	3,575	3,575
Iberdrola Group Credit Facility	750	750
Less: borrowings	(1,935)	(1,332)
Total	\$ 2,526	\$ 3,084

Avangrid Commercial Paper Program

Avangrid has a commercial paper program with a limit of \$2 billion that is backstopped by the Avangrid Credit Facility (described below). As of June 30, 2024 and July 23, 2024, there was \$1,935 million and \$1,895 million, respectively, of commercial paper outstanding, presented net of discounts on the balance sheet.

Avangrid Credit Facility

Avangrid and its subsidiaries, NYSEG, RG&E, CMP, UI, CNG, SCG and BGC, each of which are joint borrowers, have a revolving credit facility with a syndicate of banks, or the Avangrid Credit Facility, that provides for maximum borrowings of up to \$3,575 million in the aggregate, which was executed on November 23, 2021.

Under the terms of the Avangrid Credit Facility, each joint borrower has a maximum borrowing entitlement, or sublimit, which can be periodically adjusted to address specific short-term capital funding needs, subject to the maximum limit contained in the agreement. On November 23, 2021, the executed Avangrid Credit Facility increased Avangrid's maximum sublimit from \$1,500 million to \$2,500 million. The Avangrid Credit Facility contains pricing that is sensitive to Avangrid's consolidated greenhouse gas emissions intensity. The Credit Facility also contains negative covenants, including one that sets the ratio of maximum allowed consolidated debt to consolidated total capitalization at 0.65 to 1.00, for each borrower. Under the Avangrid Credit Facility, each of the borrowers will pay an annual facility fee that is dependent on their credit rating. The initial facility fees will range from 10 to 22.5 basis points. The maturity date for the Avangrid Credit Facility is November 22, 2026. On July 17, 2023, the Avangrid Credit Facility was amended and restated to, among other things, provide for the replacement of LIBOR-based rates with SOFR-based rates.

As of both June 30, 2024 and July 23, 2024, we had no borrowings outstanding under this credit facility.

Since the Avangrid credit facility is also a backstop to the Avangrid commercial paper program, the total amount available under the facility as of June 30, 2024 and July 23, 2024, was \$1,630 million and \$1,669 million, respectively.

Iberdrola Group Credit Facility

Avangrid has a credit facility with Iberdrola Financiación, S.A.U., a subsidiary of Iberdrola. The facility has a limit of \$750 million and matures on June 18, 2028. Avangrid pays a quarterly facility fee of 22.5 basis points (rate per annum) on the facility based on Avangrid's current Moody's and S&P ratings for senior unsecured long-term debt. As of June 30, 2024 and July 23, 2024, we had \$0 and \$450 million of borrowings outstanding under this credit facility, respectively.

Intragroup Green Loans

On July 19, 2023, we entered into an intra-group green term loan agreement with Iberdrola Financiación, S.A.U., a subsidiary of Iberdrola, with an aggregate principal amount of \$800 million maturing on July 13, 2033 at an interest rate of 5.45%.

On June 13, 2024, we entered into an intra-group green loan agreement with Iberdrola Financiación, S.A.U., with an aggregate principal amount of \$600 million maturing on September 13, 2027 at an interest rate of 5.48%.

On June 13, 2024, we entered into an additional intra-group green loan agreement with Iberdrola Financiación, S.A.U., with an aggregate principal amount of \$600 million maturing on June 13, 2030 at an interest rate of 5.53%.

Capital Requirements

We expect to fund our capital requirements, including, without limitation, any quarterly shareholder dividends and capital investments primarily from the cash provided by operations of our businesses and through the access to the capital markets in the future. We have revolving credit facilities, as described above, to fund short-term liquidity needs and we believe that we will continue to have access to the capital markets as long-term growth capital is needed. While taking into consideration the current economic environment, management expects that we will continue to have sufficient liquidity and financial flexibility to meet our business requirements.

We expect to incur approximately \$2.4 billion in capital expenditures through the remainder of 2024. This estimate is subject to continuing review and actual capital expenditures may vary significantly. As a result, the timing and ultimate cost associated with solar panels and cells and related project capital expenditures may vary from our current expectations.

Cash Flows

Our cash flows depend on many factors, including general economic conditions, regulatory decisions, weather, commodity price movements and operating expense and capital spending control.

The following is a summary of the cash flows by activity for the six months ended June 30, 2024 and 2023, respectively:

	Six Months Ended	
	June 30,	
	2024	2023
	(in millions)	
Net cash provided by operating activities	\$ 639	\$ 730
Net cash used in investing activities	(2,027)	(1,557)
Net cash provided by financing activities	1,433	816
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 45	\$ (11)

Operating Activities

The cash provided by operating activities for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 decreased by \$91 million, primarily attributable to a net decrease in current assets and liabilities driven by timing of cash collections and cash disbursements, and higher interest payments during the period.

Investing Activities

For the six months ended June 30, 2024, net cash used in investing activities was \$2,027 million, which was comprised of \$1,935 million of capital expenditures and \$193 million of capital contributions to the equity method investments, partially offset by \$97 million of contributions in aid of construction.

For the six months ended June 30, 2023, net cash used in investing activities was \$1,557 million, which was comprised of \$1,635 million of capital expenditures, partially offset by \$77 million of contributions in aid of construction.

Financing Activities

For the six months ended June 30, 2024, financing activities provided \$1,433 million in cash reflecting primarily a net increase in non-current debt and current notes payable of \$1,772 million, contribution from non-controlling interests of \$56 million, offset by distributions to non-controlling interests of \$48 million and dividends of \$340 million in the period.

For the six months ended June 30, 2023, financing activities provided \$816 million in cash reflecting primarily a net increase in non-current debt and current notes payable of \$1,093 million, contribution from non-controlling interests of \$75 million, offset by distributions to non-controlling interests of \$7 million and dividends of \$340 million in the period.

Off-Balance Sheet Arrangements

There have been no material changes in our off-balance sheet arrangements during the six months ended June 30, 2024 as compared to those reported for the fiscal year ended December 31, 2023 in our Form 10-K.

Contractual Obligations

There have been no material changes in contractual and contingent obligations during the six months ended June 30, 2024 as compared to those reported for the fiscal year ended December 31, 2023 in our Form 10-K.

Critical Accounting Policies and Estimates

We have prepared the accompanying condensed consolidated financial statements provided herein in accordance with U.S. GAAP. In preparing the accompanying condensed consolidated financial statements, our management has made certain estimates and assumptions that affect the reported amounts of assets, liabilities, stockholders' equity, revenues and expenses and the disclosures thereof. While we believe that these policies and estimates used are appropriate, actual future events can and often do result in outcomes that can be materially different from these estimates. As of June 30, 2024, the only notable changes to the significant accounting policies described in our Form 10-K for the fiscal year ended December 31, 2023, are with respect to our adoption of the new accounting pronouncements described in the Note 3 of our condensed consolidated financial statements for the six months ended June 30, 2024.

New Accounting Standards

We review new accounting standards to determine the expected financial effect, if any, that the adoption of each such standard will have. The new accounting pronouncements we have adopted as of January 1, 2024, and reflected in our condensed consolidated financial statements are described in Note 3 of our condensed consolidated financial statements for the six months ended June 30, 2024.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains a number of forward-looking statements. Forward-looking statements may be identified by the use of forward-looking terms such as “may,” “will,” “should,” “would,” “could,” “can,” “expect(s),” “believe(s),” “anticipate(s),” “intend(s),” “plan(s),” “estimate(s),” “project(s),” “assume(s),” “guide(s),” “target(s),” “forecast(s),” “are (is) confident that” and “seek(s)” or the negative of such terms or other variations on such terms or comparable terminology. Such forward-looking statements include, but are not limited to, statements about our plans, objectives and intentions, outlooks or expectations for earnings, revenues, expenses or other future financial or business performance, strategies or expectations, or the impact of legal or regulatory matters on business, results of operations or financial condition of the business and other statements that are not historical facts. Such statements are based upon the current reasonable beliefs, expectations, and assumptions of our management and are subject to significant risks and uncertainties that could cause actual outcomes and results to differ materially. Important factors are discussed and should be reviewed in our Form 10-K and other subsequent filings with the SEC. Specifically, forward-looking statements include, without limitation:

- any statements regarding the Merger with Iberdrola including expected timing and likelihood of completion of the Merger, including the timing, receipt and terms and conditions of any required shareholder, governmental and regulatory approvals of the Merger that could reduce the anticipated benefits of, or cause the parties to abandon, the transaction, risks related to the disruption to ongoing business operations due to the proposed transaction, and litigation or administrative proceedings that may arise in connection with the Merger;
- actions or inactions of local, state or federal regulatory agencies;
- the ability of our regulated utility operations to recover costs in a timely manner or at all or obtain a return on certain assets or invested capital through base rates, cost recovery clauses, other regulatory mechanism;
- potentially material adverse effect on our business, and financial condition due to the purchase and sales of energy commodities and related transportation and services by our operating subsidiaries;
- adverse developments in general market, business, economic, labor, regulatory and political conditions including, without limitation, the impacts of inflation, deflation, supply-chain interruptions and changing prices and labor costs;
- the impact of any change to applicable laws and regulations, including those subject to referendums affecting the ownership and operations of electric and gas utilities and renewable energy generation facilities, respectively, including, without limitation, those relating to the environment and climate change, taxes, price controls, regulatory approval and permitting;
- efforts to maintain a responsive sustainability program;
- new tariffs imposed on imported goods;
- the impact of extraordinary external events, such as any cyber breaches or other incidents, grid disturbances, acts of war or terrorism, civil or social unrest, natural disasters, pandemic health events or other similar occurrences;
- potential restrictions by interconnecting utility and/or RTO rules, policies, procedures and FERC tariffs and market conditions on renewable project operations and ability to generate revenue;
- our rights, and the rights of our subsidiaries to sites that projects are located at may be subordinate to the rights of lienholders and leaseholders;
- strikes, work stoppages or an inability to negotiate future collective bargaining agreements on commercially reasonable terms;
- technological developments;
- geopolitical instability could exacerbate existing risk factors;
- future financial performance, anticipated liquidity and capital expenditures;
- weather conditions are unfavorable or below production forecasts;
- customary business and market related risks including warranty limitation and expiration as well as PPA expiration or early termination;
- impact of Iberdrola's influence over stock as well as the future sale of issuance of common stock by Iberdrola;
- the “controlled company” exemption to the corporate governance rules for NYSE-listed companies could make shares of our common stock less attractive to some investors or otherwise harm our stock price;
- our dividend policy is subject to the discretion of our board of directors and may be limited by our debt agreements and limitations under New York law;
- ability to meet our financial obligations and to pay dividends on our common stock if our subsidiaries are unable to pay dividends or repay loans from us;
- the ability to maintain effective internal control over financial reporting;
- our investments and cash balances are subject to the risk of loss;
- the cost and availability of capital to finance our business is inherently uncertain;
- litigation or administrative proceedings;
- inability to insure against all potential risks;

- the ability to recruit and retain a highly qualified and diverse workforce in the competitive labor market;
- changes in amount, timing or ability to complete capital projects;
- adverse developments in general market, business, economic, labor, regulatory and political conditions including, without limitation, the impacts of inflation, deflation, supply-chain interruptions and changing prices and labor costs, including the Department of Commerce's anti-circumvention petition that could adversely impact renewable solar energy projects;
- the impacts of climate change, fluctuations in weather patterns and extreme weather events;
- the impact of extraordinary external events, such as any cyber breaches or other incidents, grid disturbances, acts of war or terrorism, civil or social unrest, natural disasters, pandemic health events or other similar occurrences, including the ongoing geopolitical conflict with Russia and Ukraine;
- the impact of a catastrophic or geopolitical event on business and economic conditions;
- the implementation of changes in accounting standards;
- adverse publicity or other reputational harm; and
- other presently unknown unforeseen factors.

Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by these forward-looking statements. You should not place undue reliance on these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this report, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. Other risk factors are detailed from time to time in our reports filed with the SEC, and we encourage you to consult such disclosures.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our market risk during the six months ended June 30, 2024, as compared to those reported for the fiscal year ended December 31, 2023 in our Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer, or CEO, and our Chief Financial Officer, or CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our CEO and CFO have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control

There has been no change in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Please read “Note 8—Contingencies and Commitments” and “Note 9—Environmental Liabilities” to the accompanying unaudited condensed consolidated financial statements under Part I, Item 1 of this report for a discussion of legal proceedings that we believe could be material to us.

Item 1A. Risk Factors

Shareholders and prospective investors should carefully consider the risk factors disclosed in our Form 10-K for the fiscal year ended December 31, 2023. The only significant changes to our risk factors relate to the following items:

The announcement and pendency of the Merger could cause disruptions in our businesses, which could have an adverse effect on our business and financial results.

Uncertainty about the effect of the Merger on employees, customers, suppliers, vendors, licensors, licensees and other business partners may have an adverse effect on Avangrid. These uncertainties may impair our ability to retain key personnel until the Merger is consummated and for a period of time thereafter, and could cause customers, suppliers, vendors, licensors, licensees and other business partners to seek to change existing business relationships which may materially and adversely affect our business. Employee retention may be particularly challenging during the pendency of the Merger, as employees may experience uncertainty about their roles with the surviving entity following the Merger. In addition, subject to certain exceptions, during the pendency of the Merger, we have agreed to operate our business in the ordinary course and to refrain from taking certain actions without Iberdrola's consent. These restrictions may prevent us from pursuing business opportunities that may arise prior to the completion of the Merger.

The Merger was negotiated between the Unaffiliated Committee (being comprised solely of independent and disinterested members of our board of directors) on the one hand and Iberdrola on the other hand, who is affiliated with certain of our officers and directors.

The Merger was negotiated with Iberdrola, who is affiliated with certain of our officers and directors. As a result, those officers and directors may have different interests than us as a whole. In addition, during the pendency of the Merger, if Iberdrola or any of its affiliates breaches any of the representations, warranties or covenants made by it in the Merger agreement, depending on the then-existing facts and circumstance, the Unaffiliated Committee may choose not to enforce, or to enforce less vigorously, our rights under Merger Agreement due to, among other factors, Avangrid's desire to maintain our ongoing relationship with Iberdrola.

The consummation of the Merger is contingent upon the satisfaction of a number of conditions, including shareholder and regulatory approvals, that may be outside of Avangrid's or Iberdrola's control and that Avangrid and Iberdrola may be unable to satisfy or obtain or which may delay the consummation of the Merger or result in the imposition of conditions that could reduce the anticipated benefits from the Merger or cause the parties to abandon the Merger.

We face risks and uncertainties related to the proposed Merger with Iberdrola. Before the transactions contemplated in the Merger Agreement with Iberdrola can be completed, approvals must be obtained from regulatory authorities, namely the FERC, the NYPSC and the MPUC, and from our shareholders, and all conditions to the closing of the transaction included in the Merger Agreement must have been satisfied or waived. The required regulatory approvals may impose additional conditions, limitations, obligations or costs on the surviving entity, place restrictions on the conduct of the business of the surviving entity or require changes to the terms of the transactions contemplated by the Merger Agreement. While we do not currently expect that any such conditions or changes would be imposed, there can be no assurance that our regulators will not impose any such additional conditions, limitations, obligations or restrictions, or that they will not have the effect of delaying or preventing the completion of the Merger, imposing additional material costs on or materially limiting the revenues of the surviving entity following the Merger or otherwise reducing the anticipated benefits of the Merger.

Certain events may delay closing, including difficulties in obtaining the approvals from our shareholders other than Iberdrola and its affiliates necessary to consummate the Merger.

The Merger Agreement may be terminated in accordance with its terms and the Merger may not be approved by shareholders or completed.

The Merger Agreement is subject to a number of conditions which must be fulfilled in order to complete the Merger, including the approval of the Merger Agreement by Avangrid's shareholders; the receipt of all required regulatory approvals without having required Iberdrola, Avangrid or any of their respective affiliates to effect any action contemplated by a Burdensome Condition (as defined in the Merger Agreement); the absence of any order, judgment, injunction, award, decree or ruling (whether temporary, preliminary or final) restraining, enjoining or otherwise prohibiting the Merger or making the completion of the Merger illegal; subject to certain exceptions, the accuracy of the representations and warranties under the

Merger Agreement; and our and Iberdrola's performance in all material respects of our and their respective obligations under the Merger Agreement. The conditions to the closing of the Merger included in the Merger Agreement may not be fulfilled in a timely manner or at all, and, accordingly, the Merger may be delayed or may not be completed.

We, upon the recommendation of the Unaffiliated Committee, and Iberdrola may elect to terminate the Merger Agreement under certain circumstances. Among other situations, if the Merger is not completed by June 30, 2025 (subject to one three-month extension, exercisable by either us, upon the recommendation of the Unaffiliated Committee, or Iberdrola, in the event that all conditions to closing have been satisfied except for those related to the approval of the FERC, the NYPSC and the MPUC) either we, upon the recommendation of the Unaffiliated Committee, or Iberdrola may choose not to proceed with the Merger. We, upon the recommendation of the Unaffiliated Committee, and Iberdrola can also mutually decide to terminate the Merger Agreement at any time.

Failure to complete the proposed Merger with Iberdrola could negatively impact our business, financial results and stock price.

If the proposed Merger is not completed for any reason, our ongoing business may be adversely affected and, without realizing any of the benefits of having completed the Merger, we would be subject to a number of related risks, including the following:

- we will have incurred substantial expenses and will be required to pay significant costs relating to the Merger, such as legal, accounting, due diligence, financial advisor and printing fees;
- the Merger Agreement places certain restrictions on the conduct of our business prior to completion of the Merger, which may adversely affect our ability to execute certain of our business strategies and cause certain other initiatives to be delayed or abandoned;
- matters relating to the Merger require substantial commitments of time and resources by our management team that could have been and could be devoted to the pursuit of other opportunities beneficial to us as an independent company;
- we may be subject to negative reactions from the financial markets and from our customers and employees that could materially affect our business, financial results, financing capacity and stock price; the market price of our common stock could decline to the extent that current market prices of our common stock reflect a market assumption that the Merger will be completed; and
- we may need to revise our business/financing plans to address our long-term capital needs as a publicly traded company and the difficulty and cost of obtaining capital, which could affect our current credit rating, result in dilution of our shareholders and/or affect our ability to continue paying regular quarterly cash dividends.

Litigation could prevent or delay the closing of the proposed Merger or otherwise negatively impact our business and operations.

We may be subject to legal proceedings related to the agreed terms of the proposed Merger, the manner in which the Merger was considered and approved by the Unaffiliated Committee and board of directors or any failure to complete the Merger or perform our obligations under the Merger Agreement. Such litigation could delay or block the consummation of the Merger, have an adverse effect on our financial condition and impose material costs on us or the surviving entity.

If Renewables' equipment is not available for operation, Renewables projects' electricity generation and the revenue generated from its projects may fall below expectations and adversely affect our financial condition and reputation.

The revenues generated by Renewables' facilities depend upon the ability to maintain the working order of its projects. A natural disaster, severe weather, accident, failure of major equipment, failure of equipment supplier or shortage of or inability to acquire critical replacement of spare parts not held in inventory or maintenance services, including the failure of interconnection to available electricity transmission or distribution networks, could damage or require Renewables to shut down its turbines, panels or related equipment and facilities, leading to decreases in electricity generation levels and revenues. For example, in July 2024, a wind turbine blade manufactured and installed by GE Vernova, Inc., or GE Vernova, on the Vineyard Wind 1 project, a Renewables 50% joint venture, failed with pieces of the blade and blade material falling into the ocean and eventually washing up onshore. At the time of the incident the blade was under GE Vernova's control. Following the event, the U.S. Bureau of Safety and Environmental Enforcement, or BSEE, issued a suspension order to cease power production and the installation of new wind turbines at the Vineyard Wind 1 project site pending an investigation. Vineyard Wind continues to work with GE Vernova and federal, state, tribal and local stakeholders to ensure the health and safety of the workforce, mariners, and the environment. GE Vernova is undertaking a root cause analysis. To date, there has been no material impact on our financial performance as a result of this event, however, we cannot predict the extent of the effects of this incident, results of GE Vernova's root cause analysis, the extent or results of the BSEE investigation, or operational or financial impact on the Vineyard Wind 1 project at this time.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following documents are included as exhibits to this Form 10-Q:

Exhibit Number	Description
2.1	<u>Agreement and Plan of Merger, dated May 17, 2024, by and among Avangrid, Inc., Iberdrola S.A. and Arizona Merger Sub, Inc. (incorporated herein by reference to Exhibit 2.1 to Form 8-K filed with the Securities and Exchange Commission on May 17, 2024).</u>
10.1	<u>Three-Year Intra-Group Green Loan Agreement, dated June 13, 2024, between Avangrid, Inc. and Iberdrola Financiación, S.A.U.*</u>
10.2	<u>Six-Year Intra-Group Green Loan Agreement, dated June 13, 2024, between Avangrid, Inc. and Iberdrola Financiación, S.A.U.*</u>
10.3	<u>Form of Indemnification Agreement between Avangrid, Inc. (formerly Iberdrola USA, Inc.) and its directors and officers (incorporated herein by reference to Exhibit 10.32 to Form S-4/A filed with the Securities and Exchange Commission on October 21, 2015).†</u>
31.1	<u>Chief Executive Officer Certification pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
31.2	<u>Chief Financial Officer Certification pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
32	<u>Certification pursuant to 18 United States Code Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u>
101.INS	XBRL Instance Document.*
101.SCH	XBRL Taxonomy Extension Schema Document.*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.*

*Filed herewith.

†Compensatory plan or agreement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Avangrid, Inc.

Date: July 24, 2024

By: /s/ Pedro Azagra Blázquez

Pedro Azagra Blázquez

Director and Chief Executive Officer

Date: July 24, 2024

By: /s/ Justin B. Lagasse

Justin B. Lagasse

Senior Vice President - Chief Financial Officer and Controller

INTRA-GROUP GREEN LOAN AGREEMENT

This Green Loan Agreement (this "Agreement"), dated as of June 13, 2024.

BY AND BETWEEN**OF THE ONE PART,**

IBERDROLA FINANCIACIÓN, S.A.U. (the "Lender"), a company existing under the laws of Spain, with tax identification number A95573283 and whose registered office is at Plaza Euskadi 5, 48009 Bilbao (Spain), properly represented by Mr. Iñigo Ormaechea Merino and Mr. Francisco Javier Hernando Isla, which they expressly declare to be in full force and effect and without any modification thereto.

AND, OF THE OTHER PART,

AVANGRID, INC., a New York Corporation (the "Borrower"), whose registered office is at 180 Marsh Hill Road, Orange, Connecticut 06477, properly represented by Mr. Justin Lagasse and Mr. Michael Panichi.

RECITALS

- I. WHEREAS, the Lender and the Borrower are members of the group of companies controlled by Iberdrola, S.A.
- II. WHEREAS, the Borrower has requested, and, subject to the terms and conditions hereof, the Lender has agreed, to provide a term loan to the Borrower on arm's length conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. THE LOAN**1.01. Loan**

Subject to the terms and conditions and relying upon the representations and warranties set forth in this Agreement, the Lender agrees to make a term loan ("Loan") in a single advance to the Borrower in an aggregate principal amount of \$600,000,000.00 (the "Loan Amount"). The Loan Amount shall be made available to the Borrower on the present date in Dollars by means of a wire transfer of immediately available funds in New York, no later than 3:00 p.m., New York time, with value date June 17 2024.

1.02. Repayment of Loan Amount.

Unless repaid earlier in accordance with Section 1.03 or Section 1.04, the Loan Amount, together with all accrued and unpaid interest, shall be repaid to the Lender at par on the Termination Date.

1.03. Mandatory prepayment of the Loan Amount

Unless waived with the prior consent of the Lender, the Loan and any accrued and unpaid interest shall be repayable at par by the Borrower on the date on which a Change in Control in the Borrower occurs.

1.04. Voluntary prepayment of the Loan Amount

The Borrower shall have the right, upon notice to the Lender, at any time and from time to time to prepay the Loan Amount, in whole or in part, provided that such notice must be received by the Lender not later than 11:00 a.m., New York time, three (3) Business Days prior to any date of prepayment of the Loan Amount; provided, however, that each partial prepayment shall be in an amount that is an integral multiple of \$500,000 and not less than \$1,000,000. However, should the Borrower look to make use of this Section 1.04 solely due to identification of other financing options realistically available to reduce total funding cost of the Loan, the Borrower will submit any such offer to the Lender for consideration and discussion and the Lender and the Borrower agree to negotiate in good faith to enter into an amendment of the Agreement. In the event that no agreements have been reached for such amendment of the Agreement prior to the expiration of the offer period of such other possible financing options, the Loan or any part of the Loan may be repaid by the Borrower in accordance with the first paragraph of this Section

1.04 on a date other than the Termination Date and the Borrower shall also pay break costs ("Break Costs"), which are calculated by the Lender as the amount by which:

- a) the amount of interest (excluding the Applicable Margin), discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, which the Lender should have received for the period from the date of such prepayment to the Termination Date in respect of the principal amount of the Loan so prepaid (the "Prepayment Amount"), had the Prepayment Amount been paid on the Termination Date;
exceeds:
- b) the amount of interest, discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, which the Lender would be able to receive on a principal amount equal to the Prepayment Amount from a Comparable Treasury Issue.

"Comparable Treasury Issue" means a United States Treasury security as mutually selected by the parties as having an actual or interpolated maturity comparable to the remaining term of the Loan (calculated from the date of prepayment to the Termination Date).

"Treasury Rate" means the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue. Each notice of prepayment shall specify the prepayment date and the principal amount to be prepaid, shall be irrevocable and shall commit the Borrower to prepay the amount stated therein on the date stated therein. All prepayments under this Section 1.03 shall be subject to Section 1.06 but otherwise without premium or penalty. All prepayments under this Section 1.03 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

1.05. Interest Rates and Payment Dates

The Loan shall bear interest (the "Interest Rate") for each day during each Interest Period with respect thereto at a rate per annum equal to the aggregate of:

- a) The "Benchmark Treasury" mid yield at 2PM CET (8AM ET) on the Closing Date being 4,462% per annum; and
- b) the Applicable Margin being 1,014% per annum.

Interest will be paid on each Interest Payment Date. If all or a portion of the Loan Amount, any interest payable or other amount payable hereto is not paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this section plus 1%, from the date of such non-payment until such amount is paid in full.

Any unpaid interest on the due date in accordance with this Agreement shall be added to the Loan Amount and be included automatically for the calculation of applicable interest payments due with respect to the subsequent Interest Periods.

1.06. Computation of Interest

Interest payable pursuant to this Agreement shall be calculated on the basis of a 360-day year for a 30 days per month period computation (unadjusted to payment dates). The determination of the Interest Rate described in Section 1.05 shall be set forth in writing by the Borrower (and accompanied by supporting quotations) and, absent manifest error, shall be promptly confirmed in writing by the Lender as the "Interest Rate" hereunder. The Borrower shall, at the request of the Lender, deliver to the Lender other information reasonably requested by the Lender that the Borrower used in determining the Interest Rate pursuant to Section 1.05.

1.07. Payments

The Borrower shall make each payment (including principal of or interest on the Loan or other amounts owing by the Borrower) hereunder not later than 10:00 a.m., New York time, on the date when due in Dollars to the Lender, in immediately available funds, without condition or deduction for any counterclaim, deduction, recoupment or setoff. Whenever any payment (including principal of or interest or other amounts owing by the Borrower) hereunder shall

become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall not be included in the computation of interest.

SECTION 2. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

2.1. Corporate Existence and Power

Each of the Borrower and its Significant Subsidiaries (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business and is in good standing as a foreign corporation under the laws of each material jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (iii) has all requisite corporate power and authority and the legal right (A) to own its assets and carry on the business in which it is engaged and (B) in the case of the Borrower, to execute and deliver this Agreement and the other Loan Documents to which it is a party and perform its obligations under this Agreement and the other Loan Documents to which it is a party.

2.2. Due Authorization, Compliance with Law, Enforceable Obligations, etc.

- a) The execution and delivery of this Agreement and the Loan Documents to which it is a party and the performance by the Borrower of its obligations under this Agreement and the Loan Documents to which it is a party have been duly authorized by all necessary corporate action, and do not and will not (i) violate (A) any provision of any law, rule, regulation, order, writ, judgment, decree, determination or award presently in effect having applicability to the Borrower, (B) the Certificate of Incorporation, as amended, or By-laws, as amended, of the Borrower or (C) any material indenture, agreement or other instrument to which the Borrower is a party, or by which the Borrower or any of its material property is bound, (ii) be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in or require the creation or imposition of any lien of any nature upon any of the assets or properties of the Borrower or its Subsidiaries.
- b) This Agreement and the Loan Documents to which the Borrower is a party have been duly executed and delivered by the Borrower and constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.
- c) The Borrower has obtained from all Governmental Authorities with jurisdiction all approvals, authorizations and consents and has made, or will make when due, all filings with such Governmental Authorities required in connection with the execution and delivery of this Agreement and the performance by the Borrower of its obligations under this Agreement and the other Loan Documents to which it is a party (including approvals, authorizations, consents and filings (if any) required under any applicable public service or public utility law of New York, Maine, Connecticut or Massachusetts or any other state and the Federal Power Act, each as amended from time to time, and the rules, orders and regulations issued in connection therewith), and all such approvals, authorizations and consents are final and in full force and effect.

2.3. Financial Condition

The Borrower has heretofore provided the Lender with audited consolidated financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet December 31, 2023, and the related consolidated statements of income, changes in common stock equity and cash flows audited by KPMG LLP, independent certified public accountants. All such consolidated financial statements, including the related schedules and any notes thereto, fairly present the consolidated financial position of the Borrower and its Subsidiaries as of the date thereof and the results of its operations and changes in its common stock equity and cash flows for the period then ended, all in accordance with GAAP applied on a consistent basis. Since December 31, 2023, there has not occurred any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect, except as may have been disclosed in Borrower's annual report on Form 10-K for the year ended December 31, 2023 and any quarterly report on Form 10-Q or current report on Form 8-K (collectively, "Borrower's

SEC Filings”), in each case as filed with the U.S. Securities and Exchange Commission (the “SEC”) prior to the Closing Date.

2.4. Litigation

Except as otherwise disclosed to Lender or in Borrower’s SEC Filings, in each case filed with the SEC prior to the Closing Date, there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its material properties by or before any court or any Federal, state, local, foreign or other governmental agency or regulatory authority which, if determined adversely to the Borrower, would have a Material Adverse Effect on the financial condition or business of the Borrower or would materially impair the ability of the Borrower to perform its obligations under this Agreement.

2.5. Tax Returns

The Borrower has filed or caused to be filed all Federal, state, local and foreign tax returns which, to its knowledge, are required to be filed and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it to the extent that such taxes have become due, except taxes the validity of which is being contested in good faith by appropriate proceedings and with respect to which the Borrower shall have set aside on its books such reserves as are required in accordance with generally accepted accounting principles with respect to any such tax.

2.6. Investment Company Act

The Borrower is not an “investment company” as that term is defined in, and is not otherwise subject to regulation under, the Investment Company Act of 1940, as amended.

2.7. Other Agreements

The Borrower is not in default with respect to any material indenture, mortgage, loan agreement or evidence of indebtedness to which it is a party or by which it or any of its properties may be bound, which default would materially adversely affect the Borrower’s financial condition.

2.8. Federal Reserve Regulations

No part of the proceeds of the Loan will be used for “buying” or “carrying” any “margin stock” within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board.

2.9. No Material Misstatements

No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Lender in connection with the negotiation of this Agreement or the other Loan Documents delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading; provided that, with respect to any financial projections, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

2.10. Employee Benefit Plans

The Borrower is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which the Borrower was required to file a report with the PBGC.

2.11. Environmental and Safety Matters

Except as otherwise disclosed to the Lender or in Borrower’s SEC Filings, in each case filed with the SEC prior to the Closing Date, the Borrower complies in all material respects with all, and has not violated in any material respects any, Environmental Laws, and is aware of no events, conditions or circumstances involving liability under or continued compliance with such Environmental Laws, or environmental pollution or contamination or human health or safety that could reasonably be expected to have a material adverse effect on the financial condition or business of the Borrower or would materially impair the ability of the Borrower to perform its obligations under this Agreement.

2.12. Ownership of Property; Liens

The Borrower and its Significant Subsidiaries has good title to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property, except to the extent failure to have such title could not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted according to this Agreement.

2.13. Use of Proceeds; Iberdrola Framework for Green Financing

The proceeds of the Loan shall be used for the financing and/or refinancing, in whole or in part, Eligible Green Projects for the Borrower in accordance with prescribed eligibility criteria set out in the Iberdrola Framework for Green Financing (the "Framework") and the Avangrid Framework for Green Financing. In the event of any failure to apply the proceeds of the Loan in connection with Eligible Green Projects, or failure to meet, or continue to meet the eligibility criteria, or any other criteria under the Framework, the Borrower undertakes to replace such assets or projects with other Eligible Green Projects under the Framework. Borrower agrees to provide a written report to the Lender annually on impact reporting metrics according to the Framework. The reporting will take place annually and be provided no later than 20th February. In case the Framework is amended, Lender shall provide the Borrower with prior written notice of the amendments introduced with enough time to ensure compliance of the existing green financing with the Framework; provided the Borrower shall not be in default under this Agreement for failure to replace any asset or projects following any such amendment to the Framework (i) if it is diligently exercising reasonable efforts to replace such asset or project or take other steps necessary to be in compliance with the amended Framework or (ii) due to any force majeure event that may prohibit or materially delay the replacement of any such asset or project.

2.14. Anti-Corruption Laws and Sanctions

The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and directors and, to the knowledge of the Borrower, its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any of its Subsidiaries or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any of its Subsidiaries that will act in any capacity in connection with or benefit from this Agreement and the Loans provided hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 3. CONDITIONS PRECEDENT

3.1. Conditions Precedent to Effectiveness of Agreement.

The effectiveness of this Agreement and the obligations of the Lender to make the initial extension of credit hereunder are subject to the following conditions precedent:

- a) Loan Documents. The Lender shall have received this Agreement, executed and delivered by the Borrower and duly executed copies of the other Loan Documents.
- b) Representations and Warranties; No Default. On the Closing Date, (i) the representations and warranties set forth in Section 2 qualified as to materiality shall be true and correct and those not so qualified shall be true and correct in all material respects on and as of such time with the same effect as though such representations and warranties had been made on and as of such time, and (ii) no Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing on and as of such time.
- c) Approvals. All governmental and third-party approvals necessary in connection with the consummation of the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, invalidate or otherwise impose adverse conditions related to this Agreement.

SECTION 4. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Loans, that it shall:

4.1. Furnish to the Lender:

- a) as soon as possible, and in any event within five (5) Business Days after a Financial Officer of the Borrower knows or has reason to know that any Reportable Event has occurred with respect to any Plan maintained in whole or in part for the employees of the Borrower or any Significant Subsidiary, a statement of such Financial Officer, setting forth details as to such Reportable Event and the action which is proposed to be taken with respect thereto, and as soon as possible, and in any event within five (5) Business Days after filing or receipt thereof, a copy of the notice of such Reportable Event filed with or received from the PBGC;
- b) copies of each annual and other report with respect to any Plan requested by the Lender;
- c) promptly after receipt thereof, a copy of any notice which the Borrower or, to the knowledge of the Borrower, any Significant Subsidiary, may receive from the PBGC relating to the intention of the PBGC to terminate any Plan maintained in whole or in part for the benefit of employees of the Borrower or any Significant Subsidiary or to appoint a trustee to administer any such Plan;
- d) promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of the Borrower and any Significant Subsidiary as the Lender may reasonably request; and
- e) as soon as possible, and in any event within five Business Days after a Financial Officer of the Borrower knows or has reason to know that any Event of Default, or any event which, upon notice or lapse of time or both, would constitute an Event of Default, has occurred, a statement of such Financial Officer, setting forth details as to such Event of Default or event.
- f) provide the report required under Section 2.13 by the date specified therein.

4.2. ERISA. Comply in all material respects with the applicable provisions of ERISA.

4.3. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where (i) the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be, or (ii) the failure to do so could not reasonably be expected to have a Material Adverse Effect.

4.4. Maintenance of Existence; Compliance. Except as otherwise required by a Governmental Authority having jurisdiction over the Borrower or any of its Subsidiaries, (a) (i) preserve, renew and keep in full force and effect its corporate existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted in this Agreement and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect; and (c) maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

4.5. Inspection of Property and Operations; Books and Records. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) upon the reasonable request of the Lender, permit representatives of the Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records and to discuss the business, operations, properties and financial and other condition of the Borrower with officers and employees of the Borrower and with their independent certified public accountants.

4.6. Environmental Laws. Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

4.7. Further Assurances. Execute any and all further documents, agreements and instruments, and take all such further actions, that may be required under any applicable law, or which the Lender may reasonably request, to effectuate the transactions contemplated in this Agreement.

SECTION 5. NEGATIVE COVENANTS

The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Loans, except as otherwise required by a Governmental Authority having jurisdiction over the Borrower, the Borrower shall not, directly or indirectly:

5.1. Sale of Assets; Merger. (a) Sell, lease, transfer or otherwise dispose of (whether in one transaction or a series of transactions) (i) all or materially all of its respective properties or assets, whether now owned or hereafter acquired, or (ii) any of its properties or assets, whether now owned or hereafter acquired, if the effect of such sale, lease, transfer or disposition would (A) after giving effect to such transaction, result in the Borrower's senior unsecured long-term debt rating issued by S&P or Moody's to fall below BBB- or Baa3, respectively (or, if senior unsecured debt ratings are unavailable for the Borrower, the senior secured long-term debt rating issued by S&P or Moody's to fall below BBB or Baa2, respectively) or (B) materially impair the ability of the Borrower to perform its obligations under this Agreement or (b) consolidate with or merge with another corporation, except (i) where the Borrower is the surviving corporation and that, after giving effect to such consolidation or merger, no breach of this Agreement when calculated on a pro forma basis, would result therefrom, and no other Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing or (ii) the Acquisition.

5.2. Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its Principal Property, whether now owned or hereafter acquired, except for Liens as in effect on the signature of this Agreement, and except for:

- a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower, in conformity with GAAP;
 - b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 90 days or that are being contested in good faith by appropriate proceedings;
 - c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;
 - d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
 - e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Significant Subsidiaries;
 - f) Liens in existence on the date hereof, securing any Indebtedness outstanding on the date hereof and extensions, renewals or replacements thereof;
 - g) Liens securing Indebtedness, in an aggregate principal amount not to exceed \$250,000,000 at any one time outstanding, incurred to finance the acquisition or construction of fixed or capital assets
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(including Capital Lease Obligations) and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Liens shall be created substantially simultaneously with or within 120 days after such acquisition or completion of such construction of such fixed or capital assets and (ii) such Liens do not at any time encumber any property other than the property financed by such indebtedness;

- h) any interest or title of a lessor under any lease entered into in the ordinary course of business and covering only the assets so leased;
- i) Liens existing upon any property acquired by the Borrower or any of its Subsidiaries in the ordinary course of business; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;
- j) Liens arising in connection with sales or transfers of, or financings secured by, accounts receivable or related contracts;
- k) Liens created by or resulting from litigation or legal proceedings that are currently being contested in good faith by appropriate proceedings and do not involve amounts that in the aggregate would exceed \$50,000,000;
- l) Liens incidental to the normal conduct of the business of the Borrower or any Subsidiary or the ownership of its property that are not incurred in connection with the incurrence of Indebtedness and that do not in the aggregate materially impair the use of such property in the operation of the business of such Borrower and its Subsidiaries taken as a whole or the value of such property for the purposes of such business;
- m) Liens in respect of property of the Borrower or any of its Subsidiaries in connection with (a) the First Mortgage Bond Indentures or (b) customary mortgage bonds issued by the Borrower or any of its Subsidiaries;
- n) Liens created under any Loan Document; and
- o) Liens which would otherwise not be permitted by clauses (a) through (n) above, securing additional Indebtedness of the Borrower or any of its Subsidiaries, provided that the aggregate amount of all such secured Indebtedness does not exceed 10% of Total Assets.

5.3. Limitation on Changes in Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related thereto.

5.4. Use of Proceeds. Use (and the Borrower shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use) the proceeds of this Agreement, directly or indirectly, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 6. EVENTS OF DEFAULT

Each of the following events shall constitute an event of default hereunder (hereinafter called an Event of Default) with respect to the Borrower:

- a) failure by the Borrower to pay any amount of principal of the Loan as and when due and payable; failure by the Borrower to pay any interest on the Loan or any other amount owed under this Agreement within thirty (30) days after any such interest or other amount becomes due and payable;

- b) such Borrower shall fail to perform or observe any of its other covenants or agreements contained in this Agreement and such failure shall continue unremedied for thirty (30) days after the earlier of (i) a Financial Officer of the Borrower obtaining knowledge thereof and (ii) receipt by the Borrower of written notice thereof from the Lender;
- c) any representation or warranty made by the Borrower herein or in any certificate or other instrument furnished in connection with this Agreement that is qualified as to materiality shall be incorrect or any such representation or warranty not so qualified shall be incorrect in any material respect when made or deemed made;
- d) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Borrower under any Debtor Relief Law, or appointing a receiver, liquidator, assignee, trustee, custodian or sequestrator (or similar official) the Borrower, or of any substantial part of its property, or ordering the winding-up of or liquidation of the affairs of the Borrower and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;
- e) the filing by the Borrower of a petition or answer or consent seeking relief under any Debtor Relief Law, or the consent by the Borrower to the institution of proceedings thereunder or to the filing of any such petition or to the appointment or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any such action;
- f) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (except for Iberdrola, S.A.) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 20% of the outstanding common stock of the Borrower; or
- g) any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the obligations hereunder or thereunder, ceases to be in full force and effect; or the Borrower contests in any manner the validity or enforceability of any Loan Document; then, and in every such event and at any time thereafter during the continuance of such event, the Lender may, by written notice to the Borrower, take any or all of the following actions, at the same or different times: (A) declare the Loan made to the Borrower and all other amounts accrued or owing by the Borrower under this Agreement to be forthwith due and payable, whereupon such Loan and such other amounts shall become forthwith due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding; provided, however, that upon the occurrence of the events in paragraph (d) or (e) of this Section both of the preceding actions will automatically take place without any notice to the Borrower or any action by the Lender.

SECTION 7. DEFINITIONS

7.1. Defined Terms. As used in this Agreement, the terms listed in this Section shall have the respective meanings set forth in it.

"Acquisition" shall mean the final consummation of the merger and other transactions pursuant to the Agreement and Plan of Merger, dated as of May 17, 2024, by and among IBERDROLA, S.A., the Borrower, and ARIZONA MERGER SUB, INC., as the same may be amended or otherwise modified from time to time.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise. "Controlled" shall have a meaning correlative thereto.

“Agreement” shall mean this Intra-Group Loan Agreement, as amended, supplemented or otherwise modified from time to time.

“Anti-Corruption Laws” shall mean all laws, rules, and regulations of any jurisdiction applicable to the Borrowers and its Subsidiaries concerning or relating to bribery or corruption.

“Applicable Margin” shall mean 1,014%%.

“Benchmark Treasury” shall mean the US Treasury 4,125% due 30 September, 2027

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States.

“Borrower” shall have the meaning assigned to it in the recitals hereof.

“Break Costs” shall have the meaning assigned to it in Clause 1.04 above.

“Business Day” shall mean any day other than a day which is a Saturday, Sunday or legal holiday in the State of New York or a day on which the Lender is not open for dealings in Dollar deposits in the London interbank market.

“Capital Lease Obligations” shall mean as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Capital Stock” shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Change in Control” shall mean Iberdrola, S.A. shall cease to own and control, of record and beneficially, at least fifty percent (50%) of the issued and outstanding shares of common stock of the Borrower.

“Closing Date” shall mean the first date all the conditions precedent in Section 3.01 are satisfied or waived in accordance herewith.

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

“Contractual Obligation” shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Debtor Relief Laws” shall mean the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” shall mean any of the events specified in this Agreement, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

“Dollars” or “\$” shall mean lawful money of the United States of America.

“Effective Date” shall mean the date indicated at the beginning of this Agreement.

“Eligible Green Projects” means the Borrower’s projects which comply with the eligibility criteria from time to time as set out in the Iberdrola Framework for Green Financing (available at Iberdrola Framework for Green Financing) and the Avangrid Framework for Green Financing (available at <https://www.avangrid.com/investors/investors/greenfinancing>).

“Environmental Laws” shall mean any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment (including natural resources, wetlands, flora and fauna), as now or may at any time hereafter be in effect.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"Event of Default" shall mean any of the events specified in this Agreement, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange Act" shall have the meaning assigned to it in Section 6.

"Financial Officer" of a Borrower shall mean the principal financial officer, principal accounting officer, treasurer or controller of the Borrower or any vice president of the Borrower whose primary responsibility is for financial matters. For purposes of this Agreement, "Financial Officer" shall include the Vice President, Finance of Avangrid Management Company, LLC who has authority to act on the Borrower's behalf.

"First Mortgage Bond Indentures" means (i) the Indenture of Mortgage, dated as of May 1, 2009, from Central Maine Power Company to The Bank of New York Mellon Trust Company, N.A., as trustee (as supplemented and amended), (ii) the Indenture, dated as of September 1, 1918, from Rochester Gas and Electric Corporation to Bankers Trust Company (as supplemented and amended), (iii) the Indenture between The Southern Connecticut Gas Company (formerly, The Bridgeport Gas Light Company) and The Bridgeport City Trust Company, as trustee, dated as of March 1, 1948 (as supplemented and amended) and (iv) the First Mortgage Indenture and Deed of Trust, dated as of July 1, 1954 (as supplemented and amended), from The Berkshire Gas Company (formerly, Pittsfield Coal Gas Company) to Chemical Bank & Trust Company, as trustee.

"GAAP" shall mean generally accepted accounting principles in the U.S. as in effect as of the date hereof applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of the Borrower's audited financial statements.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Indebtedness" shall mean of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue more than sixty (60) days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all liabilities of such Person as an account party under acceptances, letters of credit (other than trade letters of credit), surety bonds or similar arrangements, (g) the liquidation value of all preferred Capital Stock of such Person that is redeemable at the option of the holder thereof or that has any mandatory dividend, redemption or other required payment that could be required thereunder prior to the date that is one year after the Current Termination Date, (h) all guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, and (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Indebtedness shall not include Indebtedness of a Borrower arising from the application of Financial Interpretation Number 45 of the Financial Accounting Standards Board, Financial Interpretation Number 46 of the Financial Accounting Standards Board or Issue No. 01-08 of the Emerging Issues Task Force (EITF).

"Interest Payment Date" shall mean the first Business Day of each twelve-month period with respect to the Interest Period ending on the last Business Day in the immediately prior twelvemonth period (other than the first Interest Payment Date, which shall be on 13 September 2024).

"Interest Period" shall mean twelve months commencing on the date of Effective Date of the present Agreement (other than the first Interest Period, which shall begin on the Closing Date and end on September 13rd 2024);

provided that if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan Documents" shall this Agreement and all other agreements, documents, certificates, and instruments executed and delivered to the Lender by Borrower in connection therewith.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, property, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or (b) the validity or enforceability of the Loan Documents or the rights and remedies of the Lender thereunder.

"Moody's" shall mean Moody's Investors Service, Inc. and any successor thereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any pension plan subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of a Borrower or any Significant Subsidiary.

"Principal Property" means any building, structure or other facility (together with the land on which it is erected and fixtures comprising a part thereof) owned by the Borrower or any Significant Subsidiary and used primarily for generation, transmission, distribution, design, development or construction, in each case located within the United States, that has a book value on the date of which the determination is being made, without deduction of any depreciation reserves, exceeding 2% of Total Assets, other than any such facility (or portion thereof) that the Company reasonably determines is not material to the business of the Borrower and its Subsidiaries, taken as a whole.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Party" shall mean, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan.

"Requirement of Law" shall mean, as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"S&P" shall mean Standard & Poor's Rating Services, a division of McGraw-Hill, Inc.

"Sanctions" shall mean all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"Sanctioned Country" means, at any time, a country, region or territory which is itself, or whose government is, the subject or target of any Sanctions (at the time of this Agreement, Crimea, so-called Donetsk People's Republic, Kherson, so-called Luhansk People's Republic, and Zaporizhzhia regions of Ukraine, Cuba, Iran, North Korea and Syria).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, by the United Nations Security Council, the European Union, any European Union member state, His Majesty’s Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

“Significant Subsidiary” means a significant subsidiary of the Borrower as defined by Rule 1-02 of Regulation S-X under the Exchange Act.

“Senior Debt” means the principal of, premium, if any, interest (including interest, to the extent allowable, accruing subsequent to the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) and rent payable on, or termination payment with respect to or in connection with, and all fees, costs, expenses, reimbursement amounts, indemnities and other amounts accrued or due on or in connection with, Indebtedness of the Borrower, whether outstanding on the date of this Agreement or hereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Borrower (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing), except for: (a) any liability for federal, state, local or other taxes owed or owing by the Borrower; (b) any Indebtedness of the Borrower owed to any of its Subsidiaries or other Affiliates; (c) any trade payables; (d) the portion of any Indebtedness that is incurred in violation of this Agreement; or (e) any Indebtedness that is, by its express terms, subordinated in right of payment to any other Indebtedness of the Borrower.

“Spanish Civil Procedural Code” means the Law 1/2000 of 7 January on Civil Procedural (Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil) as amended, restated, supplemented or otherwise modified or replaced from time to time.

“Spanish Commercial Code” means the Spanish Royal Decree of 22 August 1885 publishing the Spanish Commercial Code (Real Decreto de 22 de Agosto de 1885 por el que se publica el Código de Comercio), as amended, restated, supplemented or otherwise modified or replaced from time to time.

“Spanish Public Document” means any Spanish documento público, in form and substance reasonably satisfactory to the parties and being, among others, and without limitation, either escritura pública authorised or any póliza intervened by a Spanish notary public.

“Subsidiary” shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

“Taxes” shall mean any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

“Tax Deduction” shall mean any withholding for or on account of Tax from a payment under this Agreement.

“Termination Date” shall mean 13 September 2027, as such date may be extended from time to time by express agreement of the parties.

“Total Assets” means, as of any date of determination, the total consolidated assets of the Borrower and its subsidiaries, determined in accordance with GAAP, as shown on the most recent internally available balance sheet of the Borrower, after giving pro forma effect to any acquisition or disposal of any property or assets consummated after the date of the applicable balance sheet and on or prior to the date of determination.

7.2. Terms Generally The definitions this Section shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. All references herein to Sections and Exhibits shall be deemed references to Sections of, and Exhibits to, this Agreement unless the context shall otherwise

require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, including the word "consolidated," as such term is applicable to the Borrower.

SECTION 8. MISCELLANEOUS

8.1. Notices

- a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be made in writing and mailed by certified or registered mail, delivered by hand or overnight courier service, or sent by e-mail as follows:

If to the Borrower:

Avangrid, Inc.
One City Center, 5th Floor
Portland, Maine 04101
United States of America
Attention: Treasury Department
E-Mail: AGRTreasury@avangrid.com

If to the Lender:

Iberdrola a IBERDROLA FINANCIACIÓN, S.A.U.
Plaza Euskadi 5, 48009 Bilbao España
Attention: María Rebollo Miguel
Telephone: 34 91 784 7827
E-Mail: mrebollo@iberdrola.es
backoffice.financiero@iberdrola.es

- b) Notices mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received. Notices and other communications sent by e-mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment); provided, that, if such notice, e-mail or other communication is not sent during the recipient's normal business hours, such notice, e-mail or communication shall be deemed to have been sent at the recipient's opening of business on the next Business Day.
- c) Either party hereto may change its address or other information for notices and other communications hereunder by notice to the other party.

8.2. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender, all future holders of the Loans and their respective successors and assigns, except that no party may assign or transfer any of its respective rights or obligations under this Agreement without the prior written consent of the other party. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, any legal or equitable right, remedy or claim under or by reason of this Agreement.

8.3. Expenses; Indemnity

- a) The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred (i) by the Lender in connection with the preparation of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the
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transactions hereby contemplated shall be consummated), and (ii) by the Lender in connection with the enforcement or protection of its rights in connection with this Agreement.

- b) The Borrower agrees to indemnify the Lender and each Related Party of the Lender (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by any Indemnitee or asserted against any Indemnitee by any Person other than such Indemnitee and its Related Parties arising out of, in any connection with, or as a result of (i) the execution or delivery of this Agreement, or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds of therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by such Borrower and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.
- c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of the Lender. All amounts due under this Section shall be payable on written demand therefor.
- d) To the fullest extent permitted by applicable law, neither the Borrower nor the Lender shall assert, and each of them hereby waives, any claim against the other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof.

8.4. Effectiveness

This Agreement shall become effective on the date of its signature, and thereafter shall be binding upon and inure to the benefit of the Borrower and the Lender.

8.5. Survival of Agreement All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Lender of the Loans herein contemplated and shall continue in full force and effect so long as any portion of the Loan is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party.

8.6. Waivers; Amendment

- a) No failure or delay of the Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section
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8.06(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

- b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Lender. Any request by the Borrower for a modification, amendment or waiver of any provision of this Agreement shall be made in writing to the Lender. Any such waiver, consent or approval granted by the Lender shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances.
- c) No waiver by the Lender of any breach or default of or by the Borrower under this Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring.

8.7. Data Protection.

The personal data of the representatives of the Parties acting pursuant to this Agreement, will be processed, respectively, by the Parties, who will act, independently, as data controllers and who shall process such personal data in accordance with applicable laws and regulations. Said personal data will be processed solely in order to perform such party's obligations contained in the Agreement. The legal basis for the processing is the performance of the Agreement, the legitimate interest of the parties in the correct execution of the Agreement and the fulfillment of the legal obligations of the parties thereunder. Such personal data will be kept as long as the contractual relationship established in the Agreement is in force, or such other period as required by applicable law, and (if required by applicable privacy law) once it is terminated, duly blocked, until the expiration of possible legal actions related to such personal data. Personal data will be processed only by the parties and those third parties to whom they are legally or contractually obliged to communicate such personal data. Data subjects may exercise, if applicable, under the terms established by applicable privacy laws, the rights of access, rectification and deletion of their personal data, as well as request that the processing of their personal data be limited, oppose the same, or request the portability of their data by sending a written communication to each of the parties, through the addresses indicated in the Agreement. Certain data subjects may file a complaint with the Spanish Data Protection Agency or other competent authority for violations of applicable privacy laws. The parties expressly undertake to inform their representatives acting pursuant to this Agreement of the terms of this clause, holding the other party harmless from any damages that result from the breaching party's failure to comply with this obligation.

8.8. Severability

In the event any one or more provisions contained in this Agreement or the other Loan Documents should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

8.9. Headings

The Section headings in this Agreement are for convenience only and shall not affect the construction hereof.

8.10. Governing Law; Jurisdiction

- a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement the other Loan Documents (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and governed by the laws of the State of New York.
- b) The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the foregoing in any way relating to

this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

- c) The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in this Agreement or any other Loan Document. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

8.11. Counterparts

This Agreement may be executed in two or more counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g. ".pdf" or ".tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

8.12. Entire Agreement

This Agreement and the other Loan Documents the entire contract between the Borrower and the Lender with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

8.13. Waiver of Jury Trial

Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or other Loan Documents or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (i) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents by, among other things, the mutual waivers and certifications in this Section 8.12.

- 8.14. Spanish Public Document. Spanish Executive Proceedings. This Agreement and any other Loan Documents (together with any amendments thereto), at the discretion of the Lender, shall be formalized in a Spanish Public Document granted by the Borrower (incorporating an acknowledgement of debt (document público de reconocimiento de deuda)) and, at least, the Lender, as well as, acting reasonably, any amendment and restatement or supplement entered into by the parties from time to time thereto, in respect of the debt owing to the Lender under this Agreement or any other Loan Document. This Spanish Public Document will (i) have the effects established under articles 517 et seq of the Spanish Civil Procedural Law, and (ii) may, at the decision of the Lender, include a translation into Spanish of this Section 8.14. The Borrower hereby expressly authorizes the Lender to request and obtain from the Spanish notary public any copies of any notarized Loan Document that has been notarized as well as hard copies in an enforceable form (copias con carácter ejecutivo) that is reasonable required. The sums payable by the Borrower hereunder and under any Loan Document to the Lender shall be, without duplication, the total aggregate amount resulting from the balance shown in the account maintained by the Lender in accordance with this
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Agreement with respect to the Borrower, which, for the avoidance of doubt, shall be equal to the outstanding principal balance and accrued and unpaid interest and other amounts outstanding hereunder. For the purposes of article 571 et seq. of the Spanish Civil Procedural Law: (i) the amount due and payable under the Loan Documents that may be claimed in any executive proceedings will be contained in a certificate supplied by the Lender and will be based on the accounts maintained by the Lender in connection with this Agreement or any other Loan Document as set forth above; (ii) the Borrower expressly agree that such balance properly recorded shall be considered as an acknowledgement of debt and may be claimed pursuant to the same provisions of such law; and (iii) the determination of the debt to be claimed through the executive proceedings shall be effected by the Lender by means of the appropriate certificate evidencing the balance shown in the account of the Borrower. Subject to the provisions of Section 8.10, the Lender may start enforcement proceedings in Spain by presenting to any relevant court: (i) and original notarial copy of this Agreement or any relevant Loan Document in a Spanish Public Document; and (ii) a notarial document (*actanotarial*) incorporating the certificate of the Lender referred above, evidencing the determination of the amounts due and payable by the Borrower and that such amounts coincide with the balance shown in the account of the Borrower. The Borrower undertakes to provide, at its cost, the Lender with any sworn translation of the Loan Documents into the Spanish language if required for the purpose of the enforcement of the Loan Documents.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

AVANGRID, INC., as Borrower

By: /s/ Justin Lagasse
Name: Justin Lagasse
Title: SVP, CFO and Controller

By: /s/ Michael Panichi
Name: Michael Panichi
Title: Vice President - Treasurer

IBERDROLA FINANCIACIÓN, S.A.U., as Lender

By: /s/ IÑIGO ORMAECHEA
Name: IÑIGO ORMAECHEA
Title:

By: /s/ FRANCISCO JAVIER HERNANDO
Name: FRANCISCO JAVIER HERNANDO
Title:

INTRA-GROUP GREEN LOAN AGREEMENT

This Green Loan Agreement (this "Agreement"), dated as of June 13, 2024.

BY AND BETWEEN**OF THE ONE PART,**

IBERDROLA FINANCIACIÓN, S.A.U. (the "Lender"), a company existing under the laws of Spain, with tax identification number A95573283 and whose registered office is at Plaza Euskadi 5, 48009 Bilbao (Spain), properly represented by Mr. Iñigo Ormaechea Merino and Mr. Francisco Javier Hernando Isla, which they expressly declare to be in full force and effect and without any modification thereto.

AND, OF THE OTHER PART,

AVANGRID, INC., a New York Corporation (the "Borrower"), whose registered office is at 180 Marsh Hill Road, Orange, Connecticut 06477, properly represented by Mr. Justin Lagasse and Mr. Michael Panichi.

RECITALS

- I. WHEREAS, the Lender and the Borrower are members of the group of companies controlled by Iberdrola, S.A.
- II. WHEREAS, the Borrower has requested, and, subject to the terms and conditions hereof, the Lender has agreed, to provide a term loan to the Borrower on arm's length conditions as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. THE LOAN**1.01 Loan**

Subject to the terms and conditions and relying upon the representations and warranties set forth in this Agreement, the Lender agrees to make a term loan ("Loan") in a single advance to the Borrower in an aggregate principal amount of \$600,000,000.00 (the "Loan Amount").

The Loan Amount shall be made available to the Borrower on the present date in Dollars by means of a wire transfer of immediately available funds in New York, no later than 3:00 p.m., New York time, with value date June 17 2024.

1.02 Repayment of Loan Amount.

Unless repaid earlier in accordance with Section 1.03 or Section 1.04, the Loan Amount, together with all accrued and unpaid interest, shall be repaid to the Lender at par on the Termination Date.

1.03 Mandatory prepayment of the Loan Amount

Unless waived with the prior consent of the Lender, the Loan and any accrued and unpaid interest shall be repayable at par by the Borrower on the date on which a Change in Control in the Borrower occurs.

1.04 Voluntary prepayment of the Loan Amount

The Borrower shall have the right, upon notice to the Lender, at any time and from time to time to prepay the Loan Amount, in whole or in part, provided that such notice must be received by the Lender not later than 11:00 a.m., New York time, three (3) Business Days prior to any date of prepayment of the Loan Amount; provided, however, that each partial prepayment shall be in an amount that is an integral multiple of \$500,000 and not less than \$1,000,000.

However, should the Borrower look to make use of this Section 1.04 solely due to identification of other financing options realistically available to reduce total funding cost of the Loan, the Borrower will submit any such offer to the Lender for consideration and discussion and the Lender and the Borrower agree to negotiate in good faith to enter into an amendment of the Agreement. In the event that no agreements have been reached for such amendment of the Agreement prior to the expiration of the offer period of such other possible financing options, the Loan or any part of the Loan may be repaid by the Borrower in accordance with the first paragraph of this Section 1.04 on a date other than the Termination Date and the Borrower shall also pay break costs ("Break Costs"), which are calculated by the Lender as the amount by which:

- a) the amount of interest (excluding the Applicable Margin), discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, which the Lender should have received for the period from the date of such prepayment to the Termination Date in respect of the principal amount of the Loan so prepaid (the "Prepayment Amount"), had the Prepayment Amount been paid on the Termination Date; exceeds:
- b) the amount of interest, discounted to the prepayment date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, which the Lender would be able to receive on a principal amount equal to the Prepayment Amount from a Comparable Treasury Issue.

"Comparable Treasury Issue" means a United States Treasury security as mutually selected by the parties as having an actual or interpolated maturity comparable to the remaining term of the Loan (calculated from the date of prepayment to the Termination Date).

"Treasury Rate" means the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue.

Each notice of prepayment shall specify the prepayment date and the principal amount to be prepaid, shall be irrevocable and shall commit the Borrower to prepay the amount stated therein on the date stated therein. All prepayments under this Section 1.03 shall be subject to Section 1.06 but otherwise without premium or penalty. All prepayments under this Section 1.03 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

1.05 Interest Rates and Payment Dates

The Loan shall bear interest (the "Interest Rate") for each day during each Interest Period with respect thereto at a rate per annum equal to the aggregate of:

- a) The "Benchmark Treasury" mid yield at 2PM CET (8AM ET) on the Closing Date being 4,312% per annum; and
- b) the Applicable Margin being 1,22% per annum.

Interest will be paid on each Interest Payment Date. If all or a portion of the Loan Amount, any interest payable or other amount payable hereto is not paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this section plus 1%, from the date of such non-payment until such amount is paid in full.

Any unpaid interest on the due date in accordance with this Agreement shall be added to the Loan Amount and be included automatically for the calculation of applicable interest payments due with respect to the subsequent Interest Periods.

1.06 Computation of Interest

Interest payable pursuant to this Agreement shall be calculated on the basis of a 360-day year for a 30 days per month period computation (unadjusted to payment dates). The determination of the Interest Rate described in Section 1.05 shall be set forth in writing by the Borrower (and accompanied by supporting quotations) and, absent manifest error, shall be promptly confirmed in writing by the Lender as the "Interest Rate" hereunder. The Borrower shall, at the request of the

Lender, deliver to the Lender other information reasonably requested by the Lender that the Borrower used in determining the Interest Rate pursuant to Section 1.05.

1.07 Payments

The Borrower shall make each payment (including principal of or interest on the Loan or other amounts owing by the Borrower) hereunder not later than 10:00 a.m., New York time, on the date when due in Dollars to the Lender, in immediately available funds, without condition or deduction for any counterclaim, deduction, recoupment or setoff. Whenever any payment (including principal of or interest or other amounts owing by the Borrower) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall not be included in the computation of interest.

SECTION 2. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

2.1 Corporate Existence and Power

Each of the Borrower and its Significant Subsidiaries (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business and is in good standing as a foreign corporation under the laws of each material jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (iii) has all requisite corporate power and authority and the legal right (A) to own its assets and carry on the business in which it is engaged and (B) in the case of the Borrower, to execute and deliver this Agreement and the other Loan Documents to which it is a party and perform its obligations under this Agreement and the other Loan Documents to which it is a party.

2.2 Due Authorization, Compliance with Law, Enforceable Obligations, etc.

- a) The execution and delivery of this Agreement and the Loan Documents to which it is a party and the performance by the Borrower of its obligations under this Agreement and the Loan Documents to which it is a party have been duly authorized by all necessary corporate action, and do not and will not (i) violate (A) any provision of any law, rule, regulation, order, writ, judgment, decree, determination or award presently in effect having applicability to the Borrower, (B) the Certificate of Incorporation, as amended, or By-laws, as amended, of the Borrower or (C) any material indenture, agreement or other instrument to which the Borrower is a party, or by which the Borrower or any of its material property is bound, (ii) be in conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in or require the creation or imposition of any lien of any nature upon any of the assets or properties of the Borrower or its Subsidiaries.
 - b) This Agreement and the Loan Documents to which the Borrower is a party have been duly executed and delivered by the Borrower and constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.
 - c) The Borrower has obtained from all Governmental Authorities with jurisdiction all approvals, authorizations and consents and has made, or will make when due, all filings with such Governmental Authorities required in connection with the execution and delivery of this Agreement and the performance by the Borrower of its obligations under this Agreement and the other Loan Documents to which it is a party (including approvals, authorizations, consents and filings (if any) required under any applicable public service or public utility law of New York, Maine, Connecticut or Massachusetts or any other state and the Federal Power Act, each as amended from time to time, and the rules, orders and regulations issued in connection therewith), and all such approvals, authorizations and consents are final and in full force and effect.
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2.3 Financial Condition

The Borrower has heretofore provided the Lender with audited consolidated financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet December 31, 2023, and the related consolidated statements of income, changes in common stock equity and cash flows audited by KPMG LLP, independent certified public accountants. All such consolidated financial statements, including the related schedules and any notes thereto, fairly present the consolidated financial position of the Borrower and its Subsidiaries as of the date thereof and the results of its operations and changes in its common stock equity and cash flows for the period then ended, all in accordance with GAAP applied on a consistent basis. Since December 31, 2023, there has not occurred any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect, except as may have been disclosed in Borrower's annual report on Form 10-K for the year ended December 31, 2023 and any quarterly report on Form 10-Q or current report on Form 8-K (collectively, "Borrower's SEC Filings"), in each case as filed with the U.S. Securities and Exchange Commission (the "SEC") prior to the Closing Date.

2.4 Litigation

Except as otherwise disclosed to Lender or in Borrower's SEC Filings, in each case filed with the SEC prior to the Closing Date, there are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or any of its material properties by or before any court or any Federal, state, local, foreign or other governmental agency or regulatory authority which, if determined adversely to the Borrower, would have a Material Adverse Effect on the financial condition or business of the Borrower or would materially impair the ability of the Borrower to perform its obligations under this Agreement.

2.5 Tax Returns

The Borrower has filed or caused to be filed all Federal, state, local and foreign tax returns which, to its knowledge, are required to be filed and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it to the extent that such taxes have become due, except taxes the validity of which is being contested in good faith by appropriate proceedings and with respect to which the Borrower shall have set aside on its books such reserves as are required in accordance with generally accepted accounting principles with respect to any such tax.

2.6 Investment Company Act

The Borrower is not an "investment company" as that term is defined in, and is not otherwise subject to regulation under, the Investment Company Act of 1940, as amended.

2.7 Other Agreements

The Borrower is not in default with respect to any material indenture, mortgage, loan agreement or evidence of indebtedness to which it is a party or by which it or any of its properties may be bound, which default would materially adversely affect the Borrower's financial condition.

2.8 Federal Reserve Regulations

No part of the proceeds of the Loan will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board.

2.9 No Material Misstatements

No information, report, financial statement, exhibit or schedule furnished by or on behalf of the Borrower to the Lender in connection with the negotiation of this Agreement or the other Loan Documents delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading; provided that, with respect to any financial projections, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

2.10 Employee Benefit Plans

The Borrower is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which the Borrower was required to file a report with the PBGC.

2.11 Environmental and Safety Matters

Except as otherwise disclosed to the Lender or in Borrower's SEC Filings, in each case filed with the SEC prior to the Closing Date, the Borrower complies in all material respects with all, and has not violated in any material respects any, Environmental Laws, and is aware of no events, conditions or circumstances involving liability under or continued compliance with such Environmental Laws, or environmental pollution or contamination or human health or safety that could reasonably be expected to have a material adverse effect on the financial condition or business of the Borrower or would materially impair the ability of the Borrower to perform its obligations under this Agreement.

2.12 Ownership of Property; Liens

The Borrower and its Significant Subsidiaries has good title to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property, except to the extent failure to have such title could not reasonably be expected to have a Material Adverse Effect, and none of such property is subject to any Lien except as permitted according to this Agreement.

2.13 Use of Proceeds; Iberdrola Framework for Green Financing

The proceeds of the Loan shall be used for the financing and/or refinancing, in whole or in part, Eligible Green Projects for the Borrower in accordance with prescribed eligibility criteria set out in the Iberdrola Framework for Green Financing (the "Framework") and the Avangrid Framework for Green Financing.

In the event of any failure to apply the proceeds of the Loan in connection with Eligible Green Projects, or failure to meet, or continue to meet the eligibility criteria, or any other criteria under the Framework, the Borrower undertakes to replace such assets or projects with other Eligible Green Projects under the Framework.

Borrower agrees to provide a written report to the Lender annually on impact reporting metrics according to the Framework. The reporting will take place annually and be provided no later than 20th February.

In case the Framework is amended, Lender shall provide the Borrower with prior written notice of the amendments introduced with enough time to ensure compliance of the existing green financing with the Framework; provided the Borrower shall not be in default under this Agreement for failure to replace any asset or projects following any such amendment to the Framework (i) if it is diligently exercising reasonable efforts to replace such asset or project or take other steps necessary to be in compliance with the amended Framework or (ii) due to any force majeure event that may prohibit or materially delay the replacement of any such asset or project.

2.14 Anti-Corruption Laws and Sanctions

The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its Subsidiaries and their respective officers and directors and, to the knowledge of the Borrower, its employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any of its Subsidiaries or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any of its Subsidiaries that will act in any capacity in connection with or benefit from this Agreement and the Loans provided hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate any Anti-Corruption Law or applicable Sanctions.

SECTION 3. CONDITIONS PRECEDENT

3.1. Conditions Precedent to Effectiveness of Agreement.

The effectiveness of this Agreement and the obligations of the Lender to make the initial extension of credit hereunder are subject to the following conditions precedent:

- a) Loan Documents. The Lender shall have received this Agreement, executed and delivered by the Borrower and duly executed copies of the other Loan Documents.
- b) Representations and Warranties; No Default. On the Closing Date, (i) the representations and warranties set forth in Section 2 qualified as to materiality shall be true and correct and those not so qualified shall be true and correct in all material respects on and as of such time with the same effect as though such representations and warranties had been made on and as of such time, and (ii) no Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing on and as of such time.
- c) Approvals. All governmental and third-party approvals necessary in connection with the consummation of the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, invalidate or otherwise impose adverse conditions related to this Agreement.

SECTION 4. AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Loans, that it shall:

- 4.1. Furnish to the Lender:
 - a) as soon as possible, and in any event within five (5) Business Days after a Financial Officer of the Borrower knows or has reason to know that any Reportable Event has occurred with respect to any Plan maintained in whole or in part for the employees of the Borrower or any Significant Subsidiary, a statement of such Financial Officer, setting forth details as to such Reportable Event and the action which is proposed to be taken with respect thereto, and as soon as possible, and in any event within five (5) Business Days after filing or receipt thereof, a copy of the notice of such Reportable Event filed with or received from the PBGC;
 - b) copies of each annual and other report with respect to any Plan requested by the Lender;
 - c) promptly after receipt thereof, a copy of any notice which the Borrower or, to the knowledge of the Borrower, any Significant Subsidiary, may receive from the PBGC relating to the intention of the PBGC to terminate any Plan maintained in whole or in part for the benefit of employees of the Borrower or any Significant Subsidiary or to appoint a trustee to administer any such Plan;
 - d) promptly, from time to time, such other information regarding the operations, business, affairs and financial condition of the Borrower and any Significant Subsidiary as the Lender may reasonably request; and
 - e) as soon as possible, and in any event within five Business Days after a Financial Officer of the Borrower knows or has reason to know that any Event of Default, or any event which, upon notice or lapse of time or both, would constitute an Event of Default, has occurred, a statement of such Financial Officer, setting forth details as to such Event of Default or event.
 - f) provide the report required under Section 2.13 by the date specified therein.
 - 4.2. ERISA. Comply in all material respects with the applicable provisions of ERISA.
 - 4.3. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where (i) the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be, or (ii) the failure to do so could not reasonably be expected to have a Material Adverse Effect.
 - 4.4. Maintenance of Existence; Compliance. Except as otherwise required by a Governmental Authority having jurisdiction over the Borrower or any of its Subsidiaries, (a) (i) preserve, renew and keep in full force and effect its corporate existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted in this Agreement and except, in the case of clause (ii) above, to the extent
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that failure to do so could not reasonably be expected to have a Material Adverse Effect; (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect; and (c) maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

- 4.5. Inspection of Property and Operations; Books and Records. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) upon the reasonable request of the Lender, permit representatives of the Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records and to discuss the business, operations, properties and financial and other condition of the Borrower with officers and employees of the Borrower and with their independent certified public accountants.
- 4.6. Environmental Laws. Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.
- 4.7. Further Assurances. Execute any and all further documents, agreements and instruments, and take all such further actions, that may be required under any applicable law, or which the Lender may reasonably request, to effectuate the transactions contemplated in this Agreement.

SECTION 5. NEGATIVE COVENANTS

The Borrower covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Loans, except as otherwise required by a Governmental Authority having jurisdiction over the Borrower, the Borrower shall not, directly or indirectly:

- 5.1. Sale of Assets; Merger. (a) Sell, lease, transfer or otherwise dispose of (whether in one transaction or a series of transactions) (i) all or materially all of its respective properties or assets, whether now owned or hereafter acquired, or (ii) any of its properties or assets, whether now owned or hereafter acquired, if the effect of such sale, lease, transfer or disposition would (A) after giving effect to such transaction, result in the Borrower's senior unsecured long-term debt rating issued by S&P or Moody's to fall below BBB- or Baa3, respectively (or, if senior unsecured debt ratings are unavailable for the Borrower, the senior secured long-term debt rating issued by S&P or Moody's to fall below BBB or Baa2, respectively) or (B) materially impair the ability of the Borrower to perform its obligations under this Agreement or (b) consolidate with or merge with another corporation, except (i) where the Borrower is the surviving corporation and that, after giving effect to such consolidation or merger, no breach of this Agreement when calculated on a pro forma basis, would result therefrom, and no other Event of Default, nor any event which upon notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing or (ii) the Acquisition.
 - 5.2. Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its Principal Property, whether now owned or hereafter acquired, except for Liens as in effect on the signature of this Agreement, and except for:
 - a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower, in conformity with GAAP;
 - b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 90 days or that are being contested in good faith by appropriate proceedings;
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- c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;
- d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Significant Subsidiaries;
- f) Liens in existence on the date hereof, securing any Indebtedness outstanding on the date hereof and extensions, renewals or replacements thereof;
- g) Liens securing Indebtedness, in an aggregate principal amount not to exceed \$250,000,000 at any one time outstanding, incurred to finance the acquisition or construction of fixed or capital assets (including Capital Lease Obligations) and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that (i) such Liens shall be created substantially simultaneously with or within 120 days after such acquisition or completion of such construction of such fixed or capital assets and (ii) such Liens do not at any time encumber any property other than the property financed by such indebtedness;
- h) any interest or title of a lessor under any lease entered into in the ordinary course of business and covering only the assets so leased;
- i) Liens existing upon any property acquired by the Borrower or any of its Subsidiaries in the ordinary course of business; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien shall not apply to any other property or assets and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;
- j) Liens arising in connection with sales or transfers of, or financings secured by, accounts receivable or related contracts;
- k) Liens created by or resulting from litigation or legal proceedings that are currently being contested in good faith by appropriate proceedings and do not involve amounts that in the aggregate would exceed \$50,000,000;
- l) Liens incidental to the normal conduct of the business of the Borrower or any Subsidiary or the ownership of its property that are not incurred in connection with the incurrence of Indebtedness and that do not in the aggregate materially impair the use of such property in the operation of the business of such Borrower and its Subsidiaries taken as a whole or the value of such property for the purposes of such business;
- m) Liens in respect of property of the Borrower or any of its Subsidiaries in connection with (a) the First Mortgage Bond Indentures or (b) customary mortgage bonds issued by the Borrower or any of its Subsidiaries;
- n) Liens created under any Loan Document; and
- o) Liens which would otherwise not be permitted by clauses (a) through (n) above, securing additional Indebtedness of the Borrower or any of its Subsidiaries, provided that the aggregate amount of all such secured Indebtedness does not exceed 10% of Total Assets.

5.3. Limitation on Changes in Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related thereto.

5.4. Use of Proceeds. Use (and the Borrower shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use) the proceeds of this Agreement, directly or indirectly, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities,

business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 6. EVENTS OF DEFAULT

Each of the following events shall constitute an event of default hereunder (hereinafter called an Event of Default) with respect to the Borrower:

- a) failure by the Borrower to pay any amount of principal of the Loan as and when due and payable; failure by the Borrower to pay any interest on the Loan or any other amount owed under this Agreement within thirty (30) days after any such interest or other amount becomes due and payable;
- b) such Borrower shall fail to perform or observe any of its other covenants or agreements contained in this Agreement and such failure shall continue unremedied for thirty (30) days after the earlier of (i) a Financial Officer of the Borrower obtaining knowledge thereof and (ii) receipt by the Borrower of written notice thereof from the Lender;
- c) any representation or warranty made by the Borrower herein or in any certificate or other instrument furnished in connection with this Agreement that is qualified as to materiality shall be incorrect or any such representation or warranty not so qualified shall be incorrect in any material respect when made or deemed made;
- d) the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Borrower under any Debtor Relief Law, or appointing a receiver, liquidator, assignee, trustee, custodian or sequestrator (or similar official) of the Borrower, or of any substantial part of its property, or ordering the winding-up of or liquidation of the affairs of the Borrower and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;
- e) the filing by the Borrower of a petition or answer or consent seeking relief under any Debtor Relief Law, or the consent by the Borrower to the institution of proceedings thereunder or to the filing of any such petition or to the appointment or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Borrower or of any substantial part of its property, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any such action;
- f) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (except for Iberdrola, S.A.) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 20% of the outstanding common stock of the Borrower; or
- g) any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the obligations hereunder or thereunder, ceases to be in full force and effect; or the Borrower contests in any manner the validity or enforceability of any Loan Document; then, and in every such event and at any time thereafter during the continuance of such event, the Lender may, by written notice to the Borrower, take any or all of the following actions, at the same or different times: (A) declare the Loan made to the Borrower and all other amounts accrued or owing by the Borrower under this Agreement to be forthwith due and payable, whereupon such Loan and such other amounts shall become forthwith due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding; provided, however, that upon the occurrence of the events in paragraph (d) or (e) of this Section both of the preceding actions will automatically take place without any notice to the Borrower or any action by the Lender.

SECTION 7. DEFINITIONS

- 7.1. Defined Terms. As used in this Agreement, the terms listed in this Section shall have the respective meanings set forth in it.
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"Acquisition" shall mean the final consummation of the merger and other transactions pursuant to the Agreement and Plan of Merger, dated as of May 17, 2024, by and among IBERDROLA, S.A., the Borrower, and ARIZONA MERGER SUB, INC., as the same may be amended or otherwise modified from time to time.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote 10% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise. "Controlled" shall have a meaning correlative thereto.

"Agreement" shall mean this Intra-Group Loan Agreement, as amended, supplemented or otherwise modified from time to time.

"Anti-Corruption Laws" shall mean all laws, rules, and regulations of any jurisdiction applicable to the Borrowers and its Subsidiaries concerning or relating to bribery or corruption.

"Applicable Margin" shall mean 1,22%.

"Benchmark Treasury" shall mean the US Treasury 3,75% due June 30 2030.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrower" shall have the meaning assigned to it in the recitals hereof.

"Break Costs" shall have the meaning assigned to it in Clause 1.04 above.

"Business Day" shall mean any day other than a day which is a Saturday, Sunday or legal holiday in the State of New York or a day on which the Lender is not open for dealings in Dollar deposits in the London interbank market.

"Capital Lease Obligations" shall mean as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Change in Control" shall mean Iberdrola, S.A. shall cease to own and control, of record and beneficially, at least fifty percent (50%) of the issued and outstanding shares of common stock of the Borrower.

"Closing Date" shall mean the first date all the conditions precedent in Section 3.01 are satisfied or waived in accordance herewith.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Contractual Obligation" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Debtor Relief Laws" shall mean the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" shall mean any of the events specified in this Agreement, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Dollars" or "\$" shall mean lawful money of the United States of America.

"Effective Date" shall mean the date indicated at the beginning of this Agreement.

"Eligible Green Projects" means the Borrower's projects which comply with the eligibility criteria from time to time as set out in the Iberdrola Framework for Green Financing (available at Iberdrola Framework for Green Financing) and the Avangrid Framework for Green Financing (available at <https://www.avangrid.com/investors/investors/greenfinancing>).

"Environmental Laws" shall mean any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment (including natural resources, wetlands, flora and fauna), as now or may at any time hereafter be in effect.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"Event of Default" shall mean any of the events specified in this Agreement, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Exchange Act" shall have the meaning assigned to it in Section 6.

"Financial Officer" of a Borrower shall mean the principal financial officer, principal accounting officer, treasurer or controller of the Borrower or any vice president of the Borrower whose primary responsibility is for financial matters. For purposes of this Agreement, "Financial Officer" shall include the Vice President, Finance of Avangrid Management Company, LLC who has authority to act on the Borrower's behalf.

"First Mortgage Bond Indentures" means (i) the Indenture of Mortgage, dated as of May 1, 2009, from Central Maine Power Company to The Bank of New York Mellon Trust Company, N.A., as trustee (as supplemented and amended), (ii) the Indenture, dated as of September 1, 1918, from Rochester Gas and Electric Corporation to Bankers Trust Company (as supplemented and amended), (iii) the Indenture between The Southern Connecticut Gas Company (formerly, The Bridgeport Gas Light Company) and The Bridgeport City Trust Company, as trustee, dated as of March 1, 1948 (as supplemented and amended) and (iv) the First Mortgage Indenture and Deed of Trust, dated as of July 1, 1954 (as supplemented and amended), from The Berkshire Gas Company (formerly, Pittsfield Coal Gas Company) to Chemical Bank & Trust Company, as trustee.

"GAAP" shall mean generally accepted accounting principles in the U.S. as in effect as of the date hereof applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of the Borrower's audited financial statements.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Indebtedness" shall mean of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue more than sixty (60) days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all liabilities of such Person as an account party under acceptances, letters of credit (other than trade letters of credit), surety bonds or similar arrangements, (g) the liquidation value of all preferred Capital Stock of such Person that is redeemable at the option of the holder thereof or that has any mandatory dividend, redemption or other required payment that could be required thereunder prior to the date that is one year after the Current Termination Date, (h) all guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, and (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent

such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor. Indebtedness shall not include Indebtedness of a Borrower arising from the application of Financial Interpretation Number 45 of the Financial Accounting Standards Board, Financial Interpretation Number 46 of the Financial Accounting Standards Board or Issue No. 01-08 of the Emerging Issues Task Force (EITF).

"Interest Payment Date" shall mean the first Business Day of each six-month period with respect to the Interest Period ending on the last Business Day in the immediately prior six-month period.

"Interest Period" shall mean six months commencing on the date of Effective Date of the present Agreement ; provided that if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan Documents" shall this Agreement and all other agreements, documents, certificates, and instruments executed and delivered to the Lender by Borrower in connection therewith.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, property, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole or (b) the validity or enforceability of the Loan Documents or the rights and remedies of the Lender thereunder.

"Moody's" shall mean Moody's Investors Service, Inc. and any successor thereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any pension plan subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of a Borrower or any Significant Subsidiary.

"Principal Property" means any building, structure or other facility (together with the land on which it is erected and fixtures comprising a part thereof) owned by the Borrower or any Significant Subsidiary and used primarily for generation, transmission, distribution, design, development or construction, in each case located within the United States, that has a book value on the date of which the determination is being made, without deduction of any depreciation reserves, exceeding 2% of Total Assets, other than any such facility (or portion thereof) that the Company reasonably determines is not material to the business of the Borrower and its Subsidiaries, taken as a whole.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Party" shall mean, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Reportable Event" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan.

"Requirement of Law" shall mean, as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"S&P" shall mean Standard & Poor's Rating Services, a division of McGraw-Hill, Inc.

"Sanctions" shall mean all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets

Control of the U.S. Department of the Treasury or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority.

"Sanctioned Country" means, at any time, a country, region or territory which is itself, or whose government is, the subject or target of any Sanctions (at the time of this Agreement, Crimea, so-called Donetsk People's Republic, Kherson, so-called Luhansk People's Republic, and Zaporizhzhia regions of Ukraine, Cuba, Iran, North Korea and Syria.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, by the United Nations Security Council, the European Union, any European Union member state, His Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Significant Subsidiary" means a significant subsidiary of the Borrower as defined by Rule 1-02 of Regulation S-X under the Exchange Act.

"Senior Debt" means the principal of, premium, if any, interest (including interest, to the extent allowable, accruing subsequent to the filing of a petition initiating any proceeding under any state, federal or foreign bankruptcy law, whether or not a claim for post-petition interest is allowable as a claim in any such proceeding) and rent payable on, or termination payment with respect to or in connection with, and all fees, costs, expenses, reimbursement amounts, indemnities and other amounts accrued or due on or in connection with, Indebtedness of the Borrower, whether outstanding on the date of this Agreement or hereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Borrower (including all deferrals, renewals, extensions or refundings of, or amendments, modifications or supplements to, the foregoing), except for: (a) any liability for federal, state, local or other taxes owed or owing by the Borrower; (b) any Indebtedness of the Borrower owed to any of its Subsidiaries or other Affiliates; (c) any trade payables; (d) the portion of any Indebtedness that is incurred in violation of this Agreement; or (e) any Indebtedness that is, by its express terms, subordinated in right of payment to any other Indebtedness of the Borrower.

"Spanish Civil Procedural Code" means the Law 1/2000 of 7 January on Civil Procedural (Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil) as amended, restated, supplemented or otherwise modified or replaced from time to time.

"Spanish Commercial Code" means the Spanish Royal Decree of 22 August 1885 publishing the Spanish Commercial Code (Real Decreto de 22 de Agosto de 1885 por el que se publica el Código de Comercio), as amended, restated, supplemented or otherwise modified or replaced from time to time.

"Spanish Public Document" means any Spanish documento público, in form and substance reasonably satisfactory to the parties and being, among others, and without limitation, either escritura pública authorised or any póliza intervened by a Spanish notary public.

"Subsidiary" shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

"Taxes" shall mean any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

"Tax Deduction" shall mean any withholding for or on account of Tax from a payment under this Agreement.

"Termination Date" shall mean 13 June 2030, as such date may be extended from time to time by express agreement of the parties.

"Total Assets" means, as of any date of determination, the total consolidated assets of the Borrower and its subsidiaries, determined in accordance with GAAP, as shown on the most recent internally available balance sheet of the Borrower, after giving pro forma effect to any acquisition or disposal of any property or assets consummated after the date of the applicable balance sheet and on or prior to the date of determination.

- 7.2. Terms Generally The definitions this Section shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Sections and Exhibits shall be deemed references to Sections of, and Exhibits to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time, including the word "consolidated," as such term is applicable to the Borrower.

SECTION 8. MISCELLANEOUS

8.1. Notices

- a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be made in writing and mailed by certified or registered mail, delivered by hand or overnight courier service, or sent by e-mail as follows:

If to the Borrower:

Avangrid, Inc.
One City Center, 5th Floor
Portland, Maine 04101
United States of America
Attention: Treasury Department
E-Mail: AGRTreasury@avangrid.com

If to the Lender:

Iberdrola a IBERDROLA FINANCIACIÓN, S.A.U.
Plaza Euskadi 5, 48009 BilbaoEspaña
Attention: María Rebollo Miguel
Telephone: 34 91 784 7827
E-Mail: mrebollo@iberdrola.es backoffice.financiero@iberdrola.es

- b) Notices mailed by certified or registered mail or sent by hand or overnight courier service shall be deemed to have been given when received. Notices and other communications sent by e-mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment); provided, that, if such notice, e-mail or other communication is not sent during the recipient's normal business hours, such notice, e-mail or communication shall be deemed to have been sent at the recipient's opening of business on the next Business Day.
- c) Either party hereto may change its address or other information for notices and other communications hereunder by notice to the other party.

- 8.2. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender, all future holders of the Loans and their respective successors and assigns, except that no party may assign or transfer any of its respective rights or obligations under this

Agreement without the prior written consent of the other party. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, any legal or equitable right, remedy or claim under or by reason of this Agreement.

8.3. Expenses; Indemnity

- a) The Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred (i) by the Lender in connection with the preparation of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated), and (ii) by the Lender in connection with the enforcement or protection of its rights in connection with this Agreement.
- b) The Borrower agrees to indemnify the Lender and each Related Party of the Lender (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by any Indemnitee or asserted against any Indemnitee by any Person other than such Indemnitee and its Related Parties arising out of, in any connection with, or as a result of (i) the execution or delivery of this Agreement, or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds of therefrom, or (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by such Borrower and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.
- c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of the Lender. All amounts due under this Section shall be payable on written demand therefor.
- d) To the fullest extent permitted by applicable law, neither the Borrower nor the Lender shall assert, and each of them hereby waives, any claim against the other party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof.

8.4. Effectiveness

This Agreement shall become effective on the date of its signature, and thereafter shall be binding upon and inure to the benefit of the Borrower and the Lender.

- 8.5. Survival of Agreement All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Lender of the Loans herein contemplated and shall continue in full force and effect so long as any portion of the Loan is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party.

8.6. Waivers; Amendment

- a) No failure or delay of the Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by Section 8.06(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.
- b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Lender. Any request by the Borrower for a modification, amendment or waiver of any provision of this Agreement shall be made in writing to the Lender. Any such waiver, consent or approval granted by the Lender shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances.
- c) No waiver by the Lender of any breach or default of or by the Borrower under this Agreement shall be deemed a waiver of any other previous breach or default or any thereafter occurring.

8.7. Data Protection.

The personal data of the representatives of the Parties acting pursuant to this Agreement, will be processed, respectively, by the Parties, who will act, independently, as data controllers and who shall process such personal data in accordance with applicable laws and regulations. Said personal data will be processed solely in order to perform such party's obligations contained in the Agreement. The legal basis for the processing is the performance of the Agreement, the legitimate interest of the parties in the correct execution of the Agreement and the fulfillment of the legal obligations of the parties thereunder.

Such personal data will be kept as long as the contractual relationship established in the Agreement is in force, or such other period as required by applicable law, and (if required by applicable privacy law) once it is terminated, duly blocked, until the expiration of possible legal actions related to such personal data. Personal data will be processed only by the parties and those third parties to whom they are legally or contractually obliged to communicate such personal data.

Data subjects may exercise, if applicable, under the terms established by applicable privacy laws, the rights of access, rectification and deletion of their personal data, as well as request that the processing of their personal data be limited, oppose the same, or request the portability of their data by sending a written communication to each of the parties, through the addresses indicated in the Agreement. Certain data subjects may file a complaint with the Spanish Data Protection Agency or other competent authority for violations of applicable privacy laws.

The parties expressly undertake to inform their representatives acting pursuant to this Agreement of the terms of this clause, holding the other party harmless from any damages that result from the breaching party's failure to comply with this obligation.

8.8. Severability

In the event any one or more provisions contained in this Agreement or the other Loan Documents should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

8.9. Headings

The Section headings in this Agreement are for convenience only and shall not affect the construction hereof.

8.10. Governing Law; Jurisdiction

- a) This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement the other Loan Documents (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be construed in accordance with and governed by the laws of the State of New York.
- b) The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.
- c) The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in this Agreement or any other Loan Document. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

8.11. Counterparts

This Agreement may be executed in two or more counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g. ".pdf" or ".tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

8.12. Entire Agreement

This Agreement and the other Loan Documents the entire contract between the Borrower and the Lender with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

8.13. Waiver of Jury Trial

Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or other Loan Documents or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (i) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents by, among other things, the mutual waivers and certifications in this Section 8.12.

8.14. Spanish Public Document. Spanish Executive Proceedings. This Agreement and any other Loan Documents (together with any amendments thereto), at the discretion of the Lender, shall be

formalized in a Spanish Public Document granted by the Borrower (incorporating an acknowledgement of debt (document público de reconocimiento de deuda)) and, at least, the Lender, as well as, acting reasonably, any amendment and restatement or supplement entered into by the parties from time to time thereto, in respect of the debt owing to the Lender under this Agreement or any other Loan Document.

This Spanish Public Document will (i) have the effects established under articles 517 et seq of the Spanish Civil Procedural Law, and (ii) may, at the decision of the Lender, include a translation into Spanish of this Section 8.14. The Borrower hereby expressly authorizes the Lender to request and obtain from the Spanish notary public any copies of any notarized Loan Document that has been notarized as well as hard copies in an enforceable form (copias con carácter ejecutivo) that is reasonable required.

The sums payable by the Borrower hereunder and under any Loan Document to the Lender shall be, without duplication, the total aggregate amount resulting from the balance shown in the account maintained by the Lender in accordance with this Agreement with respect to the Borrower, which, for the avoidance of doubt, shall be equal to the outstanding principal balance and accrued and unpaid interest and other amounts outstanding hereunder. For the purposes of article 571 et seq. of the Spanish Civil Procedural Law: (i) the amount due and payable under the Loan Documents that may be claimed in any executive proceedings will be contained in a certificate supplied by the Lender and will be based on the accounts maintained by the Lender in connection with this Agreement or any other Loan Document as set forth above; (ii) the Borrower expressly agree that such balance properly recorded shall be considered as an acknowledgement of debt and may be claimed pursuant to the same provisions of such law; and (iii) the determination of the debt to be claimed through the executive proceedings shall be effected by the Lender by means of the appropriate certificate evidencing the balance shown in the account of the Borrower.

Subject to the provisions of Section 8.10, the Lender may start enforcement proceedings in Spain by presenting to any relevant court: (i) and original notarial copy of this Agreement or any relevant Loan Document in a Spanish Public Document; and (ii) a notarial document (acta notarial) incorporating the certificate of the Lender referred above, evidencing the determination of the amounts due and payable by the Borrower and that such amounts coincide with the balance shown in the account of the Borrower.

The Borrower undertakes to provide, at its cost, the Lender with any sworn translation of the Loan Documents into the Spanish language if required for the purpose of the enforcement of the Loan Documents.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

AVANGRID, INC., as Borrower

By: /s/ Justin Lagasse

Name: Justin Lagasse

Title: SVP, CFO and Controller

By: /s/ Michael Panichi

Name: Michael Panichi

Title: Vice President - Treasurer

IBERDROLA FINANCIACIÓN, S.A.U., as Lender

By: /s/ IÑIGO ORMAECHEA

Name: IÑIGO ORMAECHEA

Title:

By: /s/ FRANCISCO JAVIER HERNANDO

Name: FRANCISCO JAVIER HERNANDO

Title:

CERTIFICATION

I, Pedro Azagra Blázquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avangrid, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

/s/ Pedro Azagra Blázquez

Pedro Azagra Blázquez

Director and Chief Executive Officer

CERTIFICATION

I, Justin B. Lagasse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avangrid, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2024

/s/ Justin B. Lagasse

Justin B. Lagasse

Senior Vice President - Chief Financial Officer and Controller

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, the undersigned, Pedro Azagra Blázquez and Justin B. Lagasse, the Chief Executive Officer and Chief Financial Officer, respectively, of Avangrid, Inc. (the "issuer"), do each hereby certify that the issuer's quarterly report on Form 10-Q for the quarter ended June 30, 2024, to which this certification is attached as an exhibit (the "report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

/s/ Pedro Azagra Blázquez

Pedro Azagra Blázquez
Director and Chief Executive Officer
Avangrid, Inc.
July 24, 2024

/s/ Justin B. Lagasse

Justin B. Lagasse
Senior Vice President - Chief Financial Officer and Controller
Avangrid, Inc.
July 24, 2024