Factbook
2021

IBERDROLA | Committed to: SDG

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IBERDROLA CORPORATE PURPOSE

Focused on the well-being of people and on the preservation of the planet

Our Purpose: To continue building together each day a healthier, more accessible energy model, based on electricity

Reflects the strategy that the Group has been implementing for years and its commitment to continue fighting for:

A real and global energy transition

- ✓ Boosting decarbonisation and electrification of the energy sector, and the economy as a whole
- ✓ Contributing to the fight against climate change
- ✓ Generating new opportunities for economic, social and environmental development

An energy model that is more electric...

- ✓ Abandoning fossil fuels
- ✓ Generalising renewable energy sources, the efficient storage of energy, smart grids and digital transformation

…healthier for people

- ✓ Being aware that short-term health and well-being of people depend on the environmental quality of their environment

…more accessible for all

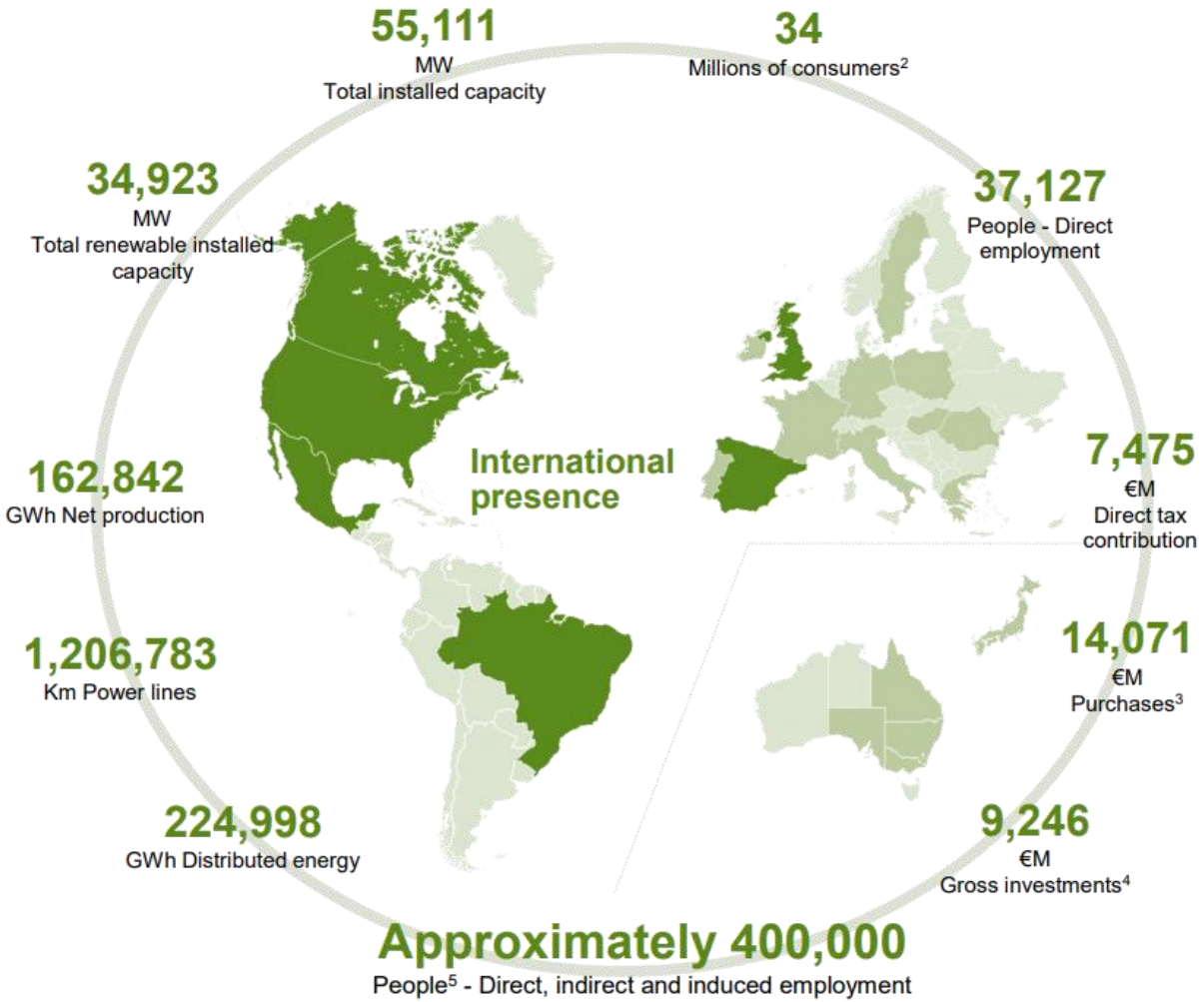
- ✓ Favouring inclusion, equality, equity and social development

…built in collaboration

- ✓ Involving players and society as a whole

AGENDA

Iberdrola is a global energy leader, the leading wind energy producer…

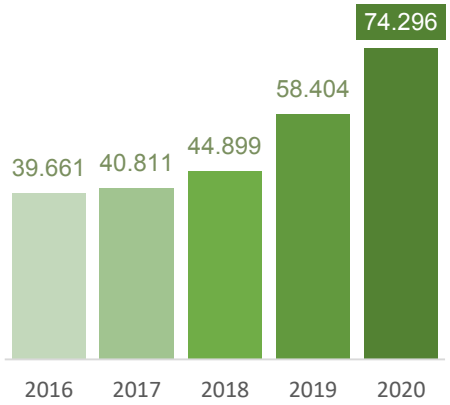


(1) Data as of December 2020
(2) Consumers: for electric power, total number of customers is used where there are areas of electricity distribution and retailing, supply points are used for the other areas. For gas: total number of gas customers is used, except for the United States, where total number of supply points is used.
(3) Volume awarded during the year. Amount invoiced in 2020: €8,864 million.
(4) Net total investments for financial year 2020 were €8,436 million.
(5) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2019.

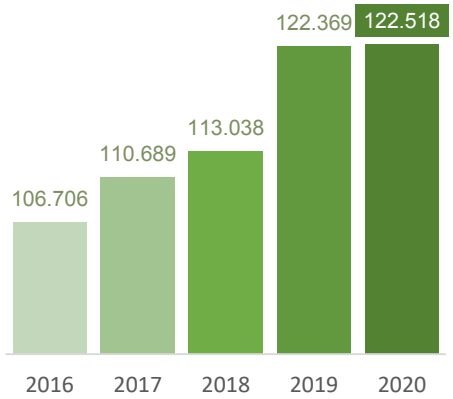
… and one of the world's largest electricity companies by market capitalization

Eur M

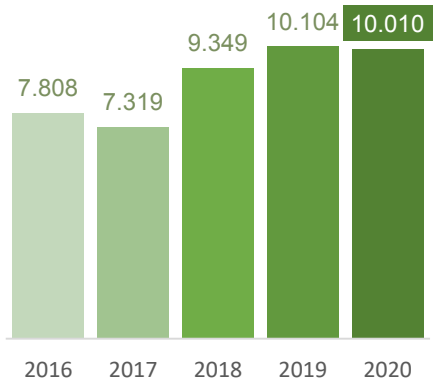
Market Capitalization



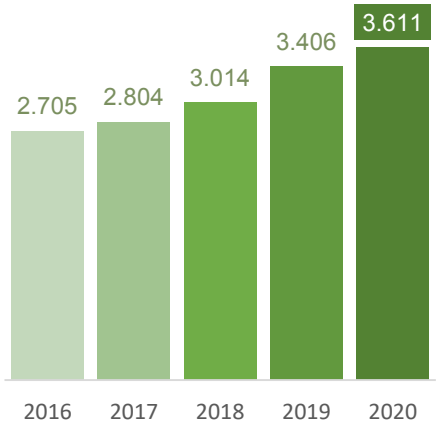
Assets



EBITDA

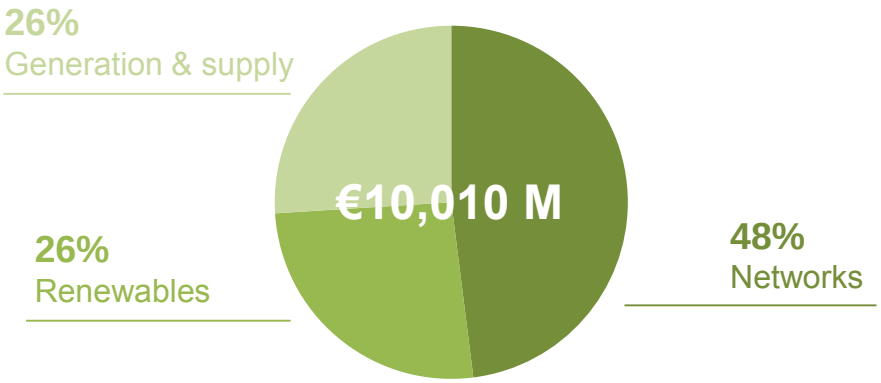


Net Profit

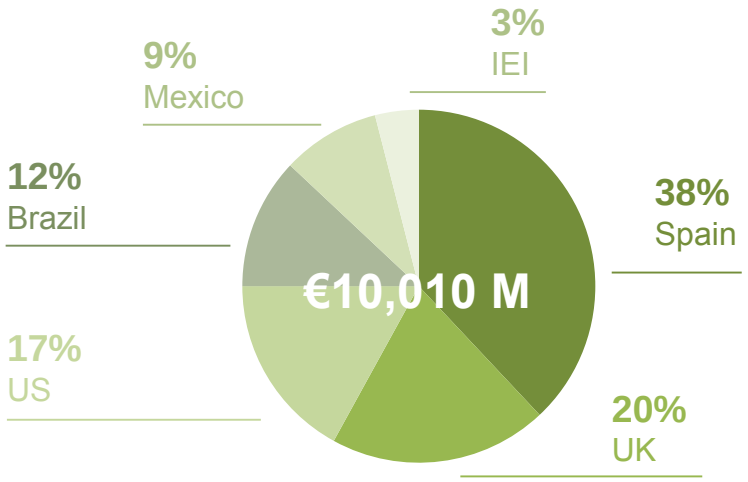


Focus on networks, renewables and customers

2020 EBITDA by business



2020 EBITDA by geography

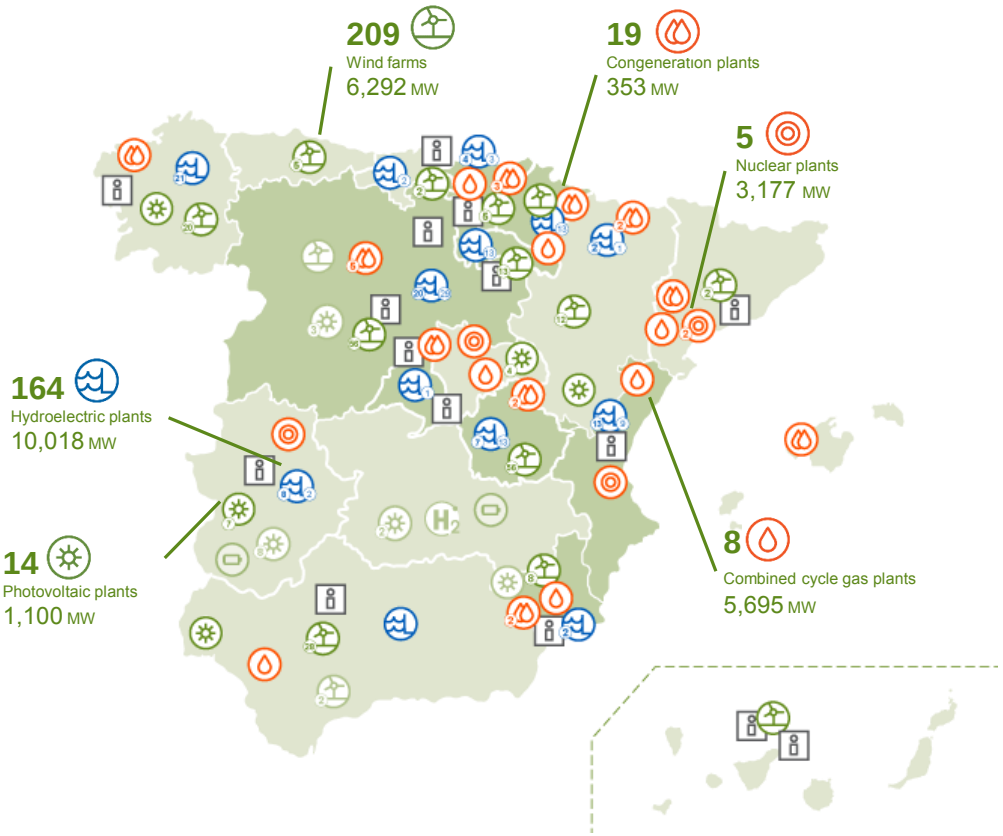


International diversification
~76% in countries with credit rating ≥A(1)

(1) Under Standard & Poor's categorization

IBERDROLA IN SPAIN

Leading energy company



Installed Capacity (MW)	26,635
Renewable Capacity (MW)	17,411
Production (GWh)	59,854
Distributed Energy (GWh)	88,390
Consumers (M)(1)	11.1
Km of lines	270,129

Principal Offices

Electricity distribution

Area of influence

Projects under construction

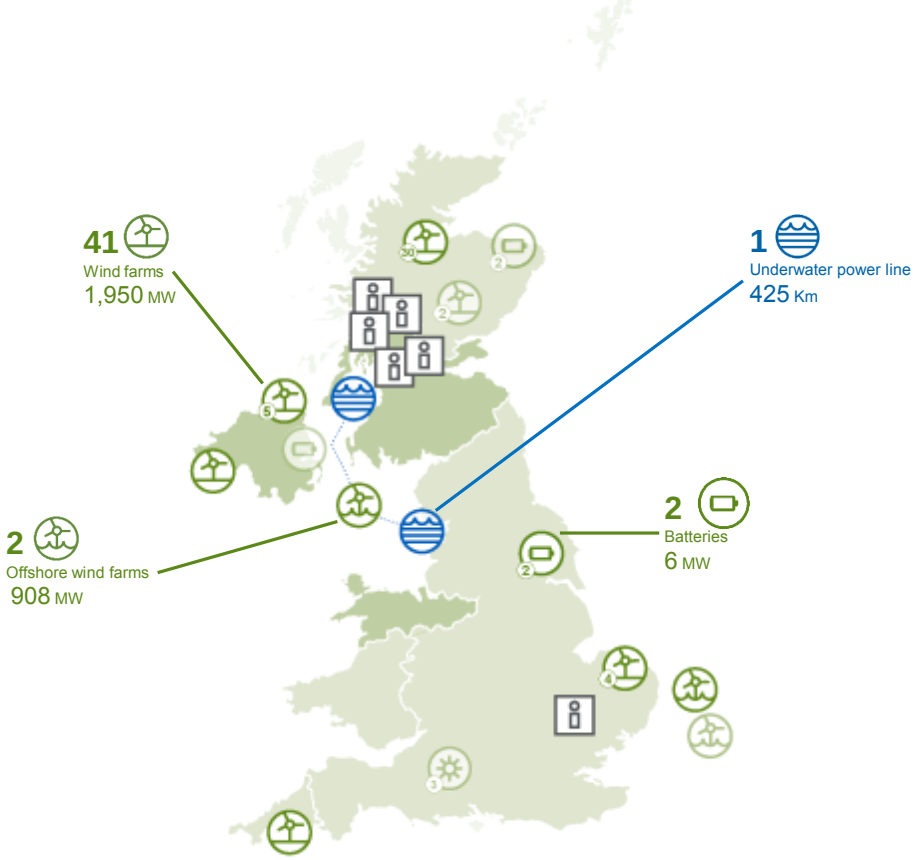
14 Photovoltaic plants · 4 Wind farms · 1 H_2 · 2 Batteries

(1) Total number of electricity and gas customers

Data as of December 2020

IBERDROLA IN UK

Transmission and distribution networks in Scotland, Wales and England. 100% renewable electricity. Electricity and gas supply.



Installed Capacity (MW)	2,864
Renewable Capacity (MW)	2,864
Production (GWh)	6,677
Distributed Energy (GWh)	31,738
Consumers (M)(1)	4.7
Km of lines	110,264

(1) Total number of electricity and gas customers

Principal Offices	
Electricity distribution	
Area of influence	

Projects under construction

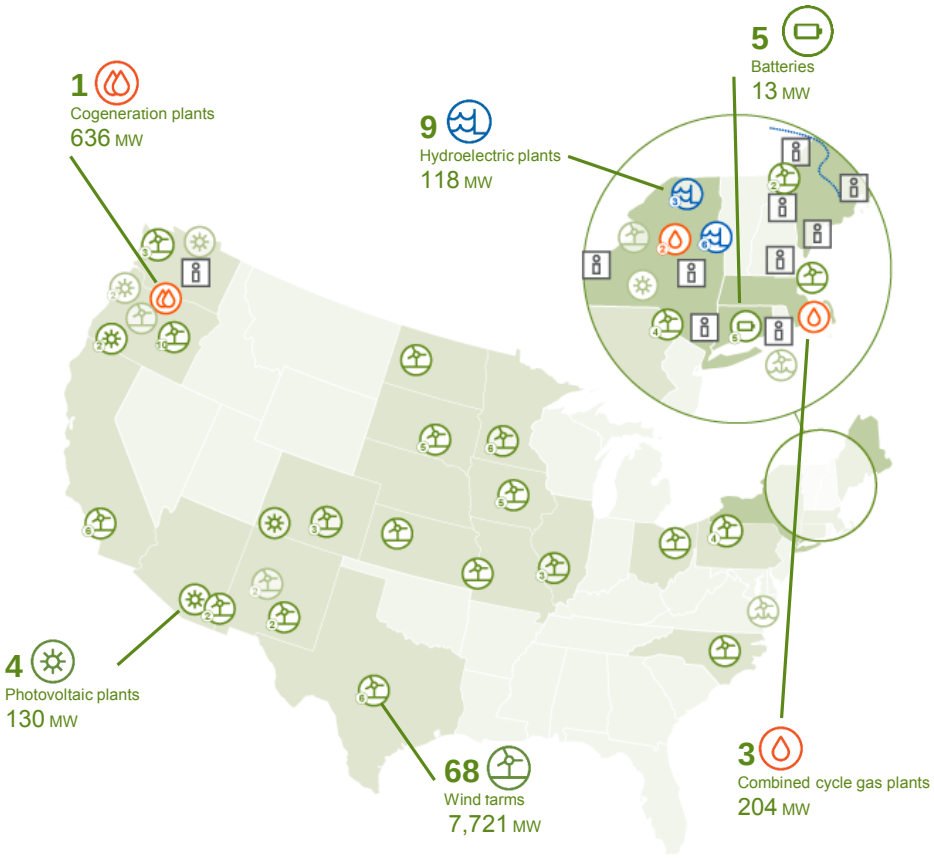
1 2 3

3

Data as of December 2020

IBERDROLA IN US: AVANGRID(1)

Electricity and gas distribution in New York, Maine, Connecticut and Massachusetts. 88% of production from renewables.



Installed Capacity (MW)	8,822
Renewable Capacity (MW)	7,982
Production (GWh)	22,122
Distributed Electricity (GWh)	38,012
Distributed Gas (GWh)	59,134
Consumers (M)(2)	3.3
Km of electric lines	170,821

Presence in 24 States

Principal Offices

Electricity distribution

Area of influence

Projects under construction

4 4 2

1 transmission line (NECEC)

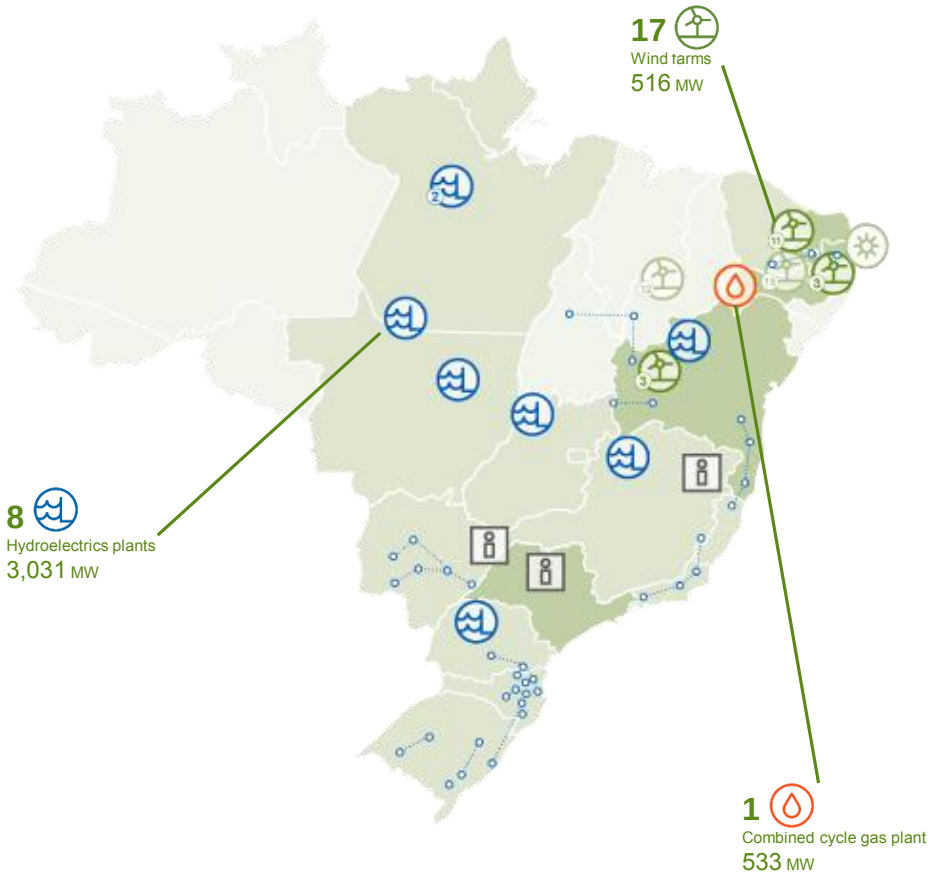
(2) Total number of electricity and gas supply points

(1) Avangrid: 81.5% owned by Iberdrola

Data as of December 2020

IBERDROLA IN BRAZIL: NEOENERGIA(1)

Energy leader in Brazil and Latin America



Installed Capacity (MW)	4,079
Renewable Capacity (MW)	3,546
Production (GWh)	13,122
Distributed Energy (GWh)	66,857
Consumers (M)(2)	14.3
Km of lines	655,569

Presence in 18 States

(2) Total number of electricity supply points

(1) Neoenergia: 51.04% owned by Iberdrola

Data as of December 2020

IBERDROLA IN MEXICO

Second-largest electricity producer

Owned Installed Capacity (MW)	3,527
Third-party Installed Capacity (MW)	7,146
Owned Renewable Capacity (MW)	1,222
Third-party Renewable Capacity (MW)	103
Owned Production (GWh)	18,138
Third-party Production (GWh)	39,378

Presence in 13 States

Principal Offices

Area of influence

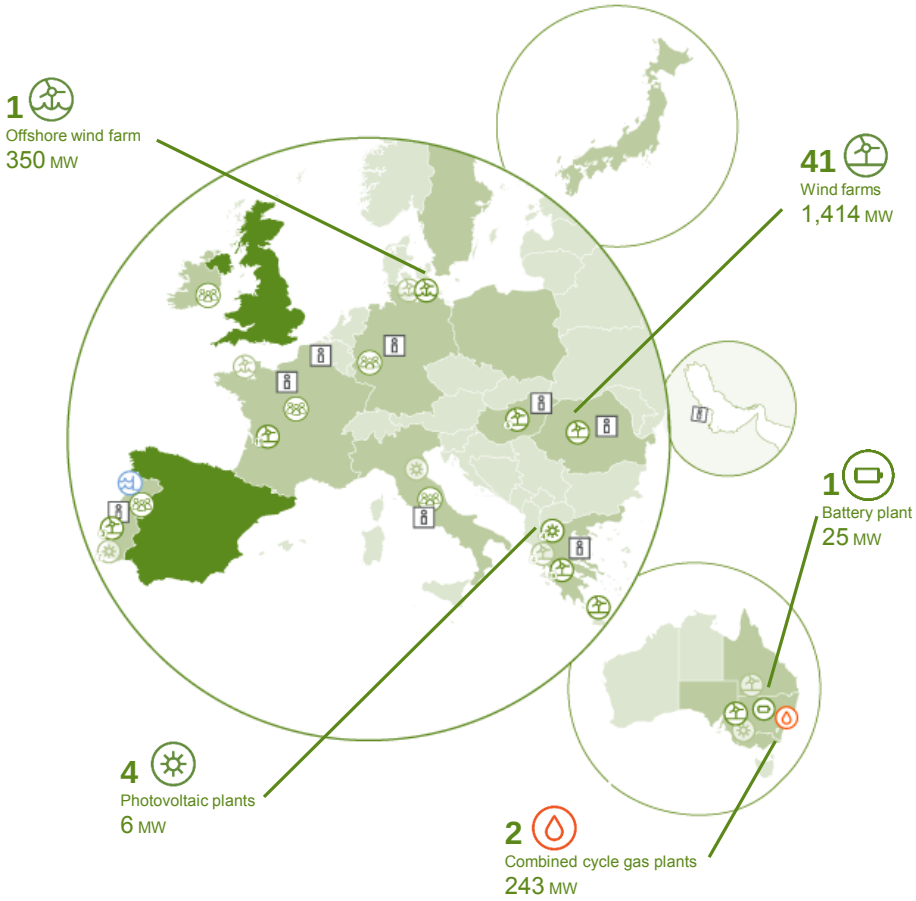
Areas with projects under construction

Projects under construction

2 1

Data as of December 2020

Expanding our international platform in renewables and customers



Installed Capacity (MW)	**2,038**
Renewable Capacity (MW)	**1,795**
1 Offshore wind farm (MW)	350
47 onshore wind farms (MW)	1,414
4 solar PV plants (MW)	6
1 battery plant (MW)	25
Production (GWh)	**3,550**
Consumers (M)(1)	**1.0**

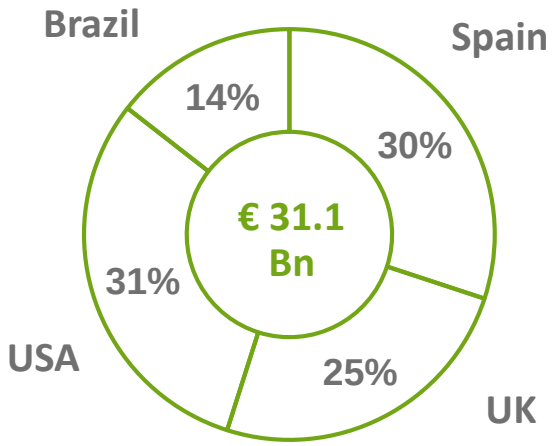
(1) Total number of electricity and gas customers

Data as of December 2020

AGENDA

1.2 M Km power lines, over 4,400 substations and 1.5 M transformers to supply 31 M clients

RAV



Iberdrola Networks business areas

	Spain	UK	USA	Brazil
Transmission - electricity		✓	✓	✓
Distribution - electricity	✓	✓	✓	✓
Distribution - gas			✓	

Leaders in Smart grids

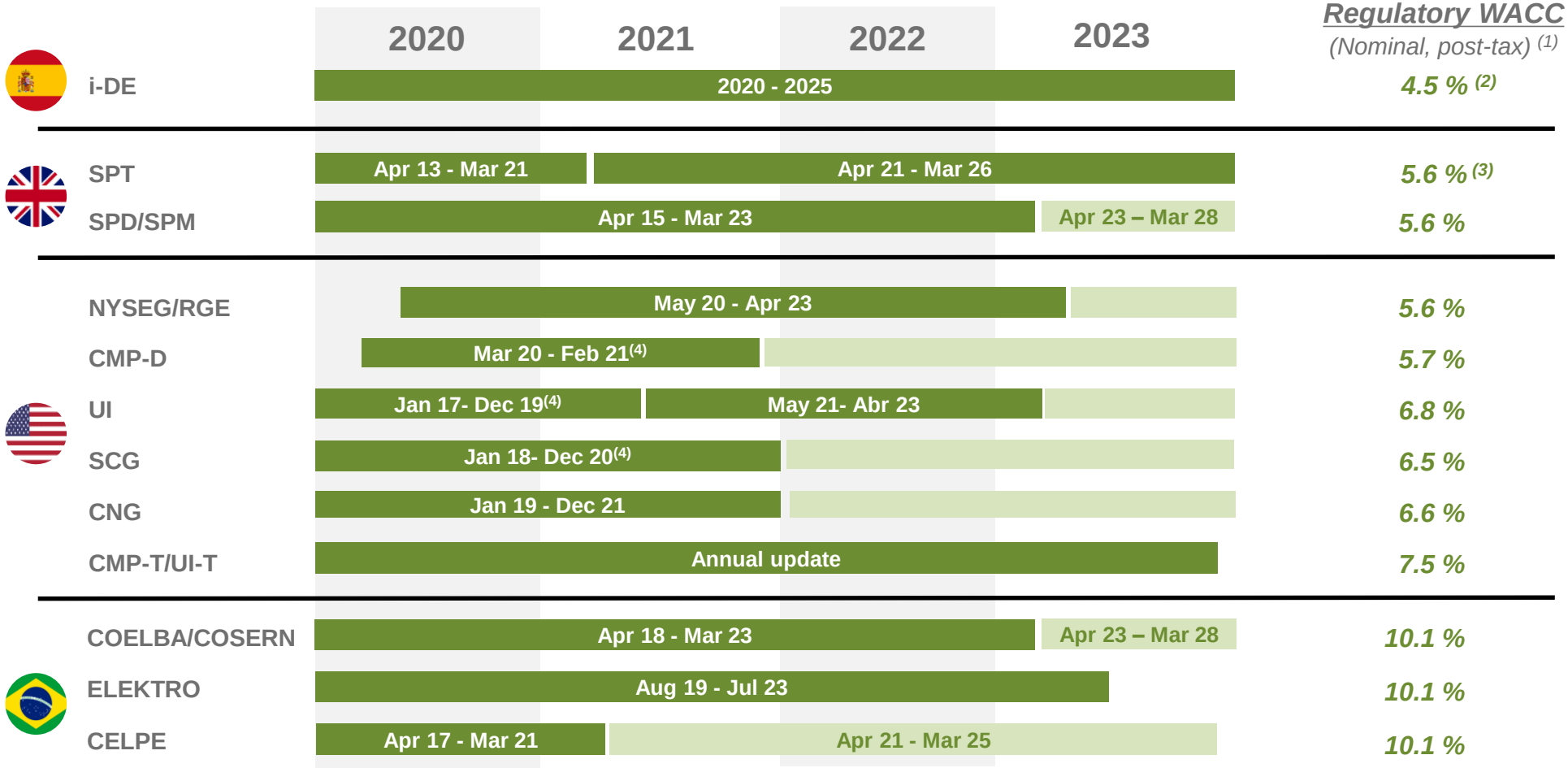
Smart meters installed:

- **Spain: 11.19 M**
- **UK: 1.76 M**
- **US: 1.48 M**
- **Brazil: 0.47 M**

Data as of December 2020

NETWORKS: Visibility of Revenues

Stable and geographically diversified returns approved through regulatory frameworks



Note: Best estimate of the entry into force of the new rate cases

*1) Nominal WACC post-tax has been calculated based on each country's specific remuneration framework. **Distribution**: ESP: 6.003% Nominal WACC pre-tax; UK: 6% Real COE post-tax; USA: Nominal ROE post-tax allowed for each DisCo; BRA: 8.09% Real WACC post-tax; **Transmission:** UK: 7% Real COE post-tax; USA: 11.1% Nominal ROE post-tax*

2) Nominal post tax WACC for 2021: 4.2%, based on 5.58% Nominal WACC pre-tax

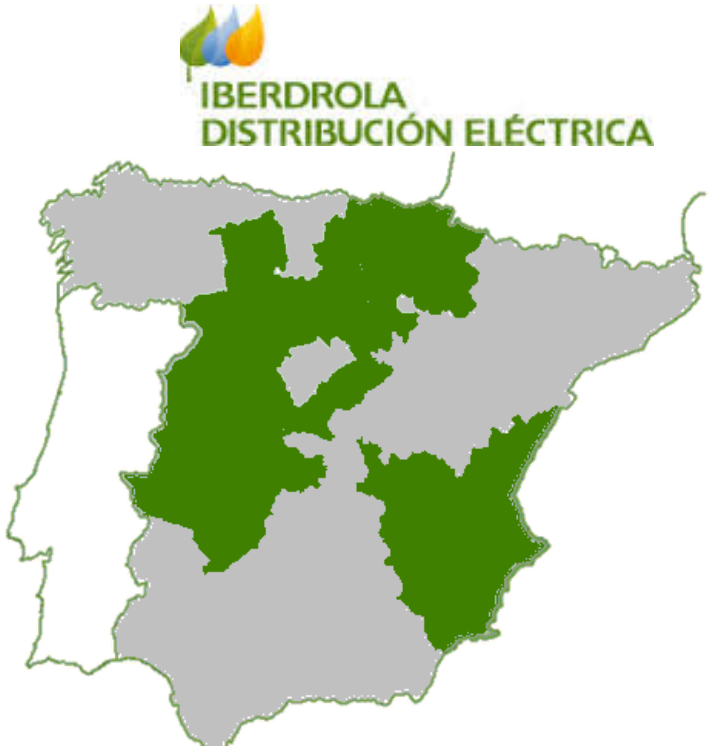
3) RIIO T2 for UK Transmission from April 2021. 4.25% Real CoE post-tax proposed by Ofgem, Scottish Power has appealed to Competition Market Authority

4) Rates automatically extended

NETWORKS: SPAIN

As of December 2020, ~11.2 M smart meters installed and digitisation of over 100,000 transformers

	2020
RAV (Eur Bn)	9.3
Distributed energy (GWh)	88,390
Points of supply (M)	11.2
Kms of lines	270,129



Data as of December 2020

Distribution: Circular 6/2019 CNMC. Regulatory period: 2020-2025

- **Remuneration calculated by WACC methodology and reviewed every 6 years (regulatory period): 6.003% (before taxes) in 2020 and 5.58% from 2021 onwards.** Until 31 December 2019 the remuneration was linked to 10 Year-Treasury Bond (6.5%)

- **The remuneration has four components:**

  i. **Remuneration of net regulatory asset value (CAPEX):** It maintains the regulatory asset (RAV) of investments made until 2018.
    - Remuneration of **existing assets at 31 December 2014** calculated according to Royal Decree 1048/2013 (Standard Costs (SC) are the reference for calculating regulatory assets):
      - SC corrected by a coefficient per company
      - Ceded assets are subtracted (assets prior to 1998 are estimated)
      - Assets are remunerated during their regulatory useful life (depending on accountability by company)
    - **Assets in operation since 1 January 2015 until 31 December 2018**
      - Intermediate value between Standard Costs and audited cost
      - Assets are remunerated during their useful life (40 years for network assets and 12 for control systems)
    - New **assets in operation since 1 January 2019:** audited cost per installation

  ii. **Remuneration of Manageable Component (OPEX):**
    - **O&M and "Other assets investments"** (systems not associated with digitalization, machinery, vehicles, buildings and tools): This term evolves according to the increase in remuneration for investment in electricity assets and with an adjustment factor, which takes the value of 0.97 per year, with the aim of bringing it closer to the real cost of the companies.
    - **Efficiencies:** companies are able to retain 100% of the efficiency gains obtained from the OPEX additional to the previous adjustment factor

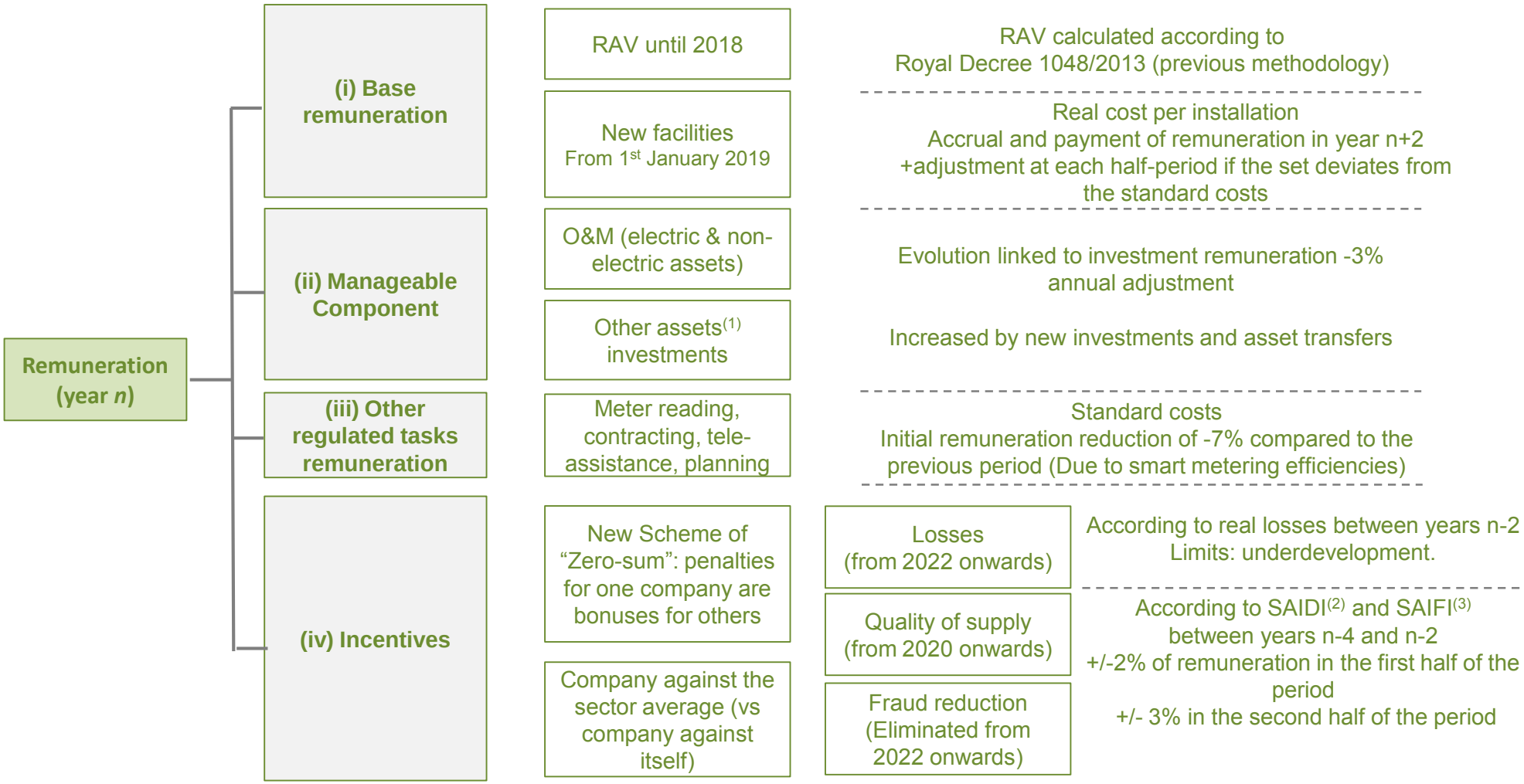
  iii. **Other regulated tasks:** reading, contracting, defaults, invoicing, customer service channels, planning and structure… according to SC and public domain use tax -7% compared to the previous regulatory period

  iv. **Incentives:**
    - Quality and losses reduction: Each company will have bonuses or penalties, so that the whole is a "zero-sum". In the case of the loss incentive, a 2-year moratorium is proposed to analyse a possible zoning of the networks.
    - Fight against fraud: according to detected fraud. Eliminated from 2022 onwards

- **Annual maximum investment limit stablished by the Government: 0.13% GDP(1)**

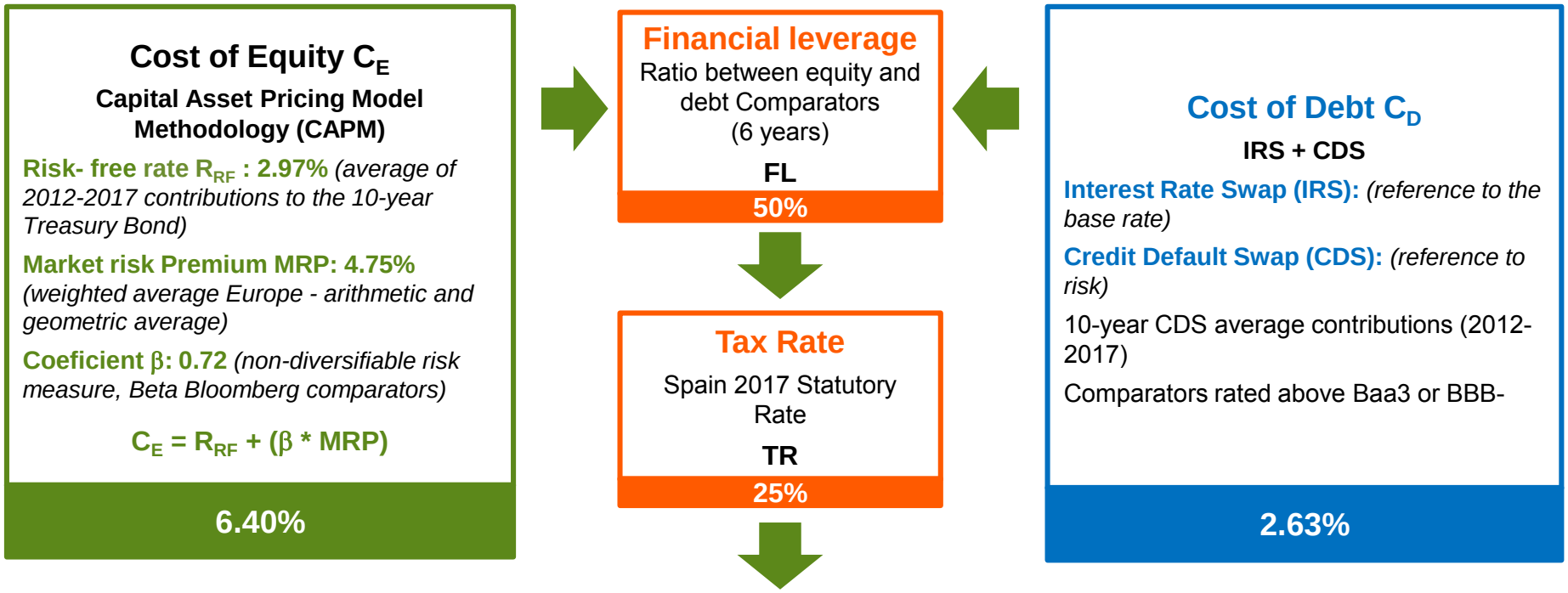
(1) Increased to 0.14% of GDP for the period 2020-2022, under RDL 23/2020

Distribution: Circular 6/2019 CNMC. Regulatory period: 2020-2025



(1) **Other assets** include: systems and communications not associated with digitalization, machinery, furniture, vehicles, buildings and tools
(2) **SAIDI**: System Average Interruption Duration Index
(3) **SAIFI**: System Average Interruption Frequency Index

Distribution: Circular 2/2019 CNMC. Financial Remuneration Rate for the period 2020-25 (WACC Methodology)



WACC after taxes: 4.19%

$C_E * (1 - FL) + C_D * (1 – TR) * FL$

Financial Remuneration Rate FRR: 5.58% (before taxes)

Financial Remuneration Rate in 2020: 6.003% (before taxes)
(due to the application of a maximum variation of 0.50 bp y-o-y)

Royal Decree Law 23/2020

Increases the investment annual limit for distribution and also recognizes the role of electrification and the need to maintain the financial balance of the sector

- **Investments in grids.** Increasing the annual limit for the 2020-2022 period from 0.13% to 0.14% of GDP for distribution.
- **Financial balance of the sector.** It addresses the economic sustainability of the sector by allowing the use of the historic surplus of the 2019 and 2020 settlements to cover the sector's costs.

One of the largest Distribution companies and one of the 3 companies with Transmission licenses in the country

	2020
RAV (GBP Bn)	**6.9**
Scottish Power Distribution	29%
Scottish Power Manweb	31%
Scottish Power Transmission	40%
Distributed energy (GWh)	**31,738**
Scottish Power Distribution	54%
Scottish Power Manweb	46%
Points of supply (M)	**3,5**
Scottish Power Distribution	57%
Scottish Power Manweb	43%
Kms of lines	**110,358**
Scottish Power Distribution	53%
Scottish Power Manweb	43%
Scottish Power Transmission	4%

SP ENERGY NETWORKS

Data as of December 2020

NETWORKS: UK REGULATORY ENVIRONMENT

Form of control

- Currently regulated under Ofgem's incentive-based 'RIIO' model i.e. Revenues are earned from the delivery of incentives, innovation and outputs set against regulatory targets.
- Method: Ex-ante revenue cap. Regulator sets majority of maximum allowed revenue fixed upfront and on a real basis.
- Duty on regulator to ensure that regulated networks are able to finance their licensed activities – maintain an investment grade credit rating.

Price Control Overview

	Electricity Transmission	Electricity Distribution
Price Control	RIIO – ET2	RIIO – ED1
Period	2021 – 2026	2015 – 23
Allowed Return on RAV (ET: CPIH / ED: RPI)	Ofgem: 2.93%* (2021-22)	3.26% (2020-21) 3.15% (2021-22)
RAV at 2020 FY	£2.764b	SPD - £1.962b SPM - £2.142b

Incentives, Uncertainty Mechanisms and Adjustments

- Potential to increase outturn returns through financial rewards gained from spending less than expected and outperformance against measures related to defined outputs.
- Totex incentive mechanism shares under/overspend on allowed TOTEX between networks and customers through adjustment to allowed revenues, based on efficiency incentive rate (*electricity distribution: 46.5%, electricity transmission: 49%*).
- Provisions to manage specific cases of uncertainty risk through possible revenue changes during price control e.g. indexation, uncertainty mechanisms, volume drivers and pass-through costs.
- Revenues from incentive rewards and uncertainty mechanisms are recovered with a two-year lag in ED1, whereas in ET2 they will be recovered in the current year as part of updated 5-year revenues (actuals & forecast).

Baseline Revenue

- Efficient level of expected costs necessary to carrying out activities are assessed through total expenditure (TOTEX).
- Regulatory Asset Value (RAV) is a major input to the setting of Allowed Revenue. Revenue components for depreciation (effectively a capex allowance) and return allowance are calculated from RAV.
- Following the application of the TOTEX incentive mechanism, TOTEX is allocated into a "fast pot" and "slow pot" determined by the capitalisation rate (*electricity distribution: 80%, electricity transmission: 84%).*
- The capitalised slow pot is added to the RAV and remunerated over time through allowances for return on capital and depreciation (*Depreciation Rate: 45 years post 2013/14 investment, 20 years pre 2013/14 investment, with a transition period increasing on a straight line basis*). The "fast pot" (*ED: 20%, ET: 16%*) is treated as an in year 'pay-as-you-go' allowance.
- Provision for tax.

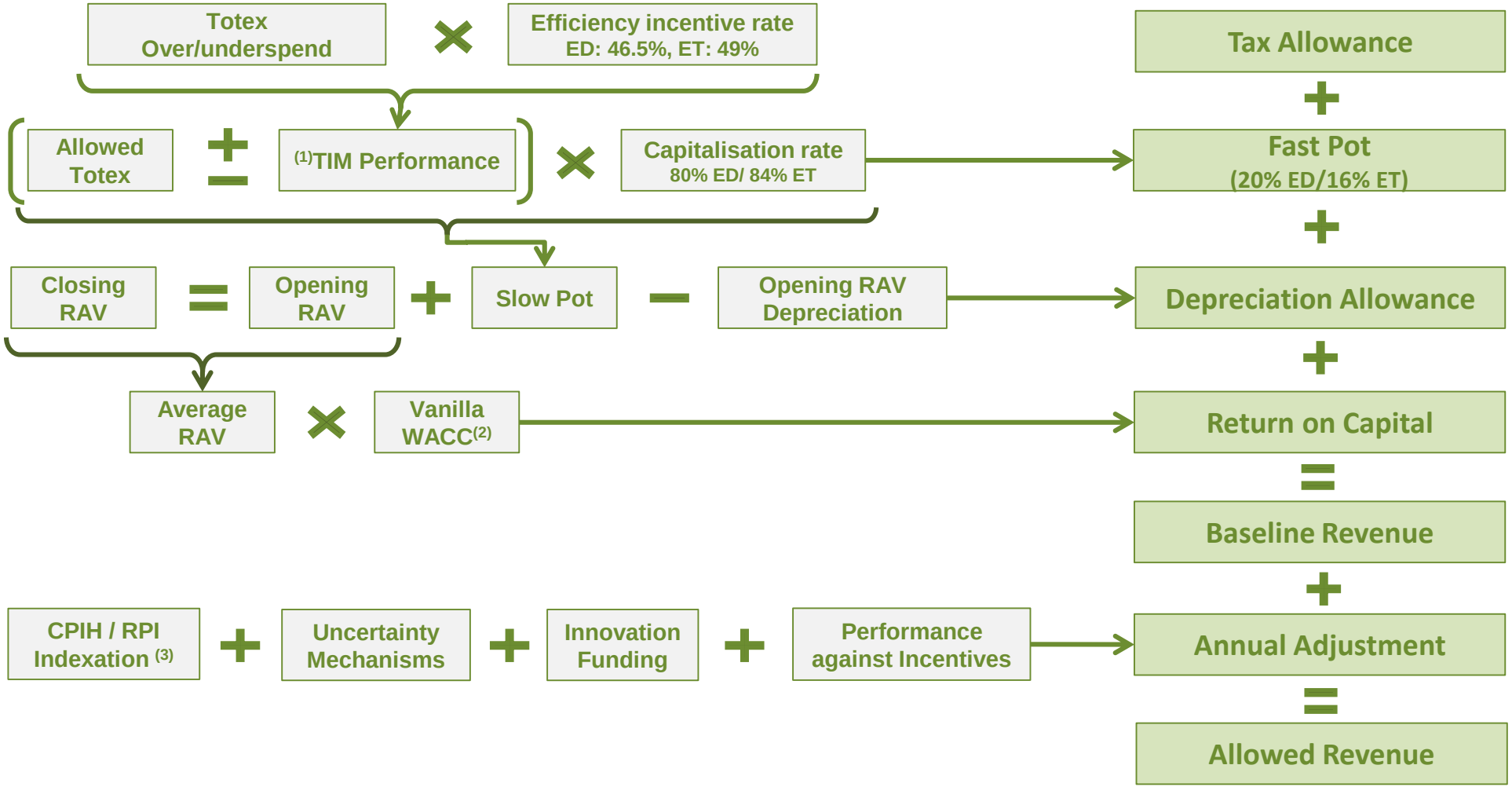
Adjustments

- Annual adjustment of allowed revenues for:
  - CPIH (ET2) / RPI (ED1)** indexation of baseline revenues;
  - Incentive rewards/penalties;
  - Innovation funding;
  - Non controllable costs i.e. uncertainty mechanisms; and
  - True Ups, including for differences in actual demand versus forecast demand as network companies are not exposed to demand volatility.

* SP Energy Networks have appealed against Ofgem's Final Determination on our RIIO-T2 Business Plan to the Competition and Markets Authority.
** *RPI* measures the change in the cost of a representative sample of retail goods and services, including the cost of housing. The measure has now generally been superseded by CPI(H).

NETWORKS: UK REGULATORY ENVIRONMENT

High level illustration of allowed revenues derivation



(1) Totex incentive mechanism incentivises efficiency by sharing under/overspend on allowed totex between networks and customers through adjustment to allowed revenues, based on efficiency incentive rate (ED: 46.5%, ET: 49%).
(2) Vanilla WACC: pre tax cost of debt, post tax cost of equity
(3) CPIH indexation applied to revenues in RIIO-T2 with RPI indexation applied to the remainder of RIIO-ED1 revenues.

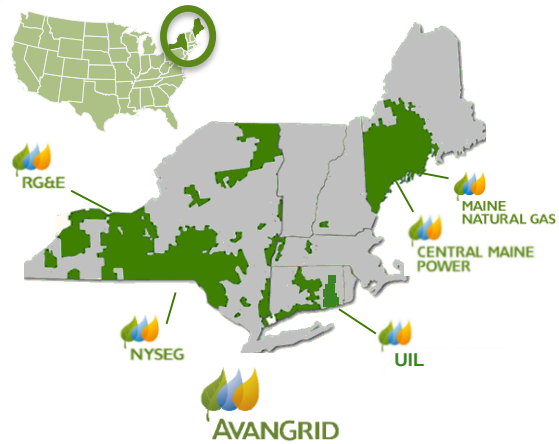
Ofgem Annual Iteration Process: https://www.ofgem.gov.uk/publications-and-updates/riio-ed1-financial-model-following-annual-iteration-process-2020

8 Regulated Utilities in New York, Connecticut, Maine and Massachusetts

RAV (USD Bn)	10.9
NYSEG - Electricity	2.4
NYSEG - Gas	0.7
RG&E - Electricity	1.6
RG&E - Gas	0.5
CMP - Distribution	1.0
CMP - Transmission	1.6
UI - Distribution	1.2
UI - Transmission	0.7
SCG	0.6
CNG	0.5
BGC	0.1
MNG	0.1

Distributed energy (GWh)	97,147
Electricity	**38,012**
NYSEG	42%
RG&E	19%
CMP	25%
UI	13%
Gas	**59,134**
NYSEG	26%
RG&E	28%
MNG	5%
BGC	5%
CNG	19%
SCG	18%

Points of supply (M)	3.3
Electricity	**2.3**
NYSEG	40%
RG&E	17%
CMP	28%
UI	15%
Gas	**1.0**
NYSEG	26%
RG&E	31%
MNG	0%
BGC	4%
CNG	18%
SCG	20%

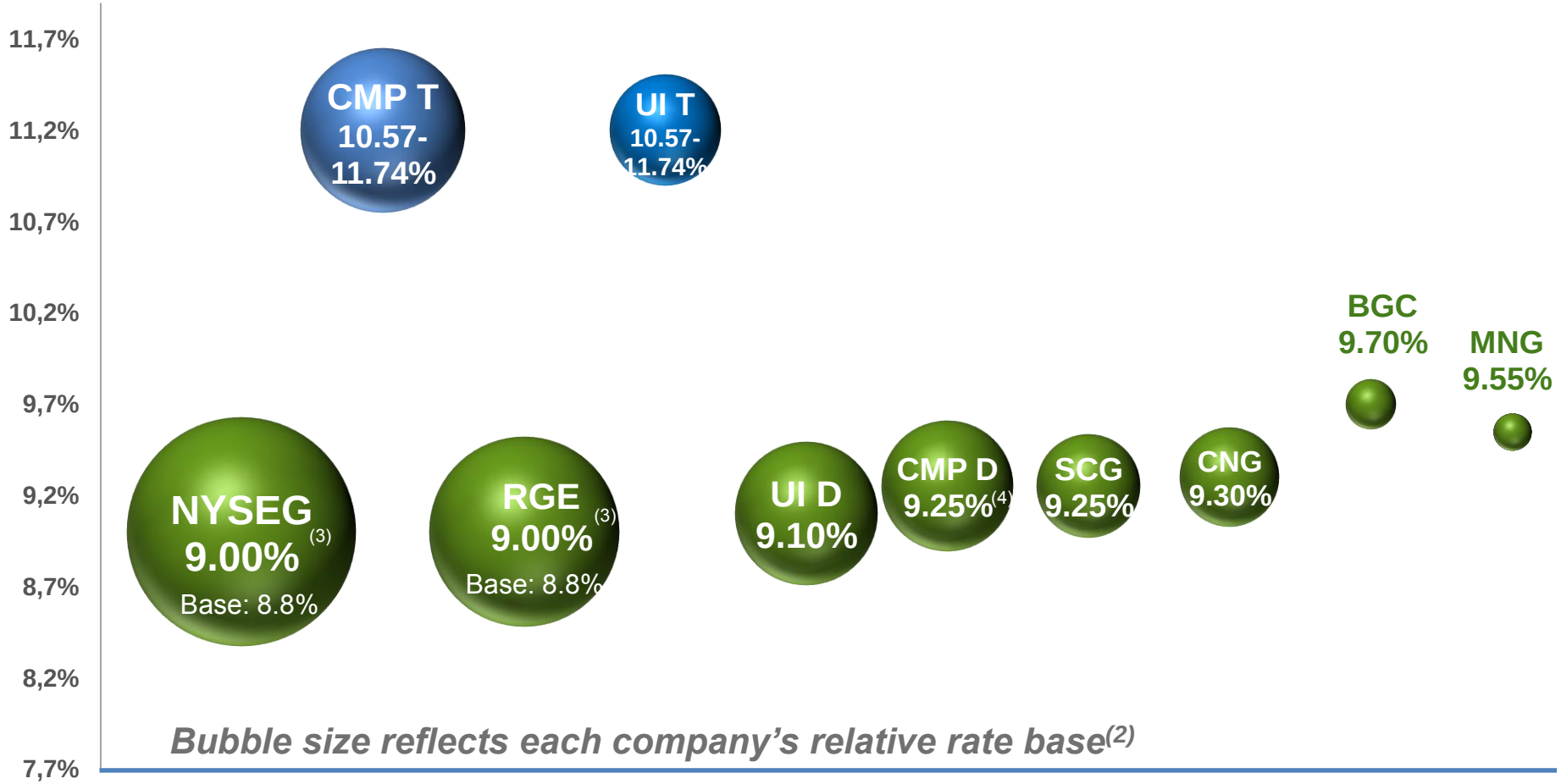


	Electricity	Gas
Kms of lines/pipelines	**170,821**	**43,716**
NYSEG	46%	31%
RG&E	12%	34%
CMP	32%	0%
MNG	0%	1%
UI	9%	0%
SCG	0%	15%
CNG	0%	14%
BGC	0%	5%

Data as of December 2019

NETWORKS: USA

Base Allowed ROEs[1]



(1) Data as of December 2020
(2) 2020 Estimated Average Rate Base of ~$10.7B.
(3) Includes 20bp allowance before sharing in Rate Year 1.
(4) Does not include -1.00% management efficiency adjustment, in place until customer service metrics are achieved for 18 months starting 3/1/2020.

New York Rate Plans reflects December approval of modified joint proposal

		NY State Electric (NYSEG-E)	NY State Gas (NYSEG-G)	Rochester Electric (RGE-E)	Rochester Gas (RGE-G)
Jurisdiction		New York			
Regulator		New York Public Service Commission (NYPSC)			
Term		3 year rate case settled December 2020. Tariffs increase retroactively effective April 17, 2020 (with a make-whole)			
Annual Rate Increases					
Avg. Rate Base ('19)		$2,250 M	$610M	$1,453M	$516M
Allowed ROE / Equity Ratio		8.8% / 48%			
Earnings Sharing		Earnings sharing at 50% equity: 100% up to 9.00% in Rate Year 1, up to 9.10% in Rate Year 2, and up to 9.20% in Rate Year 3			
Rate Year		Forecast			
Trackers / Reconciled Costs		• Rate Adjustment Mechanism up to $42.8M/yr • Revenue Decoupling • Other reconciliations: major storms, environmental expense, energy efficiency, debt cost, labor, pensions/OPEBs, property taxes, pipeline integrity costs, economic development & low income programs, vegetation management, net plant, labor			
ROE filing		Annually (filed end of July)			
Achieved ROEs	2019 (after-sharing)(1)	4.0%	7.6%	8.7%	7.0%
	2018 (after-sharing)(2)	6.2%	8.6%	9.9%	8.3%
	2017 (after-sharing)(3)	8.6%	10.0%	9.8%	9.7%
	2016 (after-sharing)(4)	8.7%	9.8%	9.1%	9.8%
	2015 (after-sharing)	7.9%	9.7%	6.0%	4.2%
	2014 (after-sharing)	9.7%	10.0%	9.5%	7.3%

(1) ROEs for rate year 5/1/19 - 4/30/20.
(2) ROEs for the 3rd rate year (5/1/18 - 4/30/19) under 3 year rate plan settled June 2016.
(3) Amended ROEs for the 2nd rate year (5/1/17 - 4/30/18) under 3 year rate plan settled June 2016.
(4) Amended ROEs for the 1st rate year (5/1/16 - 4/30/17) under 3 year rate plan settled June 2016.

New York Rate Case – Key highlights

Modified Joint Proposal (JP) Approved by Commission on 11/19/20; Accepted by Company on 11/23/20

- 3-year rate plan provides **stability & certainty** of **investment plans** for ~48% of AVANGRID's Networks rate base
- Keeps the companies 'whole' from an earnings standpoint, with a **'make-whole' back to April 17, 2020**
- **Substantial improvements to mitigate outages & associated restoration costs** with:
  - Enhanced **vegetation management** *(+90% at NYSEG & +19% at RGE)*
  - Significantly improved staging cost recovery – now **UNLIMITED staging events** *(Unlimited ($250K up to - $1.5M for NYSEG & $1.25M for RGE); sharing > max thresholds)*
  - Increased **workforce** *(FTEs vs. 2018 Test Year +344 RY1 & +517 RY3)*
  - Investments to improve **system reliability** & addresses needed **infrastructure improvements** (i.e. resiliency, bulk electric system requirements, **AMI**) *(Total Capex 2019-2025 ~$5.1B (including AMI in 2024 & 2025))*
- Establishes an **8.8% ROE** with a **48% equity ratio** & an **earnings sharing mechanism** based on a 50% equity ratio. Earnings sharing is 50/50 above 9% in Rate Year 1, above 9.10% in Rate Year 2 & above 9.20% in Rate Year 3
- Includes many **tracking & reconciliation mechanisms** to **reduce risk** (e.g. for major storms, environmental expenses, debt costs, pension/OPEBs, property taxes, economic development & low income programs)
- Opportunity for incremental earnings with an **Earnings Adjustment Mechanism,** based on achieving certain metrics at each company
- Provides **recoverable customer relief (including direct customer credits) during the pandemic**
- Institutes a **progressive set of commitments regarding natural gas businesses** related to **climate change**

Additional information in Avangrid Factbook: http://www.avangrid.com/wps/portal/avangrid/Investors/investors/financialoperationalreports

Connecticut Rate Plans

	United Illuminating Distribution (UI-D)	Southern Connecticut Gas (SCG)	Connecticut Natural Gas (CNG)
Jurisdiction	Connecticut		
Regulator	Public Utilities Regulatory Authority (PURA)		
Term	3 year plan 2017-2019 Effective January 2017	3 year plan 2018-2020 Effective January 2018	3 year plan 2019-2021 Effective January 2019
Annual Rate Increases		Year 1 - $1.5M Year 2 - $4.7M Year 3 - $5.0M	Year 1 - $9.9M Year 2 - $4.6M Year 3 - $5.2M
Avg. Rate Base (’19)	$1,112M	$587M	$538M
Allowed ROE	9.10%	9.25%	9.30%
Allowed Equity Ratio	50%	52%	54% ’19 / 54.5% ’20 / 55% ’21
Earnings Sharing	50/50 above ROE	50/50 above ROE	50/50 above ROE
Rate Year	Forecast		
Trackers / Reconciled Costs	· Revenue Decoupling · Major Storms · Energy Supply (pass through) · Low Income	· Revenue Decoupling · System Expansion Rate · Energy Supply (pass through) · Low Income · Distribution Integrity Mgmt Program	· Revenue Decoupling · System Expansion Rate · Energy Supply (pass through) · Low Income · Distribution Integrity Mgmt Program
ROE filing	Quarterly	Quarterly	Quarterly
Achieved ROEs: 2020 (after-sharing)[2]	9.3%[1]	9.6%[1]	8.9%[1]
Achieved ROEs: 2019 (after-sharing)	10.1%[1]	8.7%[1]	8.0%[1]
Achieved ROEs: 2018 (after-sharing)	9.6%[1]	8.4%[1]	6.7%[1]
Achieved ROEs: 2017 (after-sharing)	9.3%[1]	8.1%[1]	5.9%[1]
Achieved ROEs: 2016 (after-sharing)	6.8%[1]	8.1%[1]	8.7%[1]
Achieved ROEs: 2015 (after-sharing)	8.5%	8.2%	8.6%
Achieved ROEs: 2014 (after-sharing)	9.7%	8.7%	9.9%

(1) Based on actual equity ratios vs. allowed.
(2) ROEs for the twelve months ended 9/30/2020.

Maine & Massachusetts Rate Plans

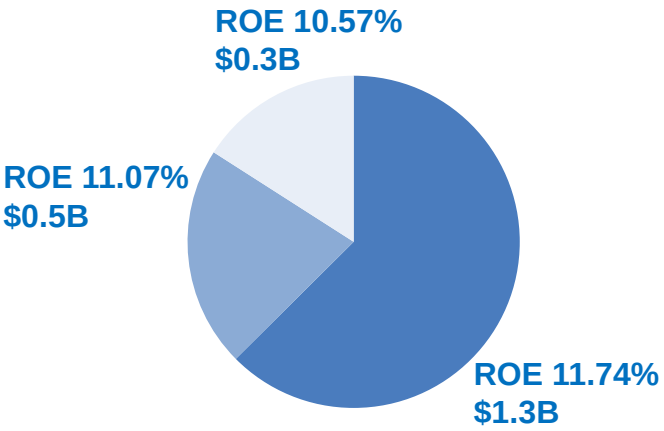
	Central Maine Power Distribution (CMP-D)	Maine Natural Gas (MNG)	Berkshire Gas Company (BGC)
Jurisdiction	Maine		Massachusetts
Regulator	Maine Public Utilities Commission (MPUC)		Department of Public Utilities (DPU)
Term	1 year plan 3/1/20 – 2/28/21	10 year plan thru 4/26/16 subject to Year 7 review	3 year plan 2019-2021 Effective January 2019
Annual Rate Increases	Year 1 - $17.4M		Year 1 - $2.3M Years 2 & 3 - Freeze
Avg. Rate Base ('19)	$933M	$76M	$136M
Allowed ROE	9.25% less 1.00% mgmt. efficiency adjustment(1)	9.55%	9.7%
Allowed Equity Ratio	50%	50%	54%
Earnings Sharing	No	50/50 above 12.05%	No
Rate Year	Forecast	Forecast	Historic
Trackers / Reconciled Costs	· Revenue Decoupling · Major Storms · Greater Minor Storm recovery ($8.1M/year vs. $4M prev.) · Vegetation mgmt. funding increased 25% · Environmental · Gas Supply (pass through)	· No Revenue Decoupling · Gas Supply (pass through)	· Revenue Decoupling · Gas Supply (pass through)
ROE filing	Annually	Annually	Annually
Achieved ROEs 2019	5.8%	NA	10.8%
Achieved ROEs 2018	4.2%	NA	NA
Achieved ROEs 2017	12.7%	NA	NA
Achieved ROEs 2016	11.4%	NA	NA
Achieved ROEs 2015	7.6%	NA	NA
Achieved ROEs 2014	9.6%	NA	NA

(1) ROE management efficiency adjustment until customer service metrics achieved for 18 months.

FERC Jurisdiction Rate Plans

		Central Maine Power Transmission (CMP-T)	United Illuminating Transmission (UI-T)
Regulator		Federal Energy Regulatory Commission (FERC)	
Term		Annual filing by July 31	
Avg. Rate Base ('19)		$1,469M	$672M
Allowed ROE		10.57-11.74%	10.57-11.74%
Equity Ratio		Actual (~53-59%)	Actual (~53-58%)
Earnings Sharing		No	No
Decoupling		No	No
Trackers / Reconciled Costs		• Annual true-up to actual operating expenses and revenue requirement • Capital investments not included in rate base until they are placed in service, unless a specific FERC incentive is granted allowing for the inclusion of Construction Work in Progress (CWIP) in rate base • We are allowed to calculate an Allowance for Funds Used During Construction (AFUDC) as a non-cash carrying charge added to CWIP and recovered over the life of the asset on all other projects that do not receive the CWIP in rate base incentive	
ROE filing		Annually	
Achieved ROEs[1]	2019	9.9%	11.3%
	2018	11.8%	11.3%
	2017	11.4%	11.3%
	2016	11.2%	11.4%
	2015	10.6%	11.4%
	2014	10.5%	12.1%
	2013	11.3%	12.2%

T FERC ~$2.1B Rate Base by earned ROE at YE '19



Main projects receiving 11.74%:
- MPRP
- Middletown-Norwalk
- NEEWS

(1) Based on actual equity ratios vs allowed.

Regulated generation facilities

Operating Company	Facility Location	Facility Type	Installed Capacity (MW)	Year(s) Commissioned
NYSEG	Newcomb, NY	Diesel Turbine	4.1	1967, 2017
NYSEG	Blue Mountain, NY (1)	Diesel Turbine	2.0	2019
NYSEG	Long Lake, NY (1)	Diesel Turbine	2.0	2019
NYSEG	Eastern New York (6 locations)	Hydroelectric	61.4	1921-1983
RGE	Rochester, NY (3 locations)	Hydroelectric	57.1	1917-1960
UI	Connecticut (3 locations)	Fuel cell / Solar	13.4(2)	2015 - 2017

(1) Blue Mountain and Long Lake Diesel Turbine are rented facilities
(2) Includes 2.2 MW of solar

- UI is party to a 50-50 joint venture with certain affiliates of Clearway Energy, Inc. in GCE Holding LLC, whose wholly owned subsidiary, GenConn, operates two 200 MW* peaking generation plants in Devon and Middletown, both in Connecticut.

**Nameplate value*

Data as of December 2020

How to model

Approach for Network Income Calculation

+ **Rate Base * Equity Ratio(1) * Regulatory ROE (8 utilities)**

+ **Other Income:**
  - Allowance for funds used during construction (AFUDC, including AFUDC for NECEC)
  - Carrying costs on regulatory assets & liabilities not included in Rate Base
  - Be sure to tax effect values

+ **Equity Investments (GenConn, NY Transco, MEPCO)**

= **Networks "Income"**

(1) Connecticut companies, CMP, and Transmission based on actual equity ratio.

Economics

Rate Base

- **Rate Base =** Gross plant in service - Book depreciation - Deferred income taxes +/- working capital +/- regulatory assets & liabilities (not accruing carrying costs) + prepaid + materials and supplies
- **Average rate base for a 13-month period** used for gas and electric distribution and UI transmission. Year-end rate base used for CMP Transmission

AFUDC & Carrying Costs

- Utilities accrue **AFUDC** on longer-term construction projects prior to being placed in-service
- Utilities accrue **Carrying Costs** on certain regulatory assets & liabilities not in rate base
- This has an impact on **current earnings,** but there is **no current cash flow impact**

Equity Income

- 50% JV with affiliates of Clearway Energy (GenConn) in 2 regulated peaking plants with ROE of 9.85%
- 20% investment in NY Transco with 53% Equity Ratio

Earned ROE

- Based on formulas approved by regulator and used in annual compliance filings
- Formulas based on operating income with certain regulatory adjustments
- Earned ROE assumptions in ’20-’25 Long-term Outlook: Expect to earn allowed ROEs by middle of the period.

Additional regulatory information in Avangrid Factbook: http://www.avangrid.com/wps/portal/avangrid/Investors/investors/financialoperationalreports

Flagship Projects: NECEC (I)

Largest decarbonization project in New England

- 1,200 MW transmission project bringing clean, affordable energy to Maine & Massachusetts
- Successfully completed all major permitting & construction commenced in January ’21; expected **COD mid-’23**
- Creating 1,600 jobs during development & benefitting the environment with the equivalent of removing > 700,000 passenger vehicles from the road
- Already control 100% of rights of way
  - 73% in existing transmission corridor
  - 27% in industrial forest

NEW ENGLAND CLEAN ENERGY CONNECT

Additional information on NECEC and other projects here: http://www.avangrid.com/wps/portal/avangrid/Investors/investors/financialoperationalreports

Flagship Projects: NECEC (II)

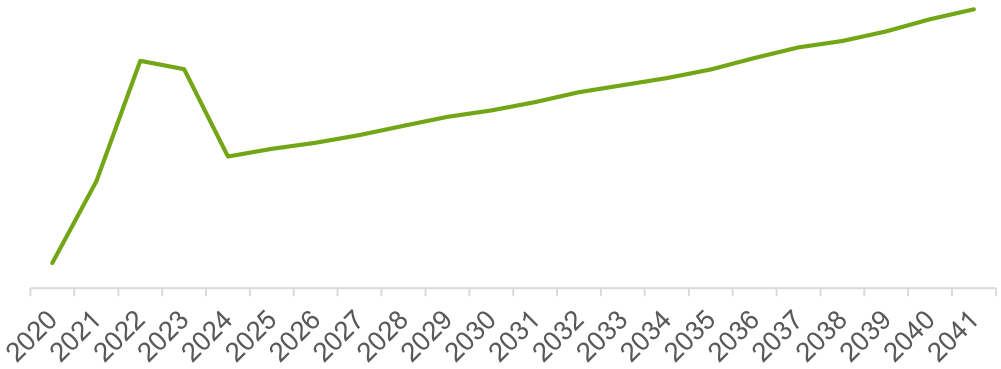
Capacity: 1,200 MW Transmission

Capital cost: Estimated $950M (excl. AFUDC)

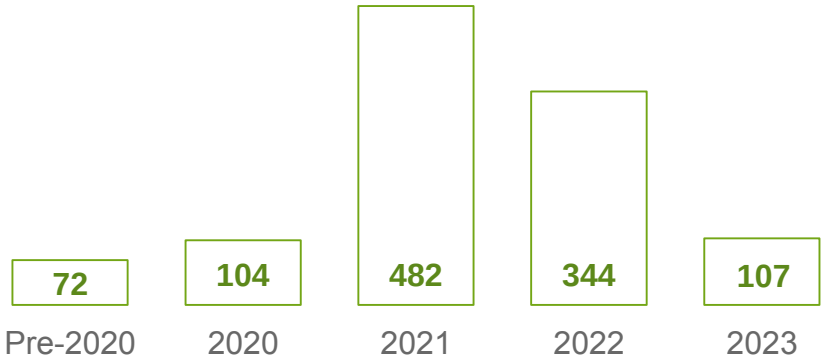
Contract Price: $9.29/kW month(1) Year 1 (2023) escalating ~2% annually through Year 20
$7.38/kW month(2) Years 21-40

Depreciation: 40-Year Straight Line (GAAP) / 15-Year MACRS (Tax)

Revenue trajectory (3)



Project Capex $Millions (4)

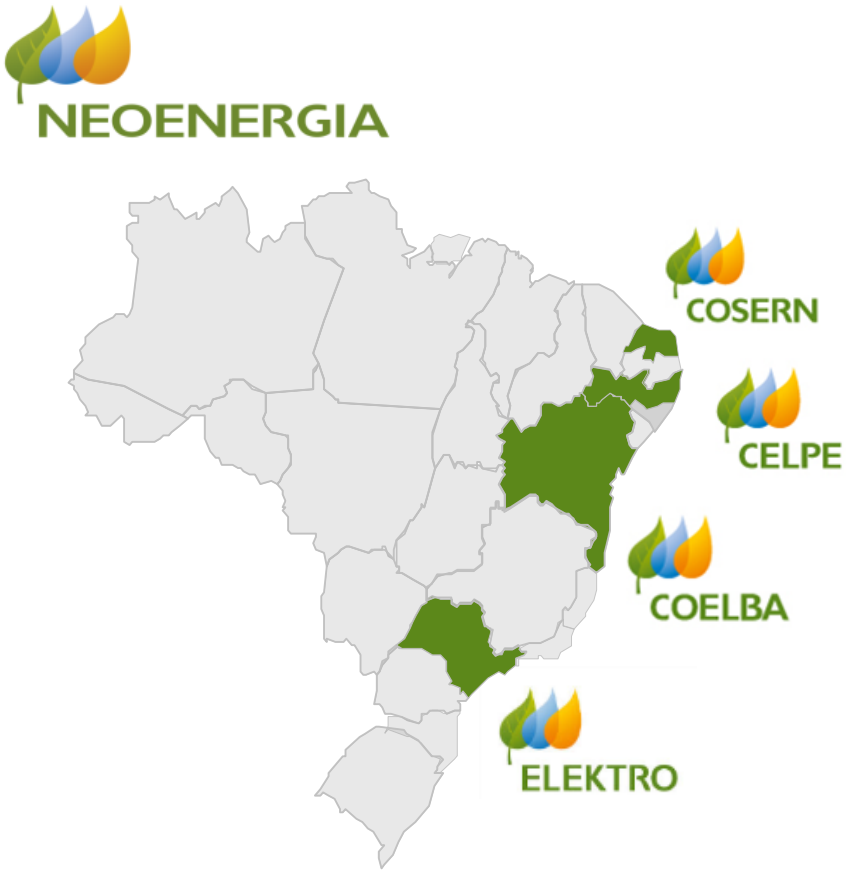


(1) Equivalent to $12.73/MWh for a 100% load factor.
(2) Equivalent to $10.11/MWh for a 100% load factor.
(3) Project economics are based on levelized, fixed-price transmission service agreements starting at COD; therefore, capital spending amounts are not added to rate base & collected through a FERC tariff. ROEs are expected to start lower & increase over the contract life to achieve an equivalent 10.57% levelized average.
(4) Includes AFUDC; est. rate based on Transmission ROE and capital structure.

MA – Long-term contracts with Electric Distribution Companies, 18-64 – eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber

Energy leader in Brazil and Latam…

	2020
RAV (BRL Bn)	**26,5**
Elektro	17%
Coelba	38%
Celpe	20%
Cosern	8%
Transmission	17%
Distributed energy (GWh)	**66.857**
Elektro	29%
Coelba	37%
Celpe	26%
Cosern	10%
Points of supply (M)	**14,3**
Elektro	19%
Coelba	43%
Celpe	27%
Cosern	10%
Kms of lines	**654.886**
Elektro	18%
Coelba	50%
Celpe	23%
Cosern	9%

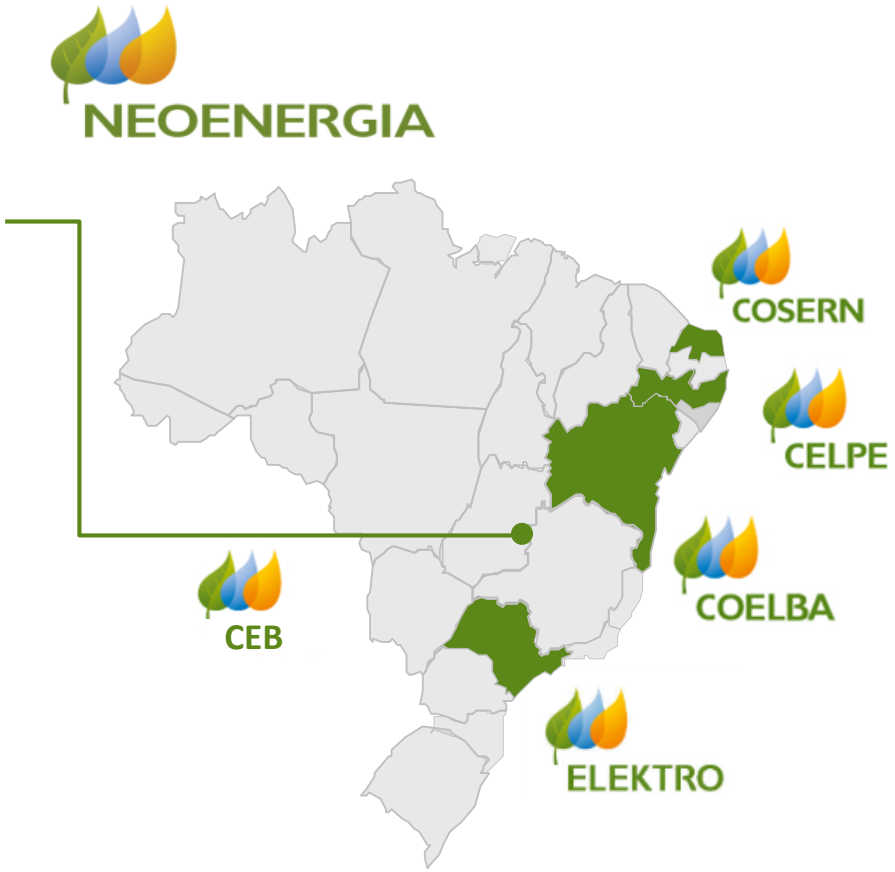


Data as of December 2020

NETWORKS: BRAZIL

… growing after integrating CEB Distribuição from March 2021

- Location: Brasilia, capital of Brazil
- Population: 3.0 MM
- Concession area: 5,802 km^2
- Concession term: July 2045
- Next tariff review: October 2021
- Operating data[(1)]:
  - Net RAB: BRL 1 Bn
  - Energy distributed: 7.5 TWh
  - Customers: 1.1 M
  - Km of lines: >19,000



(1) Source: CEB 2020 Annual report

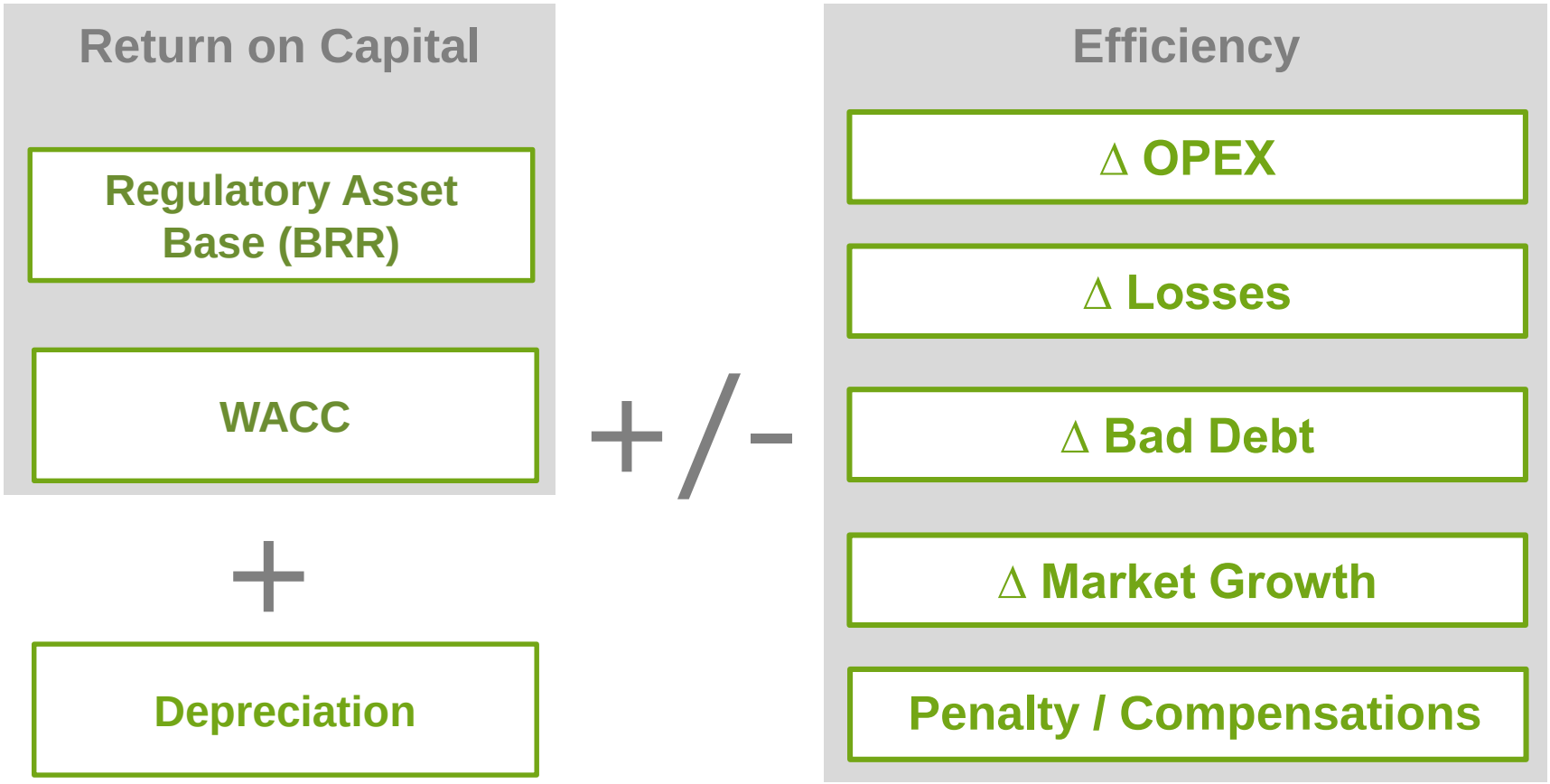
Data as of December 2020

Regulatory framework

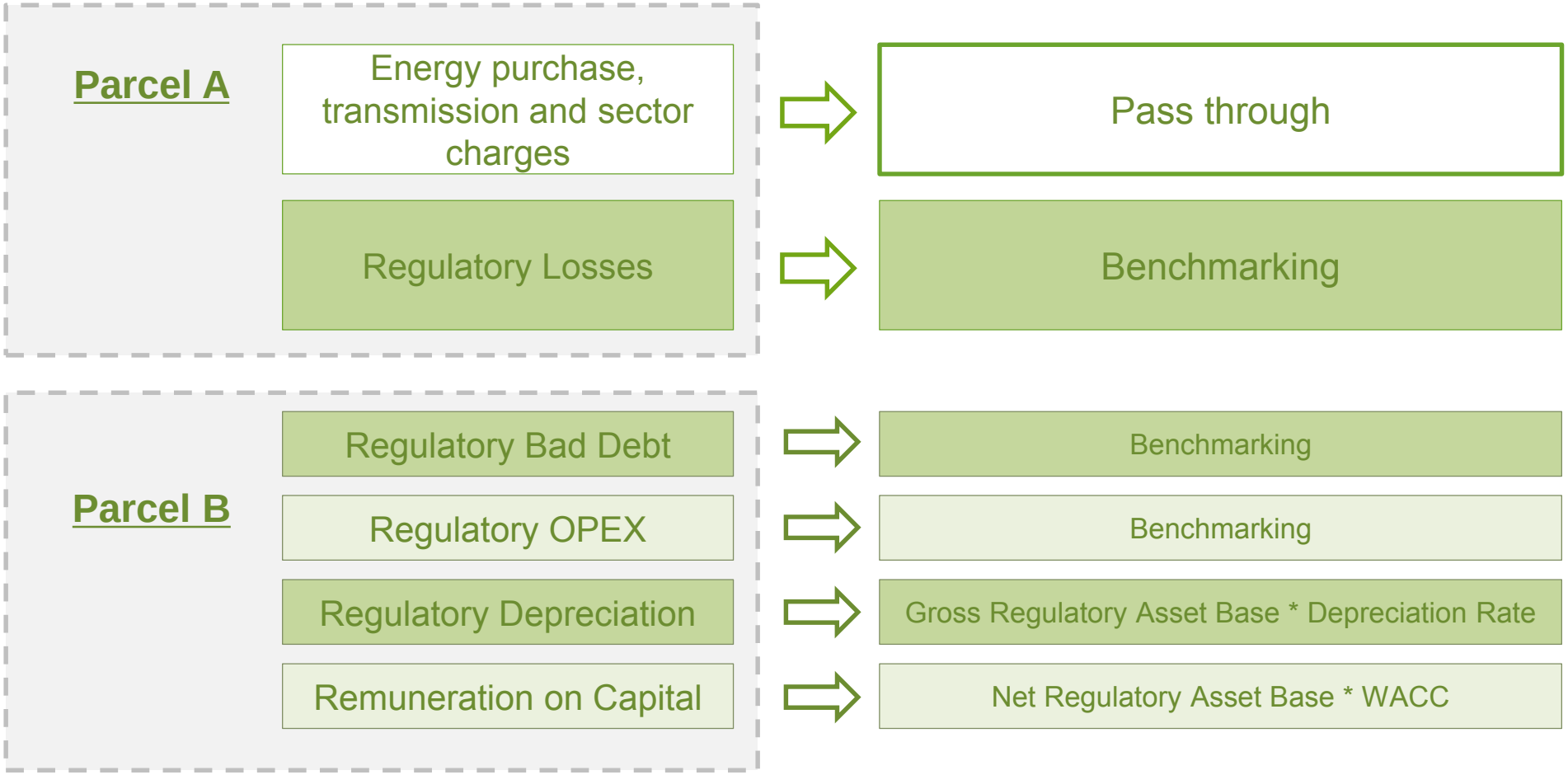
	Concession process	Concession/ authorization term	Renewal	Tariff / Revenue
Distribution	• Competitive auctions	• 30 years • Due date: Aug 2027 to Mar-2030	• Possible (+30 yrs) • May be changed Contractual conditions • Indemnification for non-depreciated assets	• Tariff structured to remunerate for: - Parcel A = Non manageable costs (pass through): energy supply + transmission + sector charges - Parcel B = manageable costs (Incentive model): capex + opex. Annually adjusted by inflation + demand growth – X factor • Tariff review every 4-5 years: redefinition of Part B, X factor and regulatory level for energy loss and bad debt
Transmission	• Competitive auctions	• 30 years • Due date: Aug 2027 to Mar-2051(1)	• Possible according to certain contractual conditions • Indemnification for non-depreciated assets	• RAP defined in the Concession Auction • Revenue yearly adjusted by inflation • Tariff review every 5 years (WACC readjustment only)

(1) Refers to the first and last asset to have its concession expired, considering operating and under construction assets.

Distribution



Distribution: Tariff components



Distribution: regulatory parameters

	Factor X	QRR (1)	Gross BRR(2)	Net BRR(2)
Coelba	0.35%	3.82%	16,770	10,049
Elektro	0.84%	3.96%	6,726	4,593
Celpe	1.07%	3.92%	8,871	5,244
Cosern	0.79%	3.89%	3,376	2,177
CEB	-0.04%	3.67%	1,789	1,043

(1) Regulatory depreciation rate. As of December 2020

(2) Regulatory Asset Base (BRL M). As of December 2020

Distribution: Tariff Review Processes

Tariff Review	Every 4 or 5 years • Pass through: energy supply + transmission + sector charges • Definition - Regulatory Asset Base (RAB) and OPEX • Establish standards for losses, quality and an efficiency factor
Annual Tariff Adjustment	Yearly except on Tariff Review year • Pass through: energy supply + transmission + sector charges • Manageable costs (Parcel B) - Adjusted by inflation + demand growth – X factor

Tariff reviews

2013	Coelba, Celpe and Cosern 3rd RTP	
2015	Elektro 4thRTP	
2016	CEB-D 4thRTP	
2017	Celpe 4rthRTP	
2018	Coelba and Cosern 4th RTP	
2019	Elektro 5th RTP	
2021	Celpe 5th RTP	CEB-D 5th RTP
2023	Coelba and Cosern 5th RTP	Elektro 6th RTP

Transmission

1 lot awarded in Dec 2020 (Lote 2), 1 lot awarded in Dec 2019 (Lote 9), together with 4 lots in Dec 2018 and 6 lots in 2017 (April and December) in or close to our Service Areas. Investments of BRL ~ 11 Bn (1)

Entry in operation between 2020 and 2024

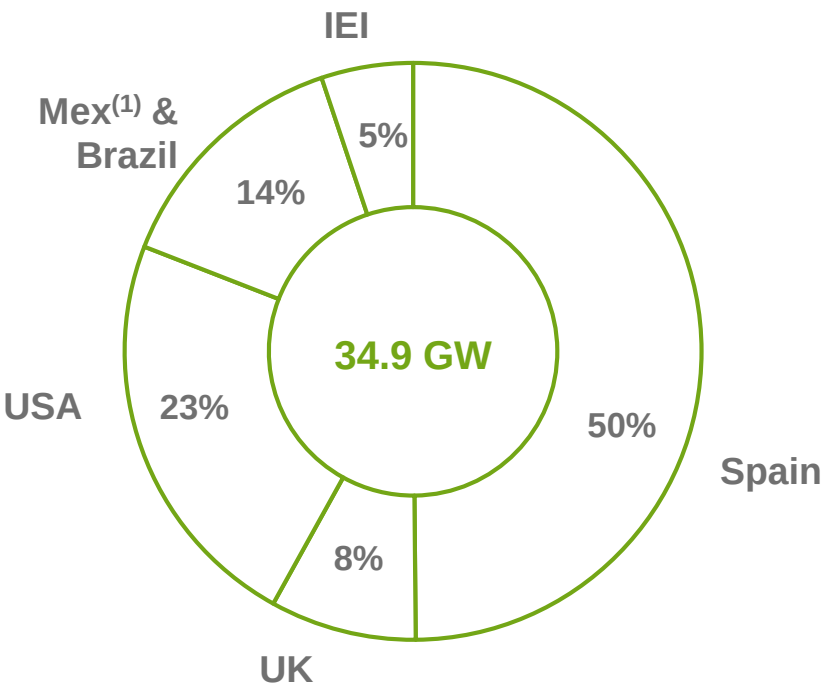
(1) CAPEX defined by Aneel as of the auctions notices

Information on auction results : http://www.aneel.gov.br/resultados-de-leiloes

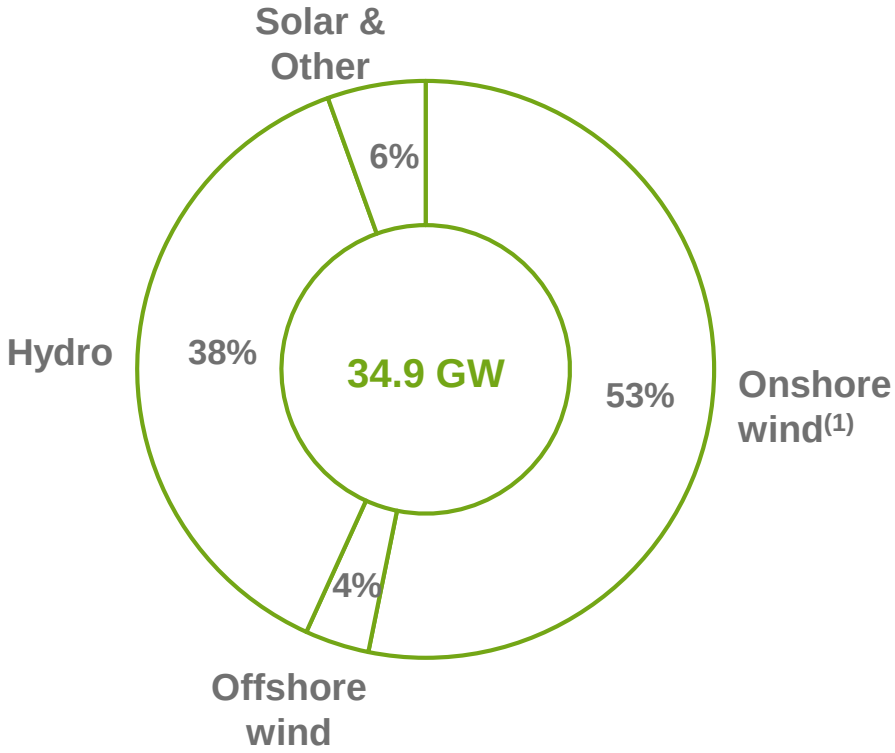
AGENDA

Leading position in renewables

Capacity by region



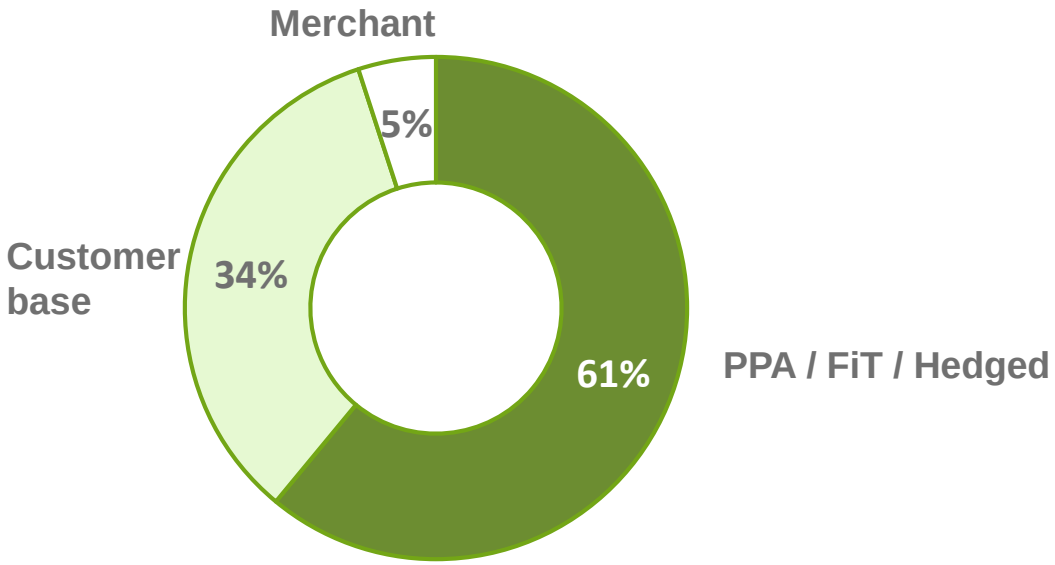
Capacity by technology



(1) Including 103 MW of onshore wind capacity for third parties

Data as of December 2020

~61% of the capacity secured through PPAs or long term contracts, with an average duration of 10-12 years …



… and an additional 34% secured through our customer base in Spain

Data as of December 2020

RENEWABLES

Capacity (MW)	Spain	UK	US	Mexico	Brazil	IEI	Total
Onshore owned	6,292	1,950	7,721	579	516	1,414	**18,471**
Onshore for third parties	-	-	-	103	-	-	**103**
Offshore	-	908	-	-	-	350	**1,258**
Hydro	9,715	-	118	-	3,031	-	**12,864**
Mini-hydro	303	-	-	-	-	-	**303**
Solar	1,100	-	130	642	-	6	**1,878**
Others	-	6	13	-	-	25	**44**
Total	**17,411**	**2,864**	**7,982**	**1,325**	**3,546**	**1,795**	**34,923**

Production (GWh)	Spain	UK	US	Mexico	Brazil	IEI	Total
Onshore owned	11,617	3,581	18,930	929	1,878	2,249	**39,183**
Onshore for third parties	-	-	-	218	-	-	**218**
Offshore	-	3,097	-	-	-	1,283	**4,380**
Hydro	13,111	-	120	-	8,803	-	**22,034**
Mini-hydro	682	-	-	-	-	-	**682**
Solar	509	-	248	729	-	8	**1,494**
Others	-	-	73	-	-	-	**73**
Total	**25,919**	**6,677**	**19,371**	**1,876**	**10,681**	**3,540**	**68,064**

Data as of December 2020

Top 1 renewable player with 17,411 MW installed

Onshore Wind

Year of Installation	MW (1)
1998	21
1999	36
2000	323
2001	308
2002	471
2003	552
2004	1,019
2005	424
2006	296
2007	683
2008	289
2009	553
2010	269
2011	130
2012	332
2018	18
2019	281
2020	287
Total	**6,292**

Solar PV

Project	Region	MW	COD
Núñez de Balboa	Badajoz	500	2019
Andévalo	Huelva	50	2020
Teruel	Teruel	50	2020
Campo Arañuelo I	Cáceres	49	2020
Campo Arañuelo II	Cáceres	48	2020
Campo Arañuelo III	Cáceres	29	2020
Ceclavín	Cáceres	217	2020
Majada Alta	Cáceres	11	2020
San Antonio	Cáceres	11	2020
Romeral	Cuenca	50	2020
Olmedilla	Cuenca	50	2020
Barcience	Toledo	35	2020
Total		**1,100**	

(1) 199 MW consolidated through equity method

Data as of December 2020

Top 1 renewable player with 17,411 MW installed

Hydro

Region	Total MW	Pumping hydro MW
Mediterranean Basin	2,360	1,317
Duero Basin	3,530	1,126
Sil Basin	1,582	348
Tajo Basin	2,243	217
Total	**9,715**	**3,008**

Mini-hydro

	Total MW [1]
Mini-hydro	**303**

(1) 2 MW consolidated through equity method

Data as of December 2020

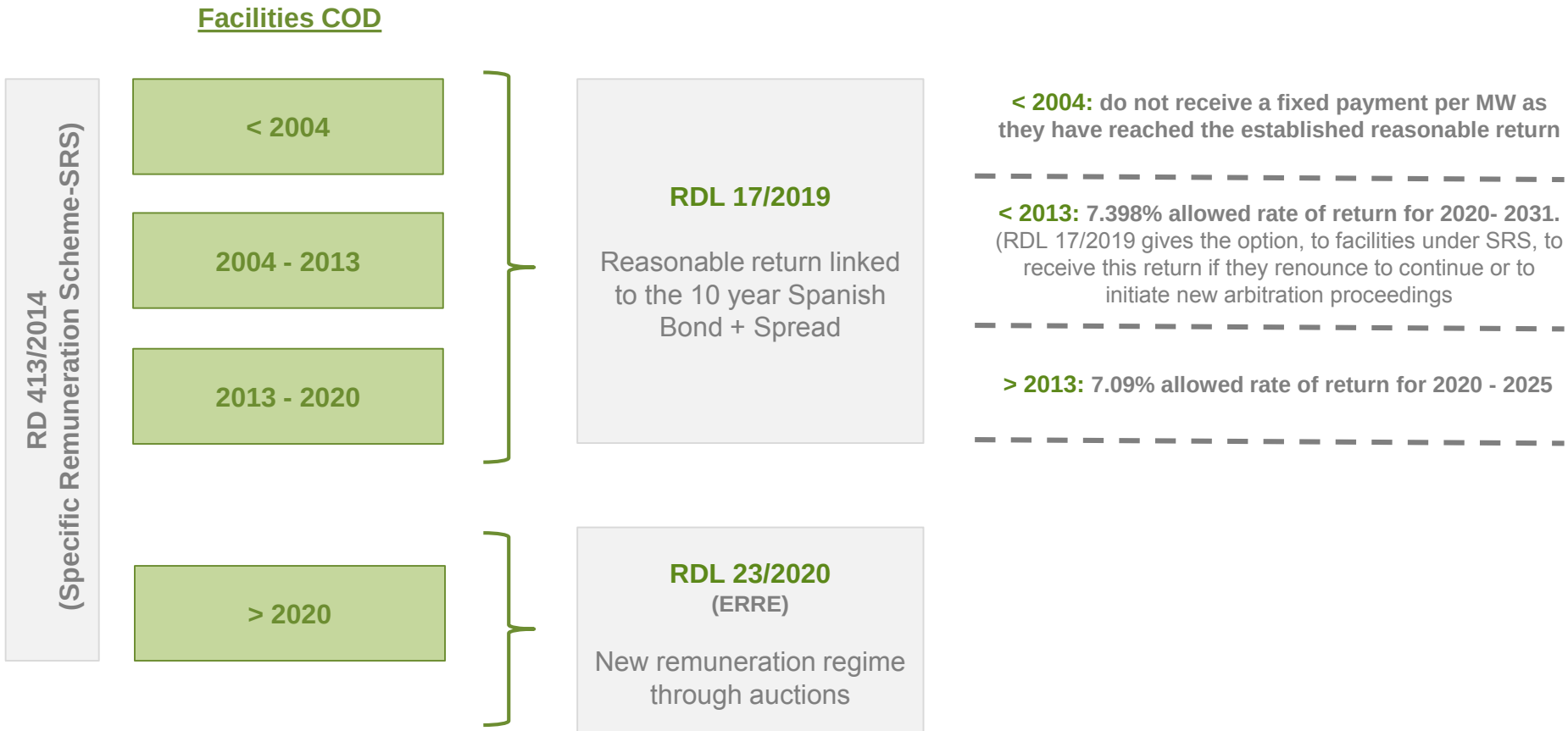
Projects under construction

Project	Type	Region	Total MW	MW installed as of Dec´20	MW pending	COD
Martín de la Jara	Onshore	Sevilla / Málaga	36		36	2021
Valdesantos (Herrera II)	Onshore	Burgos	14		14	2021
Verdigueiro (ERPASA)	Onshore	Asturias	37		37	2021
El Puntal II	Onshore	Málaga	15		15	2022
Revilla-Vallejera	Solar PV	Burgos	50		50	2021
Arenales	Solar PV	Cáceres	150		150	2021
Ceclavín (Oriol)	Solar PV	Cáceres	328	217	111	2021
Francisco Pizarro	Solar PV	Cáceres	590		590	2021
FV Campo Arañuelo I	Solar PV	Cáceres	50	49	1	2021
FV Campo Arañuelo II	Solar PV	Cáceres	50	48	2	2021
FV Campo Arañuelo III	Solar PV	Cáceres	40	29	11	2021
Majada Alta	Solar PV	Cáceres	50	11	39	2021
San Antonio	Solar PV	Cáceres	50	11	39	2021
Puertollano	Solar PV	Ciudad Real	100		100	2021
Peñarrubia	Solar PV	Murcia	50		50	2021
Villarino	Solar PV	Salamanca	50		50	2021
Barcience	Solar PV	Toledo	50	35	15	2021
Ciudad Rodrigo	Solar PV	Salamanca	318		318	2022
Sabic	Solar PV	Murcia	100		100	2023
Campo Arañuelo III (BESS)	Batteries	Cáceres	3		3	2021
Puertollano BESS	Batteries	Ciudad Real	5		5	2021
Támega	Hydro	Portugal	1.158		1.158	2021-2023
Total			**3.293**	**401**	**2.892**	

Data as of December 2020

Regulatory framework scheme for wind and solar

- The Specific Remuneration Scheme (SRS) established by RD 413/2014 is still in force for all renewables. In addition, in parallel, the New Economic Regime for Renewable Energy (ERRE) through auctions has been enabled.
- The SRS applies to all facilities installed before RDL 9/2013 and to all subsequent ones that have been awarded this SRS trough auctions or trough the Canarian quota



Data as of December 2020

Renewables, cogeneration and waste: Law 24/2013, Royal Decree 413/2014 and Royal Decree Law 17/2019

- **Allowed rate of return (before taxes) of 7.398% until 2031 for facilities in operation before RDL 9/2013**. **For facilities in operation after RDL 9/2013, allowed rate of return of 7.09% until 2025 following CNMC published WACC methodology**

  For those facilities in operation before RDL 9/2013 with any pending arbitration or judicial proceeding related to the modification of the Remuneration Regime after RD 661/2007, early termination of arbitration or judicial procedure or the waiver of the perception of compensation is a mandatory requirement prior to obtain the 7.398% allowed rate of return until 2031. (*Royal Decree Law 17/2019*)

- **Remuneration based on revenues from market participation**, **with a specific additional remuneration articulated in two terms**:
  - **RI**: A term per unit of installed capacity (€/MW) that covers the investment costs of a standard installation that cannot be recovered by the sale of energy. Allowing the installation to achieve a reasonable return defined by the Government.
  - **RO**: A term for operation (€/MWh) that covers the difference between operating costs and the revenues from the market participation of such standard installation. The installation of renewable energies, cogeneration or waste will not receive such remuneration for operation as long as its income from the sale of electricity in the system is higher than its operating costs.
- **Parameter modification**:
  - **Every 6 years** all the parameters could be changed (including reasonable return) for the remaining useful life, except for the useful life and standard value of the initial investment of an installation;
    - Order TED/171/2020 establishes the remuneration parameters to estimate the regulated remuneration of renewables and cogeneration for the 2020-2025 regulatory period. The main changes are:
      - It has recognized a higher cost of CO2, a higher fuel price (which improves the RO of these plants by 14 €/MWh) and the remuneration for the cost of the System Operator (0.14 €/MWh)
  - **Every 3 years**, and for the rest of the regulatory period, the estimation of revenues from the market will be reviewed, valuing the energy sold at market price based on market price evolution and the forecast for operating hours
  - **At least annually**, the values of remuneration for operation will be updated for those technologies whose operating costs depend essentially on the fuel price.

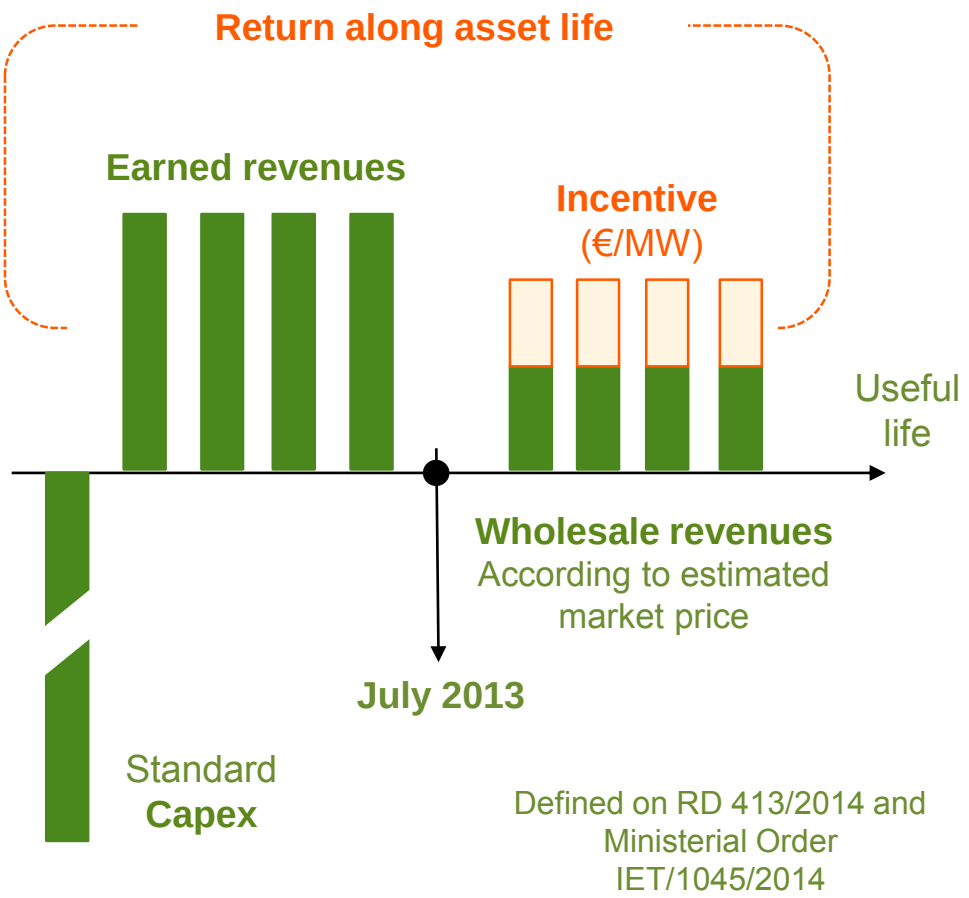
Renewables, cogeneration and waste: Royal Decree-Law 9/2013

Complementary incentives
(RI €/MW + RO €/MWh)

Allowed rate of return:
7.398% / 7.09% before /after RDL 9/2013
Ministerial Order TED/171

Competitive process for new assets

Law 24/2013



New Economic Regime for Renewable Energy (ERRE) through auctions

- **Royal Decree Law 23/2020 (24th June 2020) gave the Government the mandate to develop a new remuneration regime**

  In addition to the remuneration scheme established in RD-L 9/2013, the Government will develop another remuneration framework based on recognizing a long term price for energy produced by new electricity production facilities, through auctions.

- **Royal Decree 960/2020 (4th November 2020) describes the new support system**

  This RD sets up a very flexible system to be concreted in various Ministerial Orders and Call Resolutions
  - **Product to be auctioned**: power (MW), energy (MWh) or a combination of both of them
  - **Variable to offer**: participants will bid a long term price for energy in €/MWh (10-15 years)
  - **Awarded price can be corrected** by an exposition to the market price percentage
    [price received (h) = price awarded + % exposition * (Daily Market Price (h) + Price Awarded)]
  - **Pay as bid auction** with a maximum price and a possible risk price
  - Participants must **provide guarantees** to participate
  - Winners can install more capacity than the amount awarded in the auction

- **Ministerial Order TED/1161**
  - An indicative calendar (to be updated at least annually) for the next five years is published. **Almost 20 GW will be auctioned in the period 2020 – 2025**.
  - Remuneration parameters are set per technology (min. and max. yearly equivalent hours)
  - Auctioned product: installed power (kW)
  - Facilities with storage: if they want to participate can not charge buying electricity from the market.
  - Only new facilities can participate (the earliest from start of works or first firm commitment to order equipment).
  - Participation guarantees amount 60 €/kW (to be partially released if certain milestones are met)
  - 50% of auctioned volume is the maximum quantity to be awarded to one company

- **There will be one Ministerial Order and Call Resolutions for each auction**
  - They will establish the volume to be auctioned for each technology

Flagship projects: Alto Tâmega giga battery

Largest hydroelectric project in the history of Portugal

- The project will give Iberdrola a 15% market share in Portugal
- Construction of 3 reservoirs: Gouvões (880 MW), Daivões (118 MW) and Alto Tâmega (160 MW).

Location: **North Portugal**

Installed capacity: **1,158 MW**

Expected production: **1,800 GWh / year**

Storage capacity: **20 GWh**

Investment: **EUR 1,500 M**

COD: **998 MW in 2021 and 160 MW in 2023**

Daivões concrete arch-dam, ALTO TÂMEGA / Portugal

Top 1 renewable player

Facilities (1/3)

Onshore (I)	Region	MW	Year of Installation	Support Regime
Carland Cross Rep	England	20	1992	1.0 ROC/MWh
Coldham	England	16	2005	1.0 ROC/MWh
Lynemouth	England	26	2011	1.0 ROC/MWh
Coal Clough Repowering	England	16	2014	0.9 ROC/MWh
Corkey	Northern Ireland	5	1994	1.0 ROC/MWh
Rigged Hill	Northern Ireland	5	1994	1.0 ROC/MWh
Elliots Hill	Northern Ireland	5	1995	1.0 ROC/MWh
Callagheen	Northern Ireland	17	2006	1.0 ROC/MWh
Wolf Bog	Northern Ireland	10	2007	1.0 ROC/MWh
Barnesmore	Rep. of Ireland	15	1997	PPA (Expired)
Hagshaw Hill	Scotland	16	1995	1.0 ROC/MWh
Dun Law	Scotland	17	2000	1.0 ROC/MWh
Hare Hill	Scotland	13	2000	1.0 ROC/MWh
Beinn an Tuirc	Scotland	30	2002	1.0 ROC/MWh
Cruach Mhor	Scotland	30	2004	1.0 ROC/MWh
Black Law I	Scotland	97	2005	1.0 ROC/MWh
Beinn Tharsuinn	Scotland	30	2006	1.0 ROC/MWh
Black Law II	Scotland	28	2006	1.0 ROC/MWh
Wether Hill	Scotland	18	2007	1.0 ROC/MWh
Greenknowes	Scotland	27	2008	1.0 ROC/MWh
Hagshaw Hill Extension	Scotland	26	2008	1.0 ROC/MWh
Whitelee	Scotland	322	2008	1.0 ROC/MWh
Clachan Flats	Scotland	15	2009	1.0 ROC/MWh

Data as of December 2020

Facilities (2/3)

Onshore (II)	Region	MW	Year of Installation	Support Regime
Dun Law Extension	Scotland	30	2009	1.0 ROC/MWh
Arecleoch	Scotland	120	2011	1.0 ROC/MWh
Mark Hill	Scotland	56	2011	1.0 ROC/MWh
Whitelee Extension	Scotland	217	2011	1.0 ROC/MWh
Beinn an Tuirc Ext	Scotland	44	2012	1.0 ROC/MWh
Middleton	Scotland	12	2012	1.0 ROC/MWh
Harestanes	Scotland	136	2013	1.0 ROC/MWh
Black Law Ext I	Scotland	45	2016	0.9 ROC/MWh
Black Law Ext II	Scotland	18	2016	0.9 ROC/MWh
Dersalloch	Scotland	69	2016	0.9 ROC/MWh
Ewe Hill	Scotland	14	2016	0.9 ROC/MWh
Ewe Hill Phase 2	Scotland	37	2017	0.9 ROC/MWh
Glen App	Scotland	22	2017	0.9 ROC/MWh
Hare Hill Extension	Scotland	30	2017	0.9 ROC/MWh
Kilgallioch	Scotland	239	2017	0.9 ROC/MWh
Beinn an Tuirc 3	Scotland	22(1)	2020	Corporate PPA
Halsary	Scotland	22(2)	2020	Corporate PPA
P&L (3)	Wales	15	1992	1.0 ROC/MWh
Total		**1,950**		

(1) MW installed as of December 2020, corresponding to a project under construction with COD in 2021 (50 MW)
(2) MW installed as of December 2020, corresponding to a project under construction with COD in 2021 (30 MW)
(3) 15 MW consolidated through equity method

Data as of December 2020

Facilities (3/3)

Offshore	MW	Year of Installation	Support Regime	Support level/MWh
West of Duddon Sands	194(1)	2014	ROC	2.0 ROC
East Anglia I	714(2)	2020	CfD	119.89 £/MWh (real 2012+CPI)/15 yrs
Total	**908**			

Batteries	State	Total MW	Year of Installation	Support Regime
Carland Cross LEM	England	1	2020	Merchant/Ancillary Services
Whitelee BESS	England	5(3)	2020	Merchant/Ancillary Services
Total		**6**		

(1) 50% of total 389 MW. Full consolidation 194 MW.
(2) 100% of total 714 MW. Minority stake (40%) sold to Green Investment Group (GIG, Macquarie Group) in August 2019
(3) MW installed as of December 2020, corresponding to a project under construction with COD in 2021 (50 MW)

Data as of December 2020

Projects under construction

Project	Type	Region	Total MW	MW installed as of Dec´20	MW pending	Year of Installation	Income Regime
Beinn an Tuirc 3	Onshore	Scotland	50	22	28	2021	Corporate PPA
Halsary	Onshore	Scotland	30	22	8	2021	Corporate PPA
Whitelee BESS	Batteries	Scotland	50	5	45	2021	Merchant/Ancillary Services
Barnesmore	Batteries	Ireland	3		3	2021	DS3 (Volume Uncapped) (1)
Gormans	Batteries	Ireland	50		50	2021	DS3 (Volume Capped) (1)
Carland Cross (Hybrid)	Solar (Hybrid)	England	10		10	2021	Corporate PPA
Coldham(Hybrid)	Solar (Hybrid)	England	9		9	2021	Corporate PPA
Coal Clough (Hybrid)	Solar (Hybrid)	England	10		10	2021	Corporate PPA
Total			**212**	**49**	**163**		

(1) Delivering a Secure Sustainable Electricity System

Data as of December 2020

RENEWABLES: UK REGULATORY ENVIRONMENT

Renewables Obligation

Form of Control

- Previous remuneration system for incentivising the growth of renewable energy across the UK.
- Demand-led scheme.
- Renewable Obligation Certificates (ROCs*) issued to eligible / accredited stations.
- All accredited stations continue to enjoy the benefit for the term of the ROC – ROCs issued for 20 years.

Remuneration

- Generators receive wholesale market plus ROC based on metered output.
- ROC level of support (banding) set by technology type and commissioning date:
  - Onshore wind 0.9 - 1 ROCs / MWh
  - Offshore wind 1.8 - 2 ROCs / MWh
- The value of a ROC is based on buyout + recycle price. Buyout price is indexed annually to RPI** and is set at £50.80 for 2021/22. The recycle price is variable and is dependent on the level of ROC qualifying generation compared to demand from electricity suppliers. The recycle price has yet to be announced for 2020/2021 or 2021/22 (the price in 2019/20 was £5.65). The recycle price can never be negative.

Timing

- Closed to onshore wind on 31 March 2016 (subject to 12 month grace period).
- Closed to all other technologies on 31 March 2017.

Contracts for Difference

Form of Control

- The current mechanism for incentivising low carbon generation in GB.
- 15 year contracts allocated via competitive auctions.
- Long-term contract to stabilise revenues at a pre-agreed level (the Strike Price) for the duration of the contract linked to CPI***.

Remuneration

- Generator receives wholesale market plus the difference between the contract Strike Price (set at CfD auction) and the market reference price (a measure of the average GB electricity market price) based on metered output.
- Generator pays back if the market reference price is higher than the strike price.
- AR3 (2019 auction) strike prices of between £39.65 – £41.61 MWh (in 2012 prices) equivalent to a delta of £44.95 – £47.18 /MWh if indexed to 2019 prices.

Timing

- CfD auctions held in 2014, 2017 and 2019.
- Next auction round (AR4) due to open in late 2021 and will be open to onshore wind, solar PV, offshore wind and less-established technologies.
- Auctions currently expected to be held every 2 years thereafter.

Offshore Transmission Regime

- Generators build the transmission assets and then transfer them to transmission operator at construction completion.
- Licences to operate new offshore transmission assets are allocated via competitive tender process.

** ROCs are electronic certificates issued to accredited renewable generating stations into the ROC Register for. Operators can trade ROCs with other parties. ROCs are used by suppliers to demonstrate they have met their obligation to source an increasing proportion of the electricity they supply from renewable sources. Normally, a renewable generator will transfer the related ROCs through Ofgem's electronic registry when it sells power to an electricity supplier.*

*** Retail Price Index measures the change in the cost of a representative sample of retail goods and services, including the cost of housing. The measure has now generally superseded by CPI.*

**** Consumer Price Index is the official measure of inflation of consumer prices of the United Kingdom , based on 700 different goods and services excluding the cost of housing.*

RENEWABLES: UK REGULATORY ENVIRONMENT

Electricity System Operation

Form of Control

- National Grid Electricity System Operator (NGESO) is the System Operator (SO) for the electricity transmission network in Great Britain. It is responsible (overseen by the regulator, Ofgem) for the day to day operation of the system, including system stability and balancing.
- The UK power markets are bilaterally traded markets. If a market participant generates or consumes more or less electricity than they have contracted for, they are exposed to the imbalance price, or 'cash-out', for the difference.

Renewables Participate in the Following Mechanisms to Manage Grid Stability and Security of Supply

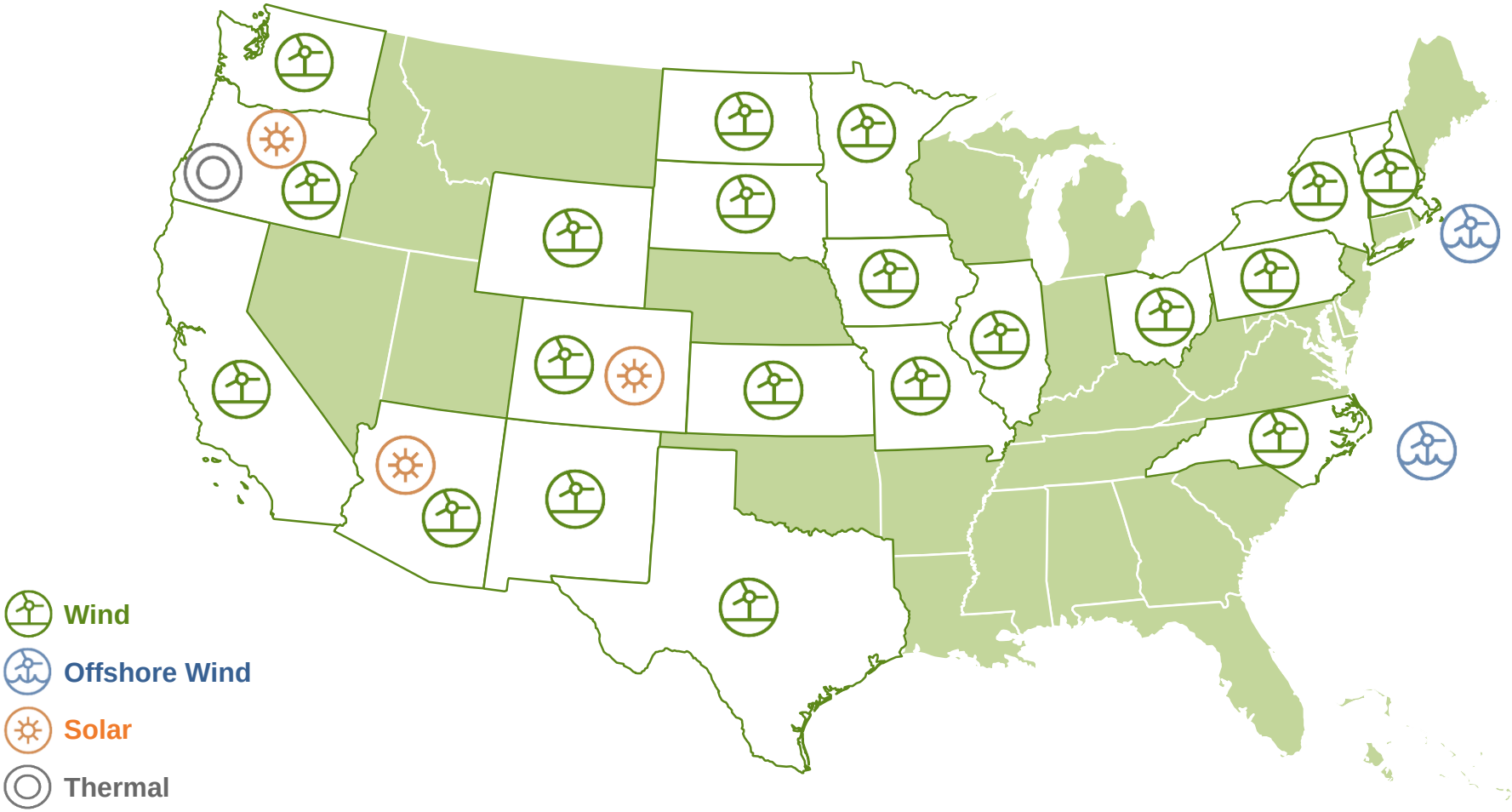
- **Balancing Market**: Market participants can provide offers and bids to the SO to help balance the system at very short notice. The balancing market is settled on a pay-as-bid basis.
- **Ancillary Service Markets**: Ancillary services are competitively tendered by the SO to support the continuous stable flow of electricity. The SO will contract a variety of services that are required to maintain grid stability and security, including fast frequency response, short term operating reserve and black start.
- **Capacity Market**: The Capacity Market is a market-wide pay-as-clear (£/kW/yr) capacity auction. Auctions are held ahead of delivery (T-1 years and T-4 years) to procure sufficient capacity (interconnection, demand side response, generation) to meet a reliability standard of 3 hrs loss of load expectation per year. For the T-4 auctions only, the clearing price is adjusted annually for CPI until the delivery year. The target volume procured for the T-1 auction held in March 2021 was 2.4GW (delivery year 2021/22) and cleared at £45/kW/year. The target volume procured for the T-4 auction also held in March 2021 was 42.1GW (delivery year 2024/25) and cleared at £18/kW/year.

Cost of Carbon

- The cost of carbon impacts on wholesale price of energy and therefore the achieved price of the renewables assets that receive Renewable Obligation Certificates.
- With effect from 1 January 2021, the UK Emissions Trading Scheme ("UK ETS") replaced the UK's participation in the equivalent EU Emissions Trading Scheme ("EU ETS").
- The UK ETS sets an initial cap on emissions at 5 per cent below what the UK's share would have been under the EU ETS. Over time, the cap will be reduced so the total emissions from each industry will fall.
- Participants may buy and sell emissions allowances through auctions or secondary markets. The UK ETS will have a transitional Auction Reserve Price of £22. The first auction will be held on 19 May 2021.

RENEWABLES: USA

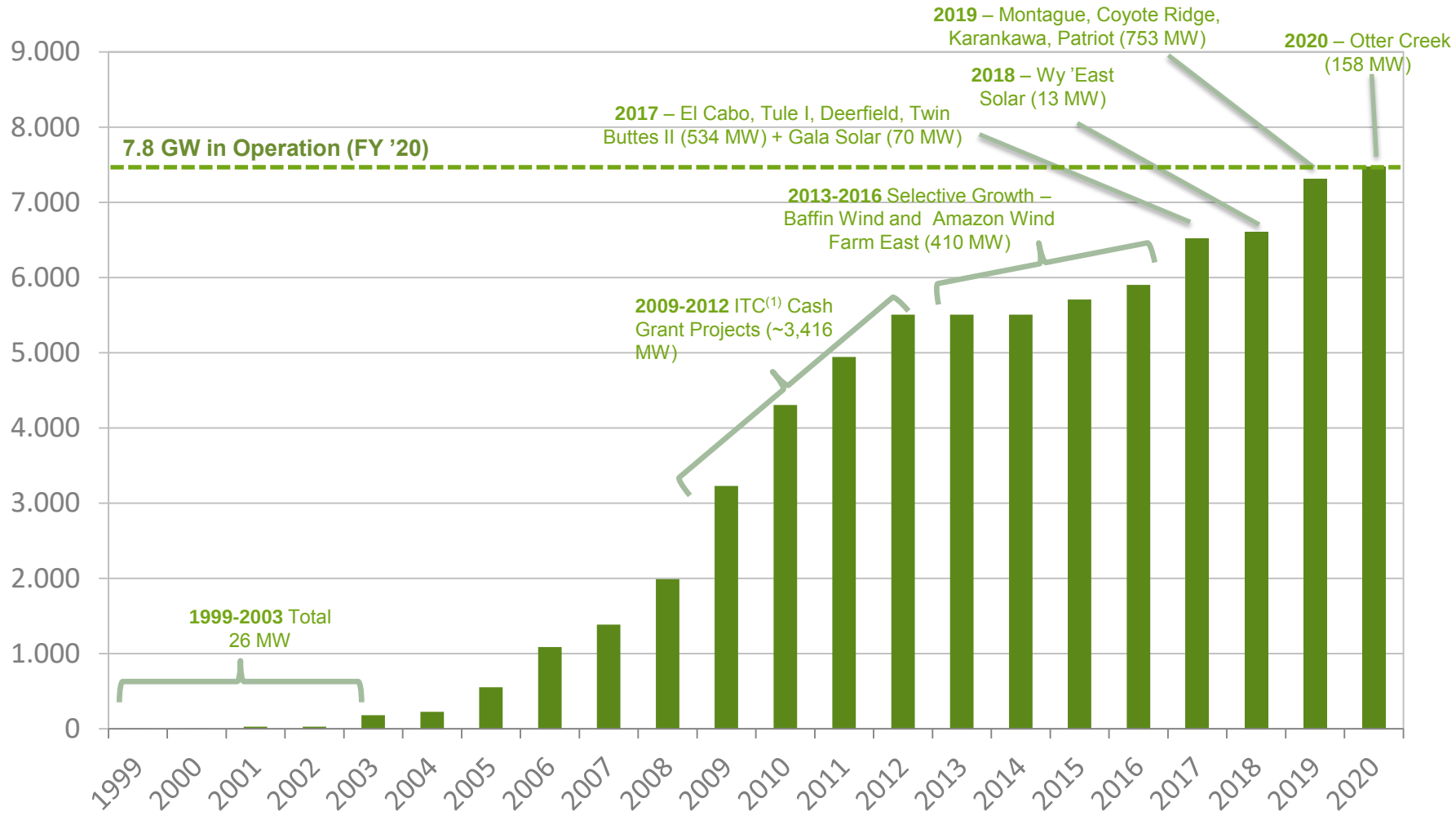
3rd largest wind & solar operator in the U.S. with ~7.8 GW in operation; leading the development of large-scale offshore wind in the U.S.



(1) Includes joint ventures. Under construction is net of 155 MW Tatanka Ridge, 306 MW La Joya (I & II), and 81 MW Roaring Brook.

Data as of December 2020

Renewables Capacity Growth



(1) 2009-2012 Projects funded with Section 1603 ITC cash grants (Renewables received ~$2B in cash for ~$6B investment; no PTCs).

Notes: Avangrid Renewables also owns 536 MW Cogeneration (2001), 100 MW Peaking (2009).
Solar capacity is being reported in MWdc.

Portfolio characteristics

- ✓ **Total Installed capacity of 7.8 GW; 7.7 GW of wind and 130 MW solar PV generation**
- ✓ **~67% of installed capacity under long-term contract**
- ✓ **~9.5 years average remaining PPA life**
- ✓ **Target 85-95% capacity under contract and/or hedged**
- ✓ **Weighted Average PPA price realized to date = $48.3/MWh.**
- ✓ **Escalators on ~50% of PPAs**
- ✓ **Industry-leading energy management capabilities**
- ✓ **24/7 operations, maintenance, dispatch, & load balancing for 72(1) operating wind & solar assets**

(1) Includes joint ventures and managed PPAs

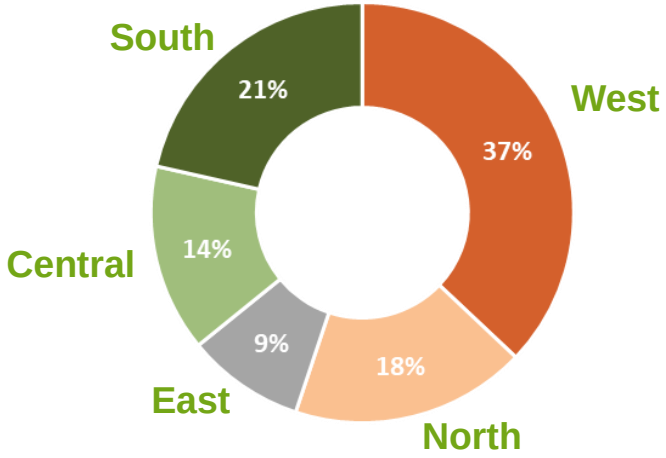
Note: Includes ~365 MW of onshore wind that is installed but not yet operational; Owned & JV onshore wind in operation is ~7,346MW.

Data as of December 2020

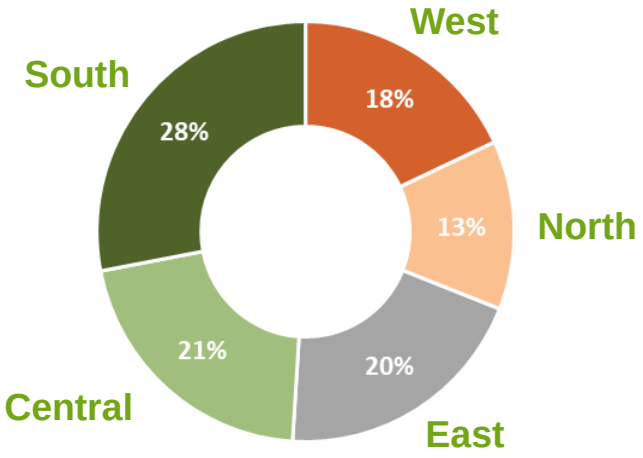
Portfolio characteristics

Contracted & merchant installed capacity distributed across regions

Contracted = 67%



Merchant = 33%



- Price exposure managed with PPAs, fixed price power & gas hedges
- Approximately one-third of merchant exposure is covered by hedges
- Target overall 85-95% production under PPA or Power Hedge

Notes: Includes joint ventures and managed PPAs.
Includes ~365 MW of onshore wind that is installed but not yet operational; Owned & JV onshore wind in operation is ~7,346 MW.

Data as of December 2020

Renewables Tax Incentives Extended

Recent bipartisan legislation extends key tax credits for onshore wind, offshore wind, & solar

Onshore Wind

Start Construction	PTC[1] / ITC[2]	Continuity Safe Harbor[3]
2020	60% ($15/MWh) / 18%	4 Years
2021	60% ($15/MWh) / 18%	4 Years
2022	0% / 0%	N/A

Offshore Wind

Start Construction	PTC[1] / ITC[2]	Continuity Safe Harbor[3]
After 2016 & Before 2026	100% ($25/MWh) / 30%	10 Years

Solar

Start Construction	ITC[2]	Continuity Safe Harbor[3]	In-Service Deadline[4]
2020	26%	4 Years	Year-end 2025
2021	26%	4 Years	Year-end 2025
2022	26%	4 Years	Year-end 2025
2023	22%	4 Years	Year-end 2025
2024 & After	10%	4 Years	N/A

Two ways to start construction:

- Incurring at least 5% of the total project cost before the deadline
- Starting “physical work of a significant nature” on the project site or at a factory on equipment for the project

(1) Production tax credits on electricity output for 10 years starting in the year the project is placed in service. Production tax credit amounts are adjusted each year for inflation.
(2) Investment tax credit is a percentage of the cost of a project and is claimed in the year the project is placed in service.
(3) Timeframe in calendar years from start of construction in which the facility must be placed in service to satisfy the continuity requirement.
(4) The statutory placed-in-service deadline is separate from the four-year continuous construction safe harbor, with projects slipping past 2025 qualifying for only 10% ITC.

Wind facilities (1/3)

Location	Wind Project	Turbines	MW	COD	NERC Region	Contracted/ Merchant	PTC/ ITC	Tax Equity
Arizona	Dry Lake I	30 (Suzlon S88, 2.1 MW)	63	2009	WECC	Contracted	ITC Cash Grant	
Arizona	Dry Lake II(1)	31 (Suzlon, 2.1 MW)	33	2010	WECC	Contracted	ITC Cash Grant	
California	Dillon	45 (Mitsubishi, 1 MW)	45	2008	WECC	Contracted	PTC Expired	
California	Manzana	126 (GE, 1.5 MW)	189	2011	WECC	Contracted	ITC Cash Grant	
California	Mountain View III	34 (Vestas V47, 0.66 MW)	22	2003	WECC	Merchant	PTC Expired	
California	Phoenix Wind Power	3 (NMicon-Vestas,0.66MW)	2	1999	WECC	Merchant	PTC Expired	
California	Shiloh	100 (GE, 1.5 MW)	150	2006	WECC	Contracted	PTC Expired	
California	Tule	57 (GE, 2.3MW)	131	2017	WECC	Contracted	PTC	
Colorado	Colorado Green	108 (GE, 1.5 MW)	162	2003	WECC	Contracted	PTC Expired	
Colorado	Twin Buttes	50 (GE, 1.5 MW)	75	2007	WECC	Contracted	PTC Expired	
Colorado	Twin Buttes II	30 (Gamesa, 2.1 MW); 6 (Gamesa, 2.0 MW)	75	2017	WECC	Contracted	PTC	
Illinois	Providence Heights	36 (Gamesa G87, 2.0MW)	72	2008	MRO	Merchant	PTC Expired	
Illinois	Otter Creek	38 V136 3.8 & 4 Safe H V126 3.45	158	2020	MRO	Contracted	PTC	Tax Equity
Illinois	Streator Cayuga Ridge South	150 (Gamesa, 2.0MW)	300	2010	MRO	Merchant	ITC Cash Grant	
Iowa	Barton	79 (Gamesa, 2.0 MW)	158	2009	MRO	Contracted	ITC Cash Grant	
Iowa	Flying Cloud	29 (GE, 1.5 MW)	44	2004	MRO	Contracted	PTC Expired	
Iowa	New Harvest	50 (Gamesa G87, 2.0MW)	100	2012	MRO	Contracted	ITC Cash Grant	
Iowa	Top of Iowa II	40 (Gamesa G87, 2.0MW)	80	2008	MRO	Contracted	PTC Expired	
Iowa	Winnebago I	10 (Gamesa G83, 2.0MW)	20	2008	MRO	Contracted	PTC Expired	
Kansas	Elk River	100 (GE, 1.5 MW)	150	2005	MRO	Contracted	PTC Expired	
Massachusetts	Hoosac	19 (GE, 1.5 MW)	29	2012	MRO	Contracted	ITC Cash Grant	
Minnesota	Elm Creek	66 (GE, 1.5 MW)	99	2008	MRO	Contracted	PTC Expired	
Minnesota	MinnDakota MN	64 (GE, 1.5 MW)	96	2008	MRO	Contracted	PTC Expired	
Minnesota	Trimont	67 (GE, 1.5 MW)	101	2005	MRO	Contracted	PTC Expired	
Minnesota	Elm Creek II	62 (Mitsubishi, 2.4)	149	2010	MRO	Contracted	ITC Cash Grant	
Minnesota	Moraine I	34 (GE, 1.5 MW)	51	2003	MRO	Merchant	PTC Expired	
Minnesota	Moraine II	33 (GE, 1.5 MW)	50	2009	MRO	Contracted	ITC Cash Grant	

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility.

Data as of December 2020

Wind facilities (2/3)

Location	Wind Project	Turbines	MW	Year of installation	NERC Region	Contracted/ Merchant	PTC/ ITC	Tax Equity
Missouri	Farmers City	72 (Gamesa G87, 2.0 MW)	144	2009	MRO	Merchant	ITC Cash Grant	
New Hampshire	Groton	24 (Gamesa G87, 2.0MW)	48	2012	NPCC	Contracted	ITC Cash Grant	
New Hampshire	Lempster	12 (Gamesa, 2.0 MW)	24	2008	NPCC	Contracted	PTC Expired	
New Mexico	El Cabo	149 (Gamesa, 2.0 MW)	298	2017	CAISO	Contracted	PTC	Tax Equity
New Mexico	La Joya	35 (Siemens Gamesa, 2.625 MW); 76 (GE, 2.82 MW)	304(1)	2020	CAISO	Contracted	PTC	
New York	Hardscrabble	37 (Gamesa G90, 2MW)	74	2011	NPCC	Merchant	ITC Cash Grant	
New York	Maple Ridge I (2)	70 (Vestas V82, 1.65 MW)	116	2006	NPCC	Merchant	PTC Expired	
New York	Maple Ridge II (2)	27 (Vestas V82, 1.65 MW)	45	2006	NPCC	Merchant	PTC Expired	
New York	Roaring Book	12 (Siemens Gamesa, 4.5 MW); 3 (Siemens Gamesa, 4.22 MW); 5 (Siemens Gamesa, 2.625 MW)	62(3)	2020	NYISO	Contracted	PTC	
North Carolina	Amazon Wind Farm U.S. East	104 (Gamesa, 2.0 MW)	208	2016	SERC	Contracted	PTC	
North Dakota	Rugby	71 (Suzlon S88, 2.1 MW)	149	2009	MRO	Partially Contracted	ITC Cash Grant	
Ohio	Blue Creek	152 (Gamesa G90 – 2.0 MW)	304	2012	RFC	Partially Contracted	ITC Cash Grant	
Oregon	Hay Canyon	48 (Suzlon S88, 2.1 MW)	101	2009	WECC	Contracted	ITC Cash Grant	
Oregon	Klondike I	16 (GE, 1.5 S – 1.5 MW)	24	2001	WECC	Contracted	PTC Expired	
Oregon	Klondike II	50 (GE, 1.5 S – 1.5 MW)	75	2005	WECC	Contracted	PTC Expired	
Oregon	Klondike III	44 (Siemens, 2.3 MW);80 (GE, 1.5 SLE, 1.5 MW); 1 (Mitsubishi, 2.4 MW)	224	2007	WECC	Partially Contracted	PTC Expired	
Oregon	Klondike IIIa	51 (GE, 1.5 MW)	77	2008	WECC	Contracted	PTC Expired	
Oregon	Leaning Juniper II	74 (GE, 1.5 MW);42 (Suzlon, 2.1 MW)	199	2011	WECC	Partially Contracted	ITC Cash Grant	
Oregon	Montague	51 (Vestas V136 3.6); 5 (Vestas V126 3.45)	201	2019	WECC	Contracted	PTC	Tax Equity
Oregon	Pebble Springs	47 (Suzlon S88/2100, 2.1 MW)	99	2009	WECC	Contracted	ITC Cash Grant	
Oregon	Star Point	47 (Suzlon, 2.1 MW)	99	2010	WECC	Contracted	ITC Cash Grant	

(1) MW installed as of December 2020, corresponding to a project under construction with COD in 2021 (306 MW)
(2) Jointly owned; capacity amounts represent only Renewables' share of the facility.
(3) MW installed as of December 2020, corresponding to a project under construction with COD in 2021 (80 MW)

Data as of December 2020

Wind facilities (3/3)

Location	Wind Project	Turbines	MW	Year of installation	NERC Region	Contracted/ Merchant	PTC/ ITC	Tax Equity
Pennsylvania	Casselman	23 (GE, 1.5 MW)	35	2008	RFC	Merchant	PTC Expired	
Pennsylvania	Locust Ridge I	13 (Gamesa G87, 2.0)	26	2006	RFC	Contracted	PTC Expired	
Pennsylvania	Locust Ridge II	50 (Gamesa G83, 2.0 MW)	100	2009	RFC	Partially Contracted	ITC Cash Grant	
Pennsylvania	South Chestnut	22 (Gamesa, 2.0 MW)	44	2012	RFC	Contracted	ITC Cash Grant	
South Dakota	Buffalo Ridge I	24 (Suzlon, 2.1 MW)	50	2009	MRO	Contracted	PTC Expired	
South Dakota	Buffalo Ridge II	105 (Gamesa G87, 2.0 MW)	210	2010	MRO	Contracted	ITC Cash Grant	
South Dakota	MinnDakota SD	36 (GE 1.5)	54	2008	MRO	Contracted	PTC Expired	
South Dakota	Coyote Ridge	35 (GE, 2.52 MW); 4 Safe H (GE116 2.3 MW)	19(1)	2020	MRO	Contracted	PTC	
South Dakota	Tatanka	6 (GE, 2.3 MW); 50 (GE, 2.82 MW)	23	2020	MRO	Contracted	PTC	
Texas	Baffin	101 (Gamesa G97, 2.0 MW)	202	2015	TRE	Merchant	PTC	
Texas	Barton Chapel	60 (Gamesa, 2.0 MW)	120	2009	TRE	Merchant	ITC Cash Grant	
Texas	Karankawa	22 (GE116 2.3 MW); 93 (GE127 2.52 MW); 9 (GE116 2.5 MW)	307	2020	TRE	Contracted	PTC	Tax Equity
Texas	Peñascal I	84 (Mitsubishi, 2.4 MW)	202	2009	TRE	Partially Contracted	ITC Cash Grant	
Texas	Peñascal II	83 (Mitsubishi, 2.4 MW)	199	2010	TRE	Partially Contracted	ITC Cash Grant	
Texas	Patriot	58 (Vestas V136 3.6 MW); 5 (Vestas V126 3.45 MW)	226	2019	TRE	Merchant	PTC	Tax Equity
Vermont	Deerfield	8 (Gamesa G97, 2.0 MW); 7 (Gamesa G87, 2.0 MW)	30	2017	NEISO	Contracted	PTC	
Washington	Big Horn I	133 (GE, 1.5 MW)	200	2006	WECC	Contracted	PTC Expired	
Washington	Big Horn II	25 (Gamesa, 2.0 MW)	50	2010	WECC	Contracted	ITC Cash Grant	
Washington	Juniper Canyon	62 (Mitsubishi, 2.4 MW)	149	2011	WECC	Partially Contracted	ITC Cash Grant	
Total			**7,721**					

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility.

Data as of December 2020

Solar & Thermal facilities

Location	Project	Type	MW	Year of installation	NERC Region	Contracted/ Merchant	PTC/ ITC
Pinal County, Arizona	Copper Crossing Solar Ranch(1)	Solar	12	2011	WECC	Contracted	ITC Cash Grant
Alamosa County, Colorado	San Luis Valley Solar Ranch(2)	Solar	35	2012	WECC	Contracted	ITC Cash Grant
Prineville, Oregon	Gala Solar	Solar	70	2017	WECC	Contracted	ITC Cash Grant
Sherman County, Oregon	Wy'East Solar	Solar	13	2018	WECC	Contracted	ITC Cash Grant
Klamath Falls, Oregon	Klamath Cogeneration	Thermal	536	2001	WECC	Partially contracted	n/a
Klamath Falls, Oregon	Klamath Peakers	Thermal	100	2009	WECC	Partially contracted	n/a
Total			**766**				

Note: 12 MW consolidated through equity method

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility
(2) Operated pursuant to a sale-and-leaseback agreement

Data as of December 2020

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´20	MW pending	Year of Installation	Income Regime
La Joya	Onshore	New Mexico	306	304	2	2021	PPA
Roaring Brook	Onshore	New York	80	62	18	2021	PPA
Midland	Onshore	Illinois	106		106	2022	PPA
Golden Hills	Onshore	Oregon	201		201	2021	PPA
Bakeoven Solar	Solar PV	Oregon	269		269	2021	PPA
Montague Solar	Solar PV	Oregon	211		211	2021	PPA
Lundhill	Solar PV	Washington	194		194	2021	PPA
Mohawk	Solar PV	New York	125		125	2021	PPA
Vineyard Wind(1)	Offshore	Massachusetts	800		800	2024	MA Clean Energy RFP
Park City Wind(1)	Offshore	Connecticut	804		804	2025	CT Offshore Wind RFP
Total			**3,095**	**366**	**2,729**		

(1) 50/50 partnership with Copenhagen Infrastructure Partners (CIP)

Data as of December 2020

Renewables P&L Components

Gross Margin

+ Wind & Solar (~90% of Renewable Gross Margin in 2019)

- ✓ Installed Capacity (MW) * Capacity Factor * Sale Price
- ✓ Assumptions in Long Term Outlook 2020-2025:
  - Installed Capacity:
    - Increases by 5.5 GW up to 13.2 GW at year-end 2025
  - Average Net Capacity Factor:
    - Onshore Wind Existing ~32%
    - Onshore Wind New ~41%
    - Solar Existing ~ 17%
    - Solar New ~21%
    - Offshore Wind ~51%
  - Average Sale Price
    - Wind Existing PPA ~$49/MWh
    - Wind New PPA ~$28/MWh
    - Solar Existing PPA ~$102/MWh
    - Solar New PPA ~$38/MWh
    - Merchant (excl. RECs) ~$26/MWh
  - Growth financed with tax equity (5 year recapture)

+ Thermal & other (~10% of Renewable Gross Margin in 2019)

- ✓ Include Klamath (used to firm & balance loads for certain PPA contracts in the Northwest), biomass (contractual purchase of energy & resale from biomass facility owned by third party), transmission sales & limited proprietary power trading

(1) Assumptions in Avangrid Long Term Outlook 2020-2025. Source: https://www.avangrid.com/wps/portal/avangrid/Investors/presentations

Renewables P&L Components

O&M Expenses	• **1/3 related to non-wind** operational aspects (growth, thermal, corporate costs …)
Depreciation	• **~28 years** based on weighted average useful life
Other Taxes Expense	• **Property, Franchise, and Payroll Taxes**
Other Income & Deduction	• **Consists of:** Finance income (primarily capitalized interest) combined with gains on non-current assets, offset by other deductions (non-service pension costs & charitable giving)
Interest Expense	• **Financial expenses** on intercompany debt and any other borrowings; excludes TEI financing costs, included within Minority interest under HLBV accounting
Income Tax Line	• **MACRs** tax treatment allows wind & solar assets to be **depreciated over 5 years**, recorded in the tax line and captured through deferred tax assets • **ITC & PTC** can **only** be utilized **at consolidated level** & **after NOLs are monetized** ✓ PTCs generated over 10 years and can be used over 20 years ✓ AGR is considered one taxpayer. After the NOLs are monetized, annual PTC utilization is limited to 75% of the consolidated tax liability • **AVANGRID expected to become a cash tax payer in 2024**
Minority Interest	• **Minority Interest** driven by HLBV accounting for tax equity structures; the HLBV method allocates earnings to the noncontrolling interest, which considers the cash & tax benefits provided to the tax equity investors

Accounting criteria

PTC

- **P&L**
  - ✓ GAAP (10Q,10K): For periods after 1/1/2018, PTCs with Tax Equity are indirectly included in Net income/(loss) attributable to non-controlling interests and retained PTCs are booked in the income tax line. Prior to that, PTCs with Tax Equity were booked in revenues and retained PTCs in the income tax line.
  - ✓ IFRS (projections): All PTCs are booked in revenues.
- **Balance Sheet**
  - ✓ For periods after 1/1/2018, PTCs with Tax Equity reduce 'Non-controlling interests' in the Equity section. In prior periods, PTCs with Tax Equity reduced 'Tax equity financing arrangements - VIEs' in the Non-current Liabilities section.
  - ✓ Retained PTCs reduce deferred income taxes.
- **Cash Flow**
  - ✓ Retained PTCs hit the 'Deferred taxes' line in Cash Flow from Operating Activities.
  - ✓ For periods after 1/1/2018, PTCs with TEI impact the 'Distributions to noncontrolling interests' line under Cash Flow from Financing Activities. For prior periods, PTCs with TEI impacted 'Payments on tax equity financing arrangements'. These lines include payments of PTCs and remaining debt/equity.

ITC

- **P&L**
  - ✓ GAAP (10Q,10K): Booked on D&A (they lower D&A), below EBITDA
  - ✓ IFRS (projections): Booked as Other Operating Income, above EBITDA
- **Cash Flow**
  - ✓ ITCs provide an initial deferred tax benefit equal to 50% of the total ITC, recognized in year one

Tax Equity

- Wind farms under tax equity structures are **fully consolidated** in the consolidated balance sheet & the results of their operations (including depreciation) are reported in the consolidated statement of operations. Investors share is reported as Minority Interest
- Recorded as a **financing obligation** & amortized with the allocation to the tax equity investor of its share of cash distributions, MACRS, PTCs, & the tax impact of taxable income

Facilities

Onshore[1]	State	MW	Year of Installation	Income Regime
La Ventosa	Oaxaca	80	2008	Commercial PPA (Self-supply)
Bee Ni Stipa	Oaxaca	26	2010	Commercial PPA (Self-supply)
La Venta III	Oaxaca	103	2011	PPA(Independent Power Producer)
La Ventosa (ampliación)	Oaxaca	22	2013	Commercial PPA (Self-supply)
Dos Arbolitos	Oaxaca	70	2015	Commercial PPA (Self-supply)
Pier II	Puebla	66	2015	Commercial PPA (Self-supply)
Santiago Eólico	Guanajuato	105	2020	Commercial PPA (Self-supply)
Pier	Puebla	210[2]	2020	Commercial PPA (Self-supply)
Total		**682**		

Solar PV	State	MW	Year of Installation	Income Regime
Santiago	San Luis de Potosí	232	2018	Commercial PPA
Hermosillo	Sonora	137	2018	Commercial PPA
Cuyoaco	Puebla	274	2020	Commercial PPA
Total		**642**		

(1) Including capacity for third parties of 103 MW
(2) MW installed as of December 2020, corresponding to plant under construction with COD in 2021 (221 MW)

Data as of December 2020

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´20	MW pending	Year of Installation	Income Regime
Pier	Onshore	Puebla	220	210	10	2020	Commercial PPA (Self-supply)
Total			**220**	**210**	**10**		

Data as of December 2020

Regulatory framework: before the Energy Reform (1/3)

Generation | Transmission | Distribution | Supply | Users

- CFE
- Private Generators
- Independent Energy Producer
- Self Supply
- Cogeneration
- Exports
- Imports

Dispatch
CFE
Comisión Federal de Electricidad

Vertically integrated entity with public service monopoly + Private generation for self supply or supply to CFE

Applicable laws

Ley de Servicio Público de Energía Eléctrica (LSPEE)	According to this law, reformed in 1992, private companies were allowed to participate in the following ways: • Independent Power Production (sale to CFE through PPAs) • Little production, self-supply *(autoabasto)* and cogeneration (sale to private customers)
Sustainability and renewable generation	The Law for the Use of Renewable Energies and the Financing of Energy Transition, which allows the participation of renewables and efficient cogeneration through the mechanism of self-supply.
Regulatory bodies	The Energy Regulatory Commission (CRE) is the authority that grants permits for electricity generation.

Regulatory framework: after the Energy Reform (2/3)

Applicable laws

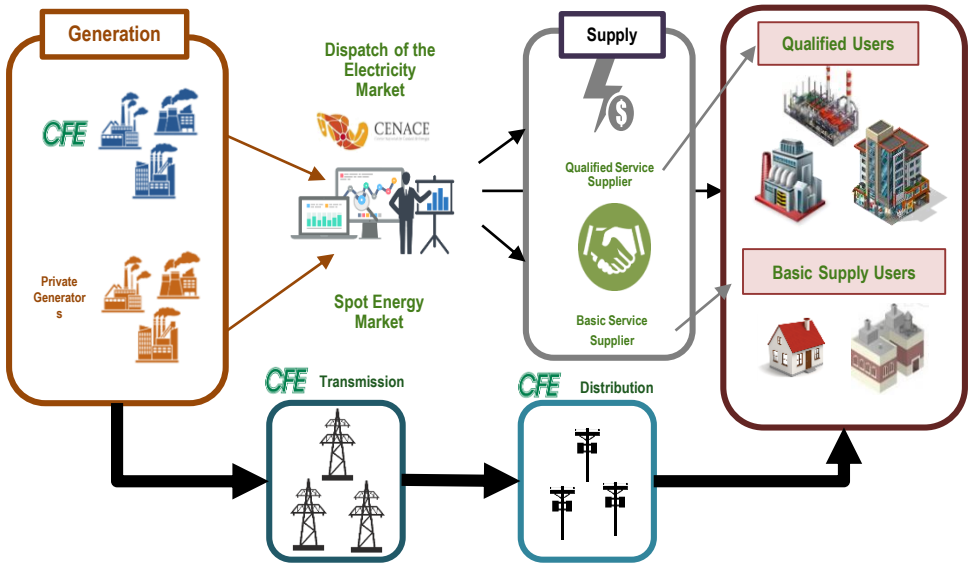
Energy Reform

Constitutional Reform: Allows private participation in generation and supply activities. Transmission and distribution continue to be a public service provided by CFE.

Ley Industria Eléctrica (LIE): Establishes a new model for the electricity sector based on free competition in generation services and supply to qualified users (industrials). CFE exclusively provides transmission and distribution services and generation and supply to retail users (domestic). It defines the structure of the new Wholesale Electricity Market (*MEM - Mercado Eléctrico Mayorista*). On March 2021, an Amendment to the LIE was published. Currently, the Reform is Definitely Suspended with general effects until several *Amparos* are granted.

Ley de Transición Energética: Defines the legal basis to promote a transformation towards a sustainable energy and economic model in the long term.

Wholesale Electricity Market Structure



Basics of the LIE

Respect the rights of Legacy Permits (LSPEE)	Permits granted under the LSPEE will be respected in all its terms and conditions. In any case, these permits may voluntarily migrate to the Wholesale Electricity Market (MEM).
Liberalisation of the electricity supply	Private companies are allowed to provide supply services to qualified users (industrials).The Amendment to the LIE of 2021 establishes new criteria for the issuance and repeal of permits, introducing broad discretion by submitting it to planning criteria.
Green Energy Certificates (CEL)	Main instrument together with auctions to promote investments in clean energy. Allows the system to reach the target of having 35% of clean energy generation by 2024. The Amendment to the LIE of 2021 modifies the criteria for the issuance of CEL.
Wholesale Electricity Market (MEM)	Market that operates through Market Bases. The Amendment to the LIE of 2021 modifies the order of dispatch of power plants in the Market withouth considering economic criteria.

Regulatory framework (3/3)

LSPEE

IPP

- 20 year PPA with CFE through auctions. Predictable revenues, fixed for each MWh produced.
- Asset owned by Iberdrola when PPA expires.

Self-supply

- Supply of energy and capacity to self-supply partner (industrial clients) under different criteria, depending on each client:
  - Discount over regulated tariff (*Suministro Básico*)
  - PPA - Fixed price for contracted capacity, etc.

- On May 2020, CRE approved an increase on renewable transmission tariffs (porteo estampilla). Iberdrola filed for an *Amparo* against the regulation. Precautionary measures have been granted to paralyze its application.

Ley Industria Eléctrica (LIE)

- Generation to satisfy the needs of Iberdrola Clientes (qualified supplier) with hedging energy contract of the wholesale market products (*Mercado Eléctrico Mayorista - MEM*):

Energy | **Ancillary services** | **Green certificates (CELs)** | **Capacity**

- These products can be sold through bilateral contracts or in the market

Clean Energy certificates (CEL)

1 MWh = 1 CEL

- In 2019, the rules were modified so that Legacy Power Plants of CFE can receive CEL
- The Amendment to the LIE changes the criteria for granting the CEL, regardless of property or COD.
- Suppliers, Qualified Suppliers participating in the MEM, who are isolated self-supplied and *Centros de Carga* are obliged to acquire them to comply with a percentage of clean energy supplied

CEL requirement	Clean Energy Targets
2018: 5%	2018: 25%
2019: 5.8%	2021: 30%
2020: 7.4%	2024: 35%
2021: 10.9%	2033: 39.9%
2022: 13.9%	2050: 50%

Onshore facilities

Onshore	State	MW IBE	Year of Installation	Income Regime
Caetité I	Bahia	30	2012	Commercial PPA
Caetité II	Bahia	30	2012	Regulated PPA 2010/A-3
Caetité III	Bahia	30	2012	Regulated PPA 2010/A-3
Canoas	Paraíba	32	2017	Regulated PPA 2014/A-5
Lagoa 1	Paraíba	32	2017	Regulated PPA 2014/A-5
Lagoa 2	Paraíba	32	2017	Regulated PPA 2014/A-5
Rio do Fogo	Rio Grande do Norte	49	2006	Regulated PPA PROINFA
Mel II	Rio Grande do Norte	20	2012	Regulated PPA 2010/A-3
Arizona I	Rio Grande do Norte	28	2013	Regulated PPA 2010/A-3
Calango I	Rio Grande do Norte	30	2013	Regulated PPA 2010/A-3
Calango II	Rio Grande do Norte	30	2013	Regulated PPA 2010/A-3
Calango III	Rio Grande do Norte	30	2013	Regulated PPA 2010/A-3
Calango IV	Rio Grande do Norte	30	2013	Regulated PPA 2010/A-3
Calango V	Rio Grande do Norte	30	2013	Regulated PPA 2010/A-3
Calango VI	Rio Grande do Norte	30	2016	Regulated PPA 2014/A-3
Santana I	Rio Grande do Norte	30	2016	Regulated PPA 2014/A-3
Santana II	Rio Grande do Norte	24	2016	Regulated PPA 2014/A-3
Total		**516**		

Data as of December 2020

Hydro facilities

Hydro	State	Total MW	MW attributable to IBE	Year of Installation	Income Regime
Itapebi	Bahia	462	462	2003	Commercial PPA
Corumba III	Goias	96	68	2009	Regulated PPA
Baguari	Minas Gerais	140	71	2009	Regulated PPA
Dardanelos	Mato Grosso	261	133	2011	Regulated PPA
Telespires	Pará / Mato Grosso	1,820	928	2016	Regulated & Commercial PPAs
Belo Monte	Pará	11,233	1,123	2019	Regulated & Commercial PPAs
Baixo Iguazú	Paraná	350	245	2019	Regulated & Commercial PPAs
Total		**14,362**	**3,031**		

Note: 2,195 MW consolidated through equity method

Data as of December 2020

Projects under construction

Project	Type	State	MW	Year of Installation	Income Regime
Chafariz onshore wind complex	Onshore	Paraíba	471	2021	Regulated & Commercial PPAs
Oitis onshore wind complex	Onshore	Piauí	567	2022	Regulated & Commercial PPAs
Luzia	Solar PV	Paraiba	149	2022	Regulated & Commercial PPAs
Total			**1,187**		

Data as of December 2020

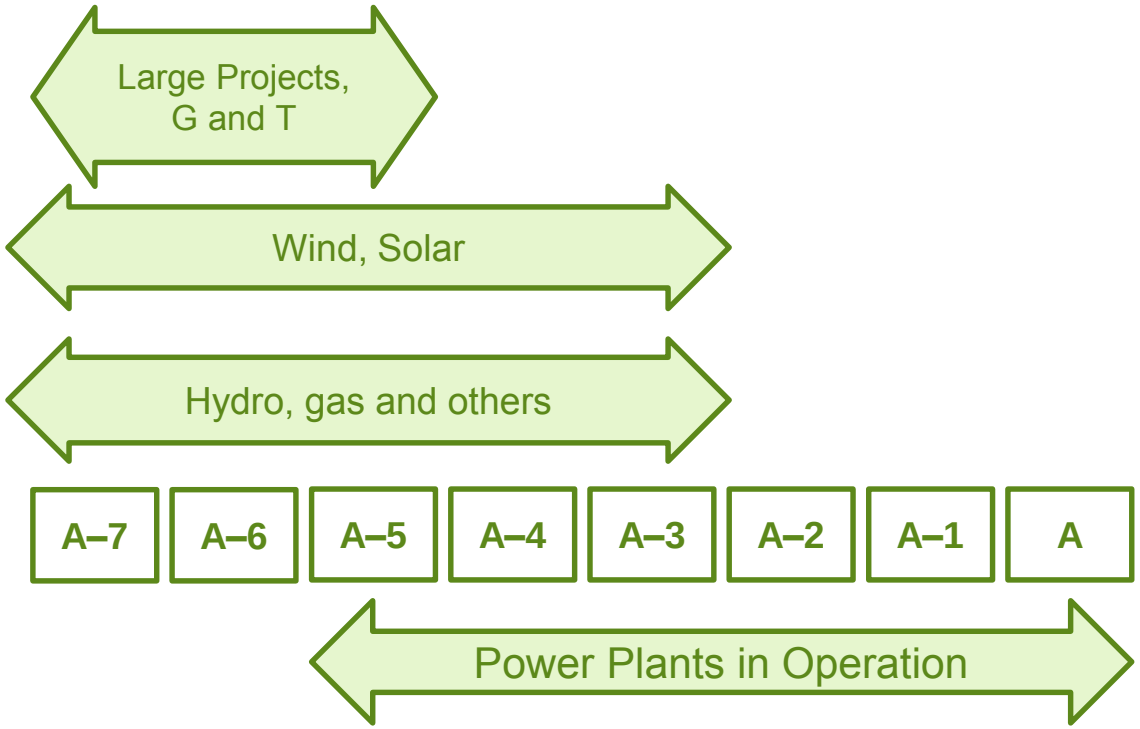
Regulatory framework

	Concession process	Concession/ authorization term	Renewal	Revenue
Wind	• Authorization request within ANEEL • Competitive auctions	• 30 - 35 years • Expiry date: 2031 until 2054(1)	• Possible renewal at the discretion of the Granting Authority (ANEEL).	• 20-year PPAs to Discos through competitive auctions with price yearly adjusted by inflation • Bilateral contracts at free market
Hydro	• Competitive auctions	• 35 years • Expiry date: 2035 until 2049(1)	• Possible renewal at the discretion of the Granting Authority (ANEEL) (2) • Possible Indemnification after concession expiry.	• 30-year PPAs to Discos through competitive auctions with price yearly adjusted by inflation • Bilateral contracts at free market

Information on auction results : http://www.aneel.gov.br/resultados-de-leiloes

(1) Refers to the first and the latest assets to expire, considering operational an pre-operational assets (under construction).
(2) Exception to Belo Monte and Teles Pires – no contractual provision

Energy Auctions for Regulated Market (ACR)



Neoenergia Strategy

- ✓ Do not participate on new structuring projects
- ✓ Be the controlling shareholder: operate and consolidate the business

- Previous Environmental License obtained by the Government (1)
- Long-Term Contracts with Distributors
- Price set at auction and yearly adjusted by inflation

(1) For Hydro and Transmission projects

Facilities

Onshore	MW	Year of Installation	Support Regime
Australia	670	2005 - 2019	Market + PPA
Cyprus	20	2011	FiT
Greece	275	1998-2020	FiT
France	118	2007 - 2019	FiT
Hungary	158	2008-2011	FiT
Portugal	92	2005-2009	FiT
Romania	80	2011	Market+Green Cert.
Total	**1,414**		

Offshore	Country	MW	Year of Installation	Support Regime	Support level
Wikinger	Germany	350	2017	Compressed tariff	194 €/MWh / 8yrs + 154€/MWh / c.4 yrs (flat)

Solar	MW	Year of Installation	Support Regime
Greece	6	2006-2012	FiT

Batteries	MW	Year of Installation	Support Regime
Australia	25	2019	Market

Data as of December 2020

Projects under construction

Project	Type	Country	MW	Year of Installation
Mikronoros	Onshore	Greece	34	2021
Rokani	Onshore	Greece	17	2022
Askio II	Onshore	Greece	34	2022
Askio III	Onshore	Greece	50	2022
Montalto di Castro	Solar PV	Italy	23	2021
Algarve y Setúbal	Solar PV	Portugal	173	2021/2022
Port Augusta	Hybrid	Australia	317	2021
Total			**647**	

Data as of December 2020

Regulatory framework

Romania

Green Certificates
- Defined by Law No. 220/2008 with subsequent amendments.
- Wind farms receive 1 GC per MWh produced during 15 years, with a GC floor price of 29.4€ and a cap price of 35€.

Hungary

Feed-in-Tariff (FiT)
- Defined by Decree No. 389/2007 with subsequent amendments.
- Electricity sold at fixed tariff during maximum 15 years at fixed price updated annually with inflation.

France

Feed-in-Tariff (FiT)
- Defined under Arrêté 17/06/2014 and the Energy Code
- The FiT is limited to 15 years and tariff is indexed, updated annually in November.

Contract for Difference (CfD)
- Since 2016, defined by articles L314-18 and following the Energy Code
- The duration of the contract is 20 years
- CfD attributed through open desk or auction

Offshore Feed-in-Tariff (FiT)
- For offshore wind, FiT of 20 years awarded via auctions, defined by L314-1 and following the Energy Code

Cyprus

Feed-in-Tariff (FiT)
- Defined under Law No. 112/2013 (later modified by 212/2015 and 157/2015). The feed-in tariff is limited to 20 years but it may be extended for 5+5 years under some conditions.

Greece

Feed-in-Tariff (FiT)
- Defined by Law No. 3468/2006 (currently under Law No. 4254/2014). This scheme expired on 31 December 2015.
- The FiT agreement is limited to 20 years and the FiT price depends on project details (technology, size, capex subsidy, installation on mainland or isolated islands, etc.). Due to reduction of FiT, under some conditions, it may be extended by additional 7 years with a revision on FiT price and a cap of NEHs. Projects have no market participation obligations

Feed-in-Premium (FiP)
- Defined by Law No. 4414/2016.
- Windfarms ≥3MW and rest renewable projects ≥ 500kW enter into 20y FiP PPAs, awarded through technology specific & neutral competitive tenders.
- Windfarms <3MW and renewable projects <500kW enter into 20 year FiP PPAS with administrative defined prices
- Projects >400kW have market participation obligations

Portugal

Feed-in-Tariff(FiT)
- Defined by DL 339-C/2001 and DL 35/2013
- FiT under DL 339-C/2001 limited to 15 years. Under Option B of DL 35/2013, wind farms opt to receive a FiT extension for 7 years with floor of 74€/MWh and cap of 98€/MWh (June 2020 prices).

Australia

Green Certificates
- Defined by Renewable Energy (Electricity) Act 2000 with subsequent amendments.
- Wind farms receive 1 GC per MWh produced out to 2030. Utilities must purchase GCs for ~20% of load, up to an effective cap price of AUD$92/GC.

Offshore strategy focused on developing operational hubs in key regions…

US East Coast

- First large-scale offshore wind project (2023/24)
- Large offshore pipeline on East coast at minimum cost
- Leveraging on integrated utility experience

EU & Baltic Sea

- 5 projects operational or under construction
- Large Baltic Sea portfolios with high synergies
- Established presence in UK, Germany & France

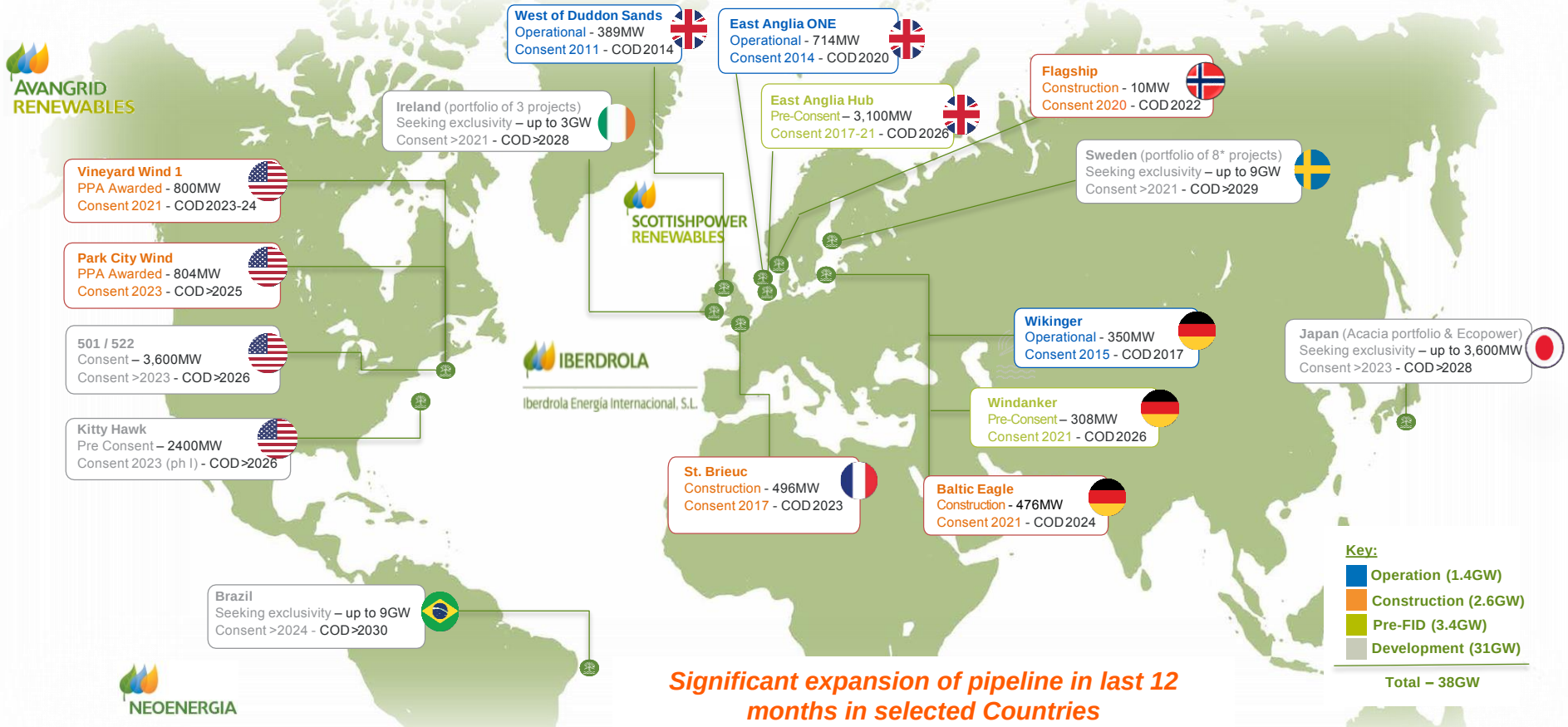
Japan

- Foothold to develop Asia-Pacific industry
- Large floating pipeline
- Stable regulatory environment and high offshore ambitions

… with early development of pipeline at minimum cost

RENEWABLES: Offshore

Iberdrola offshore map



Significant expansion of pipeline in last 12 months in selected Countries

Projects in operation and under construction

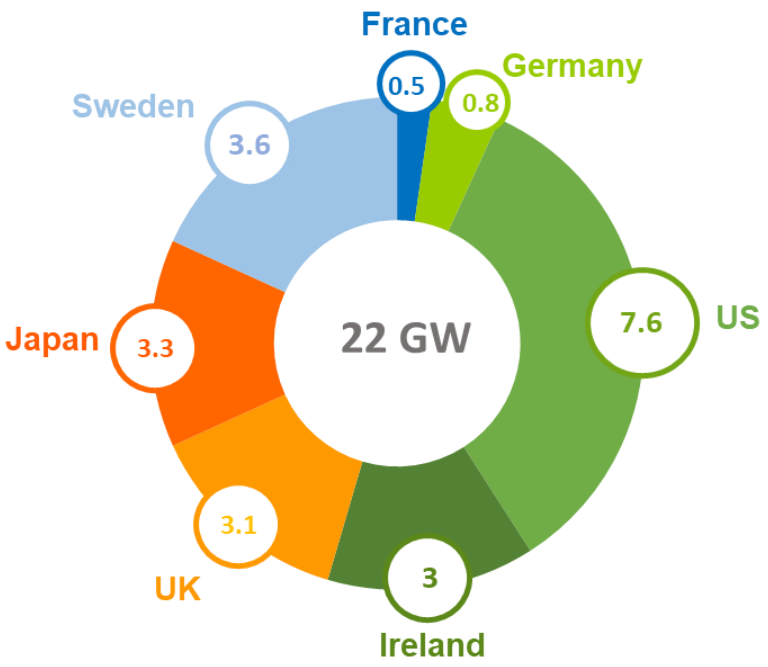
	Projects in operation (~1.3 GW)			Projects under construction (~2.6 GW)			
Project	WoDS	Wikinger	East Anglia 1	St. Brieuc	Baltic Eagle	Vineyard Wind(3)	Park City Wind(3)
Country							
Location	Irish Sea	Baltic Sea	North Sea	Atlantic Ocean	Baltic Sea	Atlantic Ocean	Atlantic Ocean
Cost of seabed	0	0	0	0	0	0	0
Capacity (MW)	194 MW(1)	350 MW	714 MW	496 MW	476 MW	800 MW	804 MW
COD	2014	2017	2020	2023	2024	2024	2025
PPA/CFD	Market Price + 2.0 ROC	194€/MWh / 8yrs + 154€/MWh / c.4 yrs	CfD 119.89 £/MWh (real 2012+CPI)/15 yrs	155 €/MWh (real 2012) / 18yrs - indexed	Market+vble premium (min~65€/MWh)/20yrs	88.77 $/MWh on average / 20 yrs	79.83 $/MWh on average / 20 yrs
Capex	GBP 0.6 Bn excl. transmission (2)	Eur 1.4 Bn	GBP 2.6 Bn incl. transmission	Eur 2.4 Bn	Eur 1.1 Bn	USD 3.0-3.2 Bn	USD 3.0-3.2 Bn
Number of turbines	108 Siemens-Gamesa turbines (3.6 MW)	70 Siemens-Gamesa turbines (5 MW)	102 Siemens-Gamesa turbines (7 MW)	62 Siemens-Gamesa turbines (8 MW)	50-52 Vestas turbines (9.5 MW)	GE Halide-X 13 MW	N/A

(1) 50% of total 389 MW. Full consolidation 194 MW.
(2) Total capex for 389 MW GBP ~1.3 Bn excluding transmission line (OFTO)
(3) Additional information in Avangrid Factbook: http://www.avangrid.com/wps/portal/avangrid/Investors/investors/financialoperationalreports

RENEWABLES: Offshore

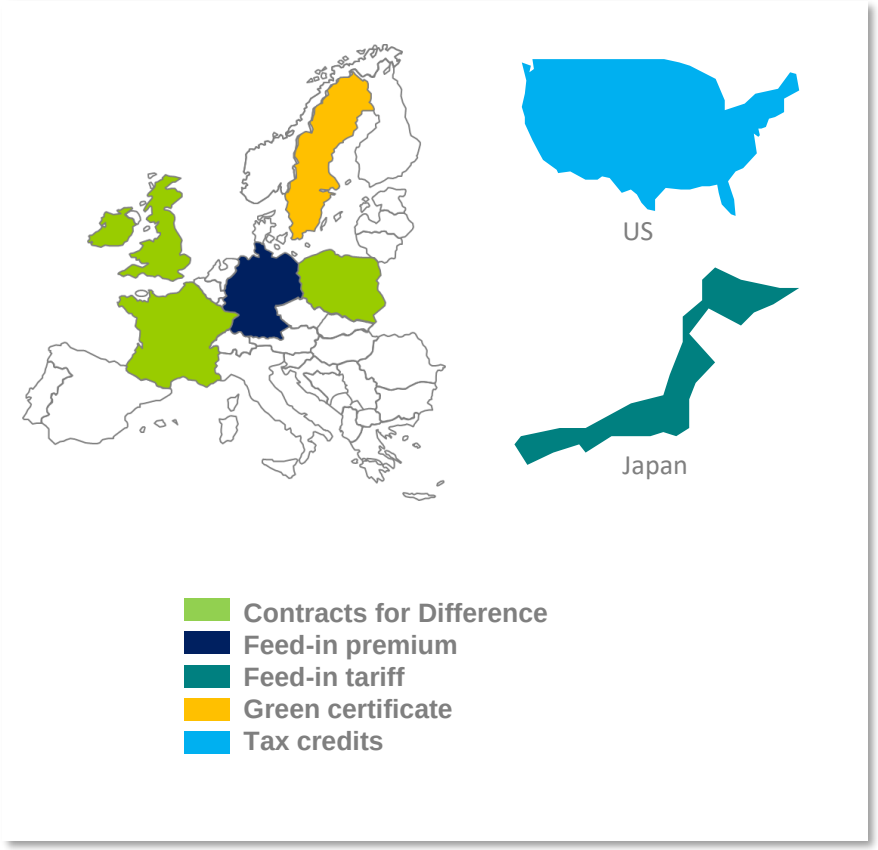
Iberdrola offshore wind pipeline amounts to 22 GW…

Offshore pipeline[1]



(1) Including 2,600 MW under construction

Support mechanisms



…secured at early stage in attractive markets with established support mechanisms

Iberdrola offshore in USA

	VINEYARD WIND	PARK CITY WIND	Kitty Hawk OFFSHORE
Project Size	800 MW	804 MW	Analyzing offtake opportunities
State	MA	CT	Can supply VA or NC
Lease Area	OCS-A 0501 (1)	OCS-A 0501 (1)	OCS-A 0508 ; ~28 miles from Outer Banks, NC and ~41 miles from Virginia Beach, NC
Expected COD	YE 2024 (construction starting 2021 & operations starting in 2023)	YE 2025	Expect late 2020's
Contract term	20 years	20 years	N/A
Contract Price	Average Price: $88.77 *Phase 1 (400 MW): Avg. Price $94.52 ($65/MWh in Year 1, escalating 2.5% annually)* *Phase 2 (400 MW): Avg. Price $83.02 ($74/MWh in Year 1, escalating 2.5% annually)*	Average Price: $79.83 *(Year 1 $62.50, escalating 2.5% annually)*	N/A
ITC	30%	TBD (2)	TBD
NCF	~48-52%	TBD	N/A
Capacity	~156 MW (summer)/ ~278 MW (winter) awarded in ISO-NE capacity auction in '20 (incl. 54 MW awarded in '19)	N/A	N/A
Permitting Highlights	Rescinded COP withdrawal at BOEM Jan. 22; schedule for BOEM approval TBD	Filed COP with BOEM July 2020; Executed PPAs approved by CT PURA	Filed COP with BOEM December 2020
Other	Selected GE as preferred turbine supplier (Halide-X 13 MW)	Establishes Bridgeport, CT as offshore wind Hub	Geotechnical and geophysical surveys completed

(1) AVANGRID's 50/50 partnership with CIP.

(2) Vineyard Wind has agreed to good faith negotiations for a price reduction in case the project benefits from any improvements to the profitability of the project for having access to an ITC >18%.

AGENDA

GENERATION

Capacity (MW)	Spain	US	Mexico	Brazil	IEI[1]	Total
Nuclear	3,177	-	-	-	-	**3,177**
Gas Combined Cycle owned capacity	5,695	204	2,103	533	243	**8,777**
Gas Combined Cycle capacity for third parties	-	-	7,043	-	-	**7,043**
Cogeneration	353	636	202	-	-	**1,191**
Total	**9,224**	**840**	**9,348**	**533**	**243**	**20,188**

Production (GWh)	Spain	US	Mexico	Brazil	IEI[1]	Total
Nuclear	24,316	-	-	-	-	**24,316**
Gas Combined Cycle owned production	7,216	6	14,841	2,440	10	**24,513**
Gas Combined Cycle production for third parties	-	-	39,160	-	-	**39,160**
Cogeneration	2,166	2,745	1,640	-	-	**6,550**
Coal	237	-	-	-		**349**
Total	**33,935**	**2,751**	**55,641**	**2,440**	**10**	**94,778**

(1) Iberdrola Energía Internacional

Data as of December 2020

Average thermal efficiency at generation facilities(1)

	Spain		USA		Brazil		Mexico		IEI	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Combined cycle	51.09	52.07	N/A	N/A	54.88	54.53	56.17	55.79	N/A	N/A
Conventional thermal	32.84	34.34	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cogeneration	68.14	69.48	47.53	47.23	N/A	N/A	58.45	53.67	N/A	N/A

	Report boundary	
	2020	2019
Combined cycle	55.54	55.11
Conventional thermal	32.84	34.34
Cogeneration	57.72	56.24

(1) Average of efficiencies weighted by the annual production of each thermal power plant

Source: Sustainability report https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf

Facilities (1/2)

Nuclear	Region	Total MW	% IBE	MW attributable to IBE	Year of installation
Almaraz I	Cáceres	1,049	53%	553	1983
Almaraz II	Cáceres	1,044	53%	550	1984
Ascó II	Tarragona	1,035	15%	155	1984
Cofrentes	Valencia	1,102	100%	1,102	1986
Trillo	Guadalajara	1,066	48%	512	1988
Vandellós II	Tarragona	1,087	28%	304	1988
Total		**6,384**		**3,177**	

Gas Combined Cycle	Region	Total MW	Year of Installation
Castellón III	Castellón	793	2002
Castejón	Navarra	386	2003
Tarragona Power	Tarragona	424	2004
Aceca III	Toledo	392	2005
Arcos I	Cádiz	396	2005
Arcos II	Cádiz	379	2005
Santurce	Vizcaya	403	2005
Arcos III	Cádiz	837	2006
Escombreras	Murcia	831	2006
Castellón IV	Castellón	854	2008
Total		**5,695**	

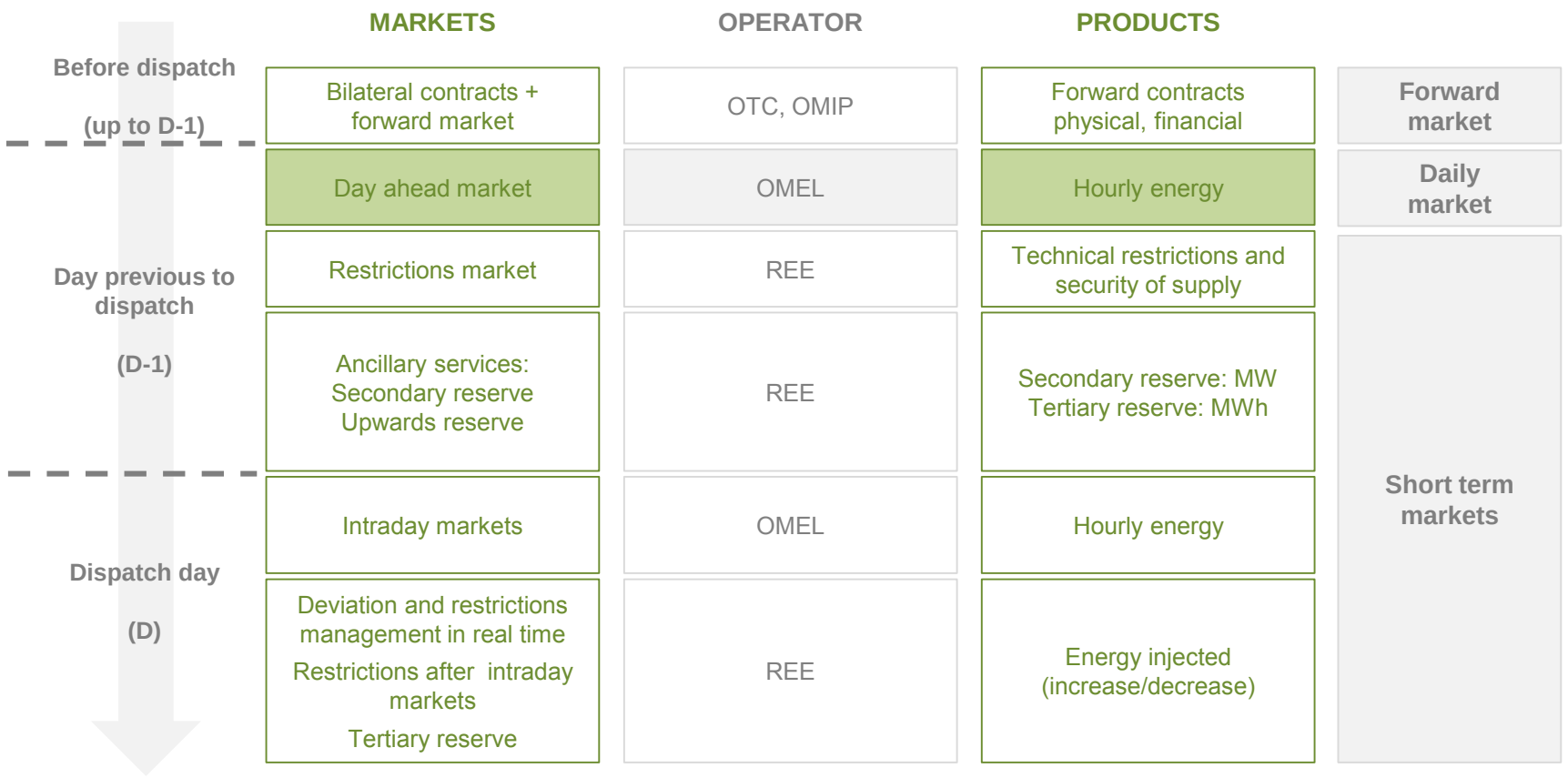
Data as of December 2020

Facilities (2/2)

Cogeneration	Region	Total MW	MW attributable to IBE	Year of Installation
Energyworks Villarrobledo	Albacete	24	24	1995
Energyworks Carballo	La Coruña	13	13	1998
Peninsular Cogeneración SA	Madrid	39	19	2001
Energyworks Cartagena	Murcia	95	95	2002
Investee companies	n.a.	69	38	1990-2006
Energyworks Michelin (Vitoria, Valladolid y Aranda)	n.a.	126	126	2001-2002
Pig slurry treatment plants (4 plants)	n.a.	37	37	2003-2007
Total		**403**	**353**	

Data as of December 2020

Basis for remuneration model: Law 54/1997 and Law 24/2013



Taxes on generation: Law 15/2012

Green cent	Tax on electricity production[2]	Nuclear tax	Hydro canon
• Fuel consumption in power plants • 0.65 €/GJ gigajoule to coal and gas[1]	• 7% tax on total revenues	• Spent nuclear fuel (2,190 €/Kg) • Nuclear waste (6,000 €/m3 waste)	• 25.5% on total revenues • 2.5% plants up to 50MW • 2.5% pumping
IMPACT Coal: ~6.5 €/MWh	**IMPACT[3]** ~2-3 €/MWh	**IMPACT** ~6 €/MWh	**IMPACT[3]** ~10-12 €/MWh

(1) Abolished green cent to gas and cogeneration consumption from 7 October 2018
(2) Suspended for 6 months from 7 October 2018 (Q4 2018 and Q1 2019)
(3) Estimated impact for wholesale prices around 50 €/MWh

CNMC Circular 3/2020

- **Electricity network tax is only applied to final consumption and to own generation consumption:**
  - The generation activity does not pay electricity network tax since January 2019 (previously 0.5 €/MWh)
  - Generators will have to pay electricity network tax only for the net energy they consume from the network
  - Energy stored in pumping or in batteries will not pay any electricity network tax

Capacity payments

- **Investment incentive: € 10,000/ MW per year during 20 years**
  - For installations built from 1998 to 2015, which did not have any subsidized regime.
  - Received by generation facilities under the ordinary regime of the peninsular system with installed power capacity greater than or equal to 50 MW.
  - Initially it was established as a payment of € 20,000 /MW per year during the first 10 years of the plant life, but it was modified under the Royal Decree-Law 9/2013 that determined the current parameters. Under this new regulation, the remaining number of years entitled to receive this capacity payment were calculated for each installation, doubling the period and reducing the amount to the above mentioned €10,000. For this reason, the end of the incentive depends on the outstanding years from 2013 on. Moreover, the Royal Decree-Law 9/2013 limited the right of awarding the incentive for new plants with Commercial Operation Date up to 1 January 2016.

Cogeneration: Royal Decree-Law 9/2013 and Royal Decree-Law 17/2019

- **Allowed rate of return (before taxes) of 7.398% until 2031 for facilities in operation before RDL 9/2013. For facilities in operation after RDL 9/2013, allowed rate of return of 7.09% until 2025 following CNMC published WACC methodology**

  For those facilities in operation before RDL 9/2013 with any pending arbitration or judicial proceeding related with the modification of the Remuneration Regime after RD 661/2007, early termination of arbitration or judicial procedure or the waiver of the perception of any compensation is a mandatory requirement prior to obtain the 7.398% allowed rate of return until 2031. (*Royal Decree Law 17/2019*)

- **Remuneration linked to 10 Year-Treasury Bond at the year "n" plus 300 bp, until 31 December 2019 (7.5%) and reviewed every 6 years (regulatory period)**

- **Remuneration based on revenues from market participation**, **with a specific additional remuneration articulated in two terms**:
  - **RI**: A term per unit of installed capacity (€/MW) that covers the investment costs of a standard installation that cannot be recovered by the sale of energy. This return on investment allows the installation to achieve a reasonable return defined by the Government.
  - **RO**: A term for operation (€/MWh) that covers the difference between operating costs and the revenues from the market participation of such standard installation. The installation of renewable energies, cogeneration or waste will not receive such remuneration for operation as long as its income from the sale of electricity in the system is higher than its operating costs.

- **Parameter modification**:
  - Every 6 years all the parameters could be changed (including reasonable return) for the remaining useful life, except for the useful life and standard value of the initial investment of an installation;
    - Order TED/171/2020 establishes the remuneration parameters for estimating the regulated remuneration of renewables and cogeneration for the 2020-2025 regulatory period. The main changes are:
      - It has recognized a higher cost of CO2, a higher fuel price and the remuneration for the cost of the System Operator (0.14 €/MWh)
  - Every 3 years, and for the rest of the regulatory period, the estimation of revenues from the market will be reviewed, valuing the energy sold at market price based on market price evolution and the forecast for operating hours
  - At least annually, the values of remuneration for operation will be updated for those technologies whose operating costs depend essentially on the fuel price.

Cogeneration: basis for remuneration - RD 413/2014

Market price + **Specific remuneration RI+RO**

RI: remuneration to investment (€/MW)

Additional to market revenues to obtain the reasonable return on investment (7.398%)

RI + RO only if the plant has not reached yet the reasonable return

RO: remuneration to operation (€/MWh)

For technologies that don´t cover their operating costs with market revenues

Once reasonable return is reached, only RO will be received

(*) RI may be granted to cogeneration from 2023, as RO market adjustment, due to low real electricity prices versus estimated ones in the semiperiod 2020-2022

Nuclear

- The Draft of the National Energy and Climate Plan (PNIEC) considers that 4,200 MW of nuclear generation will close in the period 2025 – 2030.
- The nuclear operators, together with ENRESA, has agreed on an order for closure of nuclear power plants. This closing schedule complies with all security, technical, age, waste and decommissioning resources criteria.

	Closing schedule	
Almaraz I	nov-27	44.2 years
Almaraz II	oct-28	44.3 years
Ascó I	oct-30	45.8 years
Cofrentes	nov-30	45.6 years
Ascó II	sep-32	46.4 years
Vandellós II	feb-35	46.9 years
Trillo	may-35	46.7 years
	Average life	**45.7 years**

- Almaraz I&II and Vandellós II nuclear power plants have already obtained the authorization for operation license extension (up to the agreed closing dates agreed in the protocol signed with ENRESA for Almaraz and up to 26th July 2030 for Vandellós II). Cofrentes and Ascó I&II nuclear power plants have already applied for operation license extension authorization for the closing dates agreed in the protocol signed with ENRESA.

- Royal Decree 750/2019 has risen the waste fee charged by ENRESA to 7.98 €/MWh as of 1st January 2020 (+ 19% vs. previous rate of € 6.69 / MWh).

Note: The dismantling and management of radioactive waste is an essential public service, whose management is entrusted by law to the State-owned company Enresa (Empresa Nacional de Residuos Radiactivos, S.A.)

Green Hydrogen: a new growth opportunity for Iberdrola

H_2

Value chain

Increased renewable demand for industrial use

Support for the creation of new electrolyzer manufacturers

Industrial alliances with leading companies

IberLyzer H2

Fertiberia

TMB Transports Metropolitans de Barcelona

*Iberlyzer is a JV between Iberdrola, Ingeteam and NEL

Alliance with Fertiberia to produce green ammonia

4 phases between 2021 and 2027
in Puertollano (Ciudad Real) and Palos de la Frontera (Huelva)

Total investment circa Eur 1.8 Bn and creation of more tan 3,600 jobs

>800 MW of electrolyzers capacity and 1.300 MW of solar PV capacity

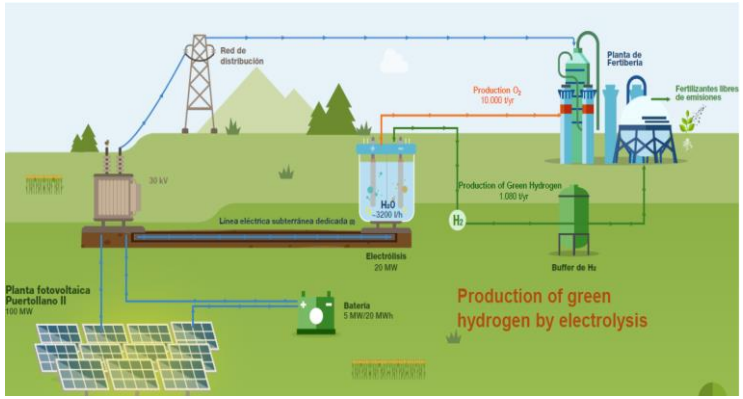
Puertollano I – 2021 (Phase 1)

Castilla la Mancha, Spain

COD 2021

Capacity:

Solar PV	100 MWdc with bifacial panels, string inverters…
Battery	5 MW (20 MWh) lithium-ion batteries
Electrolyzer	20 MW to supply H_2 to Fertiberia



Project information of interest:

Investment **Eur 150 M**

700 local **jobs**

60,000 tCO_2 avoided**/year**

Green H2 production

1.080 tons H_2/year

GENERATION: MEXICO

Facilities

Gas Combined Cycle[1]	State	MW	Year of Installation	Income Regime
Dulces Nombres (Monterrey)	Nuevo León	1,008	2002	PPA (Independent Power Producer)
Altamira III & IV	Tamaulipas	1,077	2003	PPA (Independent Power Producer)
La Laguna II	Durango	537	2005	PPA (Independent Power Producer)
Altamira V	Tamaulipas	1,143	2006	PPA (Independent Power Producer)
Tamazunchale	San Luis Potosí	1,179	2007	PPA (Independent Power Producer)
Dulces Nombres II (Monterrey V)	Nuevo León	300	2016	Commercial PPA (Self-supply)
Baja California III	Baja California	324	2017	PPA (Independent Power Producer) / LIE [2]
Escobedo	Nuevo León	878	2018	PPA (Independent Power Producer)
El Carmen	Nuevo León	866	2019	Commercial PPA (LIE)
Topolobampo II	Sinaloa	911	2019	PPA (Independent Power Producer)
Enertek	Tamaulipas	144	1998	Commercial PPA (LIE) - previously CHP
Topolobampo III	Sinaloa	779	2020	PPA (Independent Power Producer)
Total		**9,146**		

(1) Including 7,043 MW of installed capacity for third parties

(2) LIE – Power Industry Law (2014)

Cogeneration	State	MW	Year of Installation	Income Regime
Monterrey	Nuevo León	41	2003	Commercial PPA (Self-supply)
Ramos	Coahuila	52	2016	Commercial PPA (Self-supply)
Altamira	Tamaulipas	57	2017	Commercial PPA (Self-supply)
Bajío	Querétaro	52	2018	Commercial PPA (Self-supply)
Total		**202**		

Data as of December 2020

Projects under construction

Project	Type	State	MW	Year of Installation	Income Regime
Tamazunchale II	CCGT	San Luis Potosí	514	2022	Commercial PPA (Self-supply)
Total			**514**		

GENERATION: MEXICO

Regulatory framework: before the Energy Reform (1/3)

Generation | Transmission | Distribution | Supply | Users

- CFE
- Private Generators
- Independent Energy Producer
- Self Supply
- Cogeneration
- Exports
- Imports

CFE
Comisión Federal de Electricidad

Vertically integrated entity with public service monopoly + Private generation for self supply or supply to CFE

Applicable laws

Ley de Servicio Público de Energía Eléctrica (LSPEE)	According to this law, reformed in 1992, private companies were allowed to participate in the following ways: • Independent Power Production (sale to CFE through PPAs) • Little production, self-supply *(autoabasto)* and cogeneration (sale to private customers)
Sustainability and renewable generation	The Law for the Use of Renewable Energies and the Financing of Energy Transition, which allows the participation of renewables and efficient cogeneration through the mechanism of self-supply.
Regulatory bodies	The Energy Regulatory Commission (CRE) is the authority that grants permits for electricity generation.

Regulatory framework: after the Energy Reform (2/3)

Applicable laws

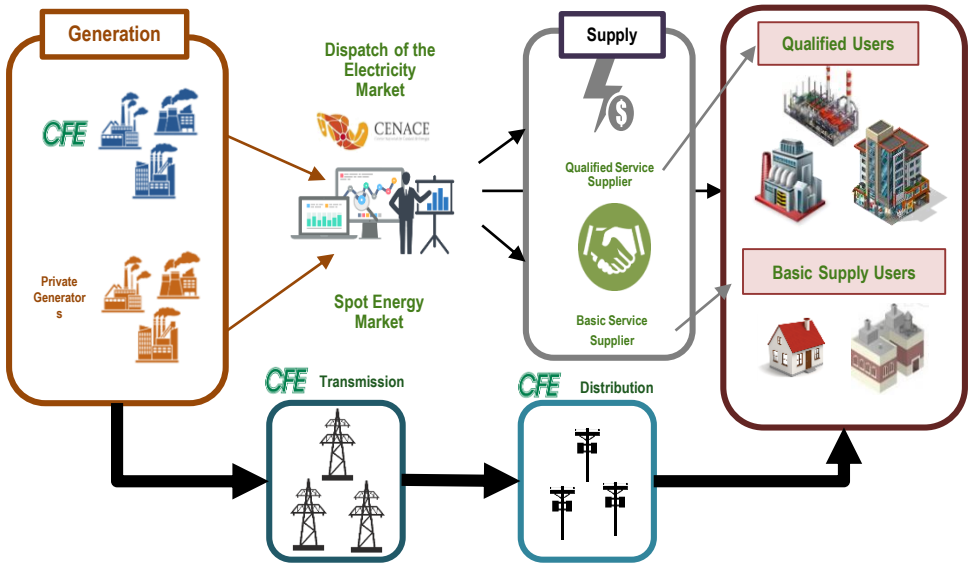
Energy Reform

Constitutional Reform: Allows private participation in generation and supply activities. Transmission and distribution continue to be a public service provided by CFE.

Ley Industria Eléctrica (LIE): Establishes a new model for the electricity sector based on free competition in generation services and supply to qualified users (industrials). CFE exclusively provides transmission and distribution services and generation and supply to retail users (domestic). It defines the structure of the new Wholesale Electricity Market (*MEM - Mercado Eléctrico Mayorista*). On March 2021, an Amendment to the LIE was published. Currently, the Reform is definitely suspended with general effects due to several *Amparos,* until resolution of the case.

Ley de Transición Energética: Defines the legal basis to promote a transformation towards a sustainable energy and economic model in the long term.

Wholesale Electricity Market Structure



Basics of the LIE

Respect the rights of Legacy Permits (LSPEE)	Permits granted under the LSPEE will be respected in all its terms and conditions. In any case, these permits may voluntarily migrate to the Wholesale Electricity Market (MEM).
Liberalisation of the electricity supply	Private companies are allowed to provide supply services to qualified users (industrials).The Amendment to the LIE of 2021 establishes new criteria for the issuance and repeal of permits, introducing broad discretion by submitting it to planning criteria.
Green Energy Certificates (CEL)	Main instrument together with auctions to promote investments in clean energy. Allows the system to reach the target of having 35% of clean energy generation by 2024. The Amendment to the LIE of 2021 modifies the criteria for the issuance of CEL.
Wholesale Electricity Market (MEM)	Market that operates through Market Bases. The Amendment to the LIE of 2021 modifies the order of dispatch of power plants in the Market withouth considering economic criteria.

Regulatory framework (3/3)

Ley Servicio Público Energía Eléctrica -LSPEE (1992)

Independent Power Producer (IPP)

- 25 year PPA after auctions held by *Comisión Federal de Electricidad* (CFE). Asset own by Iberdrola when PPA expires
- Predictable revenues:

Fixed payments ($/kW)	**Capacity**	**~19%**
	O&M	**~7%**
	Reserve capacity for fuel	**~6%**
Variable costs ($/kWh)	**Fuel (pass-through)**	**~67%**
	O&M	**~1%**

Self-supply (*Autoabasto*)

- Supply of energy and capacity to self-supply partners (industrial clients) under different criteria, depending on each client:
  - Discount over regulated tariff (*Suministro Básico*)
  - PPA - Fixed price for contracted capacity, etc.
- On May 2020, CRE approved an increase on conventional transmission tariffs (porteo convencional). Iberdrola filed for an Amparo against the regulation. Precautionary measures were not granted and Iberdrola is waiting for the granting of the Amparo.

Ley Industria Eléctrica – LIE (2014)

- Generation to satisfy the needs of Iberdrola Clientes (qualified supplier) with hedging energy contract of the wholesale market products (*Mercado Eléctrico Mayorista - MEM*):

Energy | **Ancillary services** | **Capacity**

- These products can be sold through bilateral contracts or in the market

Facilities and regulatory framework

	State	Type	MW
Termopernambuco	Pernambuco	CCGT	533

	Concession process	Concession/ authorization term	Renewal	Revenue
Gas (1)	• Authorization request within ANEEL	• 30 years • Expiry date: Dec / 2030	• Possible renewal, if requested by the agent and at the discretion of the Granting Authority (ANEEL)	• 20-year PPAs to CELPE (390MW) and COELBA (65MW) - Thermo Priority Program (PPT)

(1) Refers to Termopernambuco terms

Data as of December 2020

Facilities

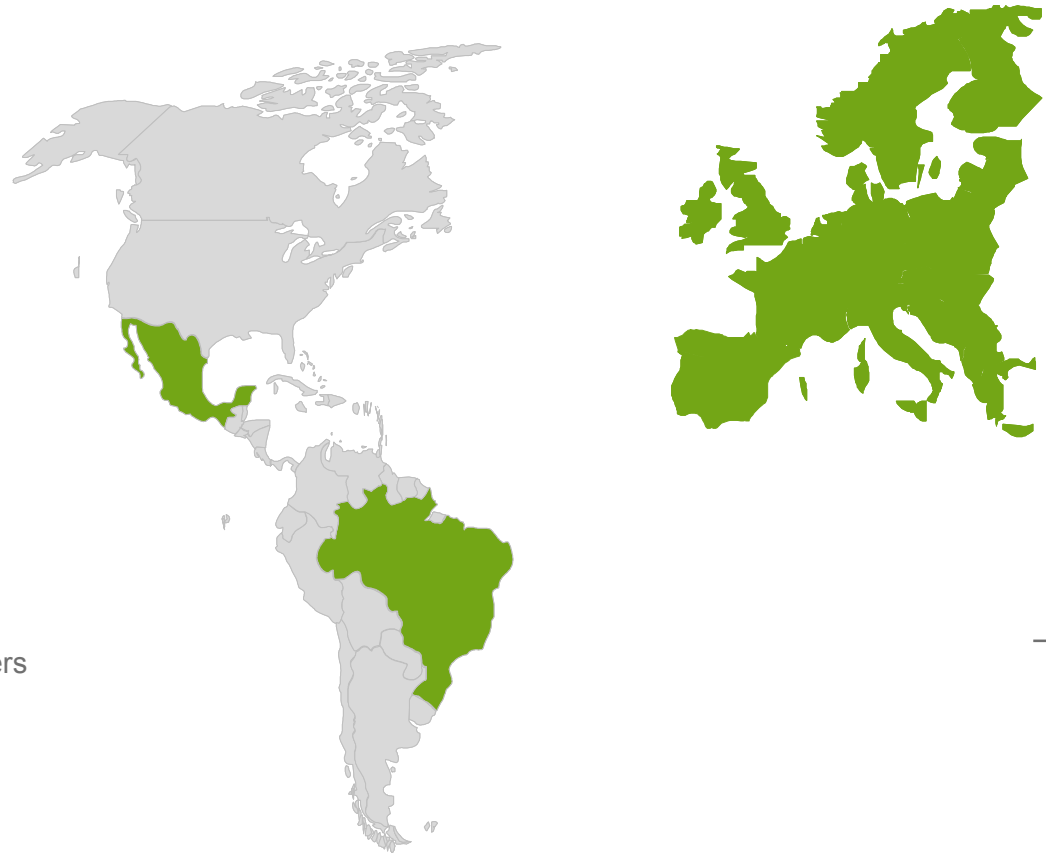
Gas Combined Cycle	Country	MW	Year of Installation	Income Regime
Smithfield OCGT	Australia	123	1996	Merchant
South Australian Gas Turbines	Australia	120	2017(1)	Merchant
		243		

(1) Acquired in November 2020

Data as of December 2020

Retail & Smart Solutions: Key figures 2020

26 M services to customers



MEXICO

4k I&C services to customers

53 TWh energy sales

BRAZIL

153k I&C services to customers

15 TWh energy sales

UK

7 M services to customers

43 TWh energy sales

SPAIN & CE

19 M services to customers

87 TWh energy sales

Solving customer needs with smart solutions

Smart Home

Support and maintenance services, payment protection, personalised services for energy optimisation, smart home devices:

- Electrical and gas emergency repairs
- Appliance and air conditioning protection
- Payment protection
- Smart Assistant
- Smart home devices (consumption monitor, smart thermostat, etc.)

Smart Clima

Advanced and sustainable air conditioning solutions, with maintenance services and full guarantee:

- Heat Pumps (Aerothermal and Air Conditioning)
- Other efficient heating and hot water systems
- Thermal insulation to increase comfort
- Individual and communal installations
- Working towards the electrification of heat and decarbonisation.

Domestic and business | Homeowners' associations | Business & Administration

Smart Solar

Integral solar solution, allowing you to save by generating and consuming your own renewable energy:

- 100% renewable energy, helping to protect the environment
- Installation, maintenance and financing
- Personalised plan to save on your bill
- Compensation for surplus energy not consumed
- Digitalisation through the App, obtaining real-time information on the production and consumption of the Smart Solar installation.

Domestic and business | I&C | Solar Communities/ Shared Consumption

Smart Mobility

Iberdrola's solution for your electric vehicle:

- Charging solution with the device that best suits the customer's needs.
- Savings with the Electric Vehicle Plan. Personalised electricity plan with 100% green energy
- Control from your mobile phone:
  - Smart Mobility Home App to control and schedule charging.
  - Public Charging App to locate available charging points.

Home use solutions | Public use solutions | Business Solutions

Services to customers: >25 M contracts

Thousand contracts	2020	2019	Var. (%)
Spain	**17,408**	**16,844**	**+3.3%**
Spain liberalised	**13,942**	**13,394**	**+4.1%**
Electricity	6,547	6,626	-1.2%
Gas	1,097	1,048	+4.6%
Smart solutions	6,298	5,719	+10.1%
Spain Last resort tariff	**3,466**	**3,450**	**+0.5%**
International	**1,794**	**1,513**	**+18.5%**
Portugal	909	867	+4.8%
France	396	231	+71.2%
Italy	409	385	+6.4%
Germany	28	23	+26.1%
Irlanda	33	7	+358.6%
USA	18	0	N/A
UK	**6,815**	**6,609**	**+3.1%**
Electricity	2,827	2,816	+0.4%
Gas	1,912	1,891	+1.1%
Smart Solutions	360	374	-3.7%
Smart Meters	1,715	1,529	+12.2%
Mexico	**4**	**3**	**+26.8%**
Brazil	**153**	**113**	**+35.2%**
Electricity	0.5	0.4	+20.8%
Smart Solutions	152	112	+35.3%
TOTAL	**26,173.4**	**25,082.2**	**+4.4%**

Thousand contracts	2020	2019	Var. (%)
International	**1,794**	**1,513**	**+18.5%**
Portugal	**909**	**867**	**+4.8%**
Electricity	338	333	+1.6%
Gas	68	56	+20.5%
Smart Solutions	502	478	+5.1%
France	**396**	**231**	**+71.2%**
Electricity	181	105	+72.3%
Gas	101	66	+54.0%
Smart Solutions	114	61	+88.1%
Italy	**409**	**385**	**+6.4%**
Electricity	157	138	+13.4%
Gas	83	75	+10.2%
Smart Solutions	170	172	-0.9%
Germany	**28**	**23**	**+26.1%**
Electricity	28	23	+26.1%
Gas	0	0	N/A
Smart Solutions	0	0	N/A
Irlanda	**33**	**7**	**+358.6%**
Electricity	22	5	+334.7%
Gas	12	2	+407.5%
Smart Solutions	0	0	N/A
USA	**18**	**0**	**N/A**
Electricity	17	0	N/A
Gas	0	0	N/A
Smart Solutions	1	0	N/A

Data as of December 2020

Regulated tariff (PVPC) and Social Bonus: RD 216/2014 / RD-Law 15/2018

PVPC

- Regulated tariff. Entitled consumers with capacity contracted < 10 Kw
- Components:
  - Hourly prices in wholesale market, published by Red Eléctrica
  - Access tariff and fees, published in the Official Spanish Gazette (BOE)
  - Supply margin, published in the Official Spanish Gazette (BOE)
  - Taxes (VAT – 21% / Electricity tax – around 5%)

Social Bonus

- Discount applied to electricity bill (25% / 40%), according to
  - Income criteria
  - Limits to consumption
- Two types of vulnerable consumers and groups with special conditions
- Financed by electricity supply companies
- **TED/788/2020**: establishes a **financing quota for Iberdrola of 34.4%,** which represents a reduction of 0.2% with respect to 2019.

Electricity access fees

- Royal Decree-law 1/2019 assigned the CNMC the competence to develop the methodology to establish electricity network tariffs, while the Government has kept the competence to regulate other charges related to the electricity sector. This way, new third party access tariffs are disaggregated into charges (Ministry competence, designed to collect policy costs) and network tariffs (CNMC competence, designed to collect costs associated to networks use).
- The new network tariffs and the new electricity system charges will be effective from **June 1, 2021**

CNMC methodology for electricity network tariffs. Circular 3/2020

- Distinction of fixed (€/kW) –variable (c€/kWh) structure is maintained**.**
- Domestic customers (P≤15KW) are unified in a single tariff group (2.0TD), which replaces the 6 current domestic tariffs (2.0A, 2.0DHA, 2.0DHS, 2.1A, 2.1DHA y 2.1DHS).
- The tariff periods are modified: 3 periods for domestic customers and 6 periods for SMEs and industrial customers.
- An optional tariff for public electric vehicle charging points is incorporated, which is attractive for low-use points

Royal Decree 148/2021 on the methodology for calculating electricity system charges

(Renewable incentives, historical tariff deficits and costs for non-mainland regulated generation)

- The RD establishes a structure of charges similar to electricity networks tariffs
- The new charges scheme will allow the recovery of an amount equivalent to the one obtained with the current prices for each tariff segment.

Joint effect: electricity network tariffs + electricity system charges

Voltage level contracted	Previous network tariffs and charges	New network tariffs and charges
< 15 kW (Low voltage)	60% fixed term 40% variable term	50% fixed term 50% variable term
>15 kW (High voltage)	80% fixed term 20% variable term	60% fixed term 40% variable term

Note: Low voltage tariffs: They will apply to supplies made to voltages not exceeding 1 kV

- 2.0TD tariff: simple rate for low voltage, power under 15 kW. Three periods of energy and two of power.
- 3.0TD tariff: general rate for low voltage, power over 15 kW. Six periods of energy and power.

RETAIL: UK REGULATORY ENVIRONMENT

Form of Control

- Operates in the liberalised UK energy market for gas and electricity under the energy regulator Ofgem with a regulatory framework of both prescriptive and principles based obligations.
- As of June 2019 the UK domestic energy market consists of approximately 23.5m gas and 28.5m electricity supply points.*

Price Regulation

- Price regulation exists for certain customer groups on default tariffs (including standard variable tariffs) through the Default Tariff Cap, which came into effect 1 January 2019 and was extended to include prepayment meter customers from 1 January 2021, following the expiry of the prepayment meter cap (which was in force from April 2017).
- The cap collectively impacts around 15 million customers.
- The level of the cap is reviewed every 6 months, and during 2020 the government decided to extend the cap beyond 2020 to the end of 2021 as a minimum. It may be extended annually until 2023 if Ofgem believe conditions are not in place for effective competition.

Obligated support for low income and fuel poor customers

- Warm Home Discount is a government scheme aimed at addressing fuel poverty and takes the form of a one-off discount on energy bills set at £140. The scheme is paid to customers in low income groups or in receipt of pension credits, and is paid to over 2.2 million customers. The Warm Home Discount scheme will be continued until at least 2025/26.
- Energy Company Obligation Scheme is a government scheme to help reduce carbon emissions and tackle fuel poverty. The scheme requires suppliers to invest in energy efficient measures. The size of each supplier's obligation is based on customer numbers and supply volumes.

*Ofgem has not published a 2020 update to its State of the Market report, therefore these numbers are as per Ofgem's State of the Market 2019 report

Retail (Iberdrola Clientes) regulatory framework

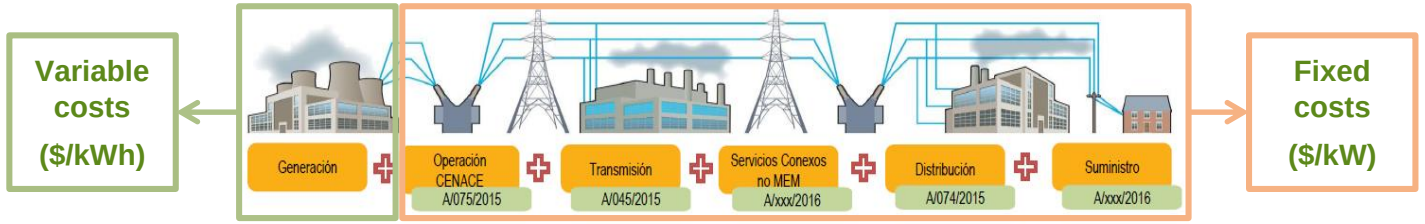
Legacy Regime LSPEE (1992)

- Sale of energy and capacity generated by Iberdrola power plants under self-supply or cogeneration regime (*autoabasto*)
- Medium and long tem contracts with self-supply partners (industrial clients), according to different criteria depending on each client
- On May 2020, CRE approved an increase on renewable transmission tariffs (porteo estampilla) and to the conventional transmission tariffs (porteo convencional) as well. Iberdrola filed for an Amparo against the regulations. In the case of the renewable transmission tariffs, precautionary measures were granted. In the case of conventional transmission tariffs, the precautionary measures were not granted and Iberdrola is waiting for the granting of the Amparo.

MEM (Ley Industria Eléctrica (2014))

Regulated Tariff Suministro Básico

- Additive tariff incorporates the costs of all the activities in the system. The Federal Government set the target of maintaining the basic supply tariff throughout the six-year period.
- Components of the additive tariff :



Iberdrola Clientes (Qualified Supplier)

- Supply to liberalised clients (demand >1 MW)
- Requirements for long term hedging with Iberdrola power plants defined by *Comisión Reguladora de Energía* (CRE)
- Qualified supply tariff:
  - Fixed costs: according to regulated cost of the basic supply tariff (*suministro básico*)
  - Variable costs: according to the generation portfolio that supplies Iberdrola Clientes in the market.

AGENDA

Green Financing at the core

Green Financing IBERDROLA

Accountability | **Assurance** | **Taxonomy**

Use of proceeds guarantees **transparency in impact and accountability**

Reporting, SPOs and **external verification** to provide assurance

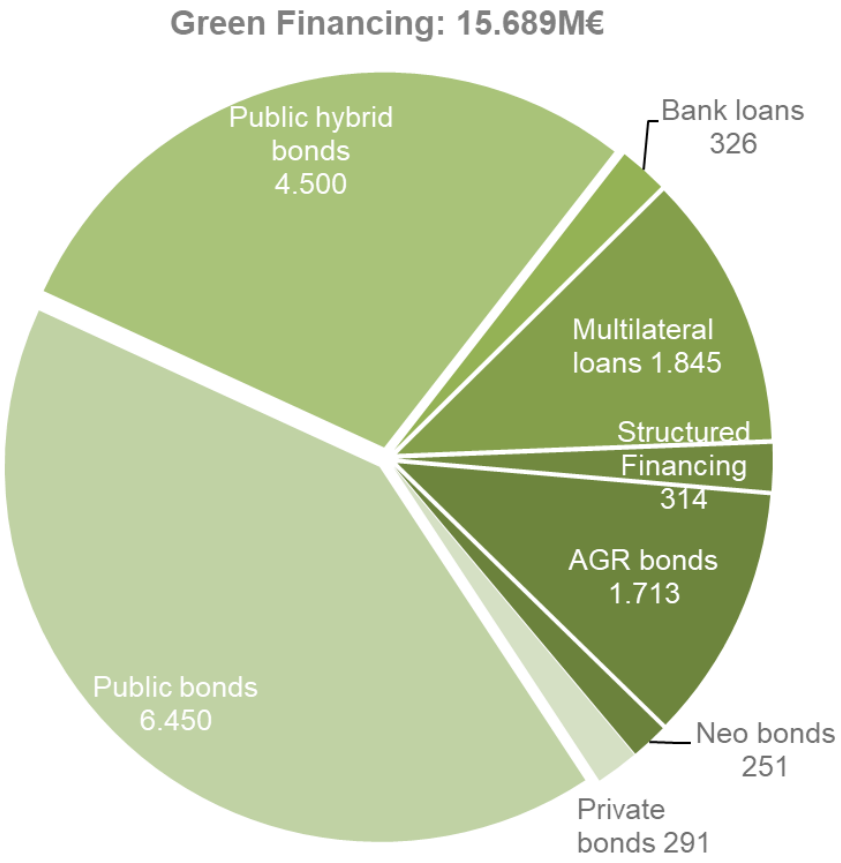
Assets and activities **under EU taxonomy**

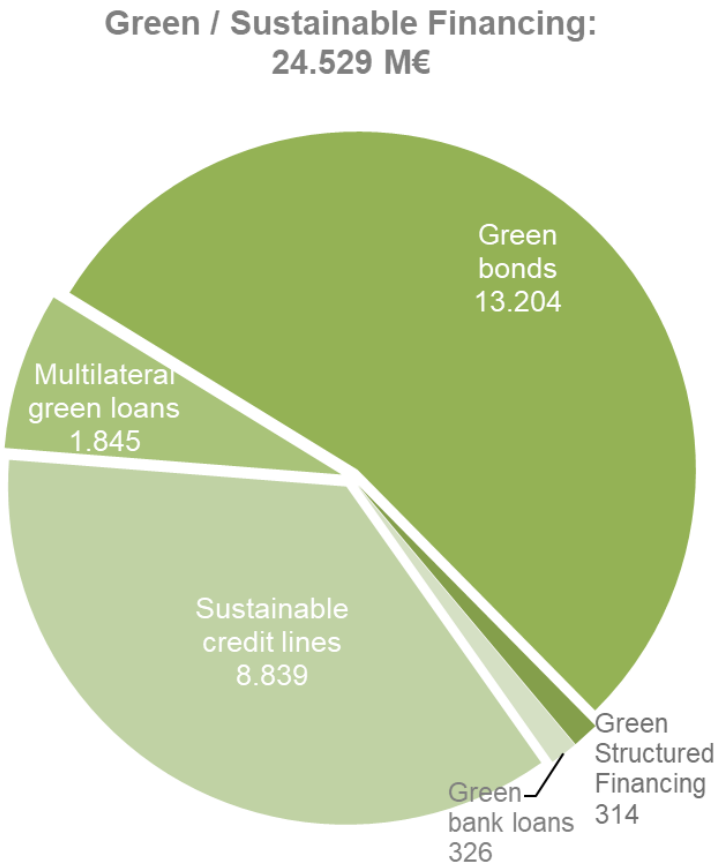
✔ **Asset Base + Energy Transition = Maximizing access to the Green Bond market**

Allowing us to increase the investor base and, as a consequence, to reduce cost of debt (Green Premium average for corporates up to 15bp[1])

1 Based on Citi report on Sept. 20 "The Green, Social,& Sustainability Bond Market"

Iberdrola is the world leading group in green bonds issued





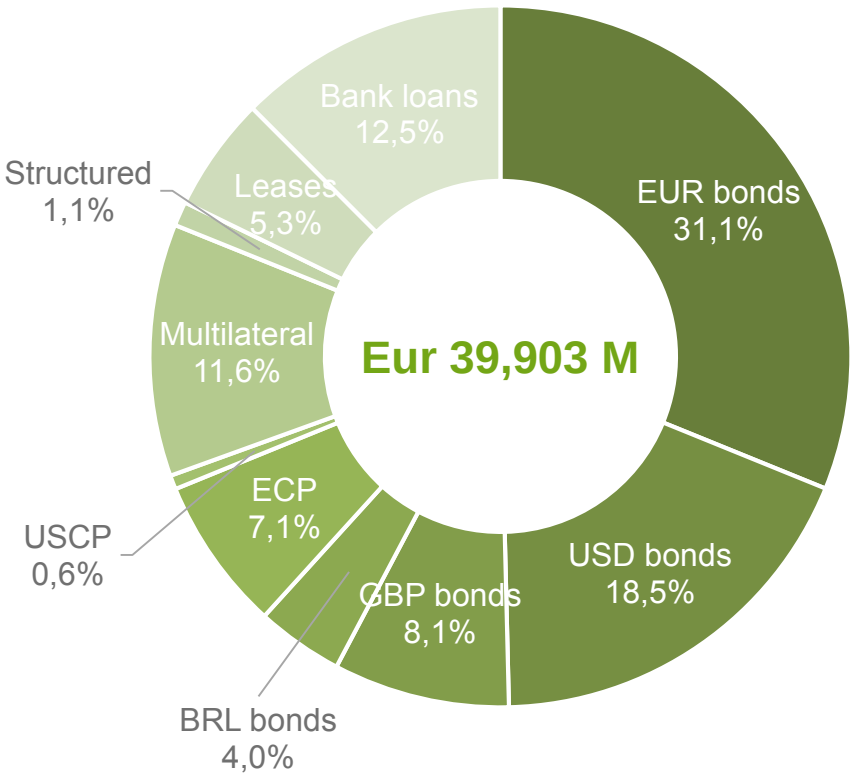
Iberdrola signed new transactions in 2020 totaling EUR 4.5 bn[1] of green financing for a total of EUR 24.5 bn in green/sustainable financing[2] to date[3]

Information related to Green Bonds: https://www.iberdrola.com/shareholders-investors/investors/fixed-income/information-related-to-green-bonds

1. *Including EUR 2.0 bn signed in February 2021*
2. *Including sustainable credit lines*
3. *As of February 24th 2021*

Financing markets diversification

Debt structure by market as of December 2020



Bond market

- Main source of LT financing
- Access to different markets globally and locally

Multilateral lenders

- Iberdrola considered strategic partner (EIB, BNDES, ICO)
- New development banks financing sustainable investments

Bank market

- Diversified portfolio with main international/local banks
- Low share allows increasing if competitive

Hybrid market

- Low outstanding balance allows share to increase during the plan

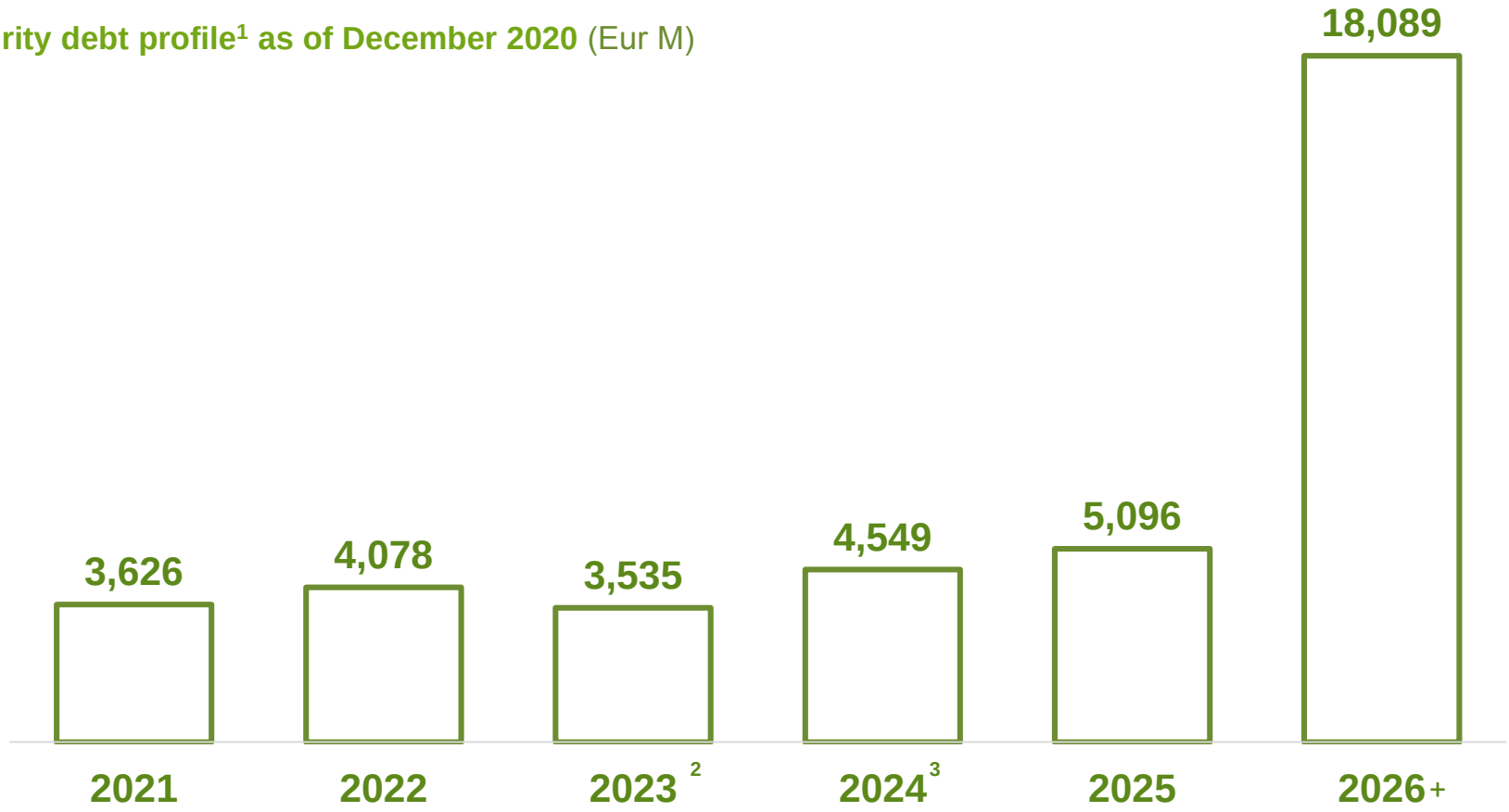
Hybrids amount outstanding: Eur 5.5 Bn[1]

1. *Outstanding figure as of Dec-20. Current outstanding hybrid amount as of April 2021 of EUR 7.5 Bn*

Maturities

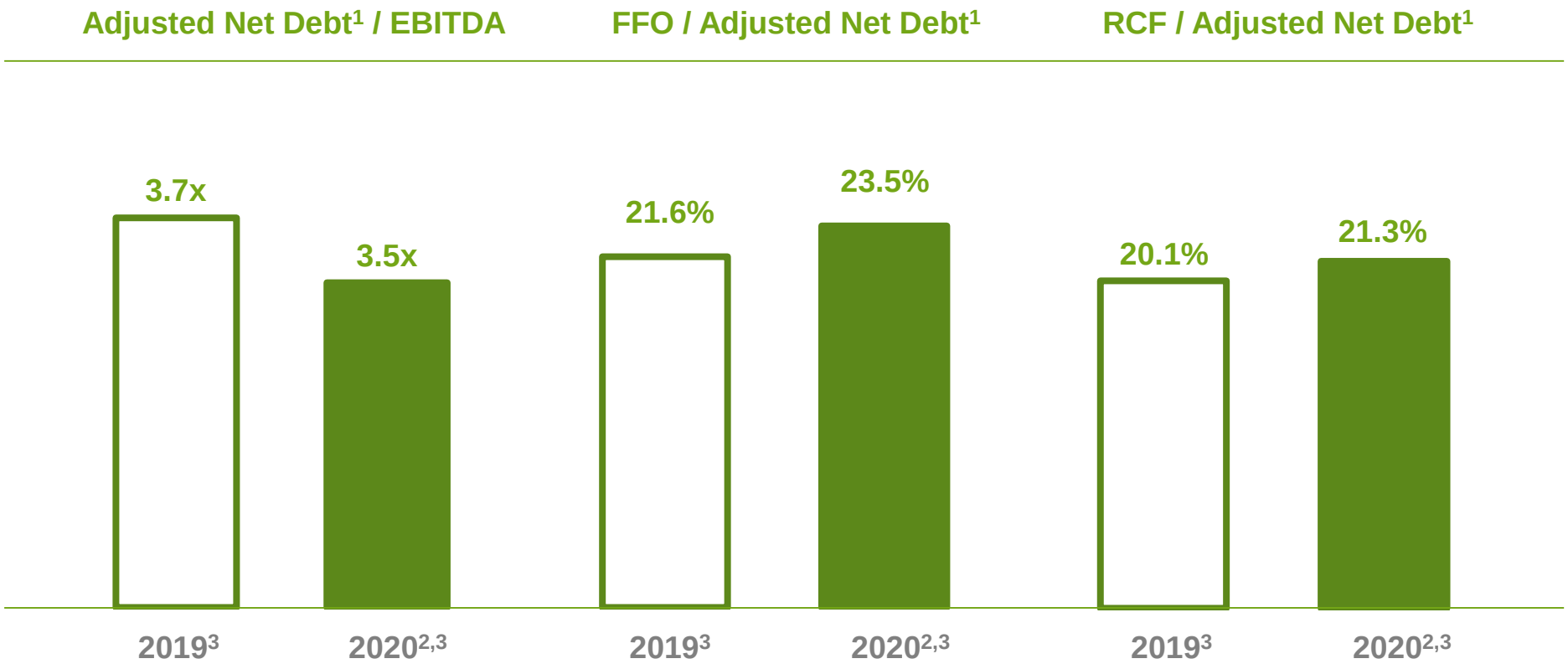
Average debt maturity close to seven years

Maturity debt profile[1] as of December 2020 (Eur M)



1. Adjusted gross debt excluding credit lines. Commercial Paper maturity in 2026+
2. Including USD 400 M with and extension option for 1 or 2 years
3. Including USD 500 M with an extension option for 1 or 2 years

Strong credit metrics, with Adjusted Leverage[1] of 42.3% as of 2020 (from 44.0% in 2019)



Accounting solvency ratios well aligned with rating agencies thresholds (BBB+/Baa1)

1. *Adjusted by treasury stock derivatives with physical settlement that at the current date are not expected to be executed (EUR 602 M at Dec 2019 and EUR 784 M at Dec 2020)*
2. *Proforma including Infigen and Aalto power*
3. *Excluding provisions for efficiency plans*

Credit Ratings

	S&P Global		Moody's		FitchRatings	
	Date		Date		Date	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
IBERDROLA	February 2021		December 2020		November 2020	
	BBB+	Stable	Baa1	Stable	BBB+	Stable
AVANGRID	September 2020		March 2020		April 2020	
	BBB+	Stable	Baa1	Negative	BBB+	Stable
SCOTTISHPOWER	December 2020		July 2020			
	BBB+	Stable	Baa1	Stable		
NEOENERGIA	April 2020					
	BB-	Stable				

Note: data as of April 2021, including latest reviews

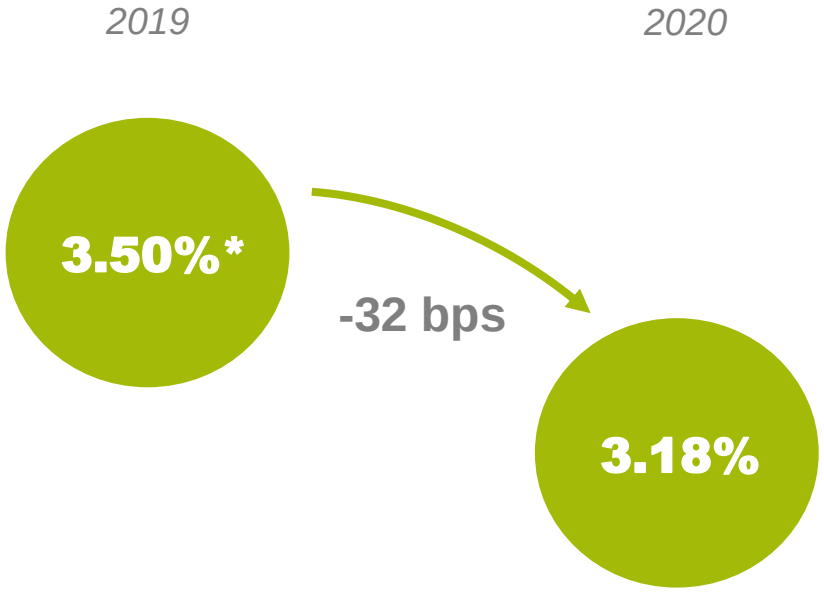
Cost of Debt

Average cost of net debt decrease up to 32 bps despite slightly higher average debt

Gross debt financial cost by currencies (%)

	2019*	2020
€	1.5%	1.7%
$	4.2%	3.5%
£	4.2%	2.9%
R$	6.9%	5.1%

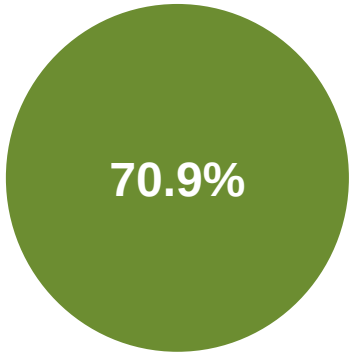
Cost of Debt (%)



** Dec'19 restated including the cost of currency swaps linked to debt already included in Dec'20*

Structural Subordination

Our model is based on financing the Group needs from the Holding




6.8%


18.3%


2.4%

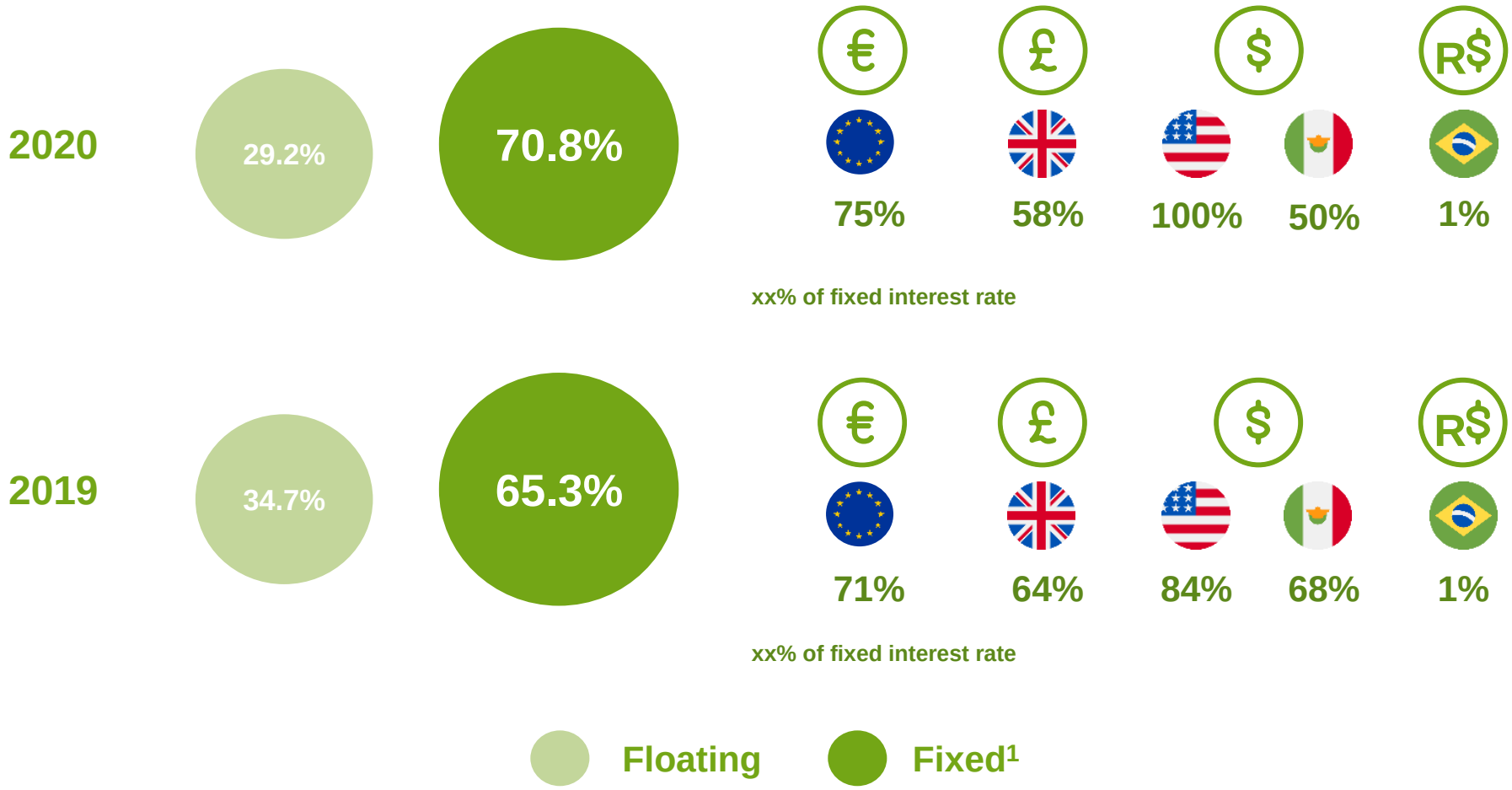
Other 1.7%

% of gross debt[1] at holding

- **Subordination ratio below 30% in 2020 line with financial policy and historical levels** ✓
- **Direct access to cash flows from unlevered and fully owned subsidiaries (large part of Group´s EBITDA ~ 70%)** ✓
- **High visibility of centralized cash flows (regulated and long term contracted)** ✓
- **Centralized treasury and very strong liquidity at Holding** ✓

1. *Including 50% of hybrids and excluding Neoenergia (Eur 4.1 bn in Dec-20)*

Conservative while active management of interest rate risk aligned with our earnings structure



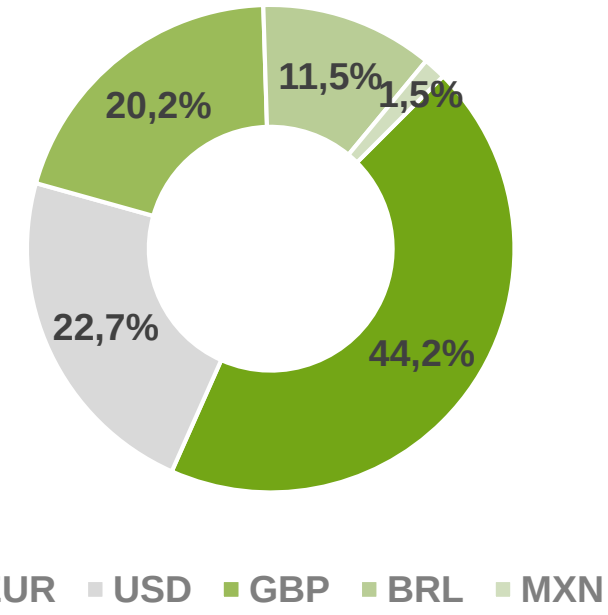
1. Including derivatives hedging future borrowing rates (Dec 20: EUR 2,820 million, including those signed in 2021 to date; Dec 19: EUR 4,551 million), fixed-rate debt rose to 71.4% (Dec 2020) and 73.1% (Dec 2019).

FX risk management: structural

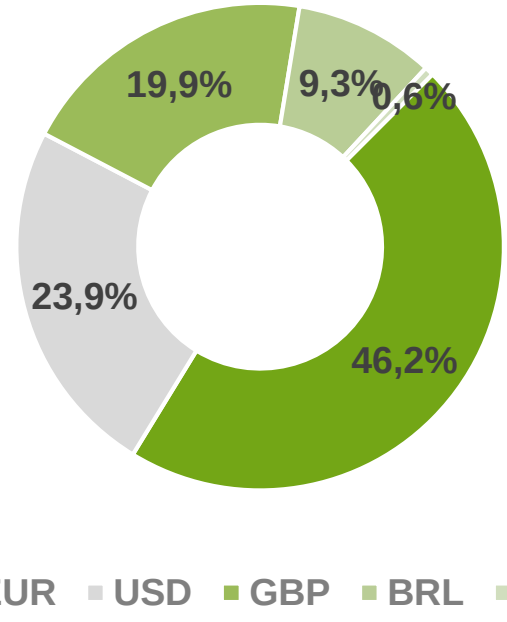
Structural FX hedge is taken by having the debt in the same currency and similar % as the funds from operations

Minimize FFO/Net Debt Ratio volatility

FFO by currencies



Debt by currencies



… protecting the solvency and rating

FX risk management: annually

FX risk in the Profit & Loss account is hedged through derivatives

Hedging Net Income FX exposure in currencies against the Euro

Net Income FX risk is managed on a yearly basis

Long term FX management not possible as it would generate huge P&L volatility

Debt reconciliation

Note 22 of Iberdrola Consolidated Annual Report 2020

Thousand euros	31/12/2020
Bank borrowings, debentures or other marketable securities (Note 29)	38,037
Derivative financial liabilities	592
Leases (Note 32)	2,058
Gross financial Debt	**40,687**
Treasury stock derivatives with physical settlement that at the current date are not expected to be executed	784
Adjusted net financial debt	**39,903**
Derivative financial assets	1,037
CSA Derivatives value guarantee deposits (Notes 4 and 16.b)	50
Short-term financial investments (between 3 and 12 months) (Notes 4 and 16.b)	247
Cash and cash equivalents (Note 21)	3,427
Total treasury assets	***4,761***
Adjusted net financial debt	**35,142**

Eur 5.5 Bn of Hybrids[1] not included in net debt calculations as they are accounted as equity

1. *Outstanding figure as of Dec-20. Current outstanding hybrid amount as of April 2021 of EUR 7.5 Bn*

Iberdrola Consolidated Annual Financial Report 2020:
https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/gsm21_FinancialStatements_AuditorsReport_Consolidated.pdf

AGENDA

ESG at Iberdrola

Leaders in promoting the SDGs and climate change, already incorporated in our company´s foundational regulations

Energy transition

Committed to the SDGs

Climate change

Circular economy

Environment

Sustainable mobility

Just Transition

MAIN FOCUS

DIRECT CONTRIBUTION

SDGs as part of Iberdrola group's business strategy

Iberdrola contributes to ALL of the sustainable development goals, with focus on **SDG 7 and 13** but with **direct contribution to 4 additional SDGs**

Main Focus

- **100 Eur bn invested** to lead energy transition
- World leader in wind power with **20 GW installed**
- **73.7 Mt of CO2 emissions avoided** over the last three years
- Iberdrola has brought electricity to **8.2 million people with Electricity for all program since 2014**
- **Leaders in Green Bonds issued:** 15 Eur bn as of today

- **Carbon neutral company in Europe in 2030,** enabling it to reduce its CO2 intensity emissions **globally** up to **50g/kWh**, at the end of the decade
- **79%** of the group's installed capacity **comes from emissions-free sources**
- Iberdrola has now **decommissioned all of its coal-fired power plants**
- Objective to **plant 20 million trees by 2030 capturing** c.**6 million tonnes of CO2** over 30 years

Direct contribution

- **One of the utilities with the best water productivity (sales/water used),** according to the Global 100 classification
- Reduce the intensity of **water use/production by 50% in 2030 compared to 2019**
- In 2020, **Iberdrola returned 96% of the water extracted to environment, saving 1,800 hm3**
- Iberdrola is a part of the **United Nations' CEO Water Mandate**

- Vector for employment and growth investing: **75 Eur bn between 2020 and 2025**
- Investments and purchases of goods will help to **support around 500,000 jobs around the world by 2025**
- **Leading** private utility in Europe and the second in the world by investment **in R&D with 330 Eur M/year in 2022 and 400 Eur M/year by 2025**

- More than **700 actions to protect biodiversity** per year
- We promote the **planting of 20 million trees by 2030** focusing on ecosystem restoration
- Iberdrola has received the first **AENOR certificate for Corporate Environmental Footprint**

- Iberdrola is part of **UN Global Compact** (since 2002), **World Business Council for Sustainable Development[1] and We Mean Business[2]**
- We **support different SDG Partnerships** key to achieve the fulfillment of the 17 goals included in the 2030 Agenda
- Iberdrola is **a member of several sustainable finance associations** promoting this market

- **Health and well-being:** a **driving force in Iberdrola.**
- **1st multinational company** to obtain the **Healthy Company Certificate** awarded by **AENOR[3] worldwide** (July 2019)
- **1st company** to obtain **AENOR certification worldwide in the COVID-19 action protocol** (July 2020)
- The company in the electricity sector that has shown the **greatest commitment and social responsibility in** face of the **COVID-19**, according to a **report by Merco**.
- **96% of employees at European societies have ISO 45,001 certification** in occupational H&S.

[1] World Business Council for Sustainable Development: https://www.wbcsd.org/Overview/Our-members
[2] We Mean Business: https://www.wemeanbusinesscoalition.org/
[3] According to the model of the World Health Organisation (WHO)

ESG plan, “Energy to Thrive”

More than 350 measures building on **20 years of leading sustainable strategy…**

E

- Leading the energy transition for more than two decades
- Innovation and clean energy at the core of our strategy
- Clear and public decarbonization targets
- Biodiversity protection

S

- Creating stable, safe, inclusive employment
- Contributing to improve people’s live quality
- Working for universal access to energy
- Assisting those most vulnerable

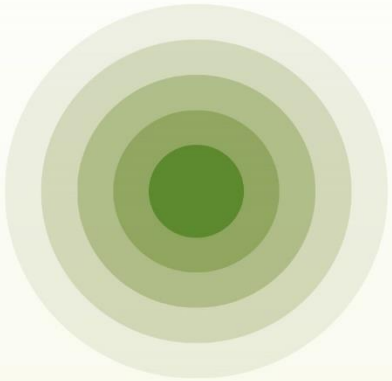
G

- Best practices at corporate governance level
- Supporting the sustainable finance market
- Promoting social responsible practices in the supply chain

…to fight against climate change, protect the planet and contribute to our communities

Main ESG targets

			2020	2022e	2025e
E	Emissions per kWh	gCO_2/kWh	98	~100	<70
	Biodiversity: reforestation	Tress, in Million		2.5	8
	Water consumption	m^3/GWh	434	<500	<420
	Smart Grid implementation	% of HV and MV grids	70	75	83
	Smart meters	Number, in Million	14.9	16.7	21.2
	R&D investment	Million Euros	293	330	400
S	Training hours	Hours / employee year	53	~55	~56
	Customers: smart services	Number, in Million	9	12	18
	Jobs supported	Contribution to employment	~400,000	>400,000	>500,000
	Women in leadership positions	% of management positions	22	25	~30
	Gender pay gap	% women / men ratio	+7.3%	+/-2%	+/-2%
	Electricity for All	Beneficiaries, in Million	8	11.5	14
	Foundation	Beneficiaries, in Million		1.3	1.4
G	Best practices in Governance	Inclusion in Corporate Governance System	✓	✓	✓
	Cybersecurity	Annual number of security assessments	1,200	1,800	2,000
	Suppliers	% of supplier with sustainable policies	47%	70%	75%

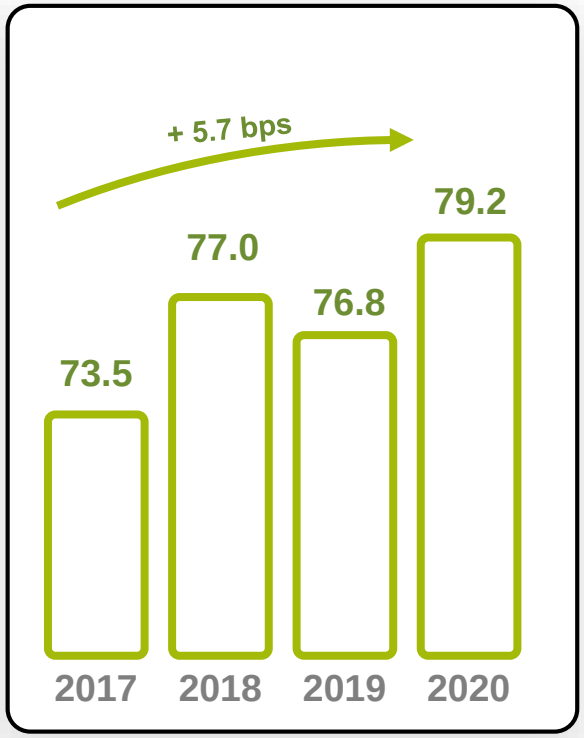


Environment

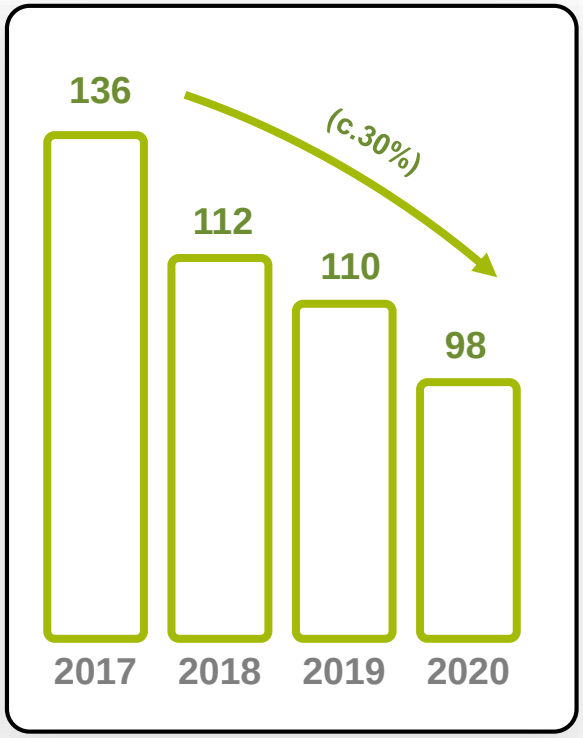
Environment: key performance indicators (I)

79% of own emission-free installed capacity…

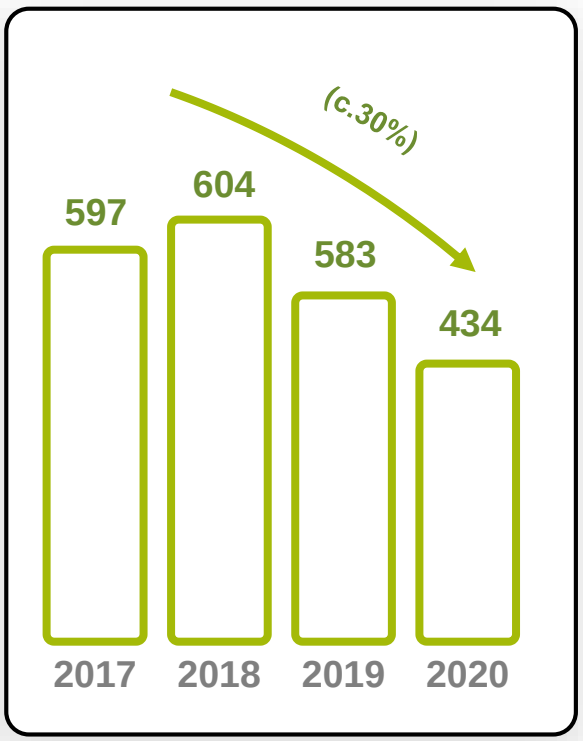
Own emission-free installed capacity (%)



Own specific CO2 emissions (t/GWh)



Water use / overall production (m^3/GWh)

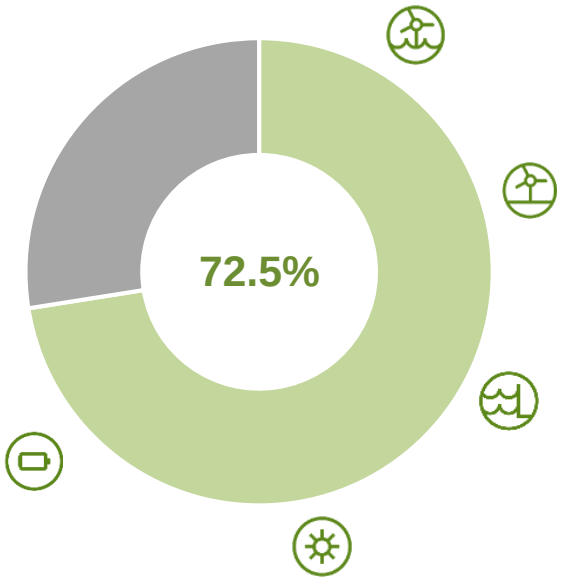


…with 73% of own renewable installed capacity as of 2020

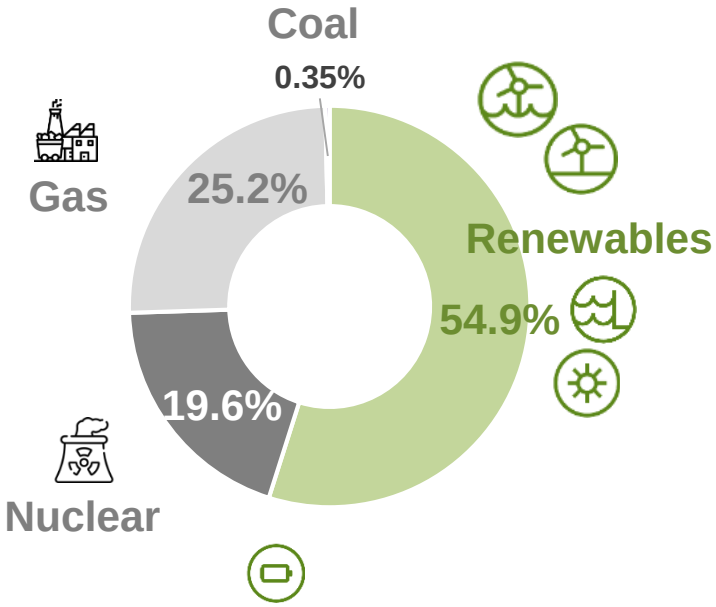
Environment: key performance indicators (II)

Since 2020, Iberdrola has no coal exposure (*coal free*)…

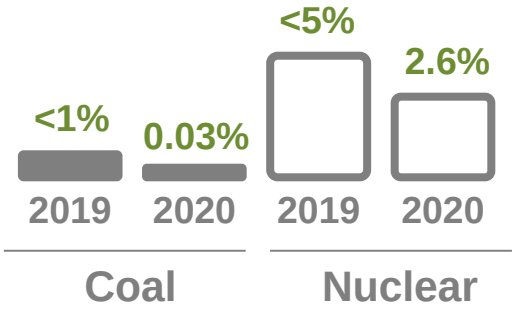
Own renewable installed capacity (%)



2020 Own production (GWh)



Revenues Coal & Nuclear / Total Revenues (%)



…with almost no revenues coming from coal and less than 3% of nuclear revenues

Environment: six main drivers

COMMITTED TO ENVIRONMENT

- Environmental management
- Greenhouse Gas (GHG) Report
- Intensity emissions
- Biodiversity
- Water use
- Energy efficiency






Environmental Management

Our environmental management is **based on the principles of respect for the environment**, **dialogue with stakeholders** and a single **Environmental Management System** for the group

ENVIRONMENTAL FOOTPRINT

- Our commitment to transparency is evidenced by the annual publication of the ISO14072 verified **Corporate Environmental Footprint (CEF)**
- Enables the company to identify the degree to which its activity affects the different categories of environmental impact, trace its cause and reduce these impacts

CERTIFICATIONS AND VERIFICATIONS

- Through different certifications and verifications based on international standards, the company demonstrates that its has a solid Environmental Management System that is driven by the premise of continual improvement

GREENHOUSE GAS REPORT

- Iberdrola has drawn up a greenhouse gas (GHG) inventory based on international standards such as the GHG (Protocol Corporate Accounting and Reporting Standard) and the ISO 14064 standard 1:2012 (UNE).

INTENSITY EMISSIONS

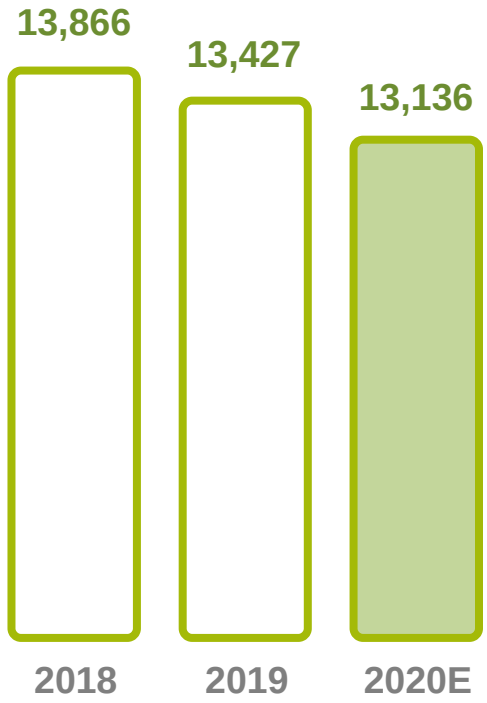
- Iberdrola has managed to reduce its direct emissions by one third in the last five years
- This is one of the milestones that has led the company to be the only European electric power company selected in the 21 editions of the Dow Jones Sustainability Index

77% of energy produced under **certified environmental management** system in 2020

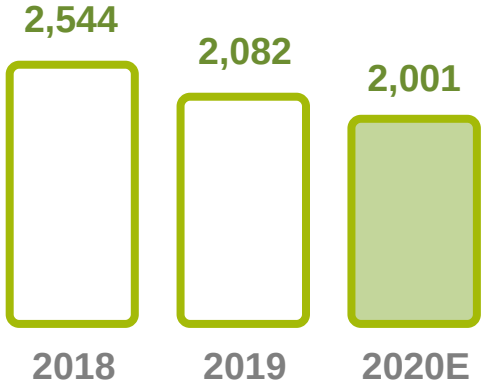
Greenhouse Gas Report (Carbon Footprint)

79% of own emission-free installed capacity

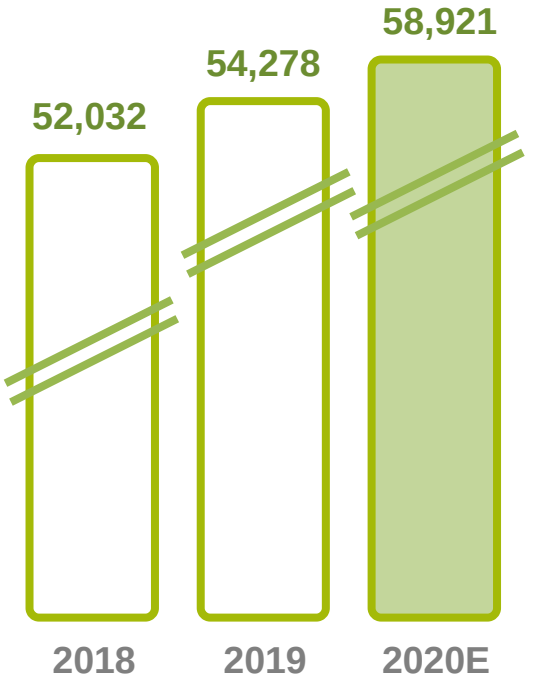
Scope 1: Direct emissions (Mt)



Scope 2: Indirect emissions (Mt)



Scope 3: Other Indirect emissions (Mt)



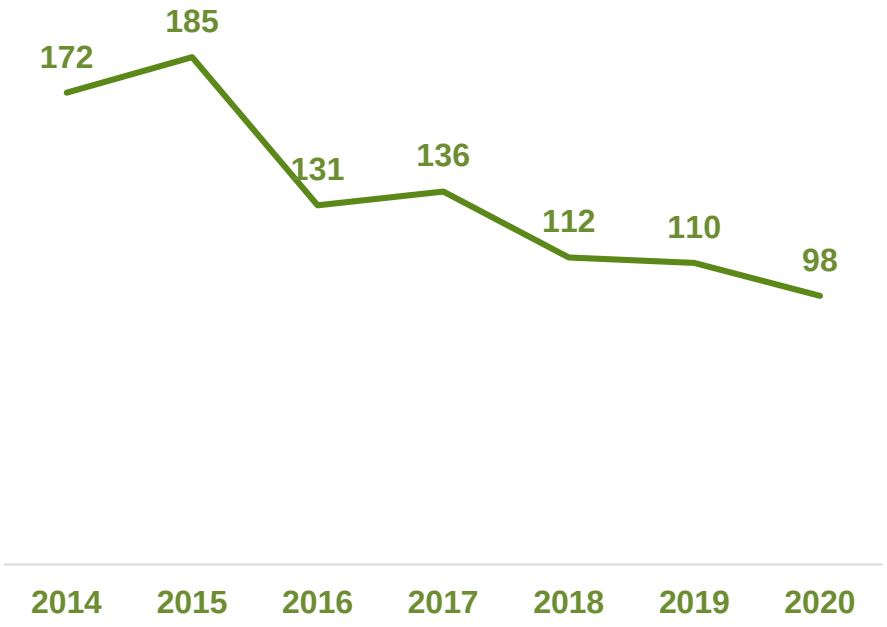
Emissions to be verified in 2021

Intensity emissions: CO2

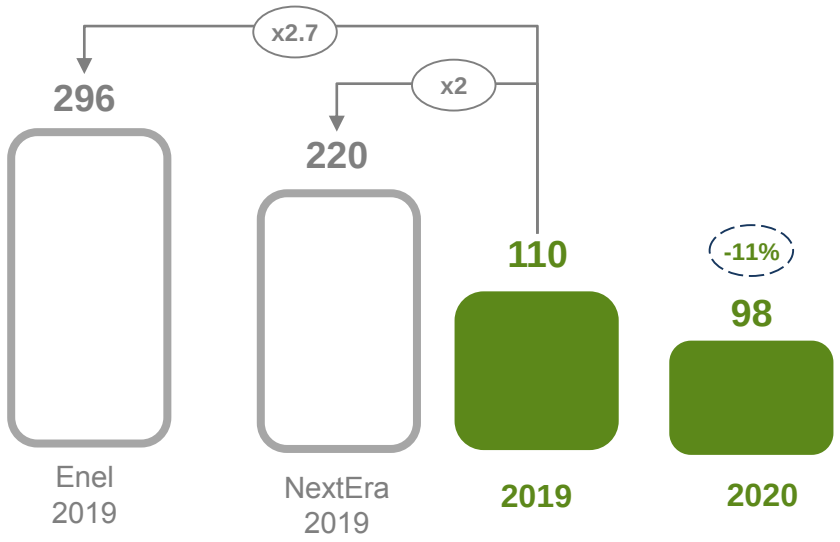
MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Iberdrola has been the **only European electric utility included in the 21 editions of the prestigious Dow Jones Sustainability Index**

Own specific CO2 emissions (t/GWh)



Vs Peers



Biodiversity

2030 objective of "No Net Loss" of biodiversity

Conservation Principle

- **Iberdrola has a Biodiversity Policy, which applies to all business units and regions where the company operates.** The policy establishes as basic action principles (among others). **integrating the conservation of biodiversity into the decision-making** processes at the implementation, operation and dismantling stages **of infrastructure projects**

Management Approach

- Four priority lines of action:
  1. **Biodiversity Policy**
  2. **Pact for biodiversity**
  3. **Enviromental monitoring and control plans**
  4. **Positive conservation management**

Interaction with Biodiversity

- Iberdrola Group works to **avoid, minimise, restore and offset the impact** on natural capital and biodiversity.
- Prior to initiating the administrative process, **Iberdrola consults the various Stakeholders** about new projects
- Incorporates **good building practices** that go beyond the applicable legal requirements
- After the administrative process and **during construction Iberdrola continues to work with Stakeholders** to avoid environmental effects

Action Plans

- Protect biodiversity, **applying a mitigation hierarchy** throughout the project life cycle
- **Understand and conserve biodiversity**, by applying the principle of precaution to avoid or minimize their impact and foster conservation.
- **Collaborate with Stakeholders**, in order to integrate them into action plans and participate in research projects
- A commitment to **raise awareness** of the importance of biodiversity and communicate internally

Occupation of Protected Areas

- **Spain**:
  - Within biosphere reserves, national parks, Ramsar wetlands and natural parks, these reservoirs take up 1.15% of the surface area of these protected areas
  - only 7% of our wind farms are in protected nature areas
- **UK:**
  - ScottishPower does not have onshore wind farms in protected areas
- **US:**
  - Only one of the 64 onshore wind farms (2%) is located within a protected area with high biodiversity

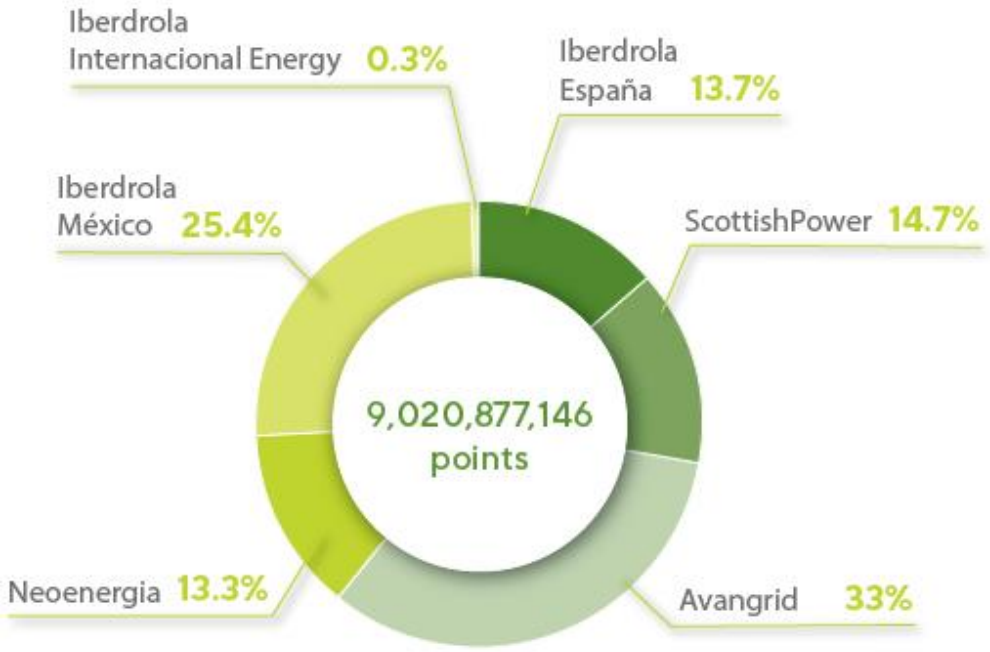
Habitats and Species

- **We promote the planting of 20 million trees by 2030**
- Iberdrola identifies the threatened species included in the IUCN Red List and in national and regional lists with habitats in the areas where it operates to prevent any impact.

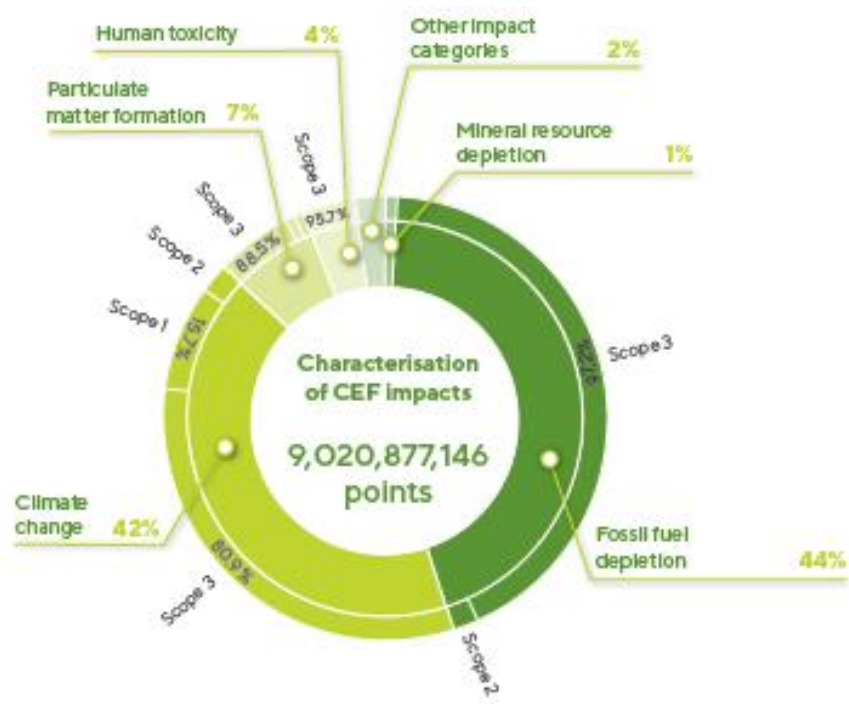
Environmental Management: Corporate Environmental Footprint (CEF)

Our Corporate Environmental Footprint (CEF)[1], which is published every year, evaluates Iberdrola's effects on the environment, based on the Life Cycle Analysis (LCA)

Footprint breakdown by Subholding



Footprint breakdown by environmental impacts



It is based on ISO 14072 and verified by AENOR since 2015

[1]2020 Data: available in May 2021

Corporate Environmental Footprint Report Year 2019: https://www.iberdrola.com/wcorp/gc/prod/en_US/sostenibilidad/docs/IB_Environmental_Footprint_Report.pdf

Water use

We optimize water management and ensure it is used in accordance with the best practices

- **96% of all water** collected is **returned to the supply source**
- **1,800 hm³ of water were saved** owing to its reuse in **closed or semi-open cycles**
- **15 hm³ of waste water** was **recycled** in **cooling processes**

Objective 2025 of <420 m³/GWh of water consumption (vs 434 m³/GWh as of 2020)

Energy efficiency (I)

The **CIRCULAR ECONOMY** is the basis of the Iberdrola group´s sustainable business model: we promote **Ecoefficiency** by gradually reducing the environmental impact of our operations, facilities, products and services

PROGRESS

Mt of CO2 emissions avoided

22.90	31.30
(2019)	*(2020)*

Million GJ/year avoided of equivalent consumption of non-renewable primary energy

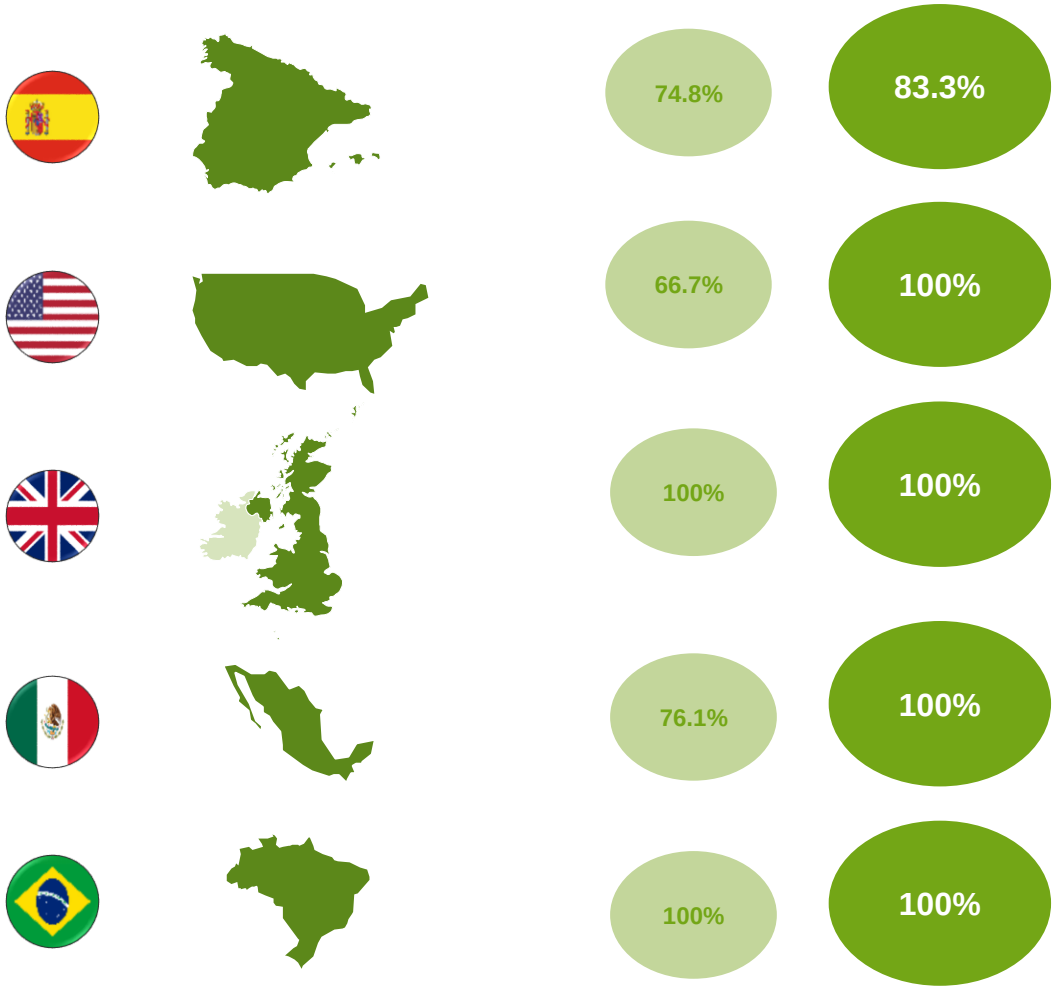
213.48	245.03
(2019)	*(2020)*

The Iberdrola group considers energy efficiency from a threefold perspective:

1. **As a utility**, increase energy efficiency by introducing the latest power generation, transport and distribution technology and equipment, and to reduce auxiliary consumption and the consumption of cooling water
2. **As an electricity supplier**, informing and training users and providing solutions to help them become more energy efficient and reduce the environmental impact of their energy habits and consumption
3. **As an energy-consuming company,** focuses on the ongoing improvement of energy efficiency across its operations

Energy efficiency (II)

In 2020, **97.2%[1] of production** was achieved using **local sources of energy** vs 79.1% in 2019



At year-end **2020** the companies of the group, as a whole, handled a total of **34.4 million users (33.9 million in 2019)**

2019 2020

1. Includes IEI with 100% of production with local sources of energy both in 2019 and 2020 respectively

R&D - Innovation

Leading private utility in Europe and the **second** in the world **by investment in R&D**

In 2020, **Iberdrola invested in R&D 293 M Eur (vs 280 M Eur in 2019)**, with an accumulated investment of **more than 2 billion euros in the last decade**

R&D Renewables

- **Disruptive technologies:** floating offshore & PV, pumps, batteries, hybridation of technologies
- Improving the **efficiency of assets and processes**
- Encouraging the **integration of renewable energy**
- **Reducing costs** in the design and construction of the installations

R&D Networks

- Mainly focus on the development and expansion of **smart grids**
- Smart Grid implementation (% of HV and MV grids): **70% as of 2020**
- Integration of new technologies **(batteries, Distributed Energy Resources (DERs), Electric Vehicles…)**
- Improvement of **customer services**

R&D Generation & Retail

- New developments that promote the **flexibility, operational efficiency and safety of facilities**
- Reduce our **environmental impact**
- **New products** that ensure an efficient, fast and high quality service (Smart Assistant, Chat Bots,…)
- **Smart Solutions** (Smart Solar, Smart Home, Electric Mobility, customized tariffs…)

Digitalization

- **Until 2017, Iberdrola invested € 5,600 million** in digitization and it is foreseen an **additional investment of € 4,800 million by 2022.**
- Iberdrola **digitally manages** its electricity generation assets and has transformed its networks into intelligent ones with **digital tools and Artificial Intelligence.**

R&D - Open Innovation and Partnership*

Our **open innovation** model allows us to **collaborate with employees, technology suppliers, universities, industrial organisations and public institutions** through our **programs and technology centers**

Global Smart Grids Innovation Hub

World Center for Smart Grid Innovation (Bizkaia)

GLOBAL

A **global centre connected to international partners** where new solutions are developed.

MARKET-ORIENTED

Industrialisable products that can be installed in electricity distribution networks around the world.

BASED ON PARTNERSHIPS

A **public-private alliance,** with funding from the regional government of Biscay and other collaborations.

ATTRACTION OF TALENT

Aimed at **accelerating collaboration and innovation to attract talent.**

Iberdrola Innovation Middle East, Qatar

World-leading innovation center to tackle the digitalization of the energy sector

SMART GRIDS

- Advanced metering
- Monitoring/sensoring
- Cybersecurity

RENEWABLES INTEGRATION

- Microgrids control
- Distributed solar power and storage
- Energy system modelling

ENERGY MANAGEMENT

- Energy efficiency
- Energy management systems
- Big data analytics

Iberdrola U- Iberdrola University Program

New model of relationship with **8 prestigious universities**, **connecting over 290,000 members,** including students, teachers and scholarship holders **to develop different initiatives:**

1. **Chairs**
2. **R&D Projects**
3. **Young Entrepreneur**
4. **Training**
5. **Iberdrola Alumni**

IBERDROLA

* https://www.iberdrola.com/innovacion

R&D - Perseo

Iberdrola - PERSEO Startup Program

More than 10 years innovating with startups…

70 million euros
invested in startups around the world

€40 million
to create and invest in companies that support electrification and difficult-to-decarbonise sectors

3,000 emerging companies
in our ecosystem (increasing at a rate of 300 per year)

8 startups in our portfolio
(+25 real tests/year as a first step to establishing a partnership)

…with a total budget of 110 Eur M

Objectives of the Perseo start-ups programme

Early identificaction of key trends for the future of the company

Access to groundbreaking technologies and business models

Fostering a culture of innovation and entrepreneurial activity

Stimulate industrial sectors with high potential for growth, thus stimulating economic and social revitalisation

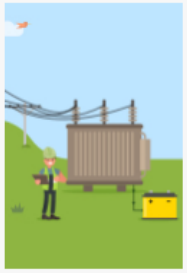
R&D – Perseo (III)

Iberdrola - PERSEO Startup Program

Beyond the investment…

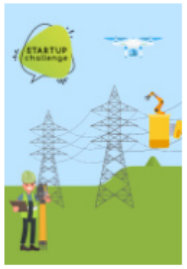
Start-Up Challenges Program

Open calls to the Start-up community to tackle key challenges of the Energy Transition



Optimization of medium and low voltage networks

Its objective was to find solutions based on power electronics to optimize medium and low voltage networks, improving their flexibility.



Transmission Construction Automation

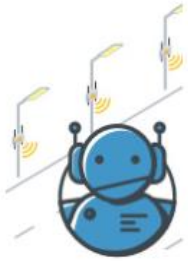
We searched for solutions to optimise the construction of electrical transmission facilities, improving the efficiency and productivity of the processes. Meet the winners.

Wind turbine monitoring

With this challenge, we wanted to improve the monitoring systems on wind farms, especially on the older ones.

Bird protection on electricity grids

Iberdrola was seeking innovative solutions that would allow coexistence between overhead lines and the surrounding fauna and flora.



Street lighting and cabling detection

This competition sought solutions to detect and validate unrecorded public lighting points and cabling. Concert Technologies won with its Imagery platform.

Collaborative electric charge solutions

The challenge was to find solutions for users of electric vehicles looking to share a charging point or make use of other people's charging points.

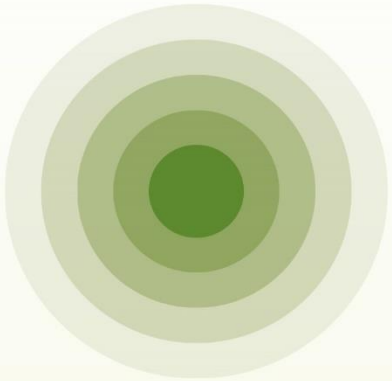
Marine mammal protection

With this challenge, the company aimed to find technologies to minimise the impact that offshore wind farms may have on local marine mammals.

7 Challenges launched in 2020

~350 start-up participated in the Challenges

15 winners with ongoing pilot projects



Social

Social commitment

Committed to creating value, progress and people's well-being

Response to COVID-19

- Group's action **protocols for COVID-19** were the first to be **certified by AENOR** worldwide
- Supply chain that **generates 400,000 direct, indirect and induced jobs** around the world, which will be around **500,000 in 2025**
- **Close to 52 million euros donated** by Iberdrola in health and prevention equipment.
- **Advancing purchases to suppliers during COVID 19 crisis** in the first half of 2020, to keep the supply chain operational

Diversity and inclusion

- Increase the presence of **women in managerial positions, to 30 % by 2025**
- To create a **committee** responsible for promoting and monitoring progress on diversity and inclusion[1]
- **Raise awareness among employees** about the value that diversity brings to Iberdrola, to incorporate behaviors that foster better decision-making
- **Reinforce inclusion and diversity** in internal and external **communications**

Social contribution

- **'Energy to Thrive'** plan, to strengthen our environmental, social and governance **(ESG) pillars**
- We **invest** to look ahead to the energy transition **75 Eur bn until 2025**
- Total return for shareholders of **800% over the last 20 years**
- Having a pull effect on our more than **22,000 suppliers**, with awards worth **14 billion euros** in **2020**
- Implementation of a **Responsible supply chain management policy**

Corporate culture

- Commitment to the **training and development** of all its professionals, : enormous effort in 2020 to adopt a large part of the training activity via **telematic means**
- **Average remuneration of men and women** within the consolidated group is quite **similar.** Works to **the promotion of STEM[2] careers** in more minority groups
- Ensure a **safe and healthy workplace throughout the whole group**

Women's sport

- **First company to make a global commitment to** encourage **women's participation in sport**
- In 2020 Iberdrola launched the **Iberdrola SuperA Awards** with the aim of recognizing and **giving visibility** to **the best initiatives launched in Spain** in favor of **equality and empowerment of women**

Paralympic sport

- The **ADOP Plan[3]** (**Paralympic Target Sport Support Plan**) is an initiative by the Spanish Paralympic Committee, the Higher Sports Council (CSD) and the Ministry of Social Rights and Agenda 2030
- The ADOP Plan **includes a Scholarship Programme** which provides athletes with financial aid and a **Programme of Services** that includes an integral training support system

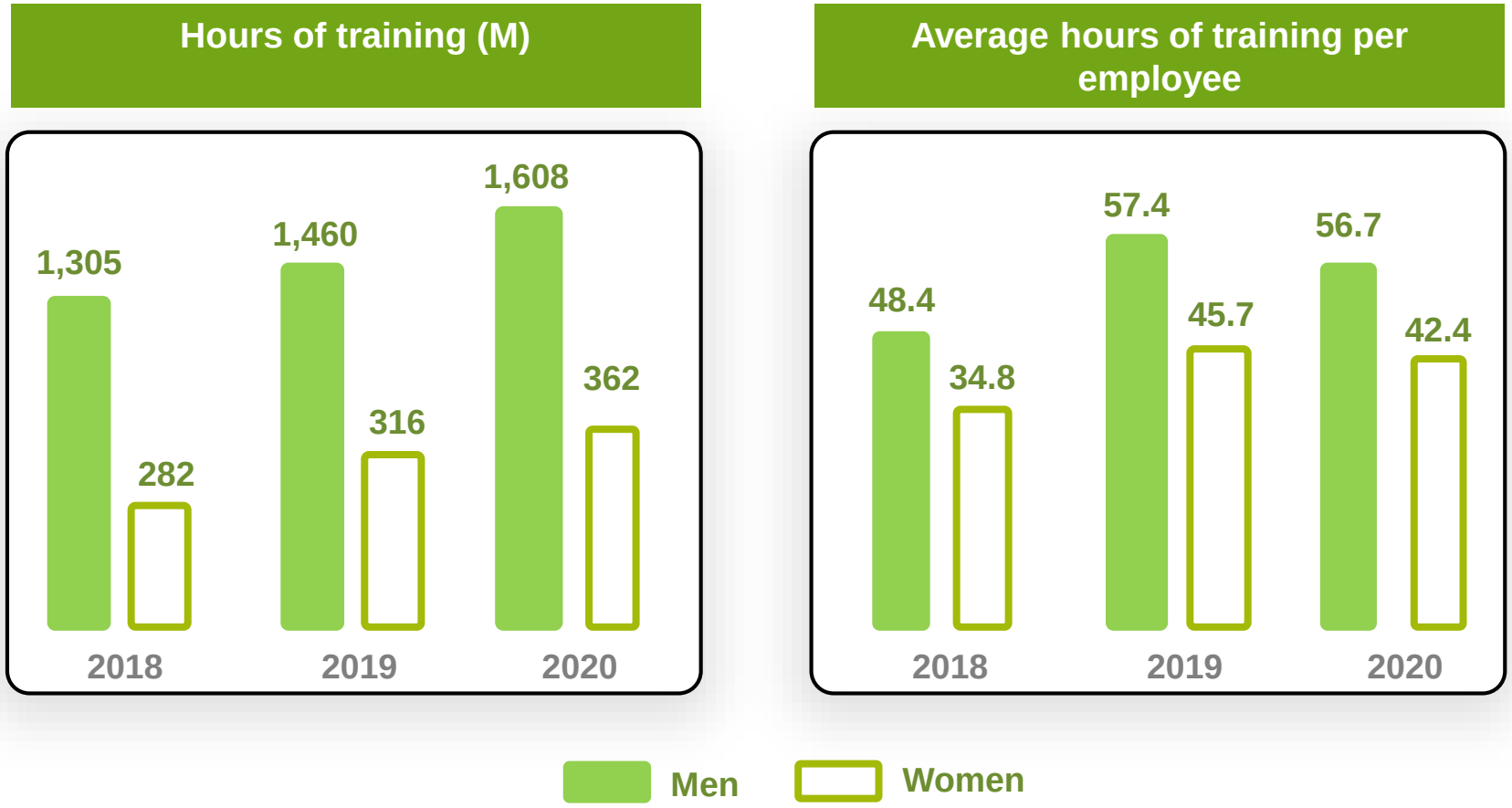
Corporate volunteering

- Almost **4,000 employees** from ten countries participated in 2020 **International Volunteer Day**
- Under our motto Together We Are Building the World. Workers from our geographies have carried out more than **60 charitable initiatives related to care for the environment, the inclusion of vulnerable groups and the social emergency**

[1]Diversitiy and Inclusion Report 2019: https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IA_ReportDiversityInclusion_2019.pdf
[2]STEM Career: Science, Technology, Engineering, and Math (STEM) Careers
[3]ADOP Plan: https://www.iberdrola.com/compromiso-social/deporte-paralimpico https://www.paralimpicos.es/adop/verano

Professional training and development

Iberdrola's commitments to the training and development of its professionals extend to all professional categories, all levels of responsibility, and without distinction as to gender



Due to the exceptional situation caused by **COVID-19**, an enormous effort was needed to adopt a large part of the **training activity via telematic means**

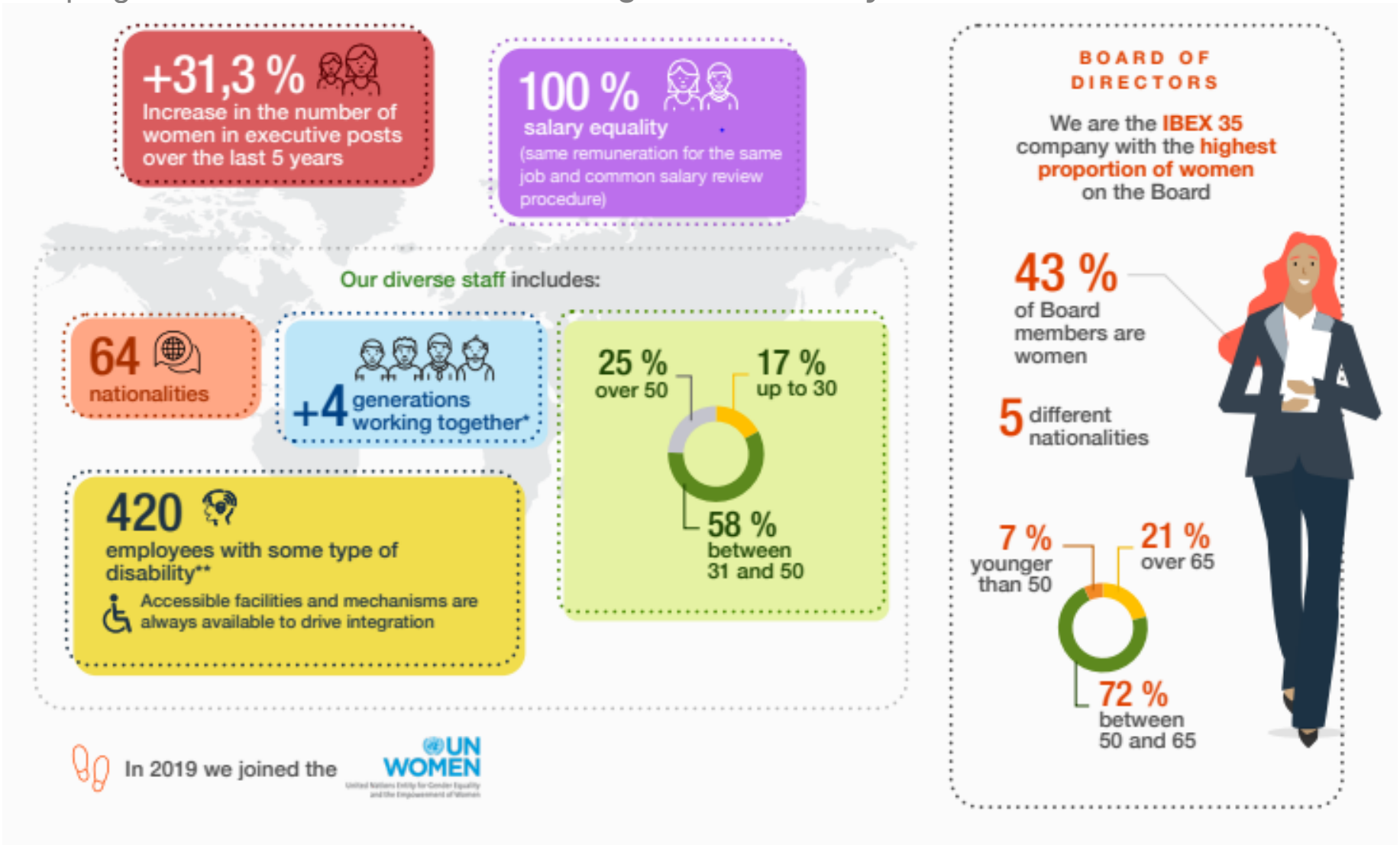
Health & Safety: a safe and healthy workplace throughout the whole group

Iberdrola has reduced the work-related injuries for its own staff by 12% in the last three years

Own employees covered by occupational health and safety management system accounts for 96% in 2020. Own employees with disabilities: 554 in 2020

Diversity and inclusion

Our progress towards a **fairer and more egalitarian society***



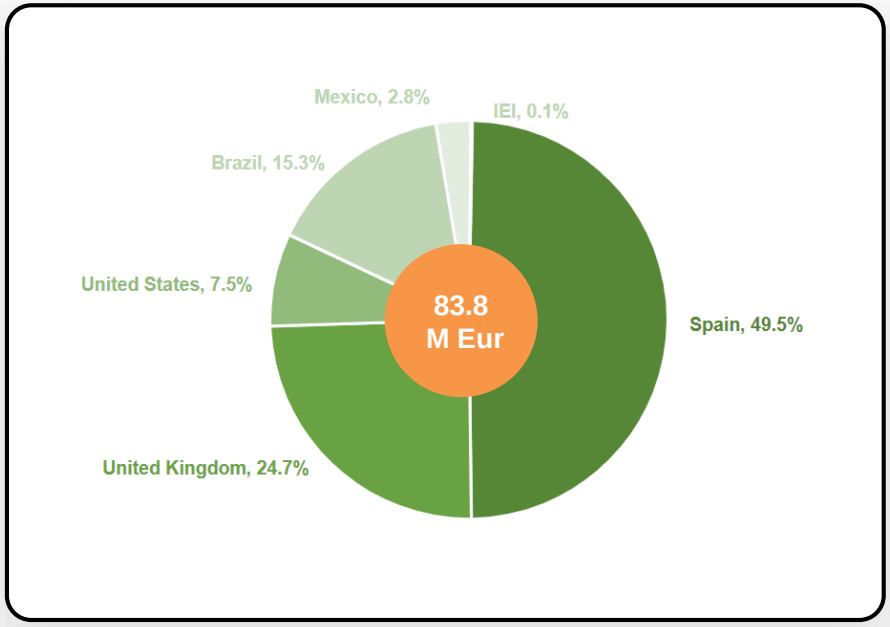
*Data from the 2019 Diversity and Inclusion Report: https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IA_ReportDiversityInclusion_2019.pdf

**2020 Data: 554 employees, from the Sustainability Report 2020: https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/gsm21_IA_SustainabilityReport20.pdf

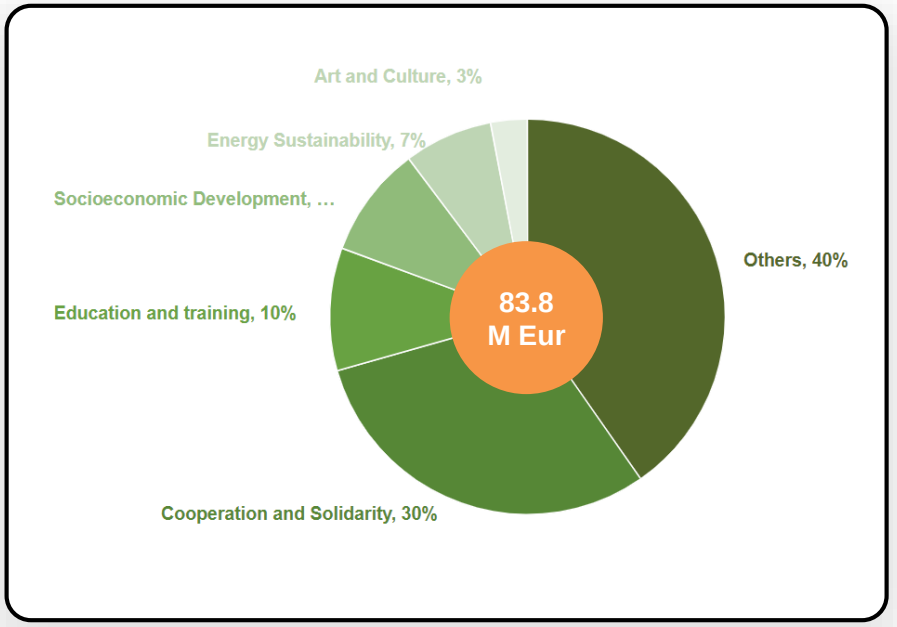
Contribution to the Community

Iberdrola uses ***London Benchmarking Group (LBG) model*** to measure and assess business contributions to the community

Iberdrola´s contribution by countries



Iberdrola's contribution by programmes



In 2020, Iberdrola´s contribution amounts to 83.84 MEur (+61% vs 2019)

Electricity for All (Luz para Todos)

We are aiming **to bring electricity to more than 16 million people in 2030**

Since **January 2014**, we have contributed to **8.2 million people benefiting from access to electricity fulfilling** our commitment for 2020 **two years ahead of schedule**

Foundations

Iberdrola Foundations represent Iberdrola´s commitment to the economic and social development of the countries in which it does business, spending almost **12 M Eur in 2020**

2020 Foundations of Iberdrola Programmes:
Impact in the main areas

11.8 M Eur
(+28.3% vs 2019)

Additionally, close to **52 million euros donated** by Iberdrola in health and prevention equipment in response to COVID-19

Direct Tax Contributions

Direct tax contribution of **Eur 7,475 M in 2020** (Eur 2,938 M from company´s contributions and Eur 4,537 M due to third-party payments) …

Iberdrola´s tax contribution by countries			
Taxes paid to public treasury (M€)	**Company contributions**	**Contributions due to third-party payments**	**Total**
Spain	1,478	1,902	**3,380**
United Kingdom	372	258	**630**
United States	661	274	**935**
Brazil	202	1,782	**1,984**
Mexico	128	115	**243**
Other countries	97	206	**303**
Total	**2,938**	**4,537**	**7,475**

… adding up to an annual tax contribution of over Eur 15,000 M(1)

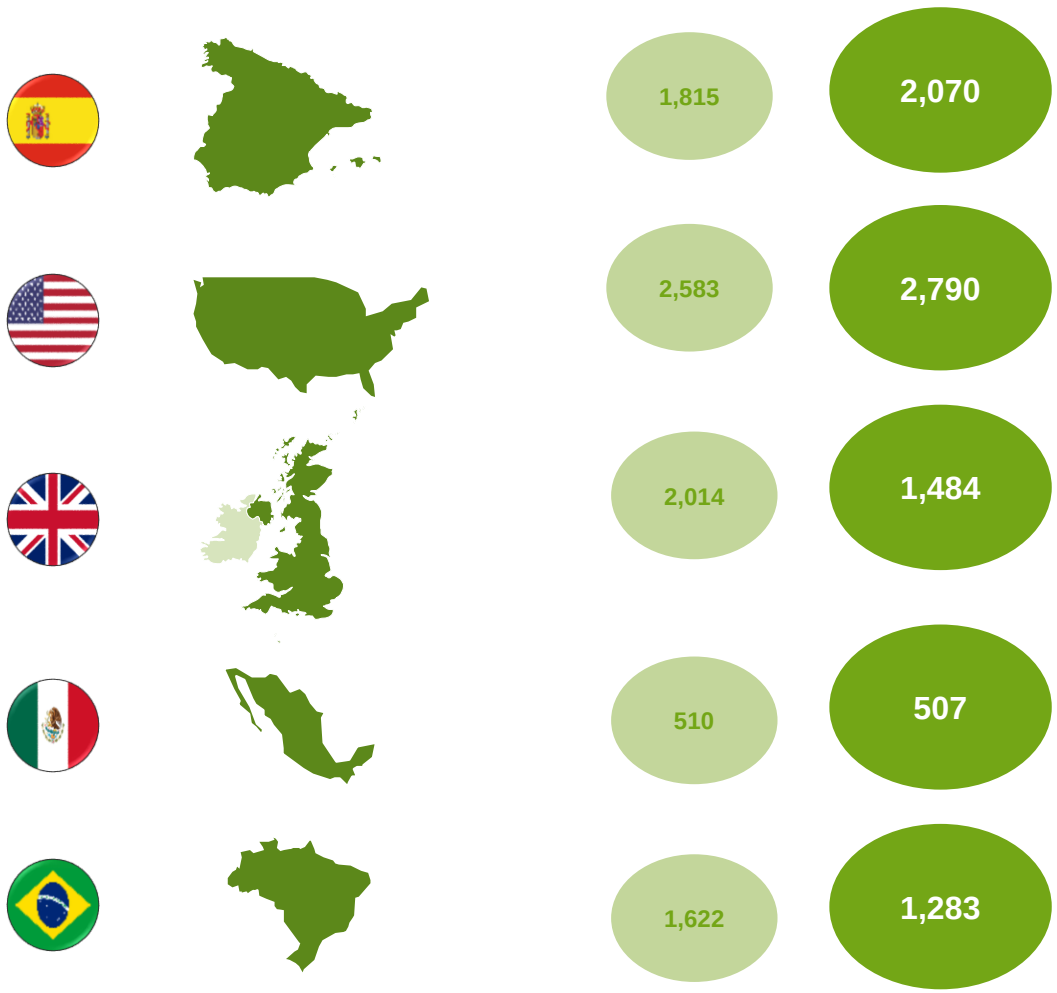
Sustainability Report 2020: https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/gsm21_IA_SustainabilityReport20.pdf

Report on tax transparency 2020: https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IA_ReportTaxTransparency_2020.pdf

(1) Includes direct, indirect and induced tax contribution

General Procurement

Iberdrola placed purchase orders to approximately **20,000 suppliers** for a total of **Eur 8,494 M in 2020**[1]

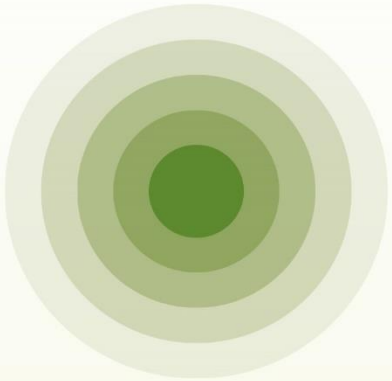


Advancing purchases to suppliers during COVID 19 crisis in the first half of 2020, to keep the supply chain operational, issuing purchase orders to more tan **10,000 suppliers** with a value of **Eur 7,000 M**

% Local purchases vs total volume: **89% in 2020**

2019 2020

[1] Includes IEI (173 M Eur in 2019 and 360 MEur in 2020)



Governance

Corporate Governance

Iberdrola, at the forefront of **Corporate Governance** and Compliance…

✔ **A leader in Corporate Governance for years in accordance with the highest national and international standards for listed companies**

7 Consecutive years as the Spanish company with best Corporate Governance practices by the World Finance Corporate Governance Awards

✔ **Listed and non-listed country sub-holding companies and subsidiaries also have the highest international standards**

✔ **Continuously updating Governance and Sustainability System**

- Articulating its content around three aspects: Environmental, Social and Corporate Governance (ESG)
- Ongoing implementation of best-in-class Diversity & Inclusion policies, updated in 2020

✔ **Compliance System reflects best practices and international standards:**

- Included in the list of World Most Ethical Companies since 2014
- Compliance Leader Verification issued by Ethisphere Institute (USA)
- Award for the best compliance system 2018 -2019 awarded by Expansión

✔ **Climate governance**

- TCFD (Task Force on Climate-related Financial Disclosures) implementation

… with the full **commitment to continue as a benchmark**

Iberdrola and the TCFD (Task Force on Climate-related Financial Disclosures)

One of the first companies to publicly commit to implement the recommendations of the TCFD by 2020 with an ongoing constructive feedback to approve and improve TCFD

Corporate Governance

- Describe the **BOARD oversight** of climate-related risks and opportunities
- Describe **management's role** in assessing and managing climate-related risks and opportunities

Strategy

- Describe the organization processes for **identifying and assessing climate-related risks**
- Describe the organization processes for **managing climate-related risks**
- Describe how processes for **identifying, assessing and managing climate-related risks** are integrated into the organization's overall risk management

Risk Management

- Describe the **climate related risks and opportunities** the organization has identified over the short, medium and long term
- Describe **the impact of climate related risks and opportunities** on the organization's businesses, strategy and financial planning
- Describe the **resilience of the organization's strategy**, taking into consideration different climate related scenarios, including a 2ºC or lower scenario

Metrics and targets

- **Disclose the metrics** used by the organization to asses climate related risks and opportunities in line with its strategy and risk management processes
- **Disclose Scope 1,2 and if appropriate Scope 3** greenhouse gas emissions and the related risks
- Describe the **targets used** by the organization to manage climate-related risks and opportunities and performance against **targets**

Implementation of TCFD Recommendations

TCFD recommendations **fully implemented,** including scenario analysis…

Net Zero Scenario		2030 Operating Impact					2030 EBITDA Impact (EUR M)		
	Business	**Impact Type**	**Region**	**Low/NM**	**Medium**	**High**	**<100/NM**	**100-300**	**>300**
	Supply	GWh	Europe		▲				
			Rest of the World		▲			▲	
	Global Generation	MW/GWh	Spain and UK	▬					
			US			▲			
			Brazil	▲					▲
			IEI			▲			
			MEX	▬					
	Networks	Capex EUR M	Europe		▲				
			US and Brazil			▲			▲

▲ Positive Impact ▬ No Material ▼ Negative Impact

… which show a **very resilient business model** even under a weaker[1] than base case scenario; but much greater opportunities in the road to Net Zero 2050

[1] Stated Policies Scenario by International Energy Agency

Board of Directors structure as of December 2020

A **plural** and **independent** body that constantly renews itself and oversees the body strategy

Board composition (14 Members)

Consultative Committees of the Board of Directors

Audit and Risk Supervision Committee

Appointments Committee

Remuneration Committee

Sustainable Development Committee

Women (Chair in the case of the Audit and Risk Supervision and Appointments Committee)

Board of Directors structure as of December 2020 (II)

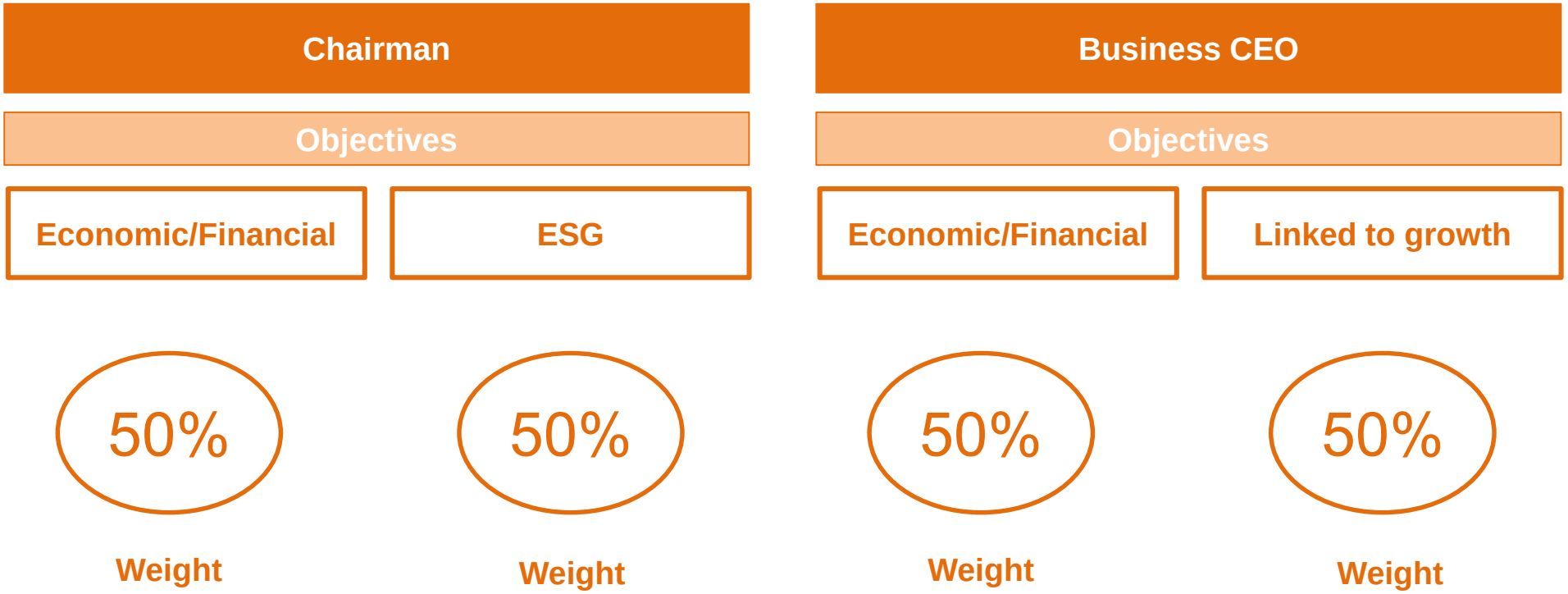
Women represent **36%** of the members of the Board of Directors, with the **target to be at least 40% by 2022**

- **Jose Ignacio Sánchez Galán -** Chairman & chief executive officer
- **Francisco Martínez Córcoles -** Business CEO
- **Juan Manuel González Serna -** Vice-chair and lead director
- **María Helena Antolín Raybaud -** Member
- **José Walfredo Fernández -** Member
- **Manuel Moreu Munaiz -** Member
- **Xabier Sagredo Ormaza-** Member
- **Anthony L. Gardner-** Member
- **Sara de la Rica Goiricelaya-** Member
- **Nicola Mary Brewer-** Member
- **Regina Helena Jorge Nunes -** Member
- **Ángel Jesús Acebes Paniagua-** Member
- **Iñigo Victor de Oriol -** Member
- **Samantha Barber -** Member

Lead director as a counterweight to the combined **CEO/Chairman** figure

Annual Variable Remuneration 2021 proposal

Maximum limit on annual **variable remuneration** maintained at 2020 level



Continuous **increase of female presence in significant positions, presence on international indexes and exceed ratio of training hours received per employee** are the ESG objectives for 2021 Chairman remuneration

Strategic Bonus (LTIP) 2020-2022 proposal

30% weight of ESG criteria factors in the management LT remuneration

Economic/ Financial

- ✔ Net profit growth, 2022 target range of [Eur 3.7 bn – Eur 4.2 bn] — **30%**
- ✔ Financial strength, 2022 FFO/Net Debt target range of [2019 FFO/Net Debt – 22%] — **20%**

Market

TSR performance vs Eurostoxx Utilities Index, target range of [-5% - +5%] — **20%**

ESG — **30%**

- ✔ 2020-2022 CO2 average emission range of [2017-2019 CO2 average emission - 105 g CO2/kWh] — 10%
- ✔ Most relevant providers adoption of sustainable practices: [30% - 70%] — 10%
- ✔ Gender salary gap ratio women/men salary: [2% max gap] — 10%

3 year evaluation period **2020-2021** and payment period **2023-2025**

Cybersecurity Strategic Pillars

Governance

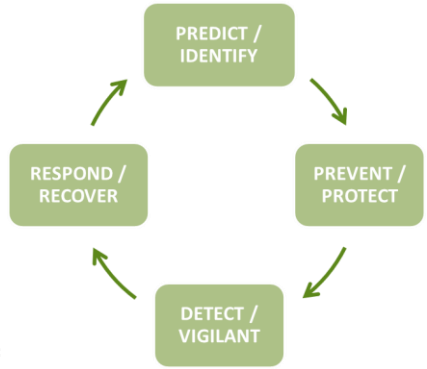
- Cybersecurity **governance system**, with standard rules and a clear allocation of roles and responsibilities
- Allowing us to **integrate cybersecurity into business decision-making processes**

Cybersecurity Culture

- Identify and develop the necessary **cybersecurity** skills across the different areas of the Group
- Promote a culture of cybersecurity at all levels of the organization

Risk Management

- Define and implement comprehensive **cyber risk management plans**
- With focus on protecting business critical processes and infrastructures



Resilience

- Develop strong capabilities to detect and respond to cybersecurity incidents
- **Minimizing the impact on company goals and the continuity of essential services**

Assurance

- Establish **reinforced assurance for critical/ high risk cyberinfrastructure** to identify and mitigate relevant risks and vulnerabilities
- Beyond compliance obligations

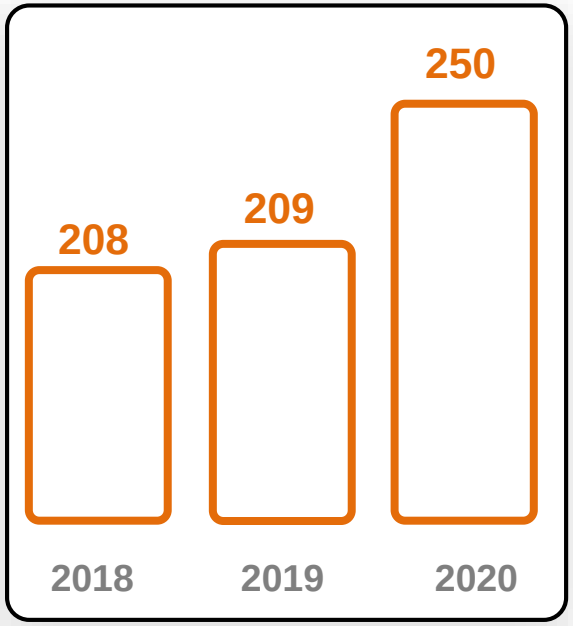
Collaboration

- Collaborate with regulators and government agencies, product and service providers, other businesses and ecosystem agents to **strengthen systemic resilience**

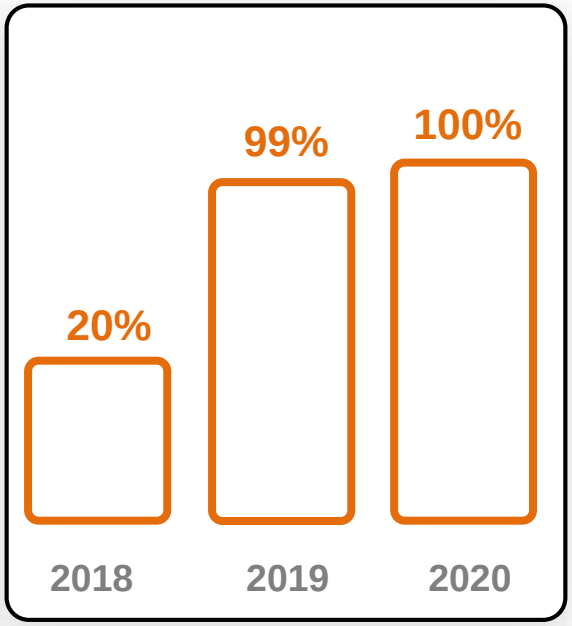
Cybersecurity Key Metrics

Accompanying the company's digitization process and adapting to the evolving threat landscape

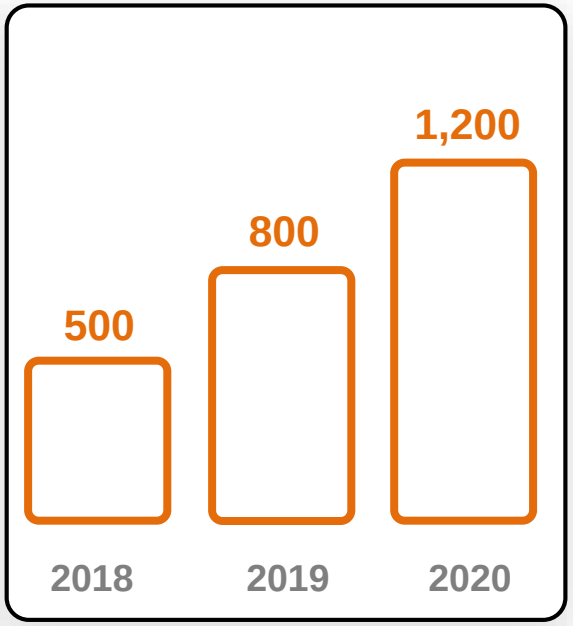
Number of Cybersecurity training activities per year



% of remote connections protected with MFA[1]



Number of security and vulnerability assessments per year



1. Multi-Factor Authentication (MFA)

New supplier sustainability evaluation model

New sustainability evaluation model, conformed to the international reality of the Iberdrola Group and organised **around the three core pillars of sustainability (based on 47 factors)**

Objective that at least **70% of Iberdrola´s main suppliers** (estimated >1,000 suppliers worldwide) are **subject to sustainable development policies and standards** (measured in the **ESG evaluation model) by 2022**

40% E

- Existing Policies
- Management Systems
- Greenhouse Gases
- Biodiversity
- Climate Change
- Water Management

30% S

- Human Rights
- Diversity
- Management Systems
- Contribution to society
- Reporting and transparency

30% G

- Existing Policies
- SDGs
- Ethics and Compliance
- Sanctions
- Stakeholders
- Supply Chain

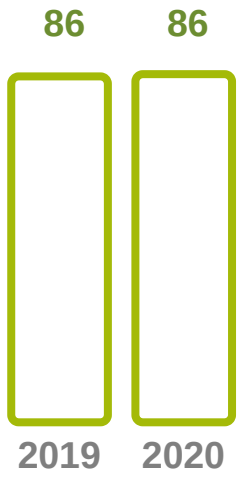
- ESG evaluation totally embedded in the purchasing decision making process
- Suppliers that don't meet the ESG minimum values receive a personalized improvement plan to help them improve their sustainability

Indexes

Top ranked among the best indexes

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Percentile Rank: 93



Scale from 0 to 100

MSCI

Scale from CCC to AAA

FTSE4Good

Percentile Rank: 98

Scale from 0 to 5

SUSTAINALYTICS

7 out of 199 Electric Utilities Rank

Scale from 100 to 0

Indexes (II)

Classified as "Silver Class" in the electricity sector

A-

Iberdrola included

Iberdrola classified as Prime

Only Spanish electrical utility included in all editions. Selected in recognition for its equal opportunity and gender equality policies.

Iberdrola selected