Factbook
2022

IBERDROLA | Committed to: SDG

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This document contains forward-looking information and statements about IBERDROLA, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words "expects," "anticipates," "believes," "intends," "estimates" and similar expressions.

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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

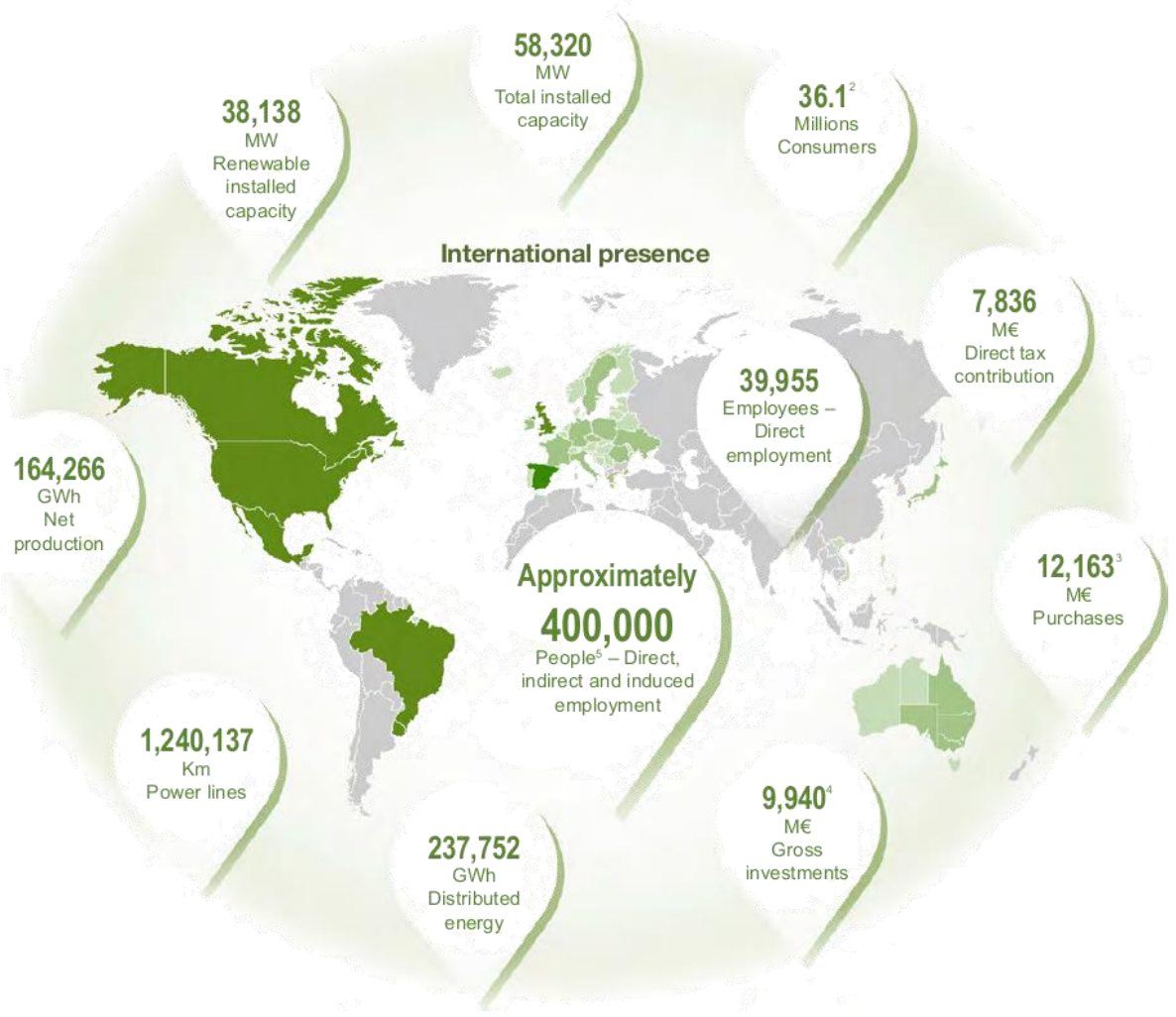
- ✓ Favouring inclusion, equality, equity and social development

…built in collaboration

- ✓ Involving players and society as a whole

AGENDA

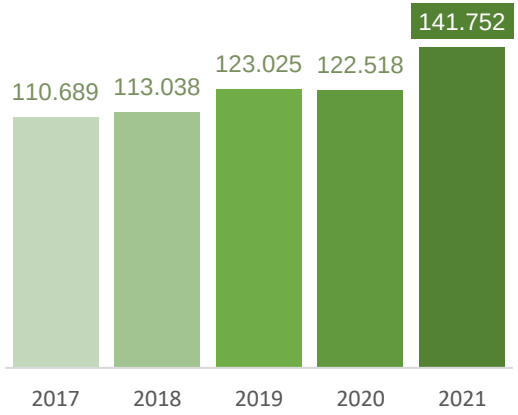
Iberdrola is a global energy leader…



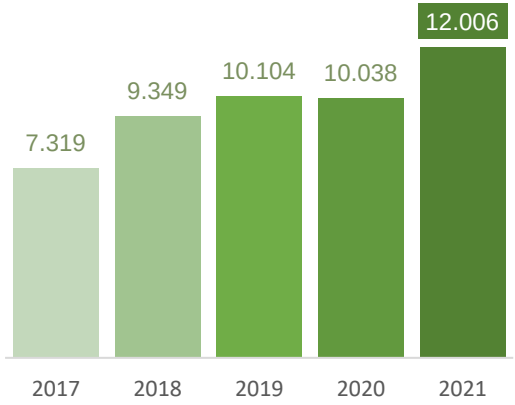
(1) Data as of December 2021
(2) Consumers: for electric power, total number of liberalised market customers is used for areas of distribution and liberalised supply in the liberalized market, while supply points are used for the other areas. For gas: total number of liberalised market gas customers is used, except for the United States, where total number of supply points is used.
(3) Volume awarded during the year. Amount invoiced in 2021: €9,423.7 million.
(4) Includes the purchase of Neoenergia Brasilia (CEB-D), in the amount of €409 million.
(5) Data from a Study of Iberdrola's Impact, prepared by PwC, for financial year 2020.

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

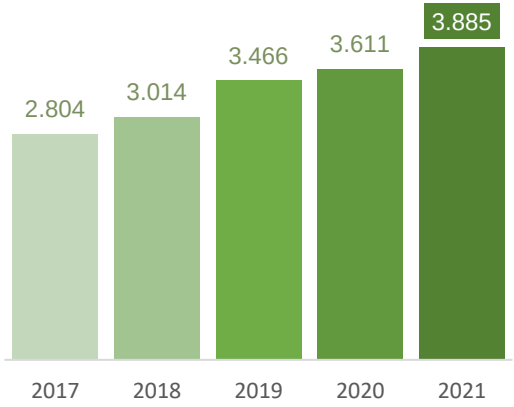
Assets (Eur M)



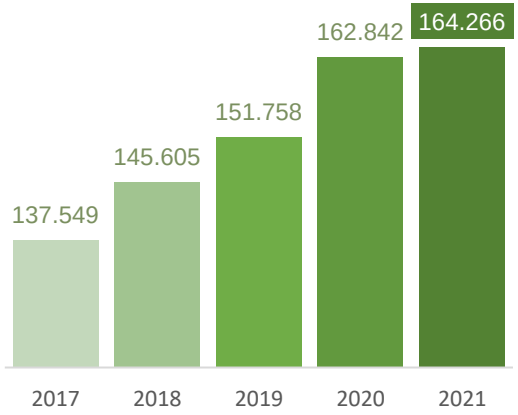
EBITDA (Eur M)



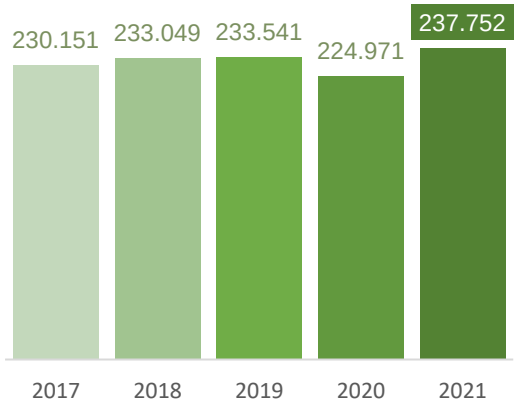
Net Profit (Eur M)



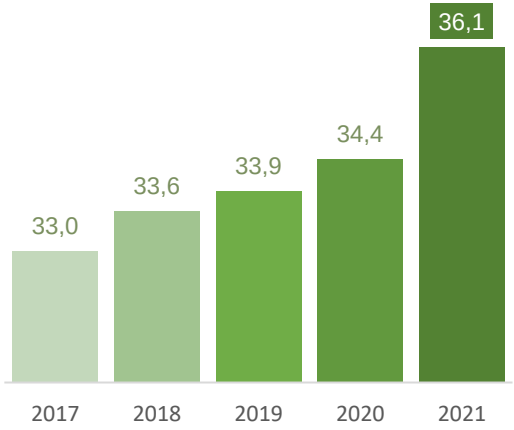
Net Production (GWh)



Distributed Electricity (GWh)

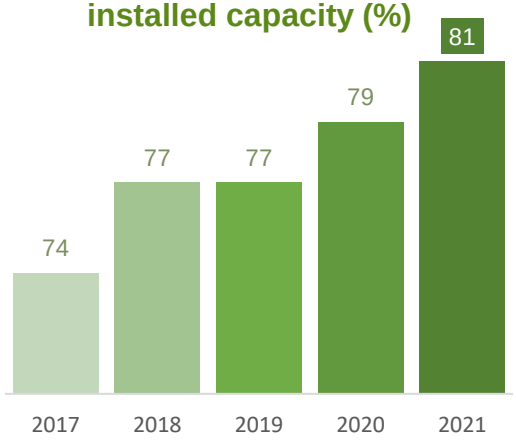


Consumers (millions)

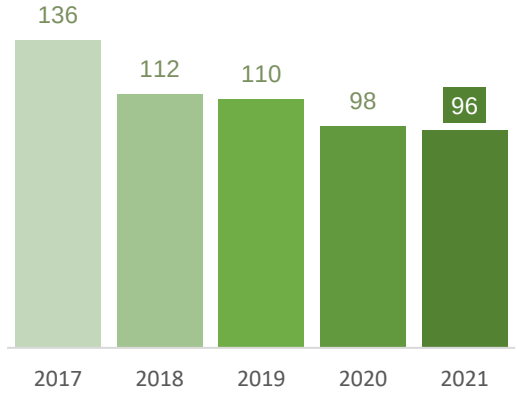


… having anticipated the energy transition by two decades to combat climate change

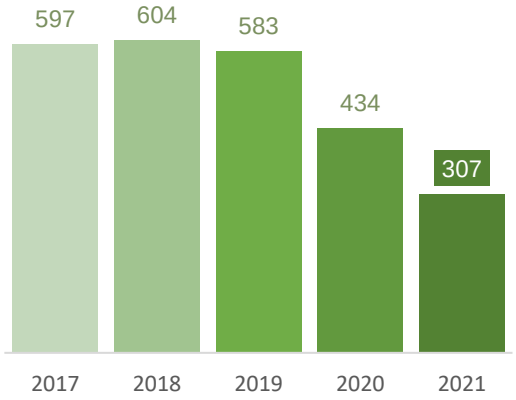
Own emission-free installed capacity (%)



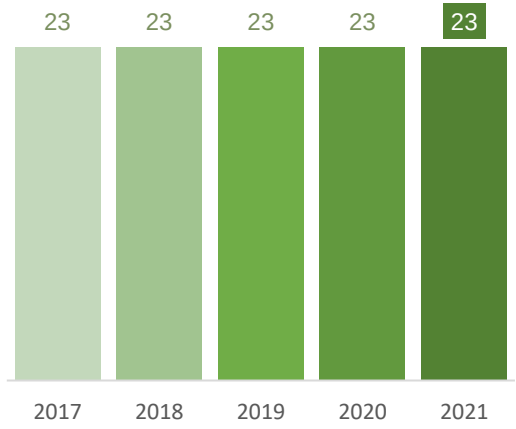
Own specific CO2 emissions (t / GWh)



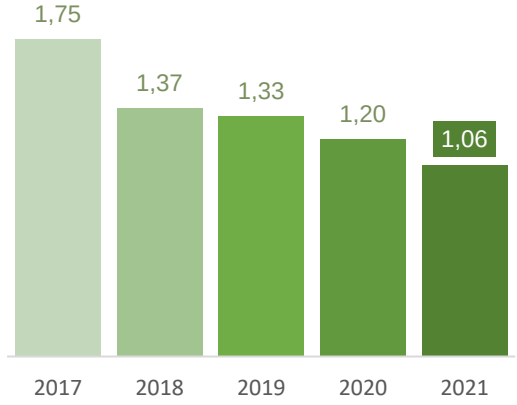
Water use / overall production (m3/GWh)



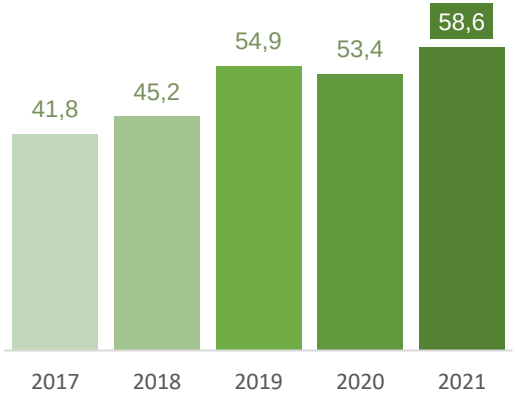
Gender diversity (% women on workforce)



Accident frequency rate(1)



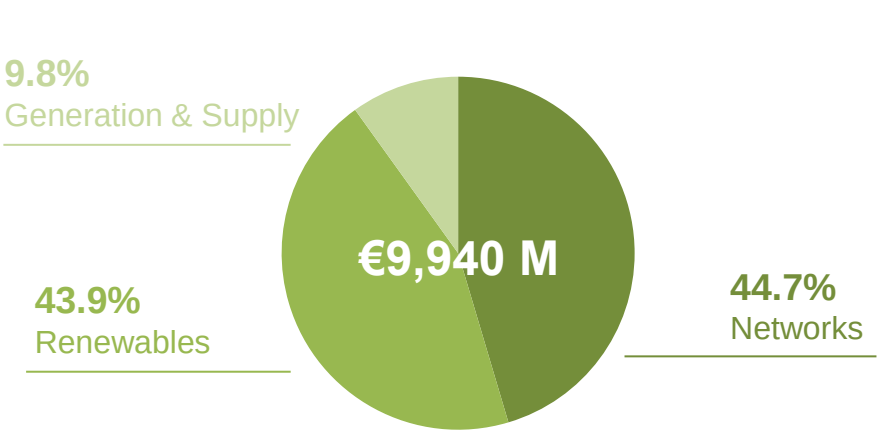
Hours of training per employee trained



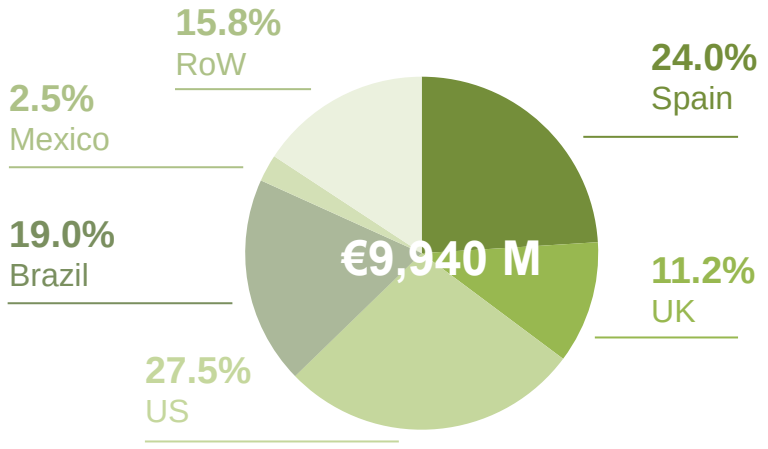
*(1) Frequency rate = (number of accidents with leave*1,000,000) / hours worked.*

Focus on networks, renewables and customers

2021 Gross Investments by business



2021 Gross Investments by geography

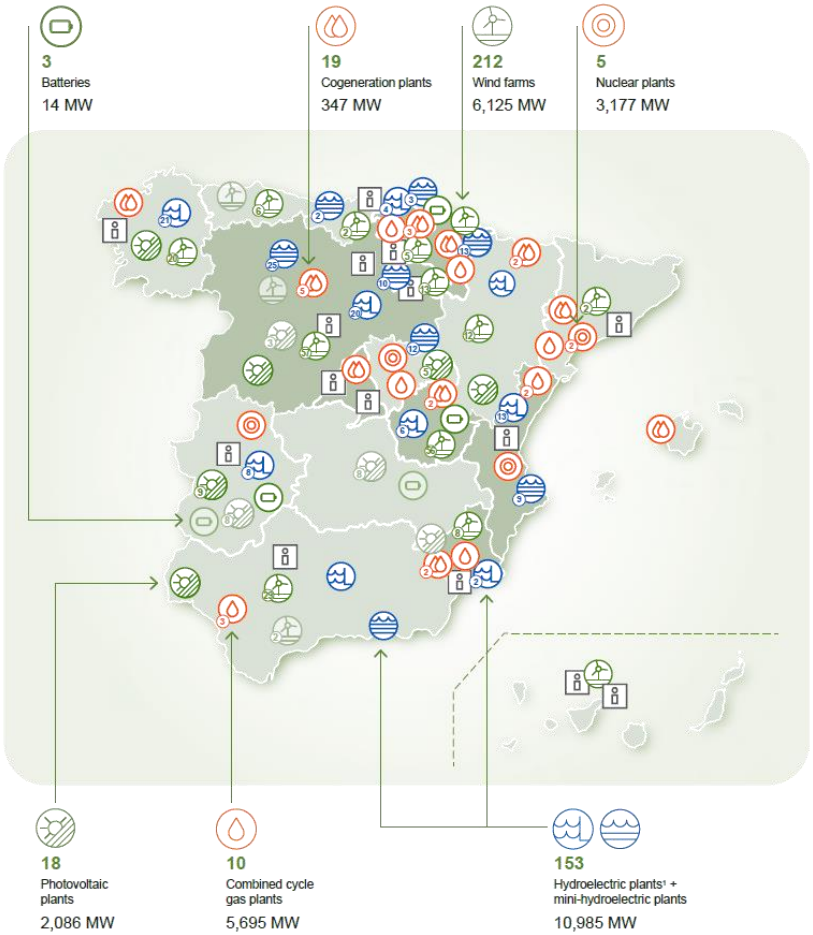


International diversification
~77% in countries with credit rating ≥A(1)

(1) Under Standard & Poor's categorization

IBERDROLA IN SPAIN

Leading energy company



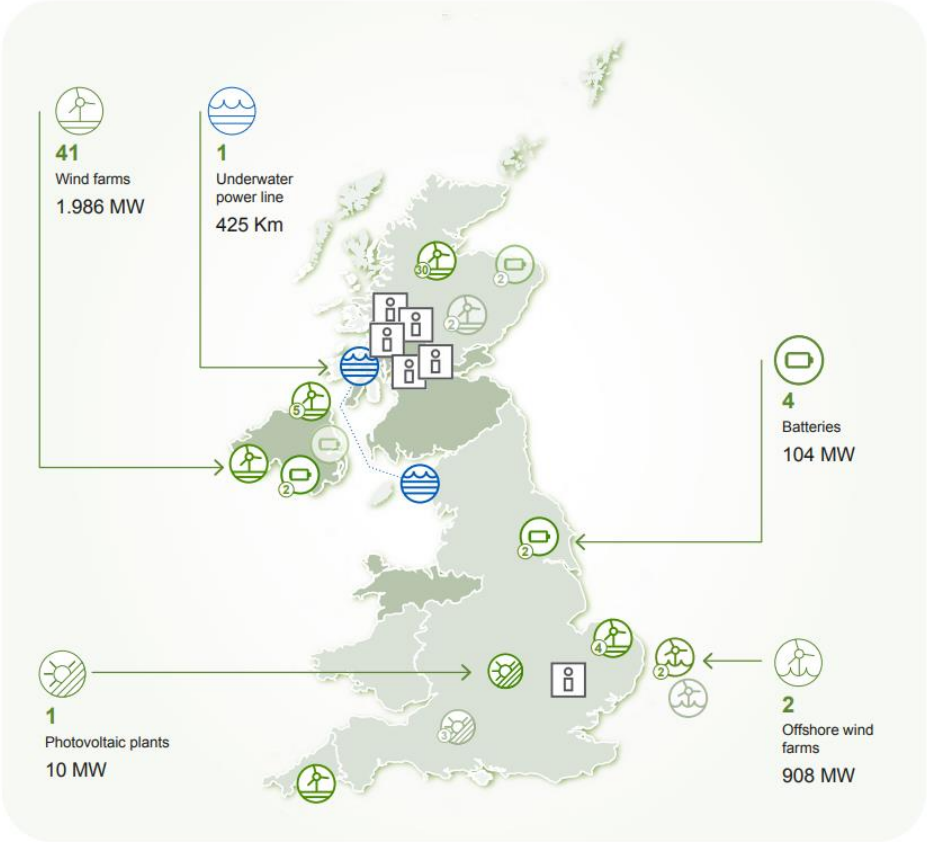
Installed Capacity (MW)	28,427
Renewable Capacity (MW)	19,210
Production (GWh)	60,968
Distributed Energy (GWh)	90,962
Consumers (M)(1)	11.2
Km of lines	269,595

(1) Total number of market electricity and gas customers

Data as of December 2021

IBERDROLA IN UK

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



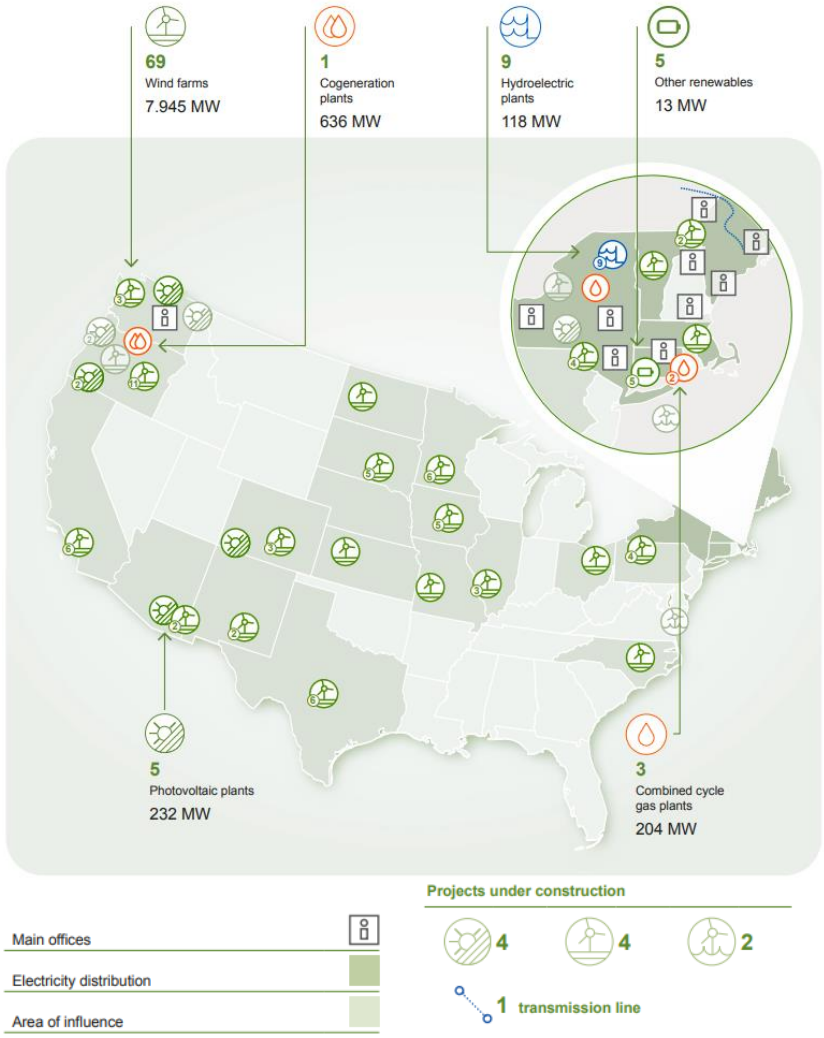
Installed Capacity (MW)	3,008
Renewable Capacity (MW)	3,008
Production (GWh)	6,717
Distributed Energy (GWh)	32,221
Consumers (M)(1)	4.8
Km of lines	110,681

(1) Total number of liberalized market electricity and gas customers

Data as of December 2021

IBERDROLA IN US: AVANGRID[1]

Electricity and gas distribution in New York, Maine, Connecticut and Massachusetts. 86% of production from renewables.



Installed Capacity (MW)	9,149
Renewable Capacity (MW)	8,309
Production (GWh)	22,591
Distributed Electricity (GWh)	38,756
Distributed Gas (GWh)	61,365
Consumers (M)[2]	3.3
Km of electric lines	168,044

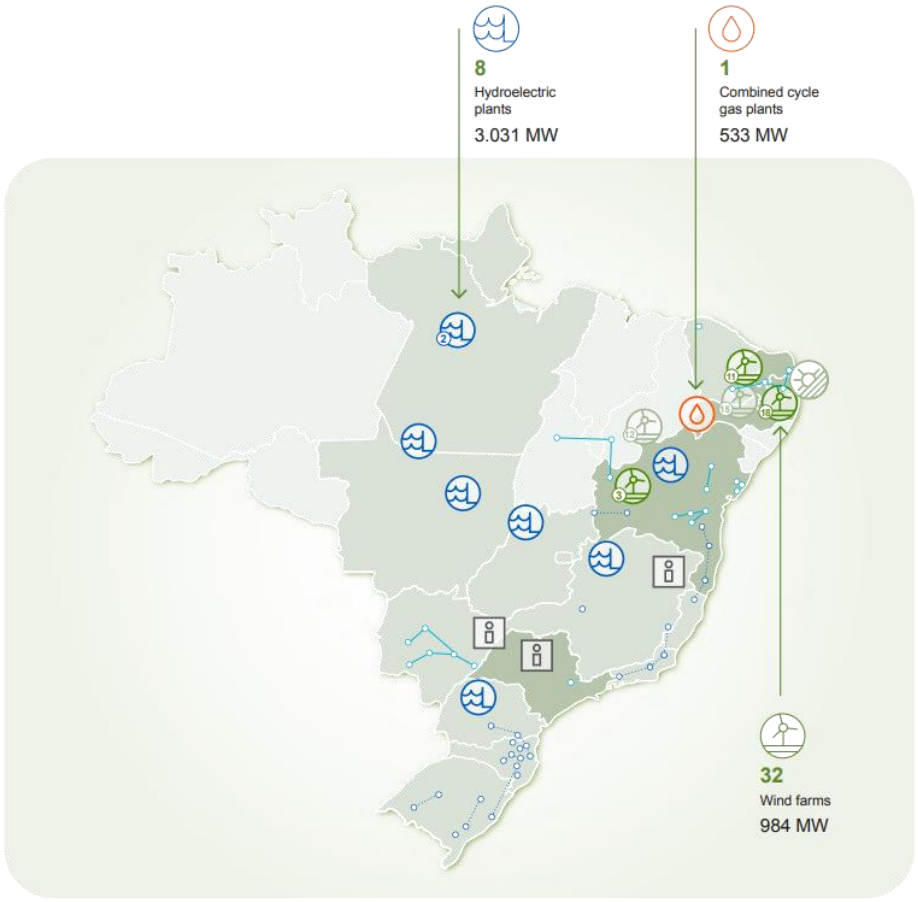
(2) Total number of electricity and gas supply points

(1) Avangrid: 81.5% owned by Iberdrola

Data as of December 2021

IBERDROLA IN BRAZIL: NEOENERGIA[1]

Energy leader in Brazil and Latin America



Installed Capacity (MW)	4,547
Renewable Capacity (MW)	4,014
Production (GWh)	15,129
Distributed Energy (GWh)	75,813
Consumers (M)[2]	15.7
Km of lines	691,817

(2) Total number of electricity supply points

(1) Neoenergia: 53.195% owned by Iberdrola

Data as of December 2021

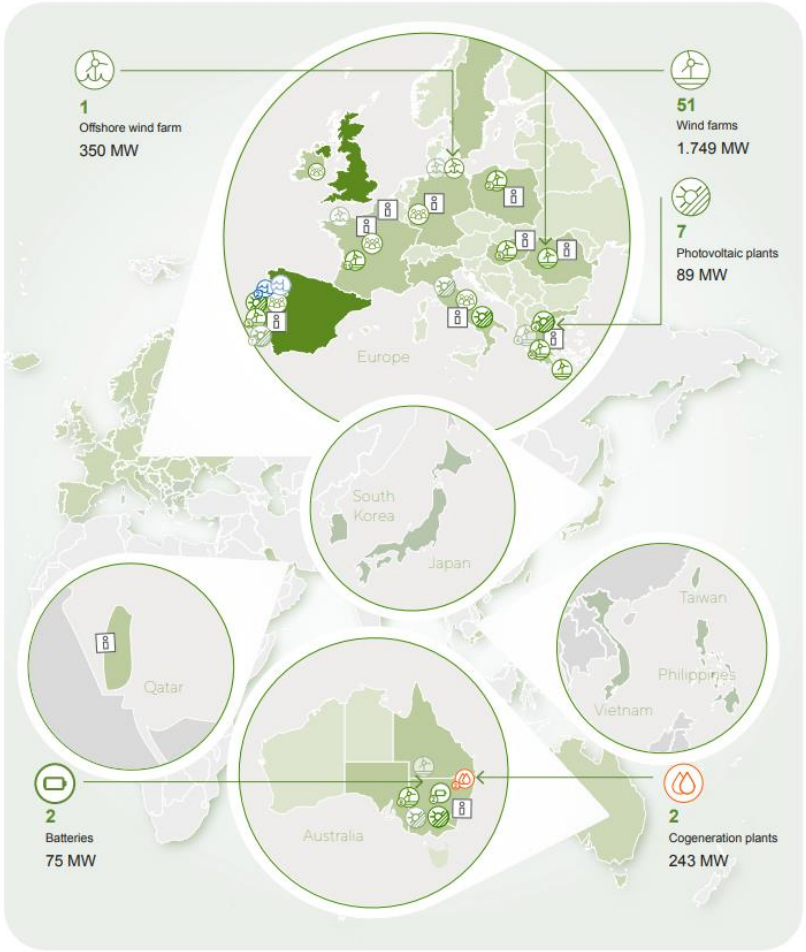
IBERDROLA IN MEXICO

Second-largest electricity producer

Owned Installed Capacity (MW)	3,537
Third-party Installed Capacity (MW)	7,146
Owned Renewable Capacity (MW)	1,232
Third-party Renewable Capacity (MW)	103
Net Owned Production (GWh)	19,361
Net Third-party Production (GWh)	34,935

Data as of December 2021

Expanding our international platform in renewables and customers



Installed Capacity (MW)	2,505
Renewable Capacity (MW)	2,262
Production (GWh)	4,565
Consumers (M)(1)	1.1

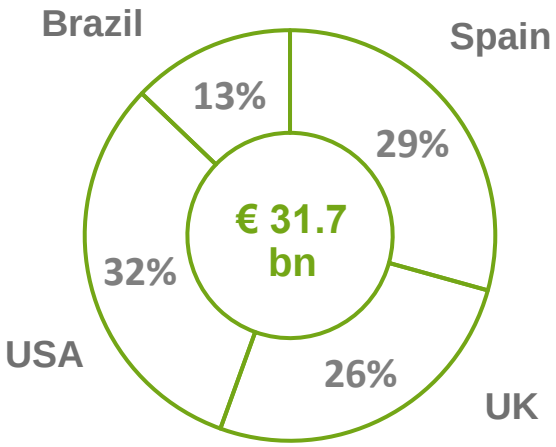
(1) Total number of electricity and gas customers

Data as of December 2021

AGENDA

1.2 M Km power lines, over 4,500 substations and 1.6 M transformers to supply over 32 M clients

RAB



Iberdrola Networks business areas

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

Leaders in Smart grids

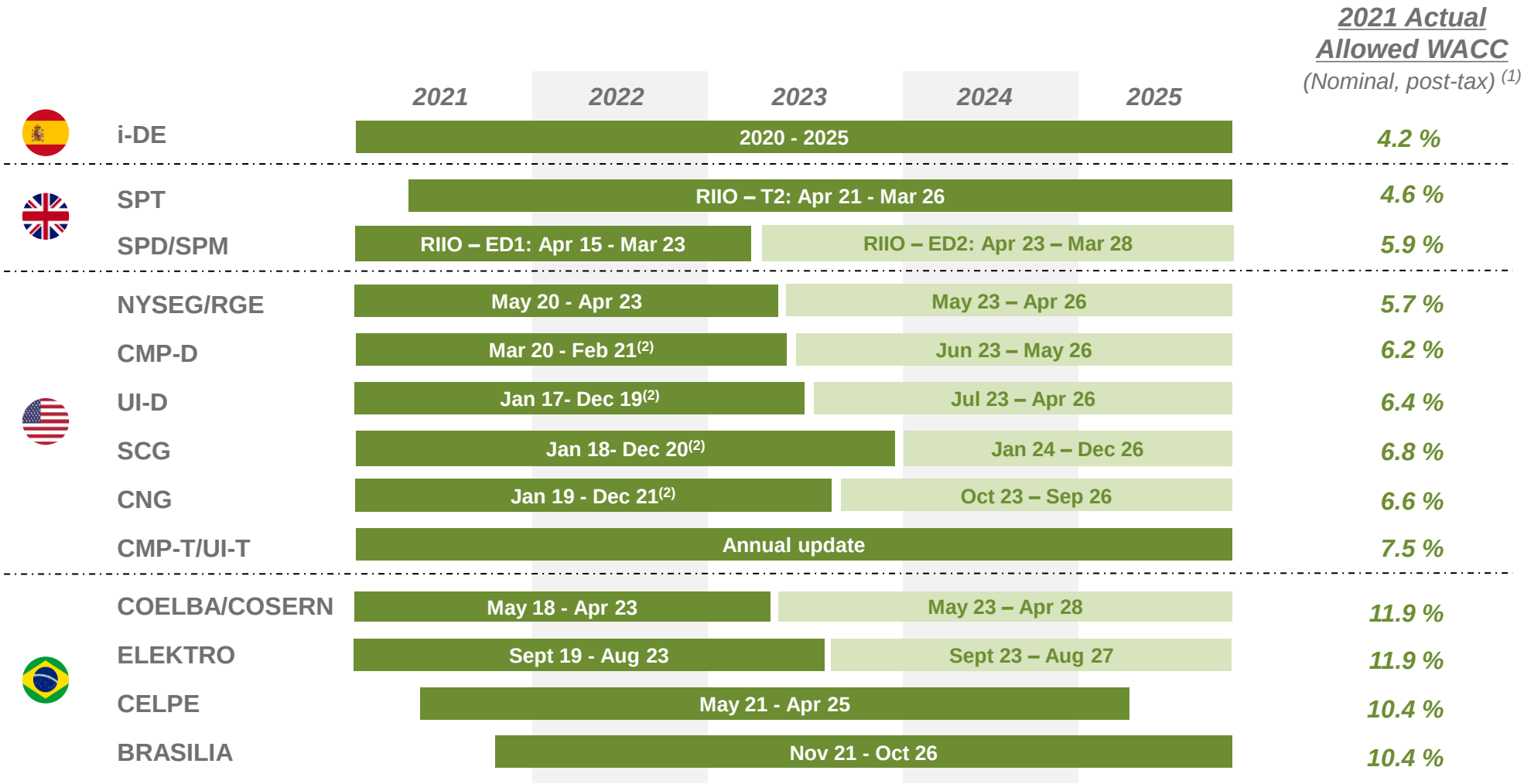
Smart meters installed:

- **Spain: 11.26 M**
- **UK: 1.98 M**
- **US: 1.49 M**
- **Brazil: 0.54 M**

Data as of December 2021

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

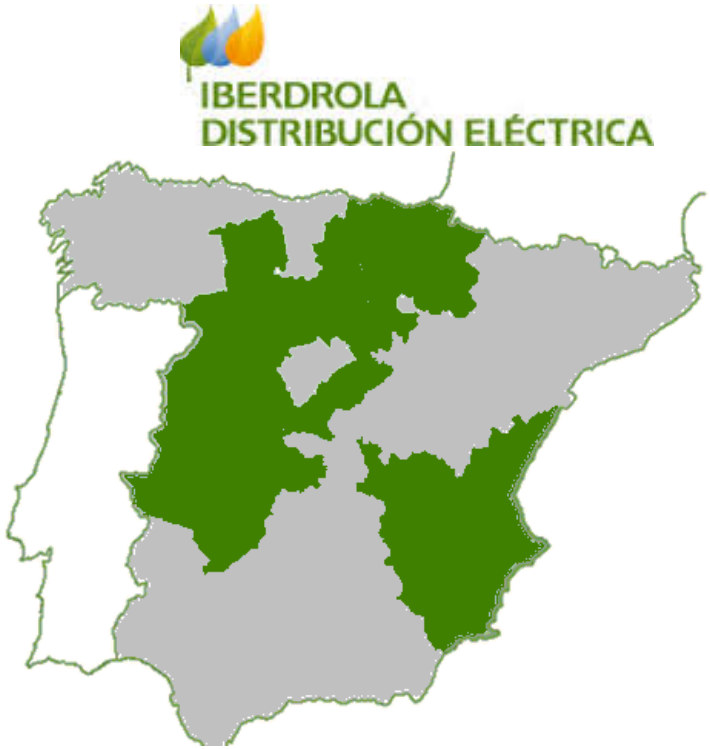
*1) Nominal WACC post-tax has been calculated based on each country's specific remuneration framework. **Distribution**: ESP: 5.6% Nominal WACC pre-tax; UK: 6% Real CoE post-tax; USA: Nominal ROE post-tax allowed for each DisCo; BRA: 8.09% / 7.02% Real WACC post-tax; **Transmission:** UK: 4,25% Real CoE post-tax; USA: 11.3% Nominal ROE post-tax*

2) Rates automatically extended

NETWORKS: SPAIN

As of December 2021, ~11.3 M smart meters installed and digitisation of ~100,000 transformers

	2021
RAV (Eur Bn)	9.3
Distributed energy (GWh)	90,962
Points of supply (M)	11.3
Kms of lines	270,129



Data as of December 2021

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**

Distribution: annual maximum investment limit

- **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:**

  i. **Investments in grids.** Increasing the annual limit for the 2020-2022 period from 0.13% to 0.14% of GDP for distribution.

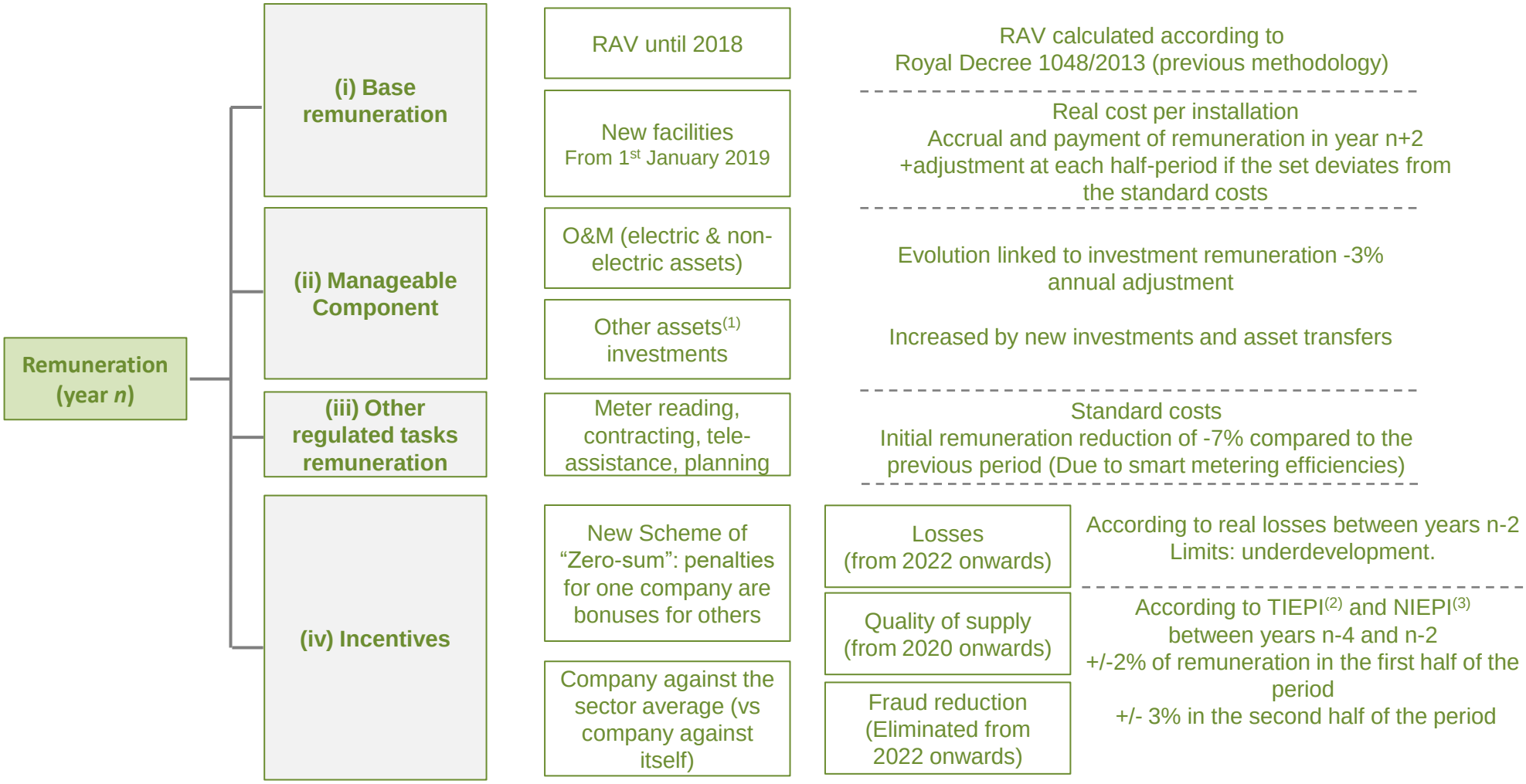
  ii. **Financial balance of the sector.** It addresses the economic sustainability of the sector by allowing the use of the historic surplus of the 2019 and 2020 settlements to cover the sector's costs.

- **RD 1125/2021 allows to extend above the limits established in the investment plans all those investments in digitalization that are financed by Recovery, Transformation and Resilience Plan.**

  i. RD 1125/2021 establishes that the funding intensity for the application of funds from the Recovery, Transformation and Resilience Plan will amount to 50% of the actual annual investment volume executed and put into service in eligible assets (digitalization), the remainder being reimbursed from the electricity system tolls. Therefore, distribution companies will be able to see their limit on the volume of investment extended for the investments in digitalization of type 2 during the years 2021, 2022 and 2023

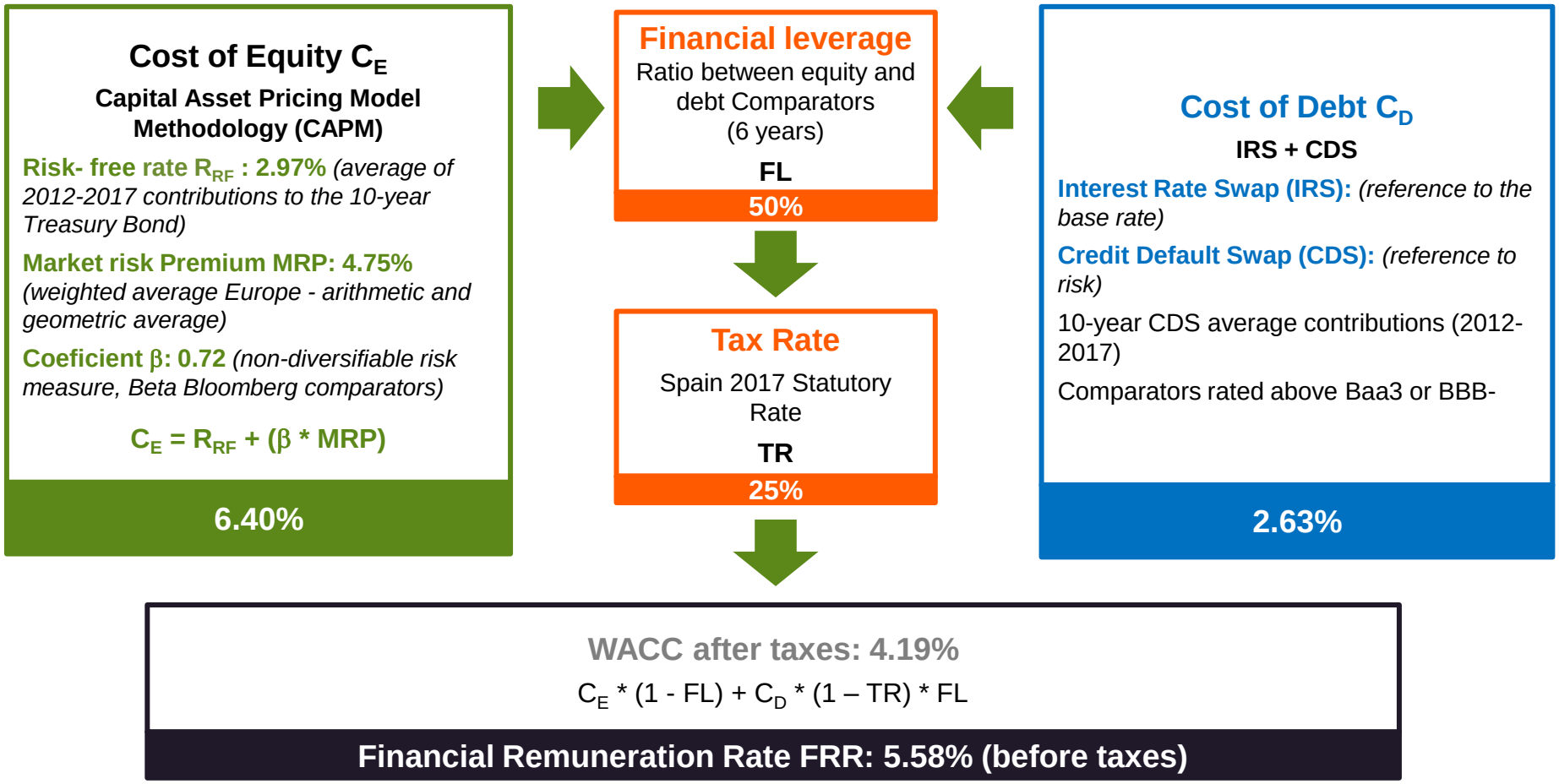
  ii. Investments in digital that are within this framework can accounted to a maximum of 454 millions in 2021, 296 millions in 2022 and 300 millions in 2023 (50% of these amounts coming from EU NextGen transfers).

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) **TIEPI**: Equivalent interruption time of the installed power at medium voltage
(3) **NIEPI**: Equivalent number of interruptions of the installed power at medium voltage

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



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

	2021
RAB (GBP Bn)	**7.1**
Scottish Power Distribution	29%
Scottish Power Manweb	32%
Scottish Power Transmission	40%
Distributed energy (GWh)	**32,221**
Scottish Power Distribution	54%
Scottish Power Manweb	46%
Points of supply (M)	**3.6**
Scottish Power Distribution	57%
Scottish Power Manweb	43%
Kms of lines	**110,681**
Scottish Power Distribution	53%
Scottish Power Manweb	43%
Scottish Power Transmission	4%

SP ENERGY NETWORKS

Data as of December 2021

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)	2.96% (2022-23)	3.04% (2022-23)
RAV at Dec-2021	£2.8bn	SPD - £2.0bn SPM - £2.3bn

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.

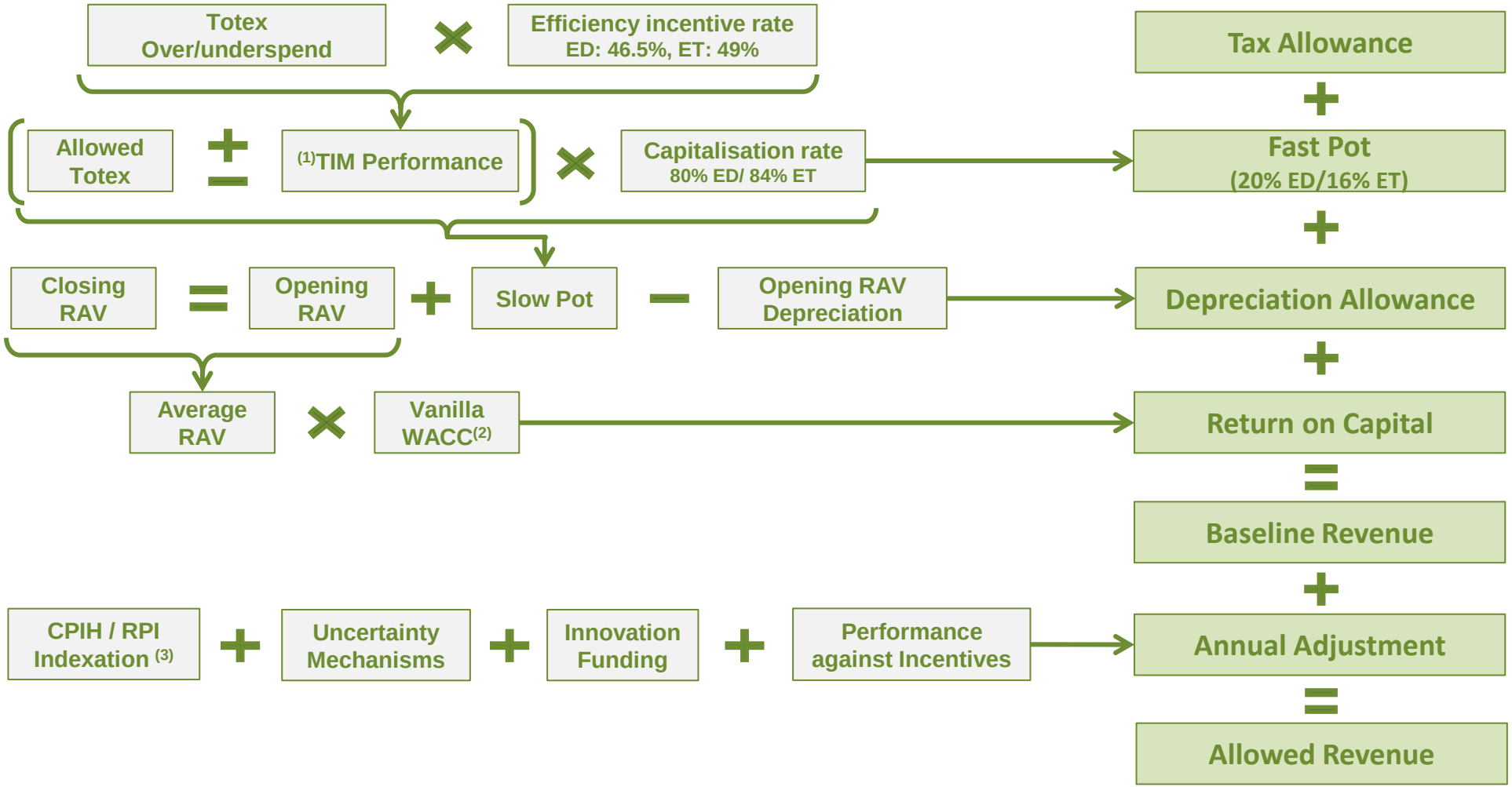
Adjustments

- 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.

** Our RIIO-ED2 Business Plan was proposed to the regulator in Dec-2021. The ED2 price control framework and policies are under development ahead of commencing in April 2023.*
*** 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.

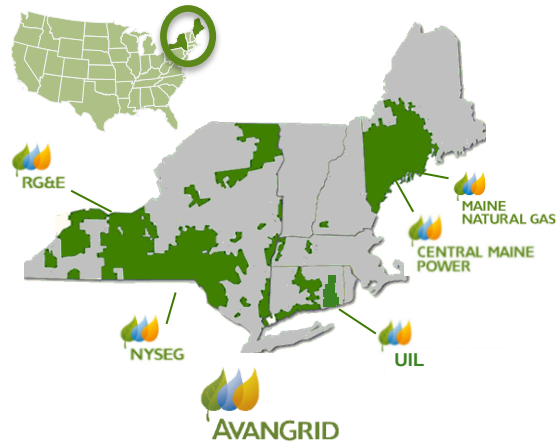
Ofgem Annual Iteration Process: https://www.ofgem.gov.uk/publications/ofgem-publishes-2021-annual-iteration-process-network-price-controls

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

RAV (USD Bn)	11.9
NYSEG - Electricity	2.8
NYSEG - Gas	0.7
RG&E - Electricity	1.9
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)	100,121
Electricity	**38,756**
NYSEG	42%
RG&E	19%
CMP	26%
UI	13%
Gas	**61,365**
NYSEG	25%
RG&E	26%
MNG	8%
BGC	5%
CNG	18%
SCG	18%

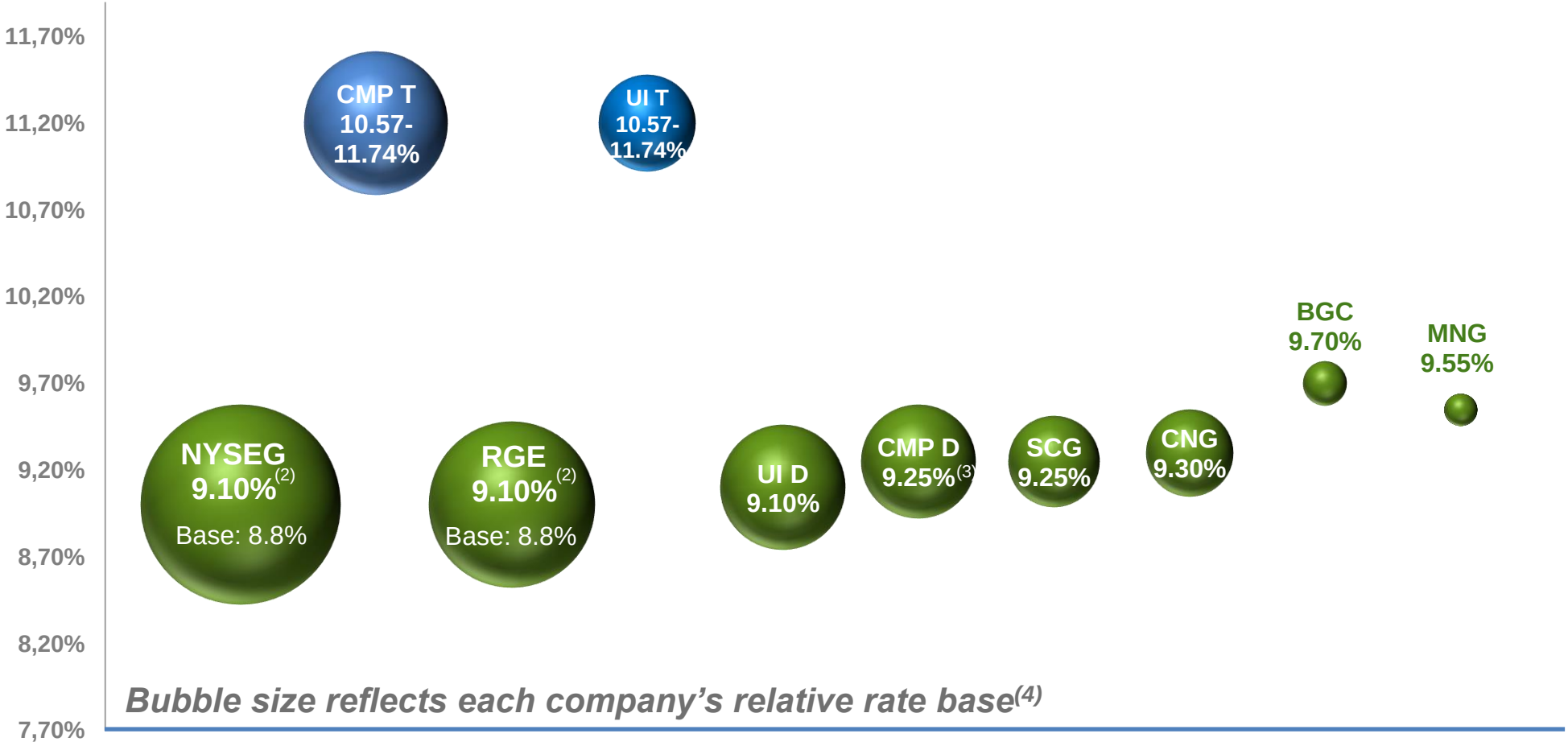
Points of supply (M)	3.3
Electricity	**2.3**
NYSEG	40%
RG&E	17%
CMP	28%
UI	15%
Gas	**1.0**
NYSEG	26%
RG&E	31%
MNG	1%
BGC	4%
CNG	18%
SCG	20%



	Electricity	Gas
Kms of lines/pipelines	**168,044**	**44,763**
NYSEG	45%	30%
RG&E	12%	33%
CMP	34%	0%
MNG	0%	1%
UI	9%	0%
SCG	0%	15%
CNG	0%	16%
BGC	0%	5%

Data as of December 2021

Allowed returns (1)



(1) Data as of December 2021
(2) Includes 30bp allowance before sharing in Rate Year 2.
(3) Does not include -1.00% management efficiency adjustment, in place until customer service metrics are achieved for 18 months starting 3/1/2020.
(4) 2021 Estimated Average Rate Base of ~$11.7B.

New York Rate Plans reflects Dec. 2020 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 plan (5/1/20 - 4/30/23) settled Dec. 2020; tariffs increase retroactively effective Apr. 17, 2020 (with a make-whole)			
Annual Rate Increases with Levelization / Shaping	Year 1 *(4/17/20 – 4/30/21)* - $45.3M Year 2 *(5/1/21 – 4/30/22)* - $45.6M Year 3 *(5/1/22 – 4/30/23)* - $36.0M	Year 1 - ($0.5M) Year 2 - $3.4M Year 3 - $5.3M	Year 1 – $21.4M Year 2 - $13.9M Year 3 - $15.8M	Year 1 - ($1.1M) Year 2 - $0.9M Year 3 - $3.9M
Avg. Rate Base ('20)	$2,408M	$703M	$1,566M	$492M
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: 2020 (after-sharing)[1]	8.5%	9.0%	9.0%	8.3%
Achieved ROEs: 2019 (after-sharing)[2]	4.0%	7.6%	8.7%	7.0%
Achieved ROEs: 2018 (after-sharing)[3]	6.2%	8.6%	9.9%	8.3%
Achieved ROEs: 2017 (after-sharing)[4]	8.6%	10.0%	9.8%	9.7%
Achieved ROEs: 2016 (after-sharing)[5]	8.7%	9.8%	9.1%	9.8%
Achieved ROEs: 2015 (after-sharing)	7.9%	9.7%	6.0%	4.2%
Achieved ROEs: 2014 (after-sharing)	9.7%	10.0%	9.5%	7.3%

(1) ROEs for rate year 5/1/20 - 4/30/21.
(2) ROEs for rate year 5/1/19-4/30/30.
3) ROEs for the 3rd rate year (5/1/18 - 4/30/19) under 3 year rate plan settled June 2016.
4) Amended ROEs for the 2nd rate year (5/1/17 - 4/30/18) under 3 year rate plan settled June 2016.
5) 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. UI reached Settlement Agreement to continue rate plan till 2023

	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 (’20)	$1,170M	$588M	$524M
Allowed ROE	9.10%	9.25%	9.30%
Allowed Equity Ratio	50%	52%	54% ’19 / 54.5% ’20 / 55% ’21
Actual Equity Ratio (’20)	58%	55%	57%
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)	9.0%(1)	7.8%(1)	9.4%(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.

UI Settlement Agreement – Key Highlights

Settlement Agreement Approved by CT PURA on 6/23/21 Addresses Several Outstanding Dockets

BACKGROUND: Dockets No. 17-12-03RE11 & 16-06-04RE04 re-opened by the CT PURA to address interim rate decrease, low-income rates, & economic development rates, pursuant to authority from Public Act 20-5 of 2020. The PURA also initiated Docket No. 21-01-04, the annual review of UI's RAM Rate Adjustment Mechanism (RAM) in November 2020 (PURA delayed implementation of those rates for a year due to the COVID-19 pandemic)**.**

Highlights

- PURA issued a revised procedural order on June 2 with limited modifications to the proposed Settlement Agreement among **UI, the CT PURA staff, the Dept. of Energy & Environmental Protection (DEEP), Office of Consumer Counsel & the Office of the Attorney General** – comments from Settling Parties June 8, final decision June 23
- **No known and measurable changes to the authorized ROE** or **equity ratio**
- Provides **rate credits of $50M**, including $45M in historic regulatory liability through 6/30/2021 resulting from the reduction in the federal corporate tax rate from 35% to 21% & $5M (pre-tax) directly from the Company, amortized over 22 months from 7/1/2021 to 4/30/2023
- **Lower base Distribution rate** reflecting 21% federal corporate tax rate from 35% effective July 1 **(~$8M/yr cash impact)**
- **Amortization of RAM components owed to UI totaling $52M**: $44M from prior periods over a 22-month period from 7/1/2021 to 4/30/2023 and $8M for current period known & measurable changes over a 1-year period starting 7/1/2021
- **Distribution base rate freeze through 5/1/2023** but allows for incremental cost recovery mechanisms including grid modernization or resulting from any other regulatory proceeding commencing before 5/1/2023; however, there will be **no change in UI's ROE before 5/1/2023**
- **Cost recovery mechanism** TBD by PURA **keeping UI whole** for any impacts from any **low income** or **economic development rates**
- **Modest impacts to earnings (~$5M pre-tax) spread over 2021 – 2023, slight reduction to cash** due to lower tax rate effective July 1; rate stability & certainty **strengthen credit** along with **strong existing cash flow metrics exceeding 20%**

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

Maine & Massachusetts Rate Plans

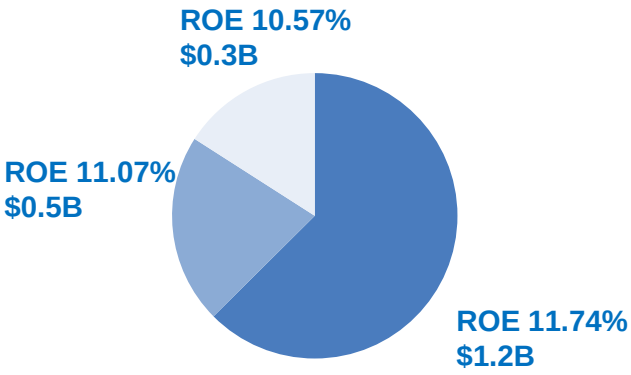
	Central Maine Power Distribution (CMP-D)	Maine Natural Gas (MNG)	Berkshire Gas Company (BGC)
Jurisdiction	Maine		Massachusetts
Regulator	Maine Public Utilities Commission (MPUC)		Department of Public Utilities (DPU)
Term	1 year plan 3/1/20 – 2/28/21	10 year plan thru 4/26/16 subject to Year 7 review	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 (’20)	$982M	$77M	$124M
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 2020	6.2%	NA	5.98%
Achieved ROEs 2019	6.1%	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 ('20)	$1,448M	$662M
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] 2020	12.0%	11.3%
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%

YE '20 ~$2B FERC T Rate Base by allowed ROE



Main projects receiving 11.74%:

- '04-'08 Regional < $0.1B
- MPRP $1.0B
- Middletown-Norwalk $0.2B
- NEEWS < $0.1B

(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 2021

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.

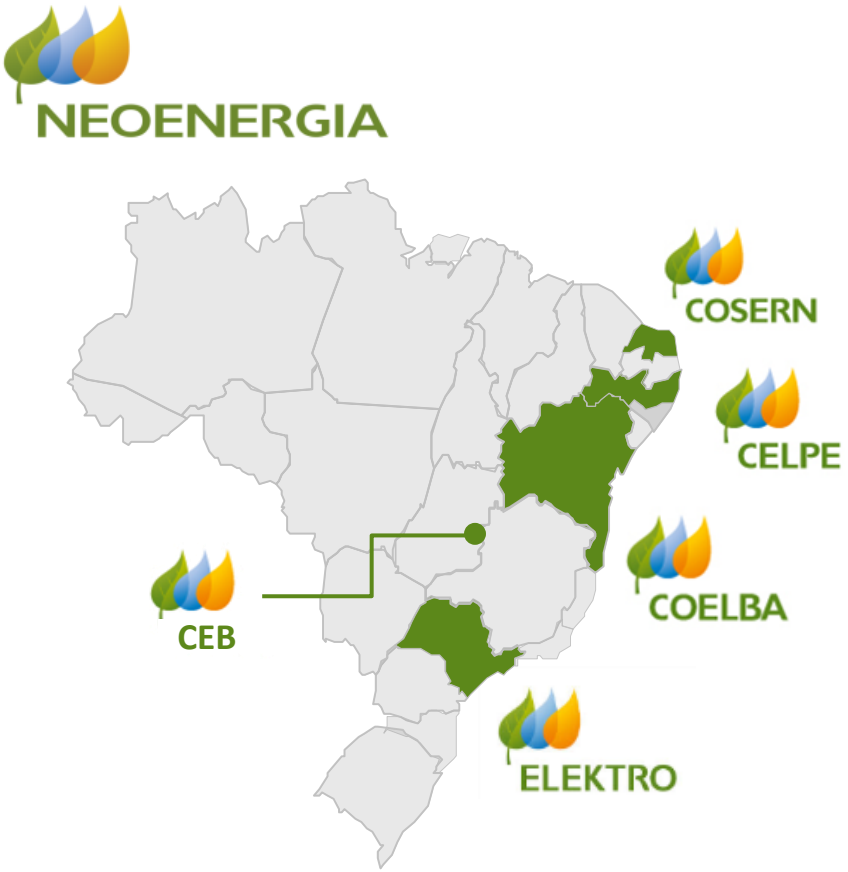
Economics

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

Energy leader in Brazil and Latam after integrating Neo Brasilia from March 2021

	2021
RAB (BRL Bn)	**26.0**
Neoenergia Elektro	19%
Neoenergia Coelba	44%
Neoenergia Pernambuco	23%
Neoenergia Cosern	9%
Neoenergia Brasilia	4%
Distributed energy (GWh)	**75,813**
Neoenergia Elektro	26%
Neoenergia Coelba	33%
Neoenergia Pernambuco	23%
Neoenergia Cosern	9%
Neoenergia Brasilia	9%
Points of supply (M)	**15.7**
Neoenergia Elektro	18%
Neoenergia Coelba	41%
Neoenergia Pernambuco	25%
Neoenergia Cosern	10%
Neoenergia Brasilia	7%
Kms of lines	**691,818**
Neoenergia Elektro	17%
Neoenergia Coelba	49%
Neoenergia Pernambuco	22%
Neoenergia Cosern	9%
Neoenergia Brasilia	3%
Transport	0.3%



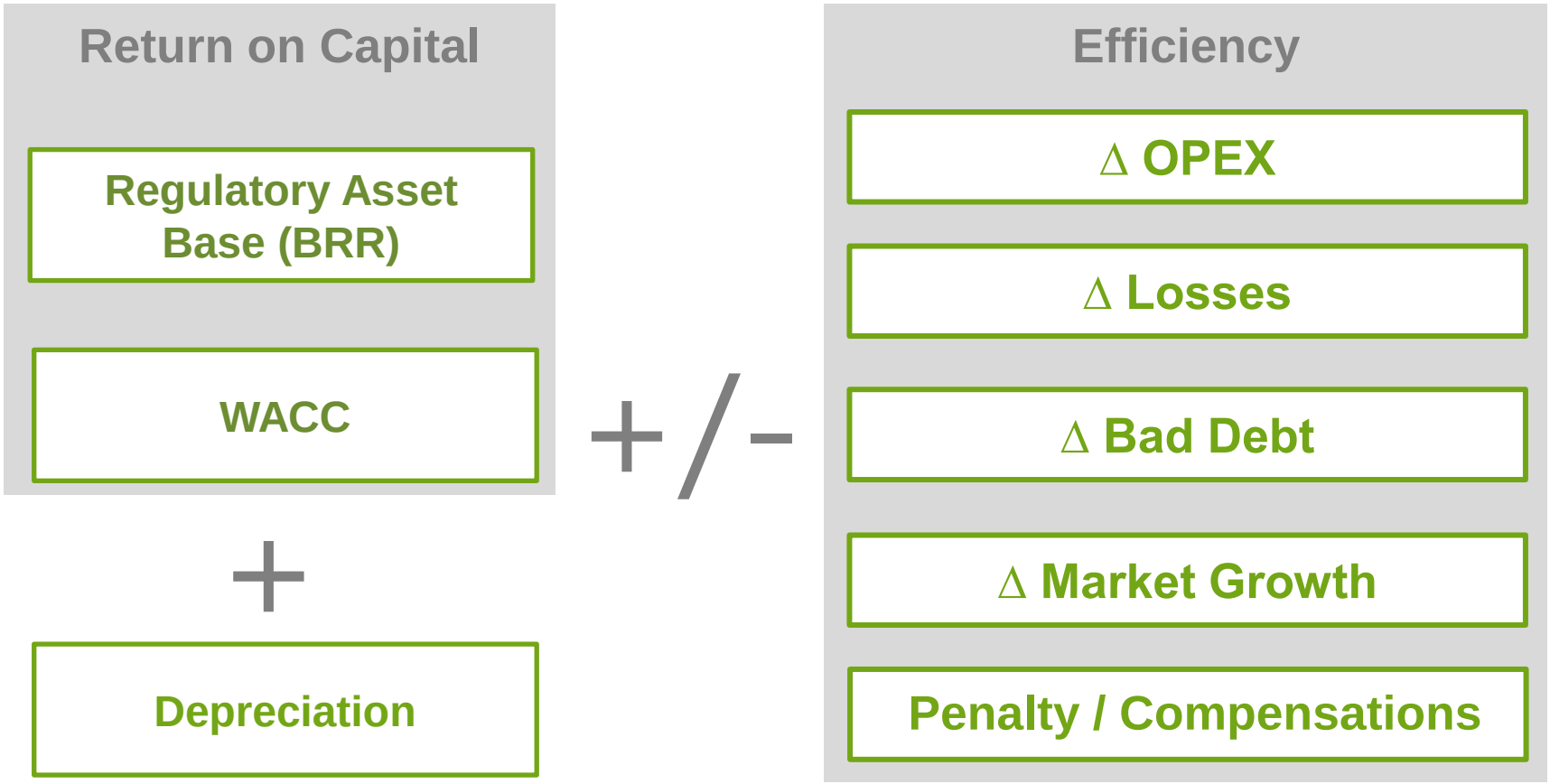
Data as of December 2021

Regulatory framework

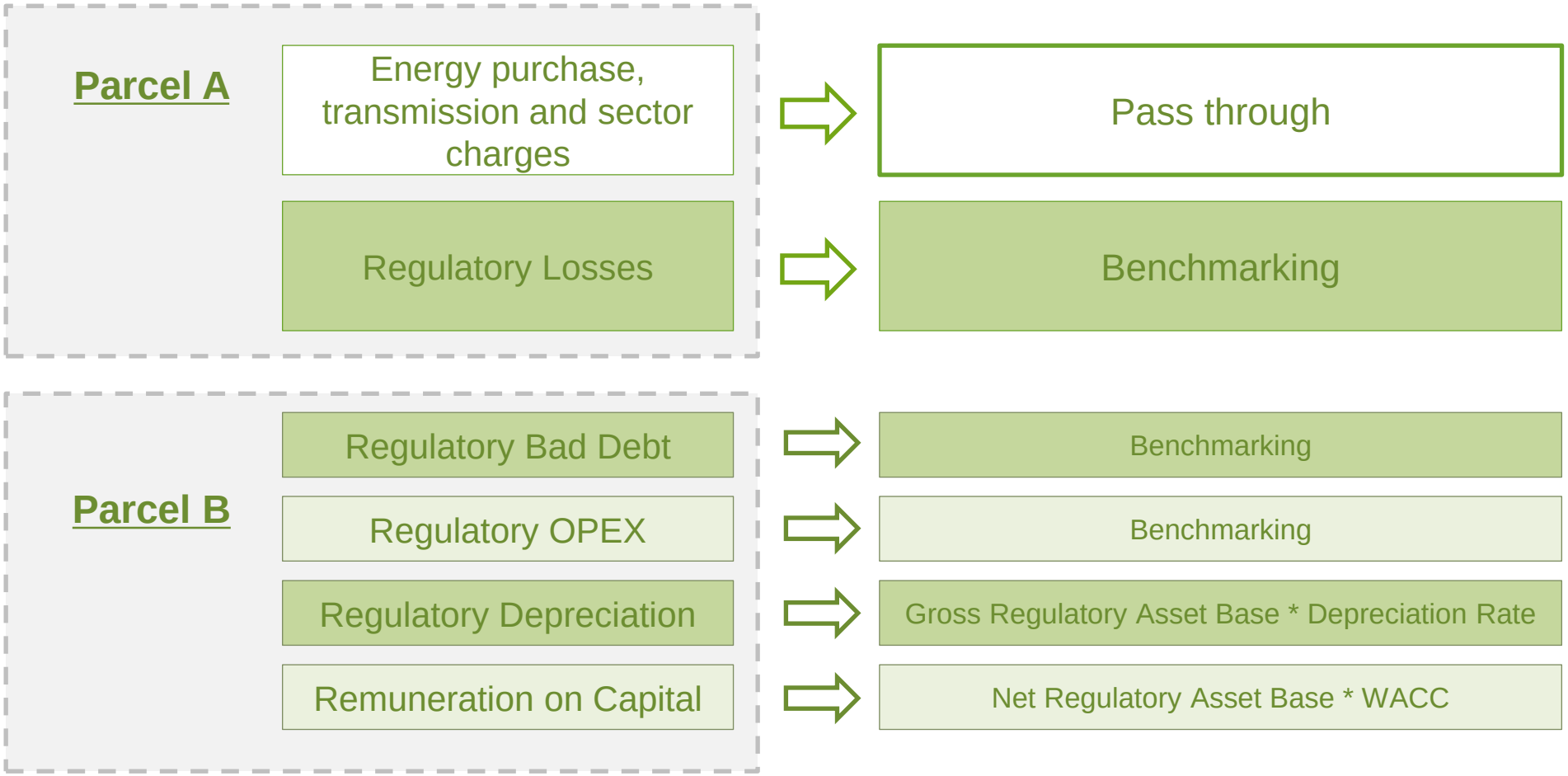
	Concession process	Concession/ authorization term	Renewal	Tariff / Revenue
Distribution	• Competitive auctions	• 30 years • Due date: Aug 2027 to Jul - 2045(1)	• Possible (+30 yrs) • May be changed Contractual conditions • Indemnification for non-depreciated assets	• Tariff structured to remunerate for: - 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)
Neoenergia Coelba	1.20%	3.83%	19,381	11,958
Neoenergia Elektro	1.34%	3.96%	7,794	5,222
Neoenergia Pernambuco	0.43%	3.86%	10,285	6,186
Neoenergia Cosern	0.47%	3.94%	3,861	2,459
Neoenegia Brasília	-0.02%	3.71%	2,287	1,197

(1) Regulatory depreciation rate. As of December 2021

(2) Regulatory Asset Base (BRL M). As of December 2021

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 and Cosern 3th RTP	Pernambuco 3rd RTP
2015		Elektro 4thRTP
2016		Brasília 4thRTP
2017		Pernambuco 4rthRTP
2018		Coelba and Cosern 4th RTP
2019		Elektro 5th RTP
2021	Pernambuco 5th RTP	Brasília 5th RTP
2023	Coelba and Cosern 5th RTP	Elektro 6th RTP

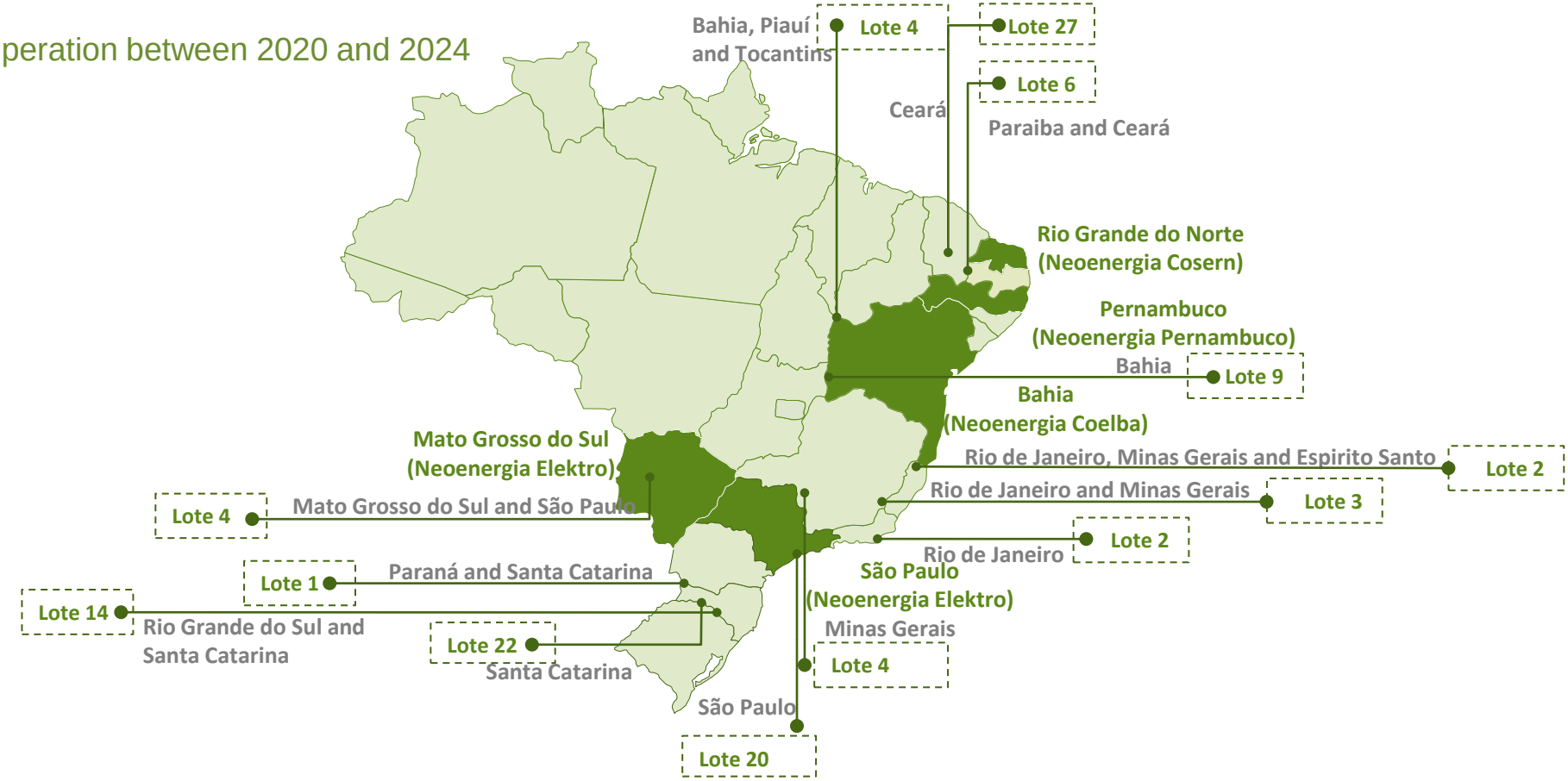
Tariff resets and reviews

	Tariff Reset 2022			Tariff Reset 2021	Tariff Review 2021
	NEOENERGIA PERNAMBUCO	NEOENERGIA COSERN	NEOENERGIA COELBA	NEOENERGIA ELEKTRO	NEOENERGIA BRASÍLIA
∆% VPB	14.82%	14.75%	14.14%	32.5%	4.7%
∆% VPA	10.58%	10.76%	11.69%	0.4%	10%
Increase to Consumer	18.98%	20.36%	21.13%	11.5%	11.1%
	-3.4%	**-4.1%**	**-1.6%**		
	Net effect without water scarcity flag			**Application of IGP-M without deferral of Parcel B**	**1% increase in coverage of regulatory losses**

Transmission

1 lot awarded in Dec 2021 (Lote 4), 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



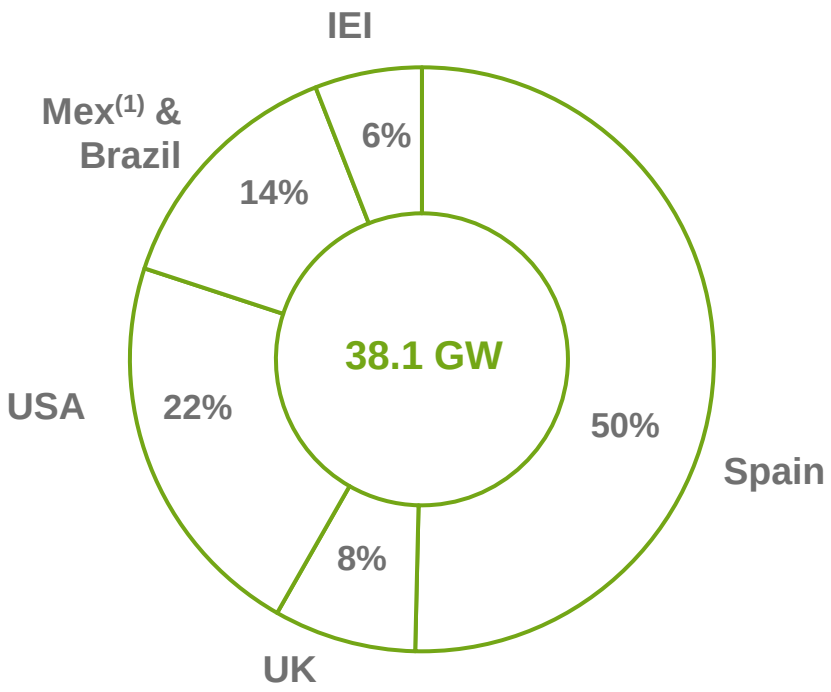
(1) CAPEX defined by Aneel as of the auction notices

Information on auction results : https://antigo.aneel.gov.br/web/guest/resultados-de-leiloes

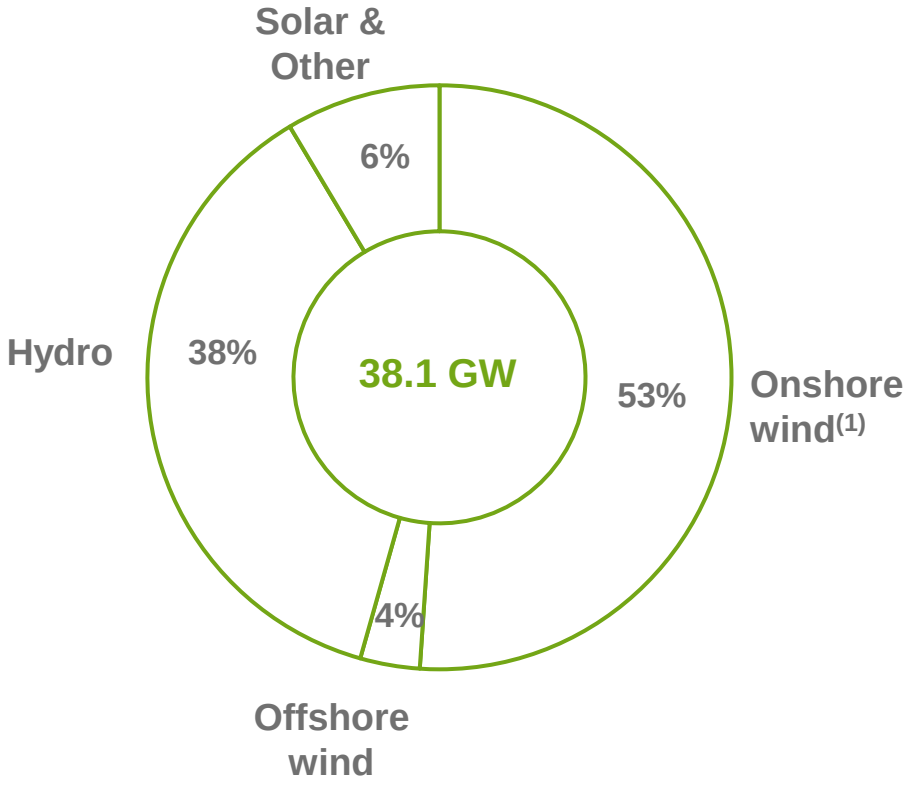
AGENDA

Leading position in renewables

Capacity by region



Capacity by technology

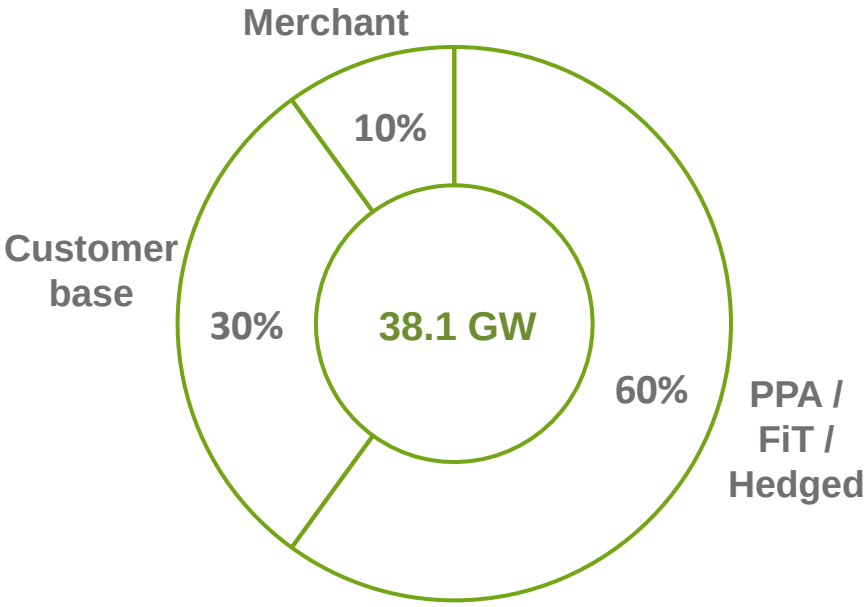


(1) Including 103 MW of onshore wind capacity for third parties

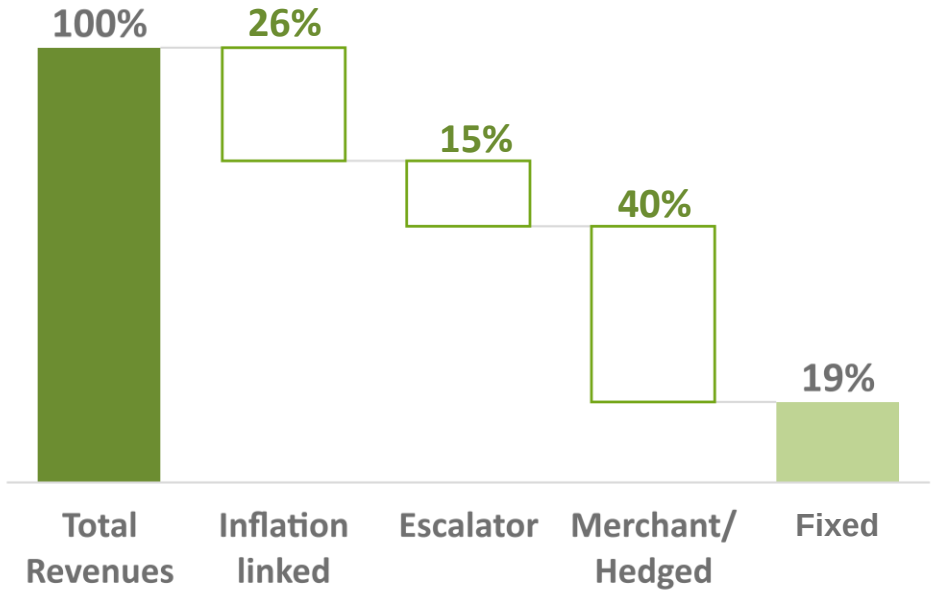
Data as of December 2021

~60% of the capacity secured through LT contracts, with an average duration of 14 years and an additional 30% secured through our customer base…

Route to Market



Revenues indexation

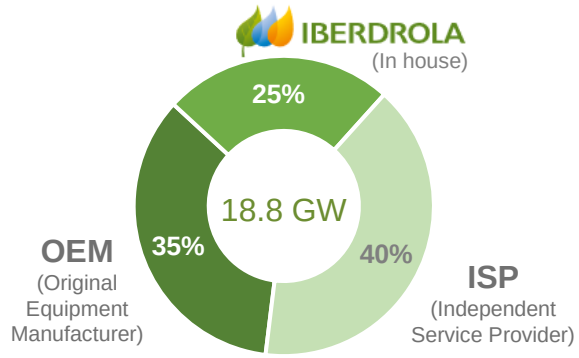


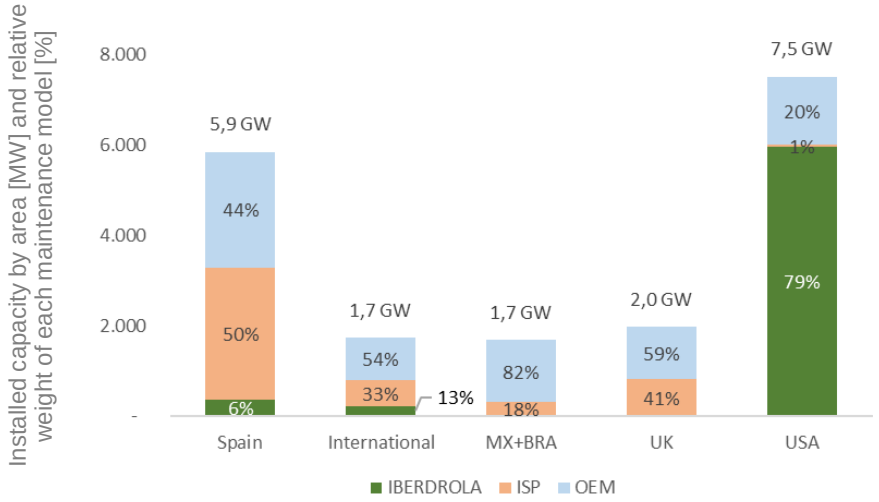
… with only 19% of fixed revenues

Data as of December 2021

RENEWABLES: O&M management

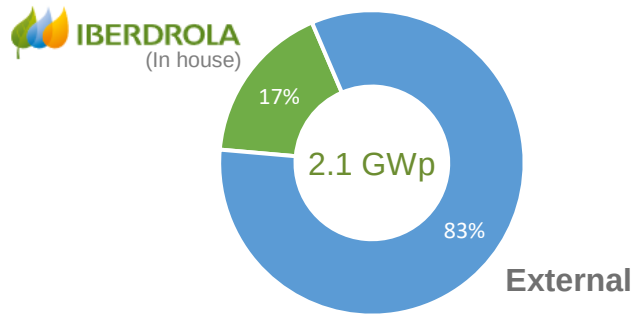
WIND

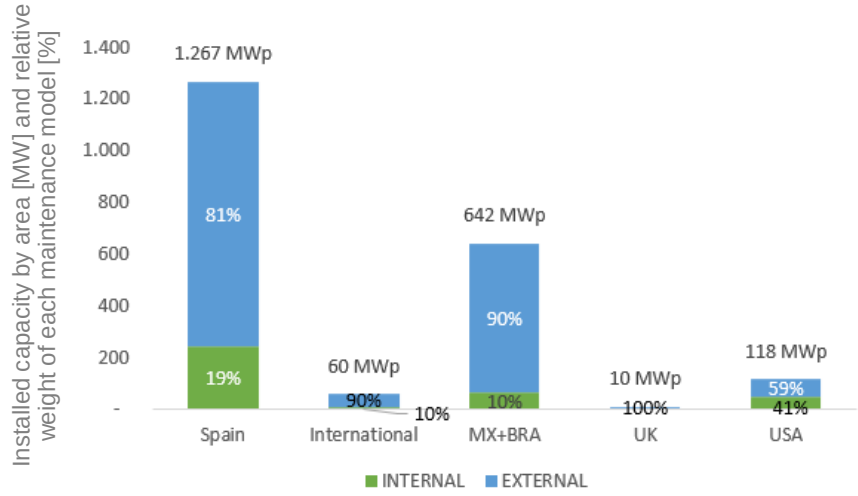




US is the region that concentrates more In House maintenance, while Spain concentrates the maintenance with ISP

SOLAR





External maintenance model predominates, followed by a tendency to increase internal maintenance as the equipment come out of warranty

Note: Excluding capacity not consolidated at EBITDA level

Data as of December 2021

RENEWABLES

Capacity (MW)	Spain	UK	US	Mexico	Brazil	RoW	Total
Onshore owned	6,124	1,986	7,945	590	984	1,749	**19,376**
Onshore for third parties	-	-	-	103	-	-	**103**
Offshore	-	908	-	-	-	350	**1,258**
Hydro	10,700	-	118	-	3,031	-	**13,849**
Mini-hydro	285	-	-	-	-	-	**285**
Solar	2,086	10	232	642	-	89	**3,060**
Others	14	104	13	-	-	75	**206**
Total	**19,210**	**3,008**	**8,309**	**1,335**	**4,014**	**2,262**	**38,138**

Output (GWh)	Spain	UK	US	Mexico	Brazil	RoW	Total
Onshore owned	11,937	3,284	18,943	1,528	2,313	3,339	**41,343**
Onshore for third parties	-	-	-	231	-	-	**231**
Offshore	-	3,433	-	-	-	1,184	**4,617**
Hydro	14,620	-	132	-	9,622	-	**24,374**
Mini-hydro	630	-	-	-	-	-	**630**
Solar	1,233	-	242	1,188	-	8	**2,671**
Others	-	-	83	-	-	-	**83**
Total	**28,420**	**6,717**	**19,400**	**2,947**	**11,935**	**4,531**	**73,951**

Load Factor (%)	Spain	UK	US	Mexico	Brazil	RoW
Onshore owned	21.9%	21.5%	29.8%	28.8%	39.6%	25.9%
Onshore for third parties	-	-	-	33.2%	-	-
Offshore	-	43.2%	-	-	-	38.9%
Hydro	17.2%	-	-	-	25.5%	-
Mini-hydro	24.1%	-	-	-	-	-
Solar	15.8%	-	21.8%	21.0%	-	9.2%

Data as of December 2021

Top 1 renewable player with 19,210 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
2021	-168[2]
Total	**6,124**

Solar PV

Project	Region	MW	COD
Nuñez de Balboa	Badajoz	500	2019
Andévalo	Huelva	50	2020
Teruel	Teruel	50	2020
Romeral	Cuenca	50	2020
Olmedilla	Cuenca	50	2020
Campo Arañuelo I	Cáceres	50	2020-2021
Campo Arañuelo II	Cáceres	50	2020-2021
Campo Arañuelo III	Cáceres	40	2020-2021
Ceclavín	Cáceres	328	2020-2021
Majada Alta	Cáceres	50	2020-2021
San Antonio	Cáceres	50	2020-2021
Barcience	Toledo	50	2020-2021
Francisco Pizarro	Cáceres	517	2021
Arenales	Cáceres	150	2021
Puertollano	Ciudad Real	100	2021
Revilla-Vallejera	Burgos	2	2021
Total		**2,086**	

(1) 258 MW consolidated through equity method
(2) Net figure of new installed capacity minus asset rotation

Data as of December 2021

Top 1 renewable player with 19,210 MW installed

Hydro

Region	Total MW	Pumping hydro MW
Mediterranean Basin	2,347	1,317
Duero Basin(1)	4,528	2,006
Sil Basin	1,582	348
Tajo Basin	2,243	217
Total	**10,700**	**3,888**

Mini-hydro

	Total MW (2)
Mini-hydro	**285**

Batteries

Project	Region	MW	Year of Installation
C. Arañuelo III BESS	Cáceres	3	2021
Puertollano BESS	Ciudad Real	5	2021
Abadiño	País Vasco	6	2021
Total		**14**	

(1) Including 2 out of 3 Támega reservoirs: Gouvões (880 MW) and Daivões (116 MW)
(2) 2 MW consolidated through equity method

Data as of December 2021

Projects under construction (1/2)

Project	Type	Region	Total MW	MW installed as of Dec´21	MW pending	Year of Installation
Támega	Hydro	Portugal	1,158	998	160	2023
Francisco Pizarro	Solar PV	Cáceres	590	517	73	2022
Revilla-Vallejera	Solar PV	Burgos	50	2	48	2022
Urkilla	Baterías	País Vasco	5		5	2022
Buniel	Onshore	Burgos	115		115	2022
Iglesias	Onshore	Burgos	94		94	2022
Valdemoro	Onshore	Burgos	50		50	2022
El Escudo	Onshore	Cantabria	105		105	2022
Martín de la Jara	Onshore	Sevilla / Málaga	36		36	2022
Tagus I	Solar PV	Cáceres	50		50	2022
Tagus II	Solar PV	Cáceres	50		50	2022
Tagus III	Solar PV	Cáceres	50		50	2022
Tagus IV	Solar PV	Cáceres	50		50	2022
Almaraz I	Solar PV	Cáceres	50		50	2022
Almaraz II	Solar PV	Cáceres	30		30	2022
Cespedera	Solar PV	Cádiz	27		27	2022
Llanos Pelaos III	Solar PV	Canarias	7		7	2022
Blanca Solar	Solar PV	Canarias	5		5	2022
Llanos Pelaos II	Solar PV	Canarias	3		3	2022
Llanos Pelaos I	Solar PV	Canarias	1		1	2022
Fuentes	Solar PV	Guadalajara	50		50	2022
Valbuena	Solar PV	Guadalajara	49		49	2022
Manantiales I	Solar PV	Guadalajara	30		30	2022
Peñarrubia	Solar PV	Murcia	50		50	2022

Data as of December 2021

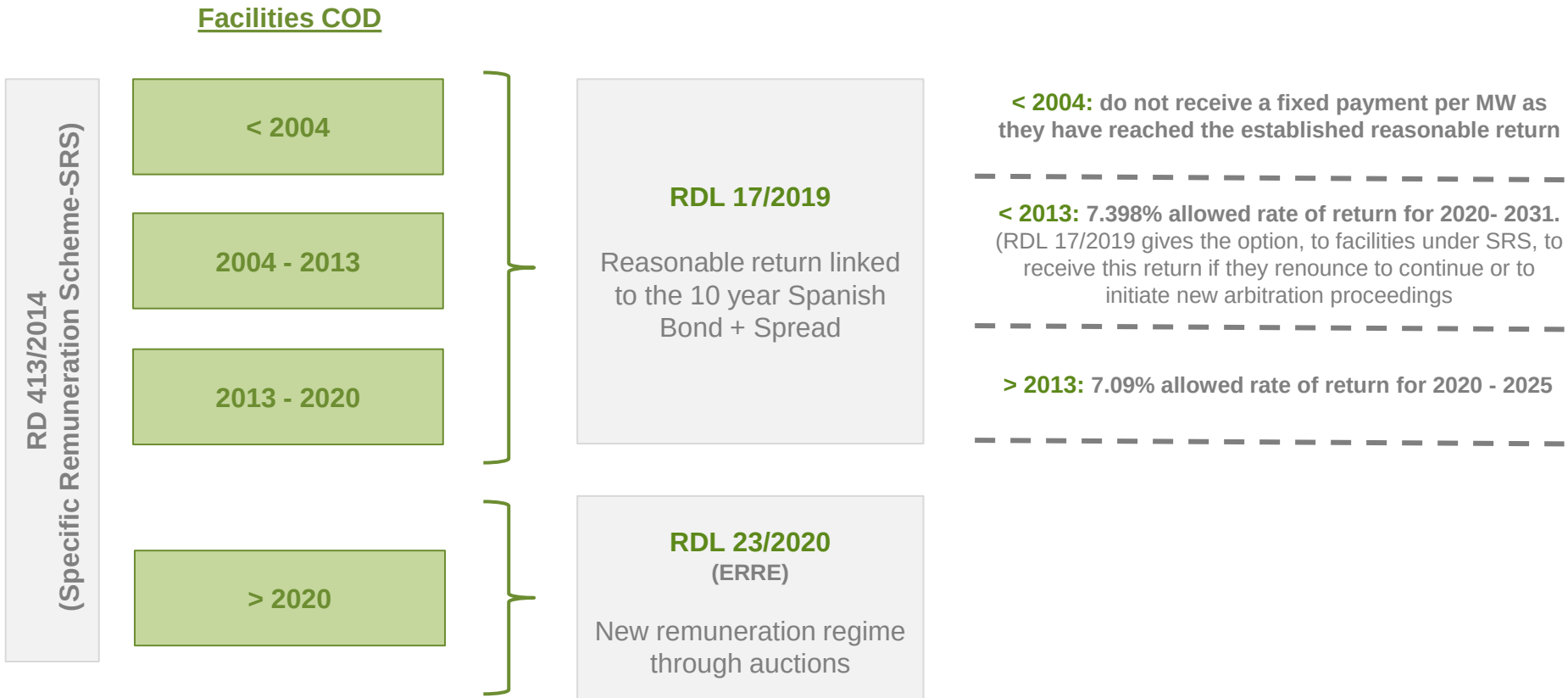
Projects under construction (2/2)

Project	Type	Region	Total MW	MW installed as of Dec´21	MW pending	Year of Installation
FV aparamenta Cenza	Solar PV	Ourense	0.45		0.45	2022
Velilla	Solar PV	Palencia	350		350	2022
Virgen de Areños III	Solar PV	Palencia	50		50	2022
Ciudad Rodrigo	Solar PV	Salamanca	318		318	2022
Villarino	Solar PV	Salamanca	50		50	2022
Cornicabra (Guillena)	Solar PV	Sevilla	50		50	2022
Poleo (Guillena)	Solar PV	Sevilla	50		50	2022
Espliego (Guillena)	Solar PV	Sevilla	44		44	2022
FV flotante La Muela	Solar PV	Valencia	3		3	2022
Sabic	Solar PV	Murcia	100		100	2023
Morteruelo	Onshore	Teruel	25		25	2022-2023
Cedillo	Solar PV	Cáceres	375		375	2022-2023
Peñaflor	Solar PV	Zaragoza	137		137	2022-2023
Total			**4,256**	**1,517**	**2,738**	

Data as of December 2021

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 2021

Renewables, cogeneration and waste: Law 24/2013, Royal Decree 413/2014 and Royal Decree Law 17/2019 and Royal Decree Law 6/2022

- **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 based 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. It 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. **Royal Decree Law 6/2022 establishes an additional exceptional review with effect from January 1, 2022**. It will free up €1,800 million to reduce the charges of the electricity system, and the electricity bill.
  - **At least annually**, the values of remuneration for operation will be updated for those technologies whose operating costs depend essentially on the fuel price.
- **From 2023-26 semi-period on, the reference price for calculating the remuneration will be a basket of forward, daily and intraday market products prices,** and the adjustment for price deviation in the market will no longer be applied, encouraging facilities to sell on PPA. (**Royal Decree Law 6/2022 & Royal Decree Law 10/2022**)

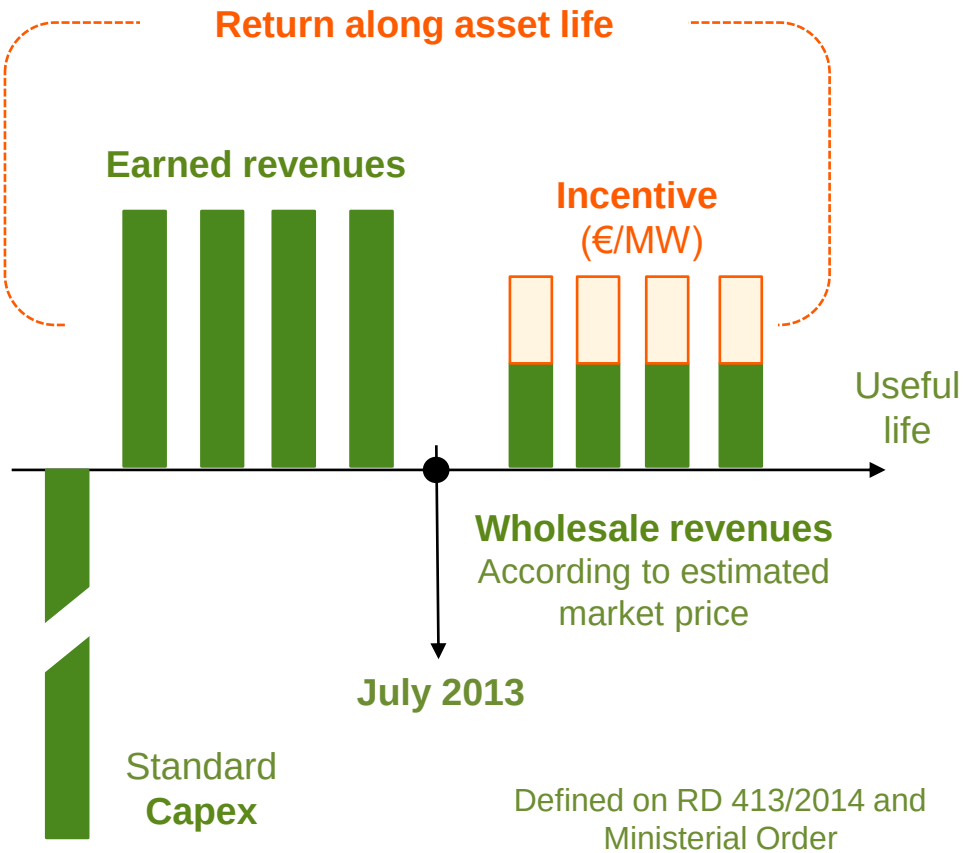
Renewables, cogeneration and waste: Royal Decree-Law 9/2013

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



Defined on RD 413/2014 and Ministerial Order IET/1045/2014

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. During 2021 two auctions have taken place:
    1) 26th January 2021: 3.043 MW awarded at the average price of 24,75 €/MWh
    2) 20th October 2021: 3.123 MW awarded at the average price of 30,58 €/MWh

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
- 3 reservoirs: Gouvões (880 MW), Daivões (118 MW) and Alto Tâmega (160 MW)

Location: **North Portugal**

Installed capacity: **1,158 MW**

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

Storage capacity: **20 GWh**

Investment: **EUR 1,500 M**

COD: **998 MW in 2021 (Gouvões and Daivões)**
160 MW in 2023 (Alto Tâmega)

Daivões concrete arch-dam, ALTO TÂMEGA / Portugal

Top 1 renewable player

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 2021

Top 1 renewable player

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	50	2020-2021	Corporate PPA
Halsary	Scotland	30	2020-2021	Corporate PPA
P&L [(1)]	Wales	15	1992	1.0 ROC/MWh
Total		**1,986**		

(1) 15 MW consolidated through equity method

Data as of December 2021

Top 1 renewable player

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

Solar PV	Region	MW	Year of Installation	Support Regime
Carland Cross (Hybrid)	England	10	2021	Corporate PPA

Batteries	Region	MW	Year of Installation	Support Regime
Carland Cross LEM	England	1	2020	Merchant/Ancillary Services
Whitelee BESS	England	50	2020-2021	Merchant/Ancillary Services
Barnesmore BESS	Rep. of Ireland	3	2021	DS3 (Volume Uncapped) (3)
Gormans BESS	Rep. of Ireland	50	2021	DS3 (Volume Capped) (3)
Total		**104**		

(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) Delivering a Secure Sustainable Electricity System

Data as of December 2021

Projects under construction

Project	Type	Region	Total MW	Year of Installation	Income Regime
Coldham(Hybrid)	Solar (Hybrid)	England	9	2022	Corporate PPA
Coal Clough (Hybrid)	Solar (Hybrid)	England	10	2023	Corporate PPA
Harestanes BESS	Batteries	Scotland	50	2022-2023	Merchant/ Ancilliary Services / 15 years Capacity Market
Total			**69**		

Data as of December 2021

RENEWABLES: UK

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*) electronic certificates 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 £52.88 for 2022/23. 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 2021/22 or 2022/23 (the price in 2020/21 was £4.42). 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.
- Current allocation round (AR4) opened in December 2021 with auction due to take place in May / June 2022 - open to onshore wind, solar PV, offshore wind and less-established technologies.
- Now annual auctions, with the next (AR5) opening in March 2023.

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.

** 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

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

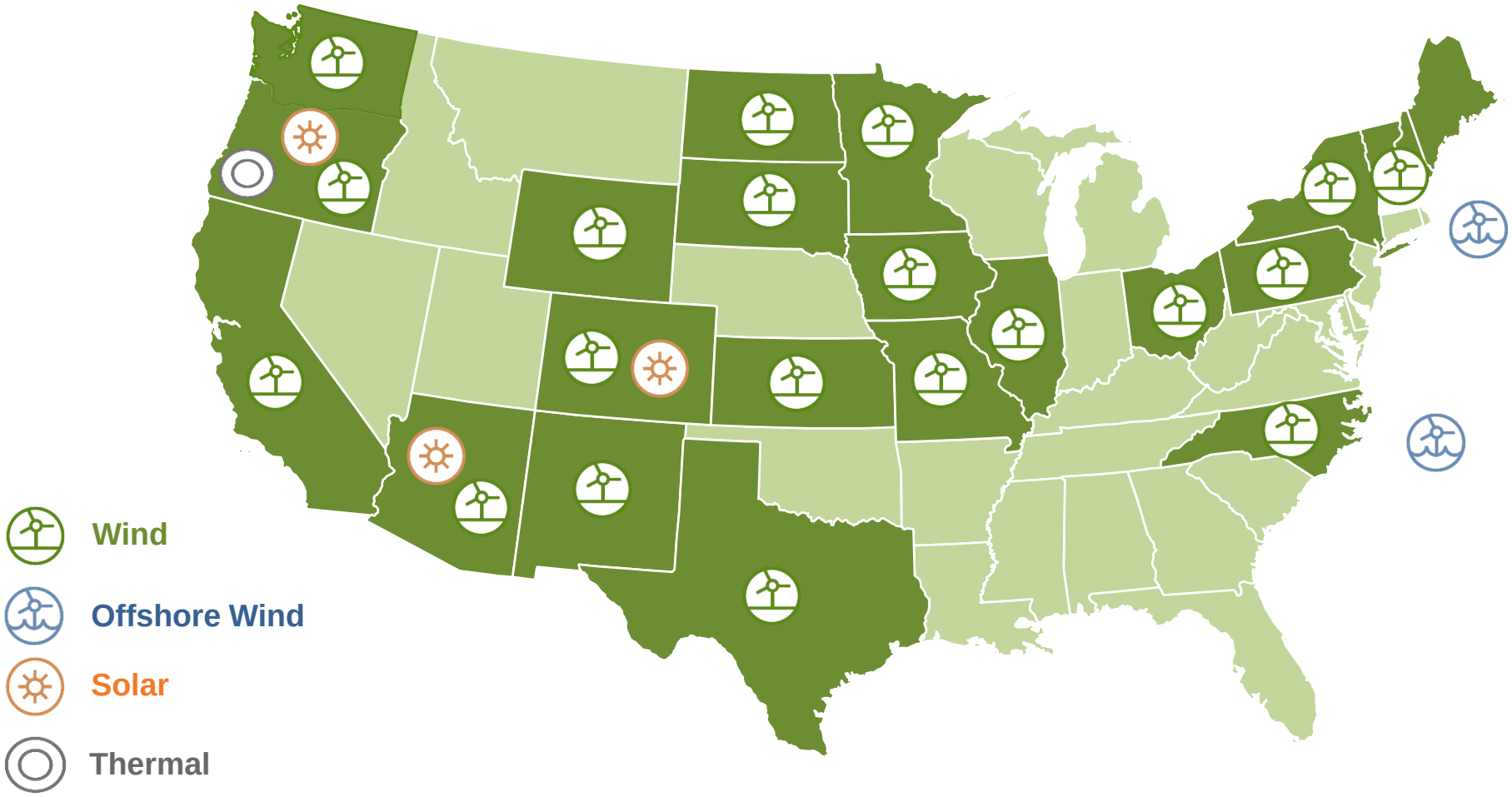
- **Balancing Market**: Market participants can provide offers and bids to the SO to help balance the system at very short notice. The balancing market is settled on a pay-as-bid basis.
- **Ancillary Service Markets**: Ancillary services are competitively tendered by the SO to support the continuous 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/year) 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 February 2022 was 5.361GW (delivery year 2022/23) and cleared at £75/kW/year. The target volume procured for the T-4 auction also held in February 2022 was 42.1GW (delivery year 2025/26) and cleared at £30.39/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 cap for Phase 1 of the UK ETS was initially set at 5% below the UK's expected notional share of the EU ETS cap for Phase IV of the EU ETS (2021-2030). Over time, the cap will be reduced so the total emissions from each industry will fall.
- Participants buy and sell emissions allowances through auctions or secondary markets. The first auction was held on 19 May 2021 and has since traded at an average of £52.7/tCO2.

RENEWABLES: USA

3rd largest wind & solar operator in the U.S. with ~8.2 GW(1) installed; leading the development of large-scale offshore wind in the U.S.

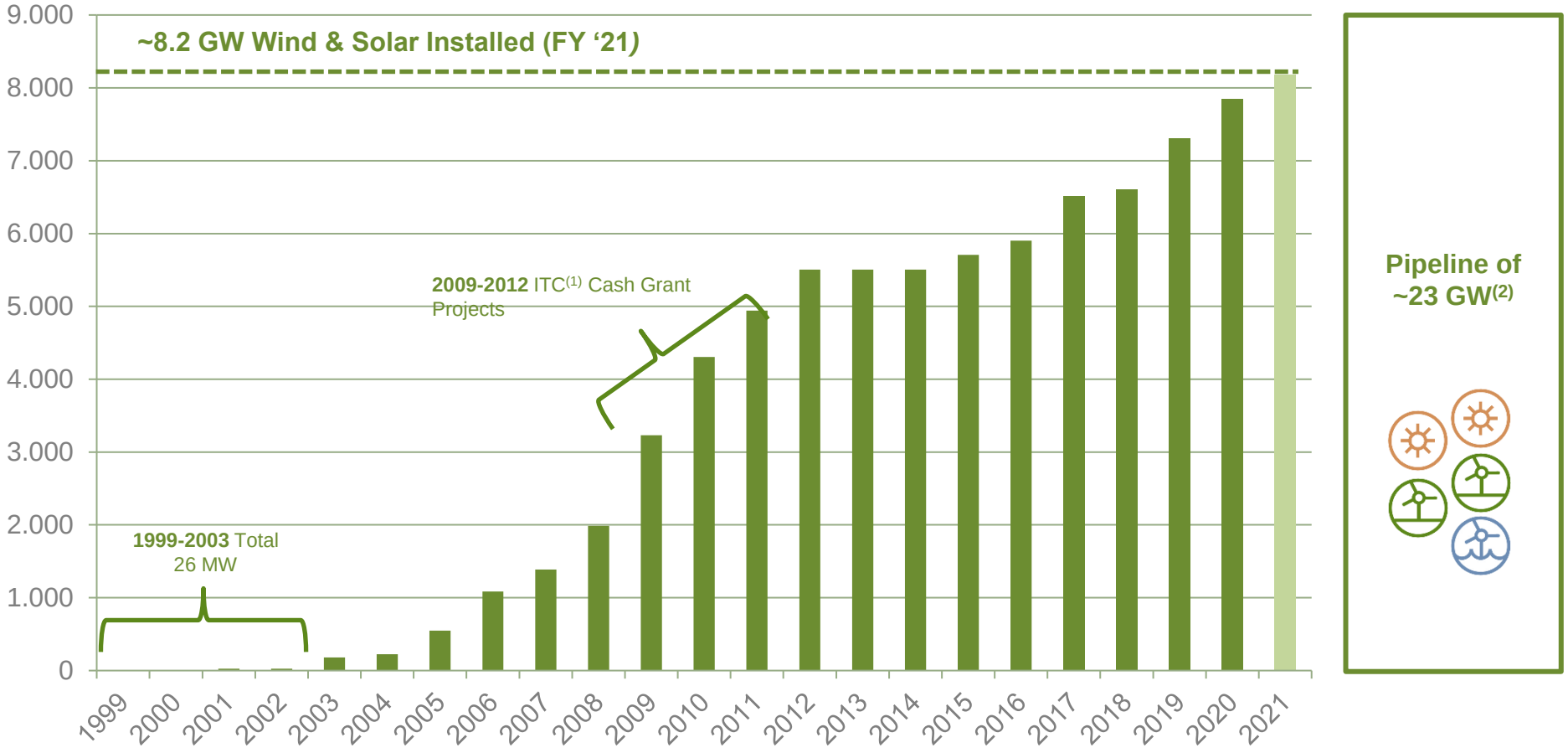


~ 1 GW is under construction with CODs in 2022 and 2023

(1) Includes joint ventures

Data as of December 2021

Renewables Historical Capacity Growth & Pipeline



(1) 2009-2012 Projects funded with Section 1603 ITC cash grants (Renewables received ~$2B in cash for ~$6B investment; no PTCs).
(2) Onshore Wind ~2.8 GW, Solar ~14.6 GW, & Offshore Wind ~5.1 GW.

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

Portfolio characteristics

- ✓ **Capacity installed in 22 states & 9 electric power markets; 8.2 GW of wind[1] and 0.2 GW solar PV[2] generation**
- ✓ **~73% of installed capacity under long-term contract**
- ✓ **~9.0 years average remaining PPA life**
- ✓ **Target 85-95% capacity under contract and/or hedged**
- ✓ **Weighted Average PPA price realized to date = $48.6/MWh.**
- ✓ **Escalators on ~45% of PPAs**
- ✓ **Industry-leading energy management capabilities**
- ✓ **24/7 operations, maintenance, dispatch, & load balancing for 72[3] operating wind & solar assets**

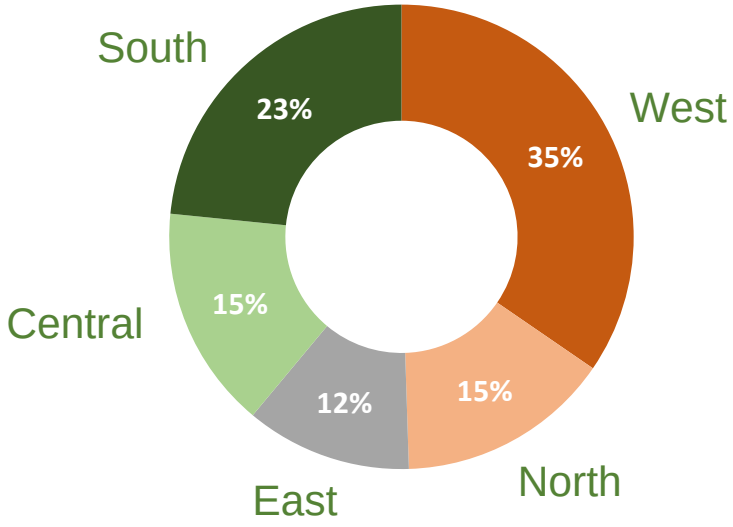
(1) Includes joint ventures and managed PPAs
(2) Solar capacity is being reported in MWdc
(3) Includes Owned, JV and Klamath. Excludes Managed.

Note: 7.9 GW owned & JV onshore wind in operation. 0.3 GW is managed.

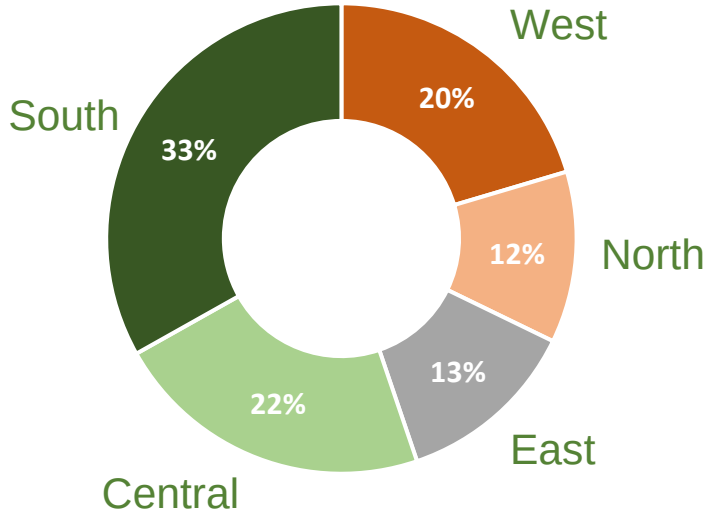
Data as of December 2021

Portfolio characteristics

Contracted = ~ 73%



Merchant = ~ 28%



Notes: Excluding joint ventures

Data as of December 2021

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%	5 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, S88, 2.1 MW)	33	2010	WECC	Partially Contracted	ITC Cash Grant	
California	Dillon	45 (Mitsubishi, MWT62, 1.0 MW)	45	2008	CAISO	Contracted	PTC Expired	
California	Manzana	126 (GE, 1.5 SLE, 1.5 MW)	189	2012	CAISO	Contracted	ITC Cash Grant	
California	Mountain View III	34 (Vestas, V47, 0.66 MW)	22	2003	CAISO	Contracted	PTC	Tax Equity
California	Phoenix Wind Power	3 (NMicon-Vestas, NM48, 0.7 MW)	2	1999	CAISO	Merchant	PTC Expired	
California	Shiloh	100 (GE, 1.5 SLE, 1.5 MW)	150	2006	CAISO	Partially Contracted	PTC Expired	
California	Tule	57 (GE, GE 2.3, 2.3 MW)	131	2018	CAISO	Contracted	PTC	
Colorado	Colorado Green	108 (GE, 1.5sle RP1.62, 1.62 MW)	162	2020	WECC	Contracted	PTC	
Colorado	Twin Buttes	50 (GE, 1.5 SLE, 1.5 MW)	75	2007	WECC	Contracted	PTC Expired	
Colorado	Twin Buttes II	30 (Gamesa, G114, 2.1 MW); 6 (Gamesa, 2 MW)	75	2017	WECC	Contracted	PTC	
Illinois	Otter Creek	38 (Vestas, V136, 3.8 MW); 4 (Vestas, V126, 3.4 MW)	158	2020	PJM	Contracted	PTC	Tax Equity
Illinois	Providence Heights	36 (Gamesa, G87, 2.0 MW)	72	2008	PJM	Merchant	PTC Expired	
Illinois	Streator Cayuga Ridge South	150 (Gamesa, G87, 2.0 MW)	300	2010	PJM	Merchant	ITC Cash Grant	
Iowa	Barton	79 (Gamesa, G87, 2.0 MW)	158	2009	MISO	Contracted	ITC Cash Grant	
Iowa	Flying Cloud	29 (GE, 1.5S, 1.5 MW)	44	2003	MISO	Contracted	PTC Expired	
Iowa	New Harvest	50 (Gamesa, G87, 2.0 MW)	100	2012	MISO	Contracted	ITC Cash Grant	
Iowa	Top of Iowa II	40 (Gamesa, G87, 2.0 MW)	80	2007	MISO	Contracted	PTC Expired	
Iowa	Winnebago I	10 (Gamesa, G83, 2.0 MW)	20	2008	MISO	Contracted	PTC Expired	
Kansas	Elk River	100 (GE, 1.5 SLE, 1.5 MW)	150	2005	SPP	Contracted	PTC Expired	
Massachusetts	Hoosac	19 (GE, 1.5 SLE, 1.5 MW)	29	2012	ISO-NE	Contracted	ITC Cash Grant	
Minnesota	Elm Creek	66 (GE, 1.5 SLE, 1.5 MW)	99	2008	MISO	Contracted	PTC Expired	
Minnesota	MinnDakota	100 (GE, 1.5sle, 1.5 MW)	150	2008	MISO	Contracted	PTC Expired	
Minnesota	Trimont	67 (GE, 1.5sle RP1.62, 1.6 MW)	107	2005	MISO	Partially Contracted	PTC	
Minnesota	Elm Creek II	62 (Mitsubishi, MWT95, 2.4 MW)	149	2010	MISO	Contracted	ITC Cash Grant	
Minnesota	Moraine I	34 (GE, 1.5 S, 1.5 MW)	51	2003	MISO	Merchant	PTC Expired	
Minnesota	Moraine II	33 (GE, 1.5 SLE, 1.5 MW)	50	2009	MISO	Contracted	ITC Cash Grant	

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

Data as of December 2021

Wind facilities (2/3)

Location	Wind Project	Turbines	MW	Year of installation	NERC Region	Contracted/ Merchant	PTC/ ITC	Tax Equity
Missouri	Farmers City	73 (Gamesa, G87, 2.0 MW)	144	2009	MISO	Merchant	ITC Cash Grant	
New Hampshire	Groton	24 (Gamesa, G87, 2.0 MW)	48	2012	ISO-NE	Contracted	ITC Cash Grant	
New Hampshire	Lempster	12 (Gamesa, G87, 2.0 MW)	24	2008	ISO-NE	Contracted	PTC Expired	
New Mexico	El Cabo	149 (Gamesa, G114, 2.1/2 MW)	298	2017	CAISO	Contracted	PTC	Tax Equity
New Mexico	La Joya	35 (Gamesa, G114, 2.6 MW); 76 (GE, GE127, 2.82 MW)	306	2021	WECC	Partially Contracted	PTC	
New York	Hardscrabble	37 (Gamesa, G90, 2.0 MW)	74	2011	NYISO	Merchant	ITC Cash Grant	
New York	Maple Ridge I(1)	70 (Vestas, V82, 1.65 MW)	115	2006	NYISO	Merchant	PTC Expired	
New York	Maple Ridge II(1)	27 (Vestas, V82, 1.65 MW)	45	2006	NYISO	Partially Contracted	PTC Expired	
New York	Roaring Brook	20 (Gamesa, 5-G114/15-SG145, 2.625/4.2/4.5 MW)	80	2021	NYISO	Merchant	PTC	
North Carolina	Amazon Wind Farm U.S. East	104 (Gamesa, G114, 2.0 MW)	208	2017	PJM	Contracted	PTC	
North Dakota	Rugby	71 (Suzlon, S88, 2.1 MW)	149	2009	MISO	Partially Contracted	ITC Cash Grant	
Ohio	Blue Creek	152 (Gamesa, G90, 2.0 MW)	304	2012	PJM	Partially Contracted	ITC Cash Grant	
Oregon	Hay Canyon	48 (Suzlon, S88, 2.1 MW)	101	2009	WECC	Contracted	ITC	
Oregon	Klondike I	16 (GE, 1.5 S, 1.5 MW)	24	2001	WECC	Contracted	PTC Expired	
Oregon	Klondike II	50 (GE, 1.5 SLE RP1.62, 1.62 MW)	81	2005	WECC	Contracted	PTC	
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 SLE, 1.5 MW)	77	2008	WECC	Merchant	PTC Expired	
Oregon	Leaning Juniper II	74 (GE, 1.5 MW); 42 (97812, S88, 2.1 MW)	199	2010	WECC	Partially Contracted	ITC Cash Grant	
Oregon	Montague	56 (Vestas, V136/V126, 3.6/3.45 MW)	201	2019	WECC	Contracted	PTC	Tax Equity
Oregon	Pebble Springs	47 (Suzlon, S88, 2.1 MW)	99	2009	WECC	Contracted	ITC Cash Grant	
Oregon	Star Point	47 (Suzlon, S88, 2.1 MW)	99	2010	WECC	Contracted	ITC Cash Grant	
Oregon	Golden Hills	41 (Vestas, V150, 4.3 MW); 10 (GE116, 2.5MW)	190 (2)	2022	WECC	Contracted	PTC	Tax Equity

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility.
(2) MW installed as of December 2021, corresponding to a project under construction with COD in 2022 (201 MW)

Data as of December 2021

Wind facilities (3/3)

Location	Wind Project	Turbines	MW	Year of installation	NERC Region	Contracted/ Merchant	PTC/ ITC	Tax Equity
Pennsylvania	Casselman	23 (GE, 1.5sle, 1.5 MW)	35	2007	PJM	Contracted	PTC Expired	
Pennsylvania	Locust Ridge I	13 (Gamesa, G87, 2.0 MW)	26	2007	PJM	Contracted	PTC Expired	
Pennsylvania	Locust Ridge II	50 (Gamesa, G83, 2.0 MW)	100	2009	PJM	Merchant	ITC Cash Grant	
Pennsylvania	South Chestnut	22 (Gamesa, G90, 2.0 MW)	44	2012	PJM	Contracted	ITC Cash Grant	
South Dakota	Buffalo Ridge I	24 (Suzlon, S88, 2.1 MW)	50	2009	MISO	Contracted	PTC Expired	
South Dakota	Buffalo Ridge II	105 (Gamesa, G87, 2.0 MW)	210	2010	MISO	Merchant	ITC Cash Grant	
South Dakota	Coyote Ridge(1)	35 (GE, 2.52 MW); 4 (GE, 2.3 MW)	19	2019	MISO	Partially Contracted	PTC	
South Dakota	Tatanka(1)	50 (GE, GE127, 2.82 MW); 6 (GE, GE116, 2.3 MW)	23	2021	MISO	Partially Contracted	PTC	
Texas	Baffin	101 (Gamesa, G97, 2.0 MW)	202	2016	ERCOT	Merchant	PTC	
Texas	Barton Chapel	60 (Gamesa, G87, 2.0 MW)	120	2009	ERCOT	Merchant	ITC Cash Grant	
Texas	Karankawa	22 (GE, 2.3 MW); 9 (GE, 2.5 MW); 93 (GE, 2.52 MW)	307	2019	ERCOT	Contracted	PTC	Tax Equity
Texas	Patriot	58 (Vestas, V136, 3.6 MW); 5 (Vestas, V126, 3.45 MW)	226	2019	ERCOT	Merchant	PTC	Tax Equity
Texas	Peñascal	84 (Mitsubishi, MWT92, 2.4 MW)	202	2009	ERCOT	Partially Contracted	ITC Cash Grant	
Texas	Peñascal II	83 (Mitsubishi, MWT93, 2.4 MW)	199	2010	ERCOT	Partially Contracted	ITC Cash Grant	
Vermont	Deerfield	15 (Gamesa, G87/G97, 2.0 MW)	30	2017	ISO-NE	Contracted	PTC	
Washington	Big Horn I	133 (GE, 1.5sle, 1.5 MW)	200	2006	WECC	Contracted	PTC Expired	
Washington	Big Horn II	25 (Gamesa, G90, 2.0 MW)	50	2010	WECC	Contracted	ITC Cash Grant	
Washington	Juniper Canyon	63 (Mitsubishi, MWT95/2.4, 2.4 MW)	149	2011	WECC	Merchant	ITC Cash Grant	
Total			**7,945**					

Note: 236 MW consolidated through equity method

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

Data as of December 2021

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	Partially contracted	ITC Cash Grant
Alamosa County, Colorado	San Luis Valley Solar Ranch	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	Partially contracted	ITC Cash Grant
Klickitat, Washington	Lundhill	Solar	103 (2)	2022	WECC	Contracted	ITC Cash Grant
Klamath Falls, Oregon	Klamath Cogeneration	Thermal	536	2001	WECC	Merchant	n/a
Klamath Falls, Oregon	Klamath Peakers	Thermal	100	2002	WECC	Merchant	n/a
Total			**868**				

Note: 12 MW consolidated through equity method

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility
(2) MW installed as of December 2021, corresponding to a project under constructionwith COD in 2022 (194 MW)

Data as of December 2021

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´21	MW pending	Year of Installation	Income Regime
Midland	Onshore	Illinois	106		106	2022	PPA
Golden Hills	Onshore	Oregon	201	190	11	2022	PPA
Bakeoven Solar	Solar PV	Oregon	80		80	2022	PPA
Daybreak solar	Solar PV	Oregon	189		189	2023	PPA
Montague Solar	Solar PV	Oregon	211		211	2022	PPA
Lundhill	Solar PV	Washington	194	103	91	2022	PPA
Mohawk	Solar PV	New York	125		125	2023	PPA
Vineyard Wind(1)	Offshore	Massachusetts	806		806	2024	MA Clean Energy RFP
Park City Wind	Offshore	Connecticut	804		804	2026	CT Offshore Wind RFP
Commonwealth Wind	Offshore	Massachusetts	1,232		1,232	2027	MA Clean Energy RFP
Total			**3,947**	**293**	**3,654**		

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

Data as of December 2021

Renewables P&L Components

Gross Margin

+ Wind & Solar (~90% of Renewable Gross Margin in 2020)

✓ Installed Capacity (MW) * Capacity Factor * Sale Price

- 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 [includes biomass contract revenues, transmission sales and limited proprietary trading] (~10% of Renewable Gross Margin in 2020)

✓ 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

Note: 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 year weighted average investment life** for windfarms on a straight-line basis, net of ITC amortization
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 taxpayer in 2025**
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	2021	Commercial PPA (Self-supply)
Pier	Puebla	221	2021	Commercial PPA (Self-supply)
Total		**693**		

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

Data as of December 2021

Regulatory framework: before the Energy Reform of 2013

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) • Small 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 of 2013

Applicable laws

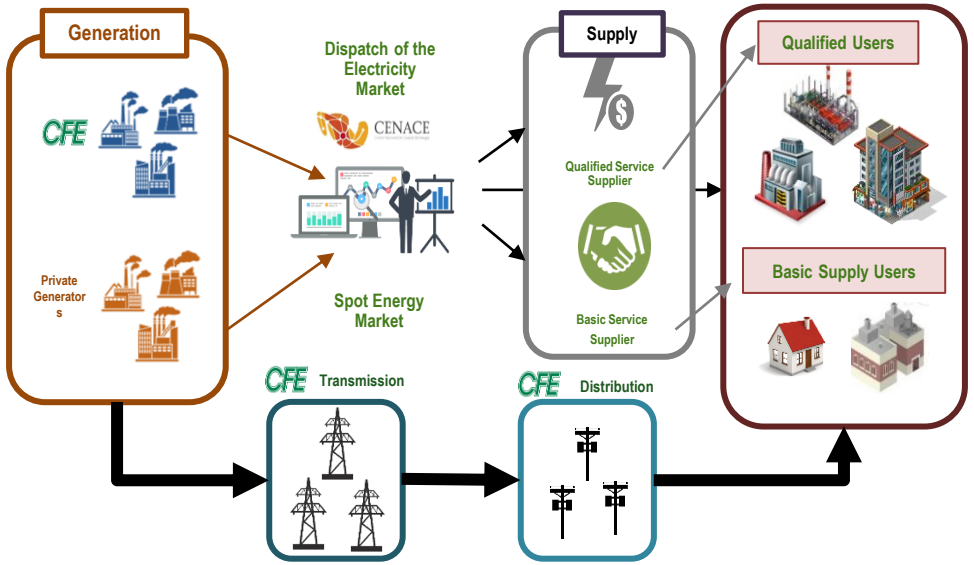
Energy Reform

Constitutional Reform: Allows private participation in generation and supply activities. Transmission and distribution continue to be a public service provided by CFE. On April, 2022 Congress dismissed a Bill to reform the Constitution on electricity matters that would result in a reorganization of the sector (Next slide).

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 (Next slide).

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: recent regulatory developments

Electricity Industry Law (LIE) reform

March 2021

- Modifies the electricity dispatch order
- Issuance of CELs to CFE plants in operation before the 2013 Reform.
- Reviews IPP (PIE) contracts
- Abolishes self supply permits

Reform currently suspended due to the judicial processes brought by individuals and the precautionary measures granted by Courts, since the proposed amendments distort free competition and slow the growth of renewable energies.

On 7th April 2022 the Supreme Court ruled on the Unconstitutional Action filed by a group of Senators, not declaring the proposed reform unconstitutional.
Notwithstanding, more than 162 amparos have been filed in Specialised Courts, with 141 definitive suspensions being granted, effectively **paralizing** the application of the LIE reform.

Electricity Industry Constitutional reform

April 2022

On 30th September 2021, the Executive presented to Congress a bill to reform the Constitution on electricity matters.

- Sales monopoly: CFE the only company selling energy to end consumers
- Purchasing monopoly: private companies can only supply energy to CFE
- Eliminates Clean Energy Certificates (CELs)
- Eliminates the regulator (CRE) and incorporates the system operator (CENACE) into the CFE

Bill **rejected** as it did not reach a qualified majority.

Regulatory framework: recent regulatory developments

New regulation for the granting of electricity generation permits

March 2022

Establishes new requirements for issuing permits:

- Requires confidential financial, corporate and technical information
- Links interconnection procedures with obtaining the permit.
- Limits obtaining new permits to not being previously fined.
- Establishes new obligations on the construction plan of the plant.

Adds new barriers to permitting process, possibility to present an appeal (‘amparo’) in Courts to obtain precautionary measures.

Regulatory framework (5/5)

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 is still waiting for the resolution of the *Amparo* filed against the regulation. Meanwhile, Iberdrola is protected by the precautionary measures granted by Court to paralyze the application of the regulation.

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
Complejo eólico de Chafariz	Paraíba	468	2021	Regulated & Commercial PPAs
Total		**984**		

Data as of December 2021

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 2021

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´21	MW pending	COD	Income Regime
Complejo eólico de Chafariz	Onshore	Paraíba	471	468	3	2022	Regulated & Commercial PPAs
Complejo eólico de Oitis	Onshore	Piauí	567			2022	Regulated & Commercial PPAs
Luzia	Solar PV	Paraiba	149			2022	Regulated & Commercial PPAs
Total			**1,187**	**468**	**3**		

Data as of December 2021

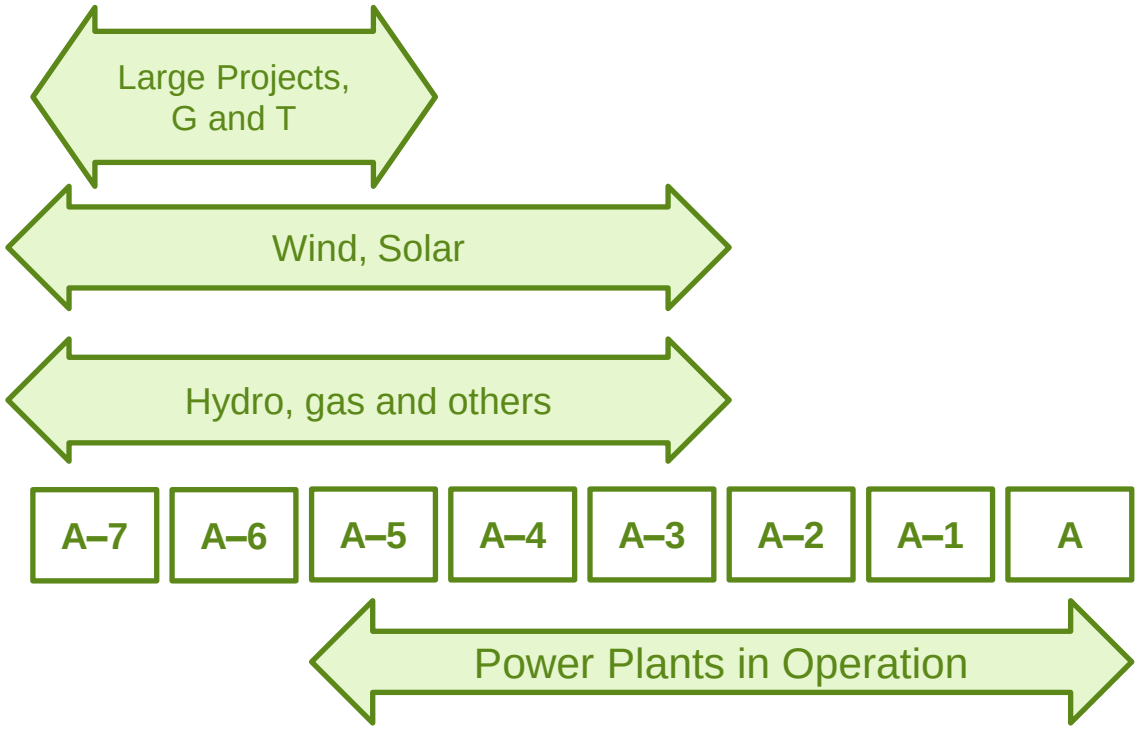
Regulatory framework

	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 : https://antigo.aneel.gov.br/web/guest/resultados-de-leiloes

(1) Refers to the first and the latest assets to expire, considering operational and pre-operational assets (under construction).
(2) Exception to Belo Monte, Teles Pires and Baixo Iguaçu – 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 (1/2)

Onshore	MW	Year of Installation	Support Regime
Australia	880	2005 - 2021	Market + PPA
Cyprus	20	2011	FiT
Greece	288	1998-2021	Merchant/FiT/FiP
France	118	2007 - 2019	FiT
Hungary	158	2008-2011	FiT
Portugal	92	2005-2009	FiT cap/floor
Romania	80	2011	Market+Green Cert.
Poland	113	2021	PPA+ Green Cert.
Total	**1,749**		

Solar	MW	Year of Installation	Support Regime
Greece	6	2006-2012	FiT
Australia	53	2021	C&I / PPA and LGCs
Italy	20	2021	Merchant + PPA
Portugal	9	2021	Merchant - Toll (15 yr. duration)
Total	**89**		

Data as of December 2021

Facilities (2/2)

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)

Batteries	MW	Year of Installation	Support Regime
Australia	75	2019-2021	Market

Data as of December 2021

Projects under construction

Project	Type	Country	Total MW	MW installed as of Dec´21	MW pending	COD	Income Regime
Mikronoros	Onshore	Greece	34	13	21	2021-2022	FIT
Rokani	Onshore	Greece	17		17	2022	FiP
Askio II	Onshore	Greece	34		34	2022	FiP
Askio III	Onshore	Greece	50		50	2022	FiP
Flyers Creek	Onshore	Australia	146		146	2022-2023	PPA + Merchant
Korytnica II	Onshore	Poland	50		50	2022-2023	PPA + CfD + Merchant
Montalto di Castro	Solar PV	Italy	23	20	3	2022	Merchant + PPA
Algarve y Setúbal	Solar PV	Portugal	187	9	178	2022/2023	Merchant - Toll (15 yr. duration)
Avonlie	Solar PV	Australia	161		161	2022-2023	C&I / PPA and LGCs
Port Augusta Solar	Solar PV	Australia	107	53	53	2022	C&I / PPA and LGCs
Total			**808**				

Data as of December 2021

Regulatory support 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

Contract for Difference (CfD)

- Since 2016, defined by the Energy Code, articles L314-18 and following
- The duration of the contract is 20 years
- CfD attributed through open desk or auction, for most onshore and offshore projects

Feed-in-Tariff (FiT)

- Previous FiT defined under Arrêté 17/06/2014 and the Energy Code, benefits to onshore wind projects commissioned until 2016
- Support duration of 15 years
- Tariff is indexed, updated annually in November.

Offshore Feed-in-Tariff (FiT)

- For first offshore wind auctions until 2015, FiT of 20 years defined by the Energy Code, articles L314-1 and following

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 >6MW and PV projects ≥ 500kW enter into 20y FiP PPAs, awarded through neutral competitive tenders.
- Windfarms ≤6MW and PV projects <500kW enter into 20 year FiP PPAS with administrative defined prices till 01.01.2024. Other RES projects with limited total installed capacity per year & per technology and for the period 01.01.2019-31.12.2025 also enter administrative defined FiP PPAs
- Projects >400kW have market participation obligations

Regulatory framework

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 (reinterpreted by order 6304/2021), wind farms opt to receive a FiT extension for 7 years with floor of 66,03€/MWh and cap of 87,44€/MWh (June 2020 prices).

Merchant + fee (Solar plants)

- Defined by Leilão 2019 rules
- Merchant (wholesale market or PPA) and payment of a fee offered in the auction

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.

Poland

Green Certificates

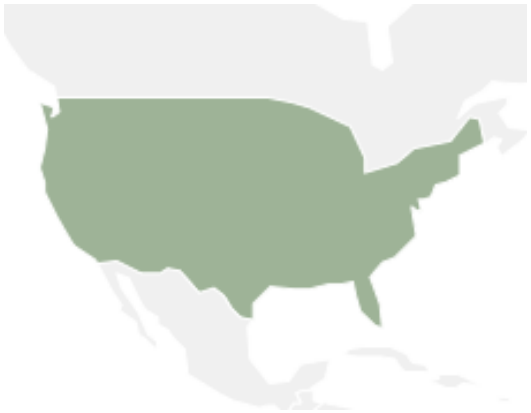
- In 2005, Poland introduced this support scheme, which is regulated by amendments to the 1997 Energy Law with a RES quota set for each year. These put in place a green certificate system, with obligations for distribution system operators to hold an annually determined percentage of certificates.
- Certificates are issued to green electricity generators and can be sold by them. This issue is produced for a maximum period of 15 years.

Contract for Difference (CfD)

- In February 2015, Poland adopted the so-called “Renewable Energy Law”. The law stablish a technology neutral auction system with a Contracts for Differences for projects above 1 MW.
- This system has a maximum duration of 15 years and is indexed annually to the Polish CPI. The is a maximum offer price each year.

RENEWABLES: Offshore

Offshore strategy focused on developing operational hubs in key regions…



US East Coast

- First large-scale offshore wind project
- 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

Asia-Pacific

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

… with early development of pipeline at minimum cost

Iberdrola offshore map

IN OPERATION
~1,260 MW

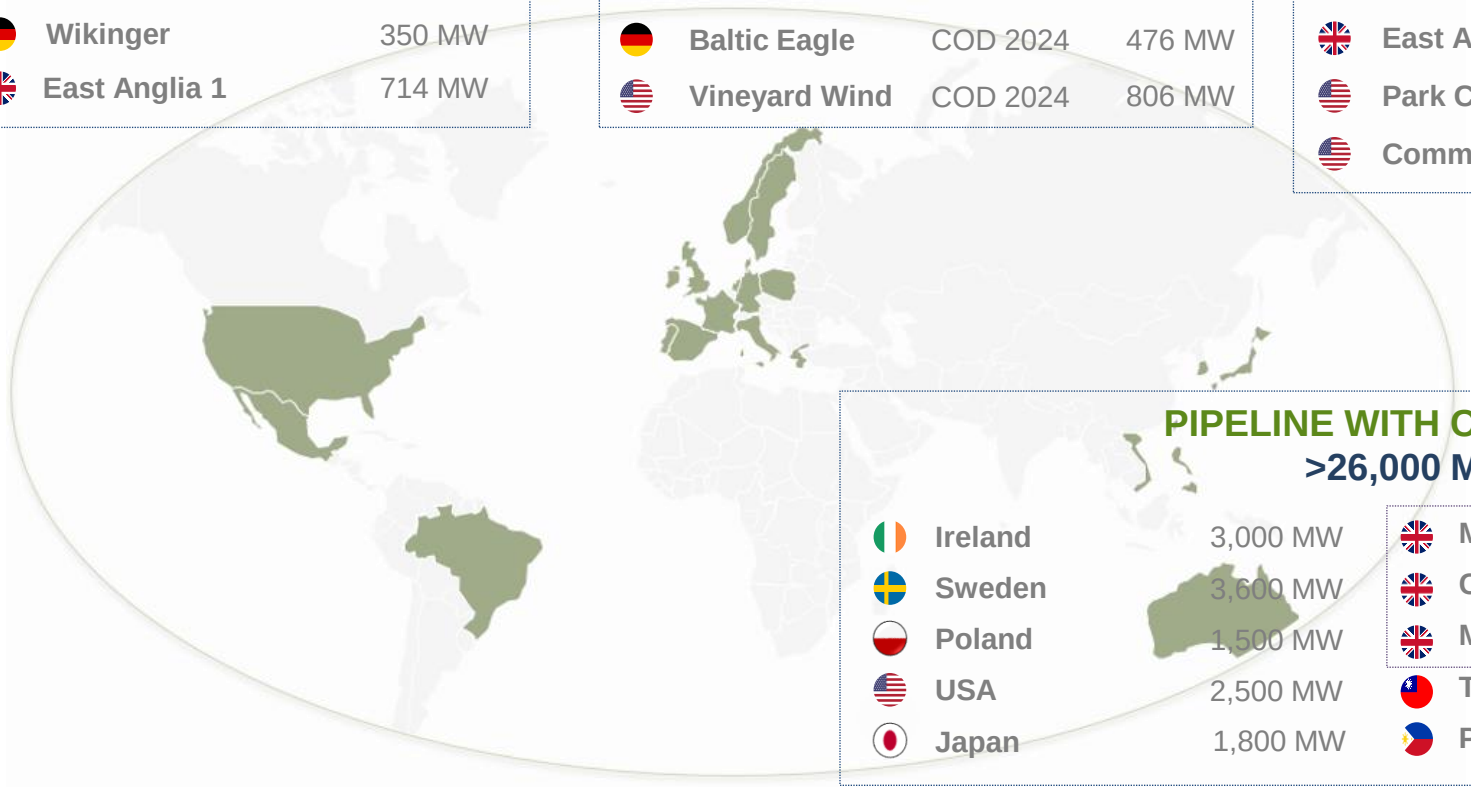
West of Duddon Sands	195 MW
Wikinger	350 MW
East Anglia 1	714 MW

COD <2025
~1,800 MW

St. Brieuc	COD 2023	496 MW
Baltic Eagle	COD 2024	476 MW
Vineyard Wind	COD 2024	806 MW

COD 2026-2027
~5,400 MW

Windanker	COD 2026	308 MW
East Anglia Hub	COD 2026	3,100 MW
Park City	COD 2026	804 MW
Commonwealth	COD 2027	1,232 MW



PIPELINE WITH COD > 2027
>26,000 MW

Ireland	3,000 MW
Sweden	3,600 MW
Poland	1,500 MW
USA	2,500 MW
Japan	1,800 MW

Scotwind

MarramWind(1)	3,000 MW
CampionWind(1)	2,000 MW
MachairWind	2,000 MW
Taiwan	1,200 MW
Philippines	3,550 MW

(1) Joint Venture between Shell and Iberdrola (50/50)

Projects in operation

			
Project	WoDS	Wikinger	East Anglia 1
Location	Irish Sea	Baltic Sea	North Sea
Cost of seabed	0	0	0
Capacity (MW)	194 MW(1)	350 MW	714 MW
COD	2014	2017	2020
PPA/CFD	Market Price + 2.0 ROC	194€/MWh / 8yrs + 154€/MWh / c.4 yrs	CfD 119.89 £/MWh (real 2012+CPI)/15 yrs
Capex	GBP 0.6 Bn excl. transmission (2)	Eur 1.4 Bn	GBP 2.6 Bn incl. transmission
Number of turbines	108 Siemens-Gamesa turbines (3.6 MW)	70 Siemens-Gamesa turbines (5 MW)	102 Siemens-Gamesa turbines (7 MW)

(1) 50% of total 389 MW. Full consolidation 194 MW.
(2) Total capex for 389 MW GBP ~1.3 Bn including transmission line (OFTO)

Projects under construction and awarded

	COD up to 2025 ~1,800 MW			COD 2026-2027 ~5,400 MW			
Project	St. Brieuc	Baltic Eagle	Vineyard Wind(1)	Windanker	East Anglia Hub	Park City Wind(1)	Commonwealth(1)
Country							
Location	Atlantic Ocean	Baltic Sea	Atlantic Ocean	Baltic Sea	North Sea	Atlantic Ocean	Atlantic Ocean
Cost of seabed	0	0	0	0	0	0	0
Capacity (MW)	496 MW	476 MW	806 MW	308 MW	3,100 MW	804 MW	1,232 MW
COD	2023	2024	2024	2026	2026	2026	2027
PPA/CFD	155 €/MWh (real 2012) / 18yrs - indexed	Market+vble premium (min~65€/MWh)/20yrs	88.77 $/MWh on average / 20 yrs	Market	Auction Q2 2022	79.83 $/MWh on average / 20 yrs	PPA (not disclosed)
Capex	Eur 2.4 Bn	Eur 1.1 Bn	~ USD 4.0 Bn	~ Eur 0.8 Bn	~ GBP 10 Bn	~ USD 3.2 Bn	~ USD 5.0 Bn
Number of turbines	62 Siemens-Gamesa turbines (8 MW)	50-52 Vestas turbines (9.5 MW)	GE Haliade-X 13 MW	N/A	N/A	N/A	N/A

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

Iberdrola offshore in USA

	Vineyard Wind 1	Park City Wind	Commonwealth Wind
State	MA	CT	MA
Project Size	800 MW	804 MW	1,232 MW
Project Ownership	50% Avangrid Renewables / 50% CIP	100% Avangrid Renewables	100% Avangrid Renewables
Lease Area	OCS-A 0501	OCS-A 0534	OCS-A 0534
Expected COD	2024	2026	2027
Contract term	20 years	20 years	20 years
Contract Price	*Phase 1 (400 MW): $65/MWh in Year 1* *Phase 2 (400 MW): $74/MWh in Year 1* *Pricing escalates 2.5% annually*	*$62.50 in Year 1* *Pricing escalates 2.5% annually*	*Not disclosed*
NCF	~48-52%	Not disclosed	Not disclosed
Permitting& Construction Highlights	• Received BOEM Record of Decision • Construction commenced 2021 • Operations starting 2023	• Filed COP with BOEM July 2020 • BOEM issued NOI for EIS June ‘21, enabling ROD in 3Q ‘23 • Executed PPAs approved by CT PURA • Large Generator Interconnection Agreement to be executed in 1Q ’22	• Common federal permitting (COP) with PCW • Bid awarded December 17, 2021 • PPAs to be negotiated in 1H ’22
Capex	• 100% Capex secured (~$4B)	• Currently expect > $4,000/kW	• Currently expect > $4,000/kW
Other	• Executed PLA with unions • Executed lease agreement for O&M port • Jones Act ship secured • ITC 30% • Project finance closed in September 2021 • Notice to proceed issued to all major suppliers/contractors	• Establishes Bridgeport, CT as project headquarters and for O&M operations • Transition Piece staging in Bridgeport, CT • ITC TBD (*agreed to good faith negotiations for a price reduction if the project benefits from any improvements to the profitability of the project for having access to an ITC >18%.* • ~$890M in direct economic benefits	• Significant qualitative benefits (30% of bid evaluation vs. 25% prior RFPs) • $580M export cable contract awarded to Prysmian at new manufacturing facility at former coal plant site in Somerset • Salem Offshore Wind Port at former coal plant site for WTG staging • New Bedford O&M and control center • Partnership to supply muni utilities • Investments in workforce diversity, communities and innovation, including $45M in funding

Attractive markets with established support mechanisms

	Country targets (GW)	Support Mechanisms
USA	30 GW by 2030	Utility or Corporate PPA
UK	50 GW by 2030	CfD
Poland	5.9 GW by 2030	CfD
Sweden	Swedish target of 100% renewable energy by 2040	No support mechanism
Ireland	5 GW by 2030	Regulations still to be defined, likely to be CfD
France	5.2 GW to 6.2 GW by 2028	CfD
Japan	10 GW by 2030 30-45 GW by 2040	FIT but moving to new regime more like CfD
Taiwan	15 GW by 2035	Utility or Corporate PPA
Philippines	35% renewable energy by 2030	-
South Korea	12 GW by 2030	Utility or Corporate PPA

AGENDA

GENERATION

Capacity (MW)	Spain	UK	US	Mexico	Brazil	RoW	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	347	-	636	202	-	-	**1,185**
Total	**9,218**	**-**	**840**	**9,348**	**533**	**243**	**20,182**

Output (GWh)	Spain	UK	US	Mexico	Brazil	RoW	Total
Nuclear	23,193	-	-	-	-	-	**23,193**
Gas Combined Cycle owned production	7,023	-	7	15,001	3,194	34	**25,259**
Gas Combined Cycle production for third parties	-	-	-	34,704	-	-	**34,704**
Cogeneration	2,331	-	3,184	1,644	-	-	**7,159**
Total	**32,548**	**-**	**3,191**	**51,349**	**3,194**	**34**	**90,315**

Data as of December 2021

Average thermal efficiency at generation facilities(1)

	Spain		USA		Brazil		Mexico		RoW	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Combined cycle	51.05	51.09	N/A	N/A	54.74	54.88	53.81	56.17	N/A	N/A
Conventional thermal	N/A	32.84	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cogeneration	71.37	68.14	46.87	47.53	N/A	N/A	59.79	58.45	N/A	N/A

	Report boundary	
	2021	2020
Combined cycle	53.41	55.54
Conventional thermal	N/A	32.84
Cogeneration	56.89	57.72

(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	1.027	15%	154	1986
Cofrentes	Valencia	1.092	100%	1.092	1985
Trillo	Guadalajara	1.066	49%	523	1988
Vandellós II	Tarragona	1.087	28%	304	1988
Total		**6.365**		**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**	

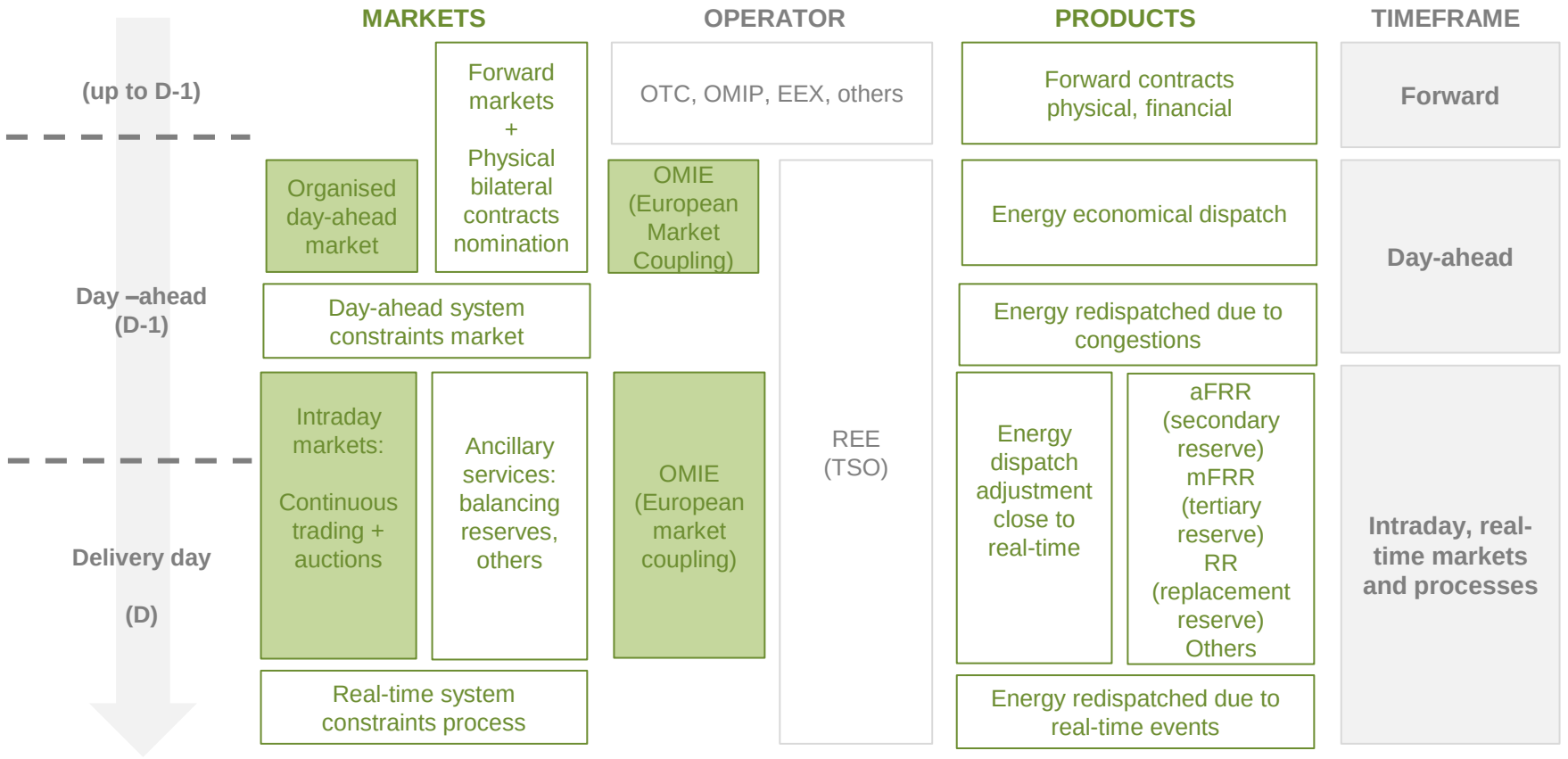
Data as of December 2021

Facilities (2/2)

Cogeneration	Region	Total MW	MW attributable to IBE	Year of Installation
Energyworks Villarrobledo	Albacete	18	18	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		**397**	**347**	

Data as of December 2021

Basis for remuneration model: Law 24/2013



Gas Clawback

Summary:

- Temporary measure in place until 30th June 2022.
- Revenues from energy sold **at spot price** are reduced by 90% of the excess in the gas price above €20/MWh (RDL 17/2021). Revenues from energy contracted at fixed price are exempted (RDL 23/2021).
- Revenues from energy sold **at fixed price** in long term contracts signed after 31st of March 2022 are subject to a 90% reduction of the electricity price over €67/MWh, except for integrated companies, in which the price for final customers will be considered: €67/MWh + losses + average supply margin of the last 5 years published by the CNMC (RDL 6/2022).

Royal Decree Law details:

- **Royal Decree Law 17/2021:** Regulates urgent measures to mitigate the impact of the increase in natural gas prices in the retail gas and electricity markets:
  - Decrease the remuneration of non-emitting plants (nuclear, hydro & merchant exposed renewables) for an amount equivalent to the excess in the gas price above €20/MWh until March 30th, 2022
  - State Budget contribution from CO2 auctions increases in €0.9 billion (from €1.1 billion to €2.0 billion).
  - Extraordinary reduction of charges (96%) until 31st December 2022.
- **Royal Decree Law 23/2021:** Reviews the scope of application of the reduction for gas prices included in RDL 17/2021, exempting from the reduction the energy sold by non-emitting installations on a fixed-term basis.
- **Royal Decree Law 6/2022:**
  - Remuneration decrease of non-emitting plants extended until 30th June 2022.
  - Energy contracted at a fixed price above €67/MWh included in the clawback. In the case of hedges between companies of the same Group, the final price applied will be as follows:

    €67/MWh + losses + average marketing margin of the last 5 years published by the CNMC

Gas Cap

Royal Decree Law 10/2022: introduces the so-called "Iberian exception" which **subsidizes gas to reduce the spot price, temporarily until 31st May 2023:**

- CCGTs, Coal and Cogeneration power plants without regulated remuneration will receive a subsidy for the **difference between the MIBGAS gas price and a reference price.**
- The gas reference price will begin at a level of €40/MWh during the first 6 months, being increased by 5 €/MWh per month in the following 6 months, reaching a final level of €70/MWh.
- Subsidized plants shall bid as if their gas cost were equal to the reference price, receiving in addition all of them the same subsidy (in €/MWh terms), in order not to distort the merit order. The amount is calculated each day as follows:

$$\frac{P_{NG} - P_{NGR}}{0.55}$$

P_{NG}: natural gas price
P_{NGR}: natural gas reference price
0.55: CCGT efficiency

- **Funded by**:
  - Congestion rents from increased exports to France (50% of these rents are kept by Spain)
  - Iberian demand: all existing contracts with spot-indexed prices and all new fixed-price contracts, including renewals, price revisions and extensions made after 26th April 2022

Taxes on generation: Law 15/2012

Green cent	Tax on electricity production[2]	Nuclear tax	Hydro canon [3]
• 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[4] • 2.5% pumping[4]

- **Several tax reductions approved in 2021 and 2022 in order to reduce the electricity price for the final consumer:**
  - **Royal Decree Law 12/2021:** reduces VAT from 21% to 10% to consumers up to 10 KW from the 25th of June until the end of 2021, suspending at the same time the tax on Electricity Production (7%) during the 3Q 2021
  - **Royal Decree Law 17/2021:** reduction of the Electricity Tax from 5.11% to 0.5% (from 16/09/21 until 31/12/21) and extension of the suspension of the Tax on Electricity Production (7%) until December 31st
  - **Royal Decree Law 6/2022:** extension until June 30th of the reduction of VAT to 10%, of the Electricity Tax to 0.5% and the suspension of the 7% tax on electricity production

(1) Abolished green cent to gas and cogeneration consumption from 7th October 2018

(2) Suspended for 6 months from 7th October 2018 (Q4 2018 and Q1 2019). Additionally, it has been suspended since the 3Q 2021 until 2Q 2022

(3) In 2021 the Hydro canon was annulled by the Supreme Court and re-established with the same parameters in the new Law 7/2022, on waste and contaminated soil for a circular economy.

(4) According to Law 7/2022, there is a 92% and 90% reduction for hydroelectric power plants up to 50 MW and pumping facilities, respectively.

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 and Royal Decree-Law 06/2022

- **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 updated in RDL 6/2022**:
  - This 30th of march published RDL 6/2022, that splits the 20220-2022 semi-period in two sub periods, 2020-2021 & 2022.
  - 2022 retribution parameters will be recalculated in two months according existing methodology
  - Additionally a new methodology for next period 2023-2025 has been stablished, expected to be published in two months (end of May 2022).

- **Proposal Auction Scheme issued in December 2021:**
  - Auction of 1,200 MW* of CHP under support scheme in three yearly tenders. First Auction expected by end of 2022
  - Expected final regulation to be published in the first half of 2022

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

Nuclear

- The Spanish National Energy and Climate Plan (PNIEC) considers that 4,200 MW of nuclear generation plants will shut down in the period 2025 – 2030.
- The nuclear operators, together with ENRESA, has agreed on a schedule for closure of Spanish nuclear power plants. This closure schedule complies with all safety, technical, ageing, 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, Vandellós II, Cofrentes and Asco I&II nuclear power plants have already obtained the approval for Operating License Renewal (up to the closing dates agreed in the protocol signed with ENRESA for all plants except Vandellos II (until 26th July 2030) and Ascó II (until 1st October 2031).
- 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.)

Iberdrola is developing the complete value chain to boost green hydrogen

H_2 **Value chain**

Increase in additional renewable energy for the production of Green H2

Support for the creation of new local manufacturers of electrolyzers and other equipment and services.

Development of industrial alliances with leading companies

Iberdrola has built two green hydrogen projects

Two pioneering projects developed with a strong innovative character to achieve a REAL growth in the green hydrogen economy

First H2 for mobility plant in Spain with capacity for fleets supply

Heavy mobility - Capacity 2,5 MW

Co-financed by the Connecting Europe Facility of the European Union

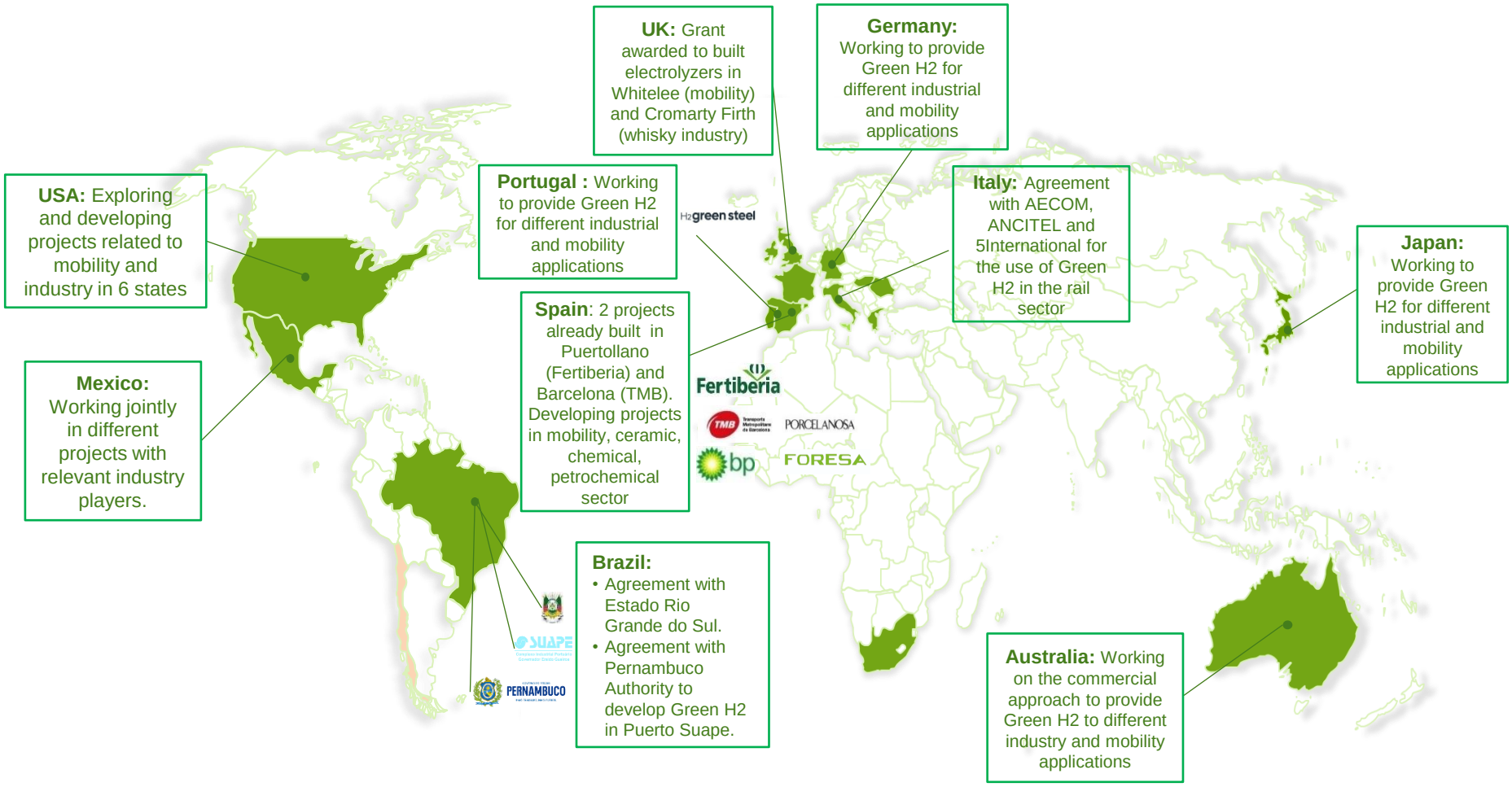
Europe's largest electrolyzer plant built

Industry - Capacity 20 MW

Note: The contents of this publication are the sole responsibility of IBERDROLA CLIENTES and do not necessarily reflect the opinion of the European Union

GREEN HYDROGEN: Pipeline

More than 60 projects under development in 8 countries



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 2021

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**		

Data as of December 2021

GENERATION: MEXICO

Regulatory framework: before the Energy Reform of 2013

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) • Small 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 of 2013

Applicable laws

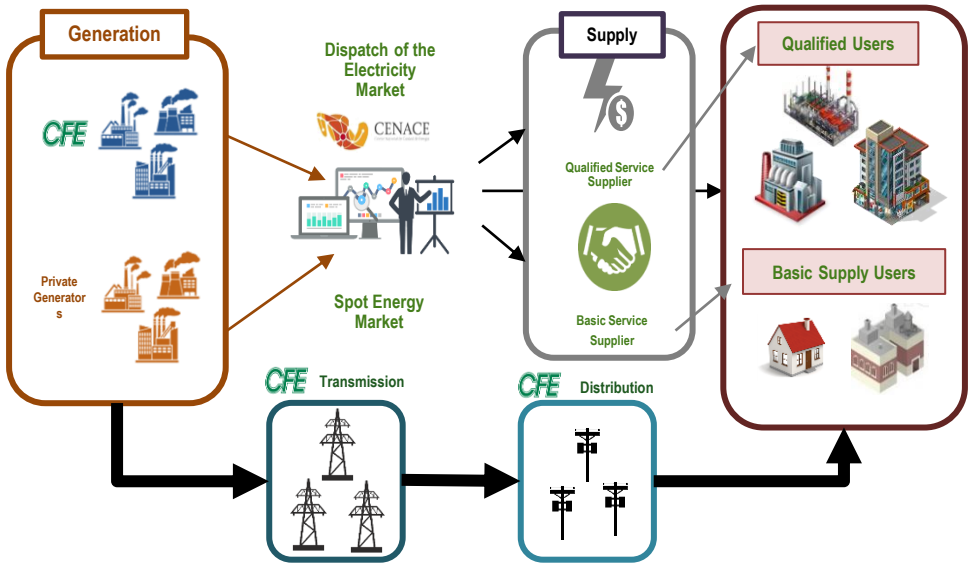
Energy Reform

Constitutional Reform: Allows private participation in generation and supply activities. Transmission and distribution continue to be a public service provided by CFE. In April 2022 Congress dismissed a Bill to reform the Constitution on electricity matters that would result in a reorganization of the sector (Next slide).

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. (Next slide).

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: recent regulatory developments

Electricity Industry Law (LIE) reform

March 2021

- Modifies the electricity dispatch order
- Reviews IPP (PIE) contracts
- Abolishes self supply permits

Reform currently suspended due to the judicial processes brought by individuals and the precautionary measures granted by Courts, since the proposed amendments distort free competition and slow the growth of renewable energies.

On 7th April 2022 the Supreme Court ruled on the Unconstitutional Action filed by a group of Senators, not declaring the proposed reform unconstitutional.
Notwithstanding, more than 162 amparos have been filed in Specialised Courts, with 141 definitive suspensions being granted, effectively **paralizing** the application of the LIE reform.

Electricity Industry Constitutional reform

April 2022

On 30th September 2021, the Executive presented to Congress a bill to reform the Constitution on electricity matters.

- Sales monopoly: CFE the only company selling energy to end consumers
- Purchasing monopoly: private companies can only supply energy to CFE
- Eliminates the regulator (CRE) and incorporates the system operator (CENACE) into the CFE

Bill **rejected** as it did not reach a qualified majority.

Regulatory framework: recent regulatory developments

New regulation for the granting of electricity generation permits

March 2022

Establishes new requirements for issuing permits:

- Requires confidential financial, corporate and technical information
- Links interconnection procedures with obtaining the permit.
- Limits obtaining new permits to not being previously fined.
- Establishes new obligations on the construction plan of the plant.

Adds new barriers to permitting process, possibility to present an appeal (‘amparo’) in Courts to obtain precautionary measures.

Regulatory framework

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.
- In May 2020, CRE approved an increase on conventional transmission tariffs (porteo convencional). The amparo filed by Iberdrola against the regulation was dismissed in the first instance and appealed in the second instance, pending the outcome. Since June 2020, the new increased rates are being paid.

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: Jun / 2041	• On December 21st, 2021, Termopernambuco won the Capacity Reserve Auction, in which has sold its entire disponible capacity at a power price of R$ 487,412.70/MW year, beginning the supply on July 1st, 2026, ensuring a fixed power revenue of R$207 million per year. The declared CVU price was R$ 600/MWh.	• 20-year PPAs to Neoenergia Pernambuco (390MW) and Neoenergia Coelba (65MW) - Thermo Priority Program (PPT) • Revenue from the Capacity Reserve Auction beginning in July 1st, 2026 and ending June 30th, 2041.

(1) Refers to Termopernambuco terms

Data as of December 2021

Facilities

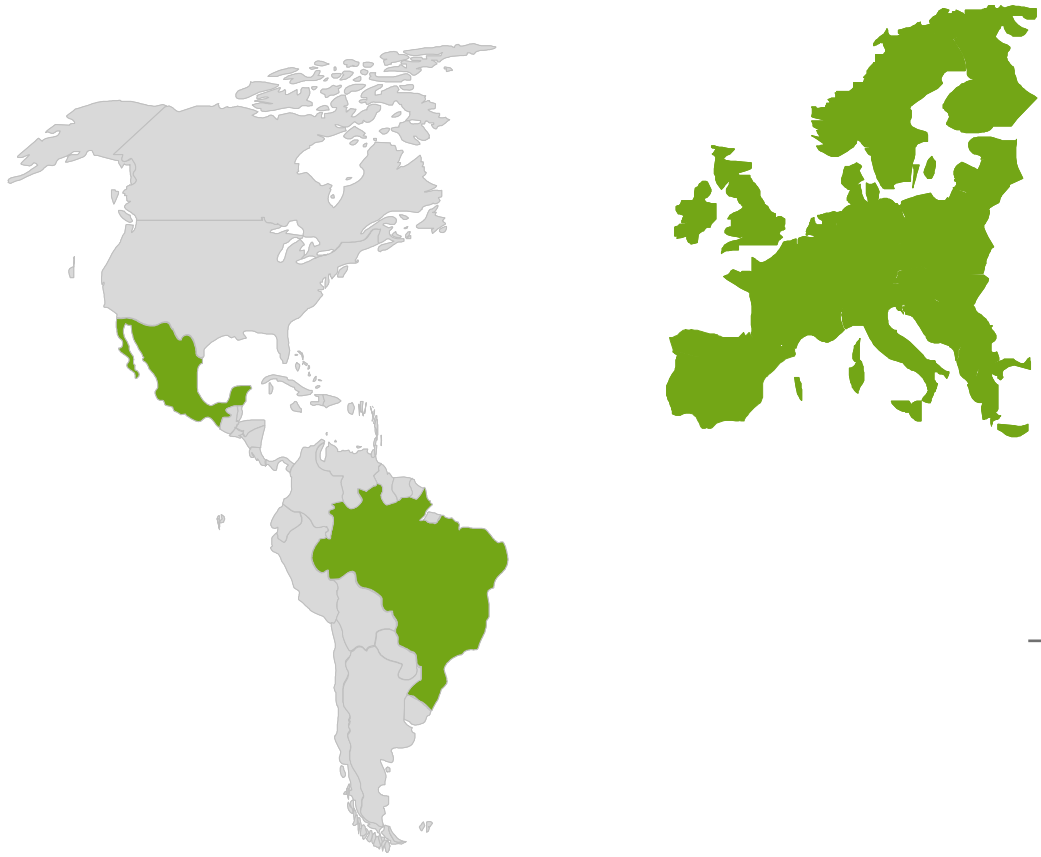
Gas Combined Cycle	Country	MW	Year of Installation	Income Regime
Smithfield OCGT	Australia	123	1996	Merchant
South Australian Gas Turbines	Australia	120	2017(1)	Merchant
		243		

(1) Acquired in November 2020

Data as of December 2021

Retail & Smart Solutions: Key figures 2021

28 M services to customers



MEXICO

4k services to customers
55 TWh energy sales

BRAZIL

263k services to customers
15 TWh energy sales

UK

7 M services to customers
45 TWh energy sales

SPAIN & CE

21 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 and savings, smart home devices:

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

B2C | B2B

Smart Clima

Advanced and sustainable solutions for heating electrification and hot water systems, with maintenance and full guarantee:

- Heat Pumps (Aerothermal, geothermal and others) to replace gas&oil boilers (individual and community installations)
- Heat networks (micro-networks and district and municipalities), as a large-scale decarbonization solution
- Energy Rehabilitation to reduce consumption (insulation) and decarbonise heat sources (aerothermal, geothermal, heat networks)

Domestic and business | Condominium | 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.

Domestic solutions | Public use solutions | Business Solutions

Services to customers: >28 M contracts

Thousand contracts	2021	2020	Var. (%)
Spain & CE	**20,813**	**19,206**	**8.4%**
Liberalised	**17,629**	**15,740**	**12.0%**
Electricity	7,580	7,290	4.0%
Gas	1,437	1,361	5.6%
Smart solutions	8,612	7,089	21.5%
Last resort tariff	**3,184**	**3,466**	**-8.1%**
UK	**6,990**	**6,815**	**2.6%**
Electricity	2,844	2,827	0.6%
Gas	1,923	1,912	0.6%
Smart Solutions	363	360	0.7%
Smart Meters	1,859	1,716	8.4%
Mexico	**4**	**4**	**27.0%**
Brazil	**263**	**153**	**72.4%**
Electricity	0.8	0.5	57.6%
Smart Solutions	262	152	72.4%
TOTAL	**28,070.0**	**26,177.4**	**7.2%**

Data as of December 2021

Regulated tariff (PVPC) and Electricity Prices

PVPC – RD 216/2014

- 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%)

High electricity prices in 2021 and 2022

2021 has been characterized by high prices and volatility in gas and CO2 prices, especially during the second half of the year, increasing prices in daily wholesale electricity markets throughout Europe. In Spain, this effect has been aggravated by the existence of the mentioned regulated tariff for households (PVPC), linked to the spot market price. The Government has taken different palliative and consumer protection measures.

Different extensions of the protection measures of the social shield have been carried out, which include the prohibition of cutting off the supply of electricity and natural gas for vulnerable consumers. This measures were in force until 28th February 2022 and were regulated through different Royal Decree Laws (RD-Law 8/2021, RD-Law 16/2021 and RD-Law 21/2021)

Additionally, RD-Law 17/2021 created the “minimum vital supply”. Also, it extended the number of months (to a total of six) that must elapse from the moment of the first non-payment of the electricity bill, until the retail company can request the electricity distributor to cut off the supply. During these 6 months the maximum power will be limited to 3.5 kW

Social Bonus

Royal Decree 897/2017 (social Bonus Regime prior to Royal Decree-Law 6/2022)

- Discount applied to electricity bill (25% vulnerable customers / 40% severe vulnerable customers), according to:
  - Income criteria
  - Limits to consumption
- Two types of vulnerable consumers and groups with special conditions

Royal Decree Law 23/2021

- Discounts have been increased to 60% and 70%, respectively.

Royal Decree Law 6/2022

- Discounts extended until 30th June 2022.
- Beneficiary group expanded (+600,000), including the beneficiaries of the “minimum vital income”, increasing income levels thresholds and considering cohabitation units (even if they are not family members).
- Renewal without prior request from the beneficiary (the reference retail company will automatically initiate the renewal procedures and verification of requirements).
- Request and granting procedure of the Social Bonus is streamlined, reducing processing times.
- From 2022 it will be supported by all the agents involved in the supply of electricity (production, transmission, distribution, supplying and direct consumers), based on their billing and following the parameters below:
  - Energy producers: 1.030790 Eur/MWh
  - Transmission company: 0.004128 Eur/Remunerated Eur
  - Distribution companies: 0.831378 Eur/Supply Point
  - Suppliers: 11.146973 Eur/Customer
  - Direct costumers in the market: 1.030790 Eur/MWh

TED/1124/2021

- Establishes a financing quota for Iberdrola of 33,98%, which represents a reduction of 0.42% with respect to 2020.

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 entered into force on **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 aimed to preserve an amount equivalent to the one obtained with the previous 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 April 2021, the UK domestic energy market consists of approximately 23.8m gas and 28.8m electricity accounts.*

Supplier Exits

- Since January 2021, 30 suppliers have exited the market through the Ofgem Supplier of Last Resort (SoLR) process, while Bulb Energy entered energy supply company administration under a Special Administration Regime, leaving ~21 supplier in the UK market.

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).
- Ofgem estimates that the default tariff impacts around 22 million households - significantly higher than in previous years with increased wholesale price volatility resulting in more customers defaulting to the cap rather than choosing a new competitive tariff.
- The level of the default tariff is reviewed every 6 months. However, due to recent market volatility Ofgem is consulting on a number of potential changes to the cap, including proposals for more frequent updates to the cap levels. Under current legislation, it may be extended annually until 2023 if Ofgem believe conditions are not in place for effective competition. Moreover, plans have recently been announced to enable the cap to be extended beyond 2023.

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 which, in the year to 31 March 2021, was paid to over 2.26 million customers. The scheme will be continued until at least March 2026 with some amendments to the structure of the scheme being implemented.
- 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 with the obligation based on customer numbers and supply volumes.
- As part of its reaction to the current cost of living crisis, Government has announced its Energy Bills Support Scheme, which provides £200 towards energy bills from October 2022 with an equivalent amount being recovered over five subsequent years (£40 per year).

** As there is no updated Ofgem State of the Market Report since Oct 2019, figures sourced from Cornwall Insights Domestic Market Share Survey, Q2 2021.*

Retail (Iberdrola Clientes) regulatory framework

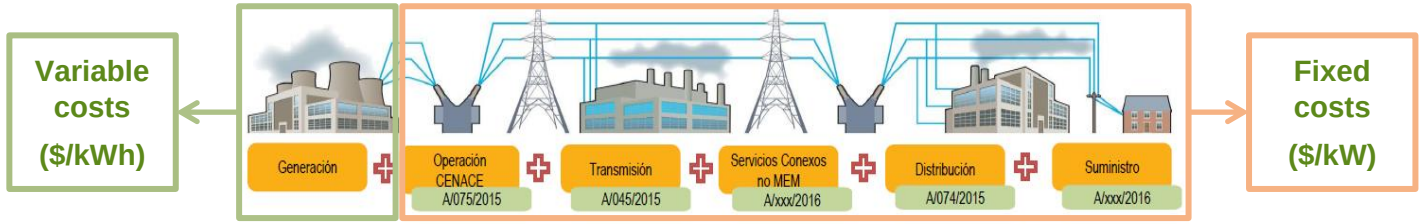
Legacy Regime LSPEE (1992)

- 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 conventional transmission tariffs (porteo convencional). The amparo filed by Iberdrola against the regulation was dismissed in the first instance and appealed in the second instance, pending the outcome. Since June 2020, the new increased rates are being paid.

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

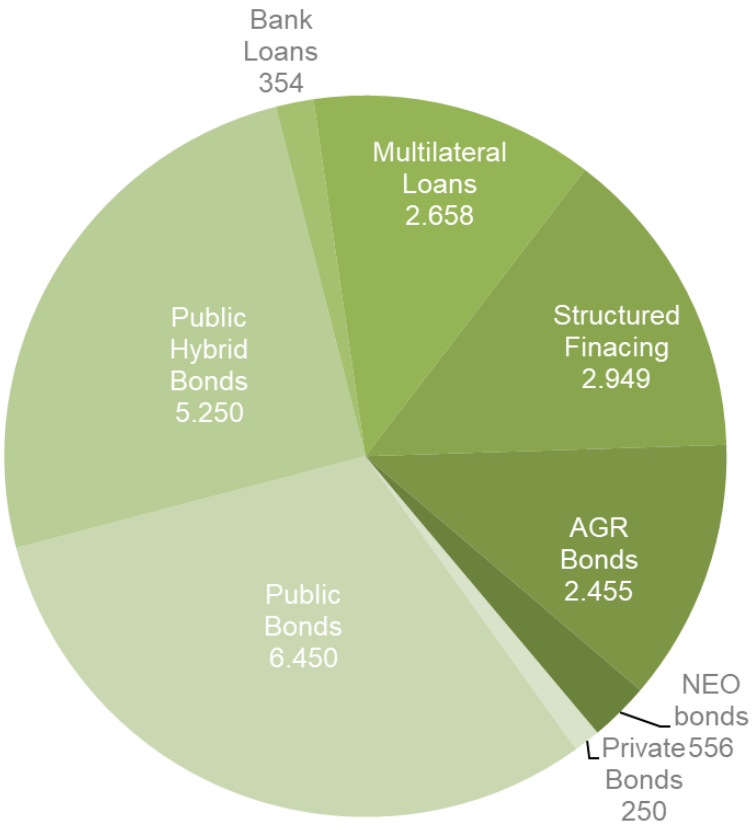
Assets and activities **under EU taxonomy**

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

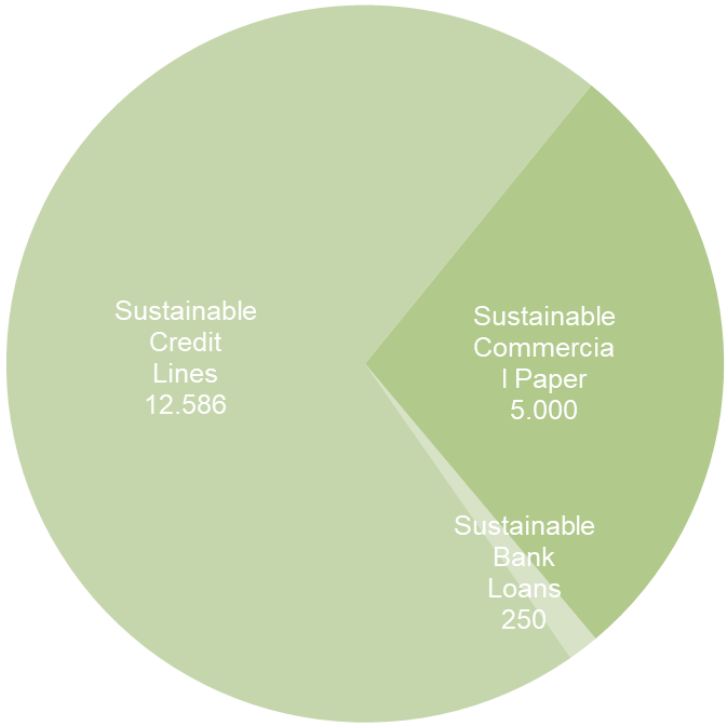
Allowing us to increase the investor base and, as a consequence, to reduce cost of debt

Iberdrola is the world leading group in green bonds issued

GREEN FINANCING: EUR 20,922 M



SUSTAINABLE FINANCING : EUR 17,836 M

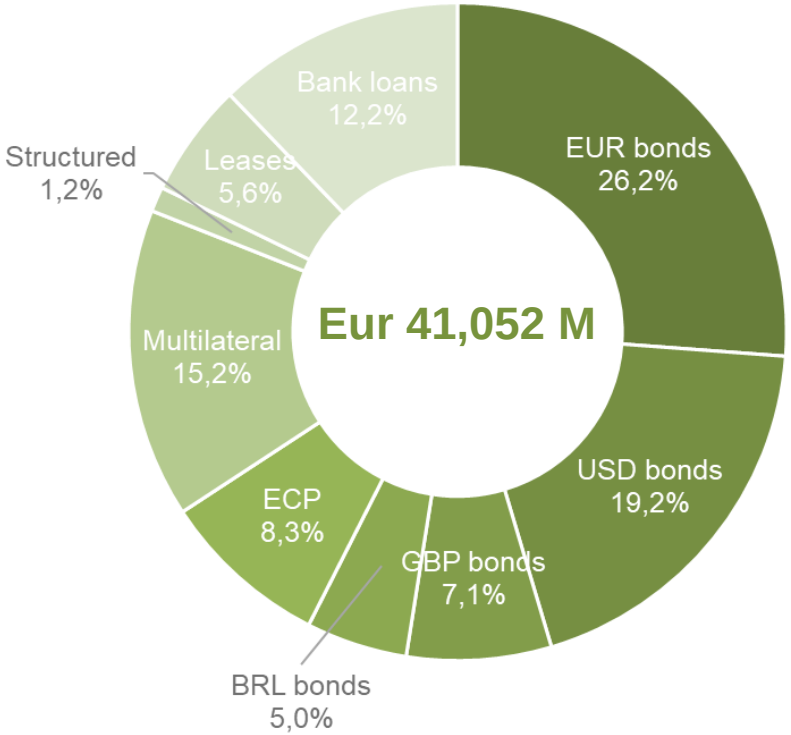


In 2021 Iberdrola signed EUR 8.8 bn of new sustainable transactions and EUR 7.1 bn of new green financing for a total of EUR 38.8 bn in ESG financing

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

Financing markets diversification

Debt structure by market as of December 2021



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

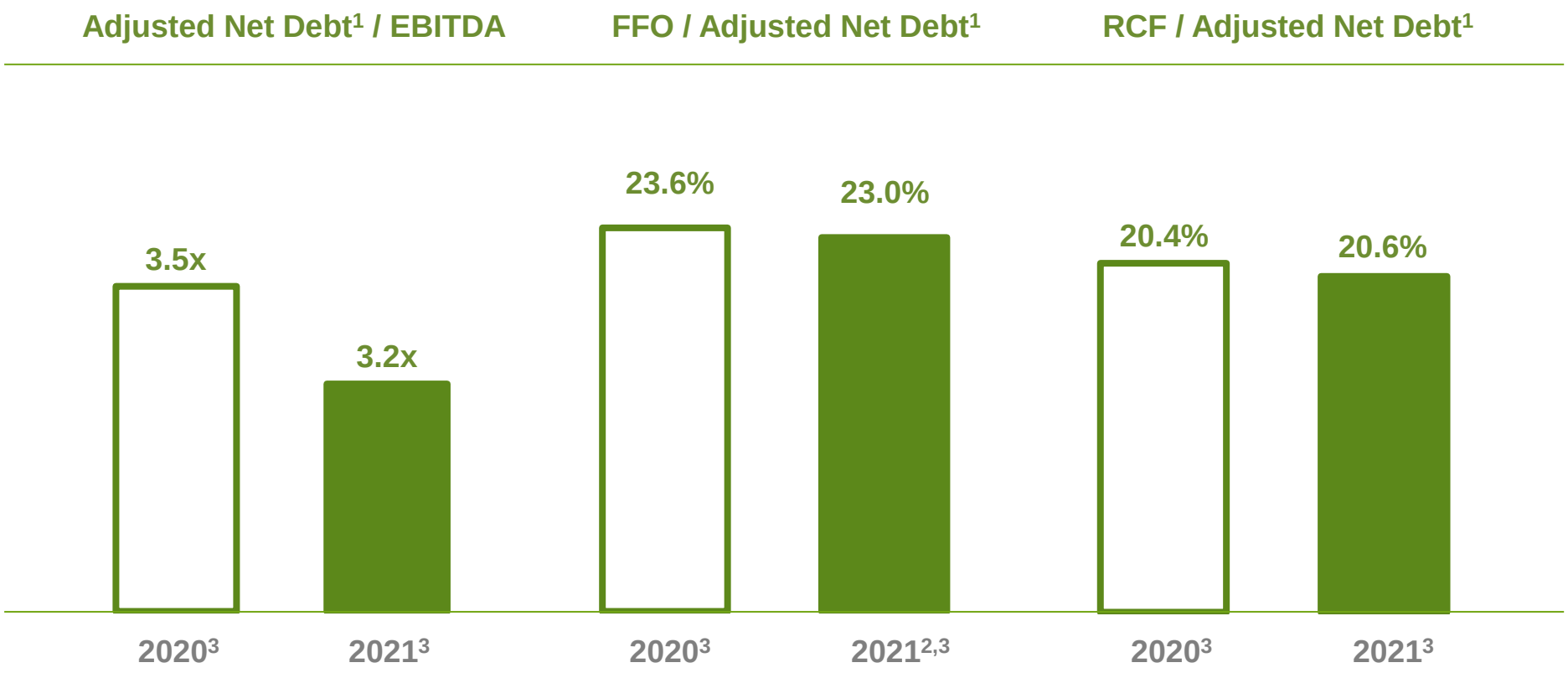
Hybrids amount outstanding: Eur 8.3 Bn

Comfortable maturity profile with an average debt life around 6 years

Maturity[1] debt profile as of December 2021 (Eur M)

1) *Gross debt excluding leases and short-term debt*
2) *2023 includes USD 400 M with and extension option for 1 or 2 years*
3) *2024 includes USD 500 M with an extension option for 1 or 2 years*
4) *2027+ includes commercial paper balance*

Strong credit metrics, with Adjusted net Leverage[1] of 41.0% as of 2021 (from 42.3% in 2020)



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

1) Adjusted for the market value of potential treasury stock accumulators that are "out of the money" (EUR 784 M as of Dec 20 and EUR 241 M as of Dec 21)
2) Proforma including Infigen in 2020, Neoenergia Brasilia and Poland onshore in 2021
3) 12 months FFO adjusted by efficiency plans, group incorporations and fiscal deduction of goodwill amortization

Credit Ratings

	S&P Global		Moody's		FitchRatings	
	Date		Date		Date	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
IBERDROLA	October 2021		June 2021		May 2021	
	BBB+	Stable	Baa1	Stable	BBB+	Stable
AVANGRID	March 2021		July 2021		October 2021	
	BBB+	Stable	Baa2	Stable	BBB+	Negative
SCOTTISHPOWER	December 2020		July 2021		May 2021	
	BBB+	Stable	Baa1	Stable	BBB+	Stable
NEOENERGIA	March 2021					
	BB-	Stable				

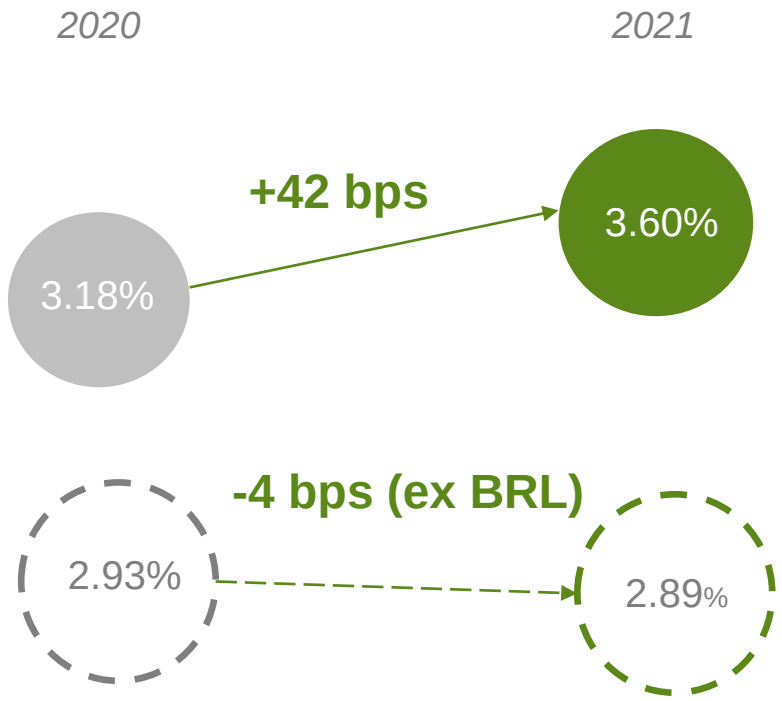
Data as of December 2021

Inflation-linked debt in Brazil drives the 42 bp increase in the cost of debt, more than compensated by revenues indexed to inflation at EBITDA level

Gross debt financial cost by currencies (%)

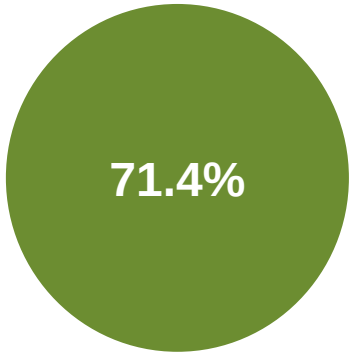
	2020	*2021*
€	**2.4%**	**2.2%**
$	**3.6%**	**4.1%**
£	**3.0%**	**2.8%**
R$	**5.9%**	**9.4%**

Cost of Debt (%)



Structural Subordination

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



5.9%	
18.9%	
2.4%	
Other	1.5%

% of gross debt[1] at holding

Subordination ratio below 30% in 2021 in line with financial policy and historical levels

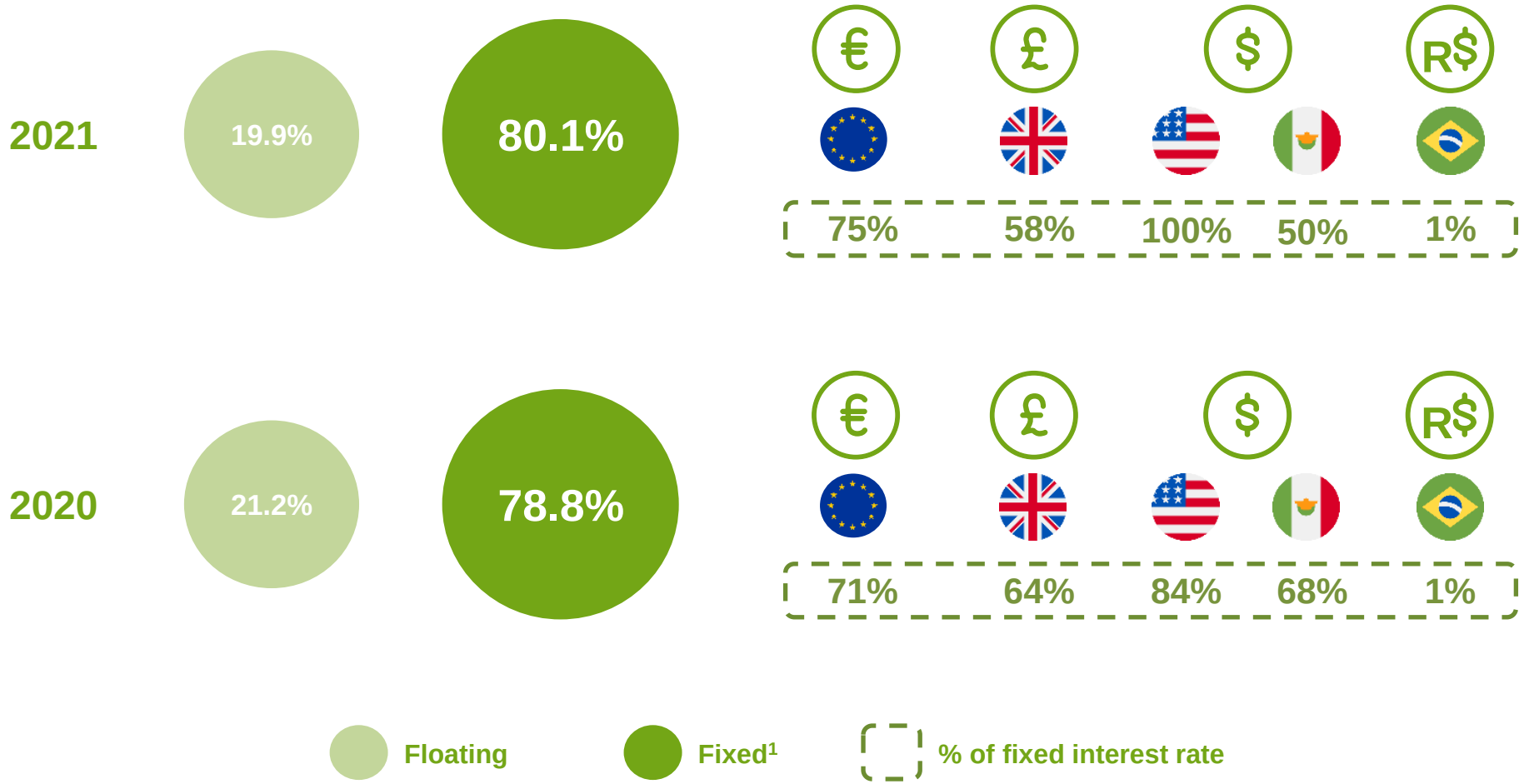
Direct access to cash flows from unlevered and fully owned subsidiaries (large part of Group´s EBITDA ~ 70%)

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 6.0 bn in Dec-21)

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



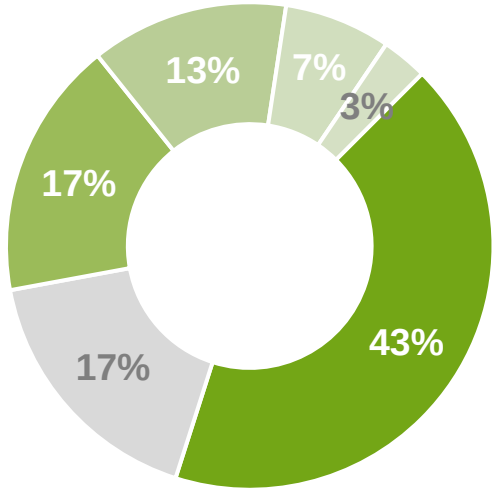
1) Including derivatives hedging future borrowing rates (Dec 20: EUR 2,820 million, including those signed in 2021 to date; Dec 19: EUR 4,551 million), fixed-rate debt rose to 71.4% (Dec 2020) and 73.1% (Dec 2019).

FX risk management: structural

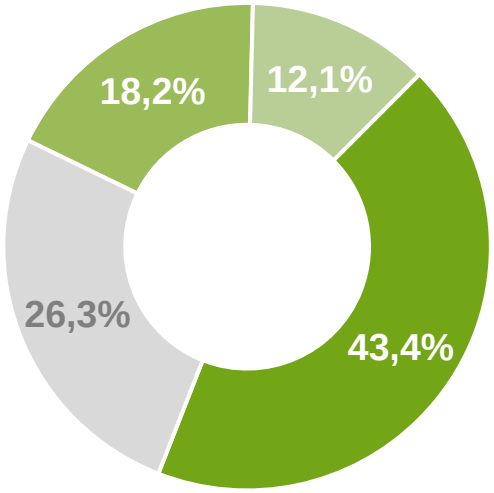
Structural FX hedge is taken by having the debt in the same currency and similar % as the funds from operations

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 21 of Iberdrola Consolidated Annual Report 2021

Thousand euros	31/12/2021
Bank borrowings, bonds and other marketable securities (Note 28)	41,163
Derivative liability instruments	760
Leases	2,411
Gross financial Debt	**44,334**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed	241
Adjusted net financial debt	**44,093**
Non-current financial deposits (Note 15.b)	65
Derivative asset instruments	763
CSA derivatives security deposits (Note 15.b)	101
Current financial investments (between 3 and 12 months) (Note 15.b)	247
Cash and cash equivalents (Note 20)	12
Total treasury assets	***4,033***
Adjusted net financial debt	**39,119**

Eur 8.3 Bn of Hybrids[1] not included in net debt calculations as they are accounted as equity

1) Outstanding figure as of Dec-21

Iberdrola Consolidated Annual Financial Report 2021:
https://www.iberdrola.com/documents/20125/1606413/gsm22_FinancialStatements_AuditorsReport_Consolidated2021.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 the sustainable development goals, with focus on **SDG 7 and 13** but with **direct contribution to 4 additional SDGs**

Main Focus

- 120 **Eur bn invested** to lead energy transition
- World leader in wind power with **20.7 GW installed**
- **82 Mt of CO2 emissions avoided** over the last three years
- Iberdrola has brought electricity to **9.6 million people with Electricity for all program since 2014**
- **Leaders in Green Bonds issued: 21** 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**, before the end of the decade
- **81% of** the group's installed capacity **comes from emissions-free sources**
- Iberdrola has **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 97% of the water extracted to the environment, saving 1,500 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 337 Eur M/year in 2021 and 400 Eur M/year by 2025**

- More than **700 actions to protect biodiversity** per year
- Iberdrola 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
- Selected as a leading company in the **OpenODS Index**
- Iberdrola is **a member of several sustainable finance associations**

[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

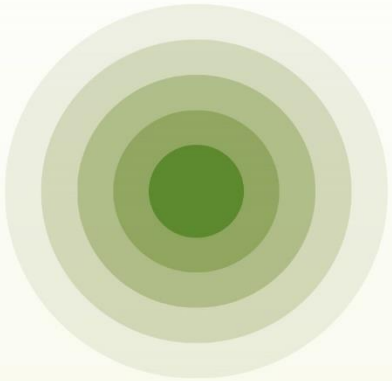
G

- 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

		2021	2022e	2025e
E				
Emissions per kWh	gCO_2/KWh	96	~ 100	< 70
Biodiversity: reforestation	Trees, in Million	2	2.5	8
Water consumption	m^3/GWh	306.6	< 500	< 420
Smart Grid implementation	% HV and MV grids	73	75	83
Smart meters	Number, in millions	15.3	16.7	21.2
R&D investment	Million euros	337.5	330	400
S				
Training hours	Hours/employee year	58.6	> 55	> 55
Customers: smart services	Number, in millions	11,1	12	18
Jobs supported	Contribution to employment	~ 400,000	> 400,000	> 500,000
Women in relevant positions	% of management positions	24.4	25	30
Gender pay gap	% women / men ratio	+7.2%	> -2%	> -2%
Electricity for all	Beneficiaries, in millions	9.6	11.5	14
Foundation	Beneficiaries, in millions	2.0	1.3	1.4
G				
Best practices in Governance	Inclusion in the Governance and Sustainability System	✓	✓	✓
Cybersecurity	Annual number of security assessments	1,670	1,800	2,000
Suppliers	% of suppliers with sustainability policies	73.7%	70%	75%

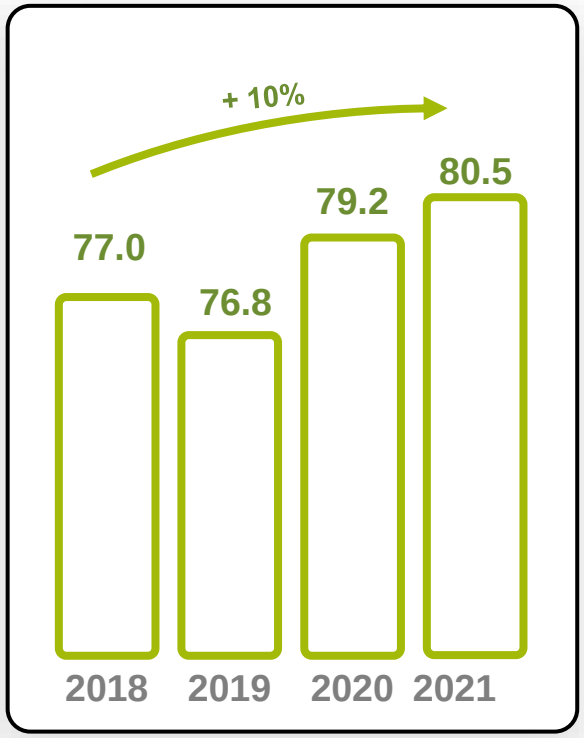


Environment

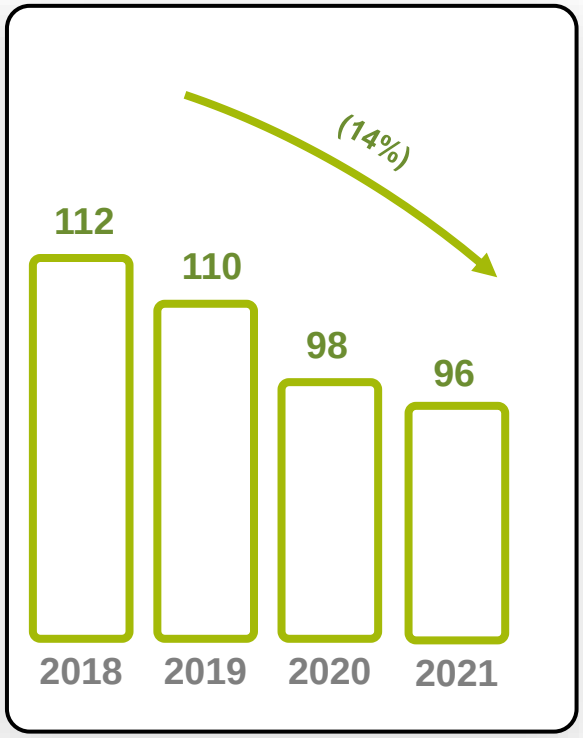
Environment: key performance indicators (I)

c.81% of own emission-free installed capacity…

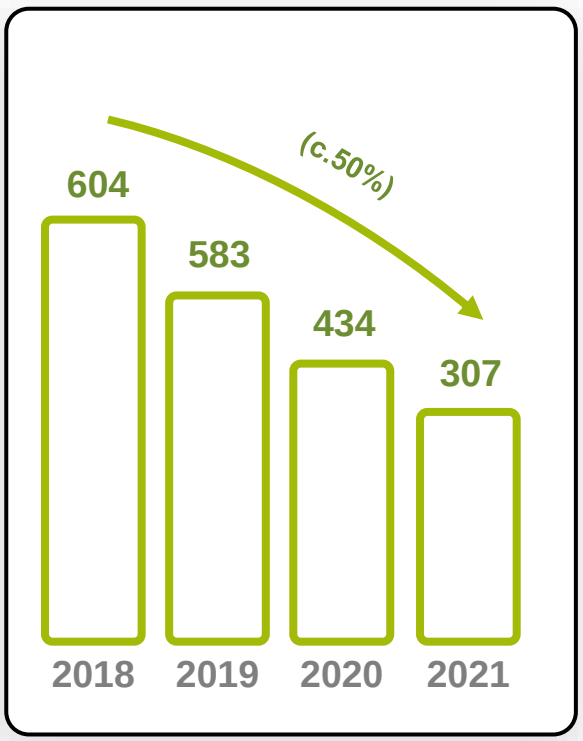
Own emission-free installed capacity (%)



Own specific CO2 emissions (t/GWh)



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

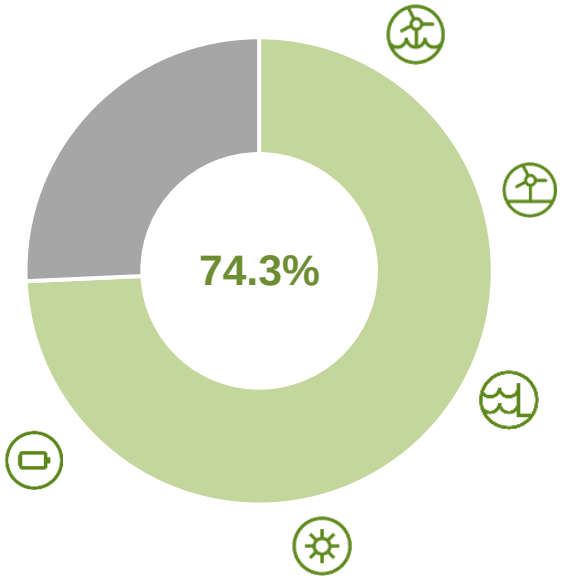


…with 74% of own renewable installed capacity as of 2021

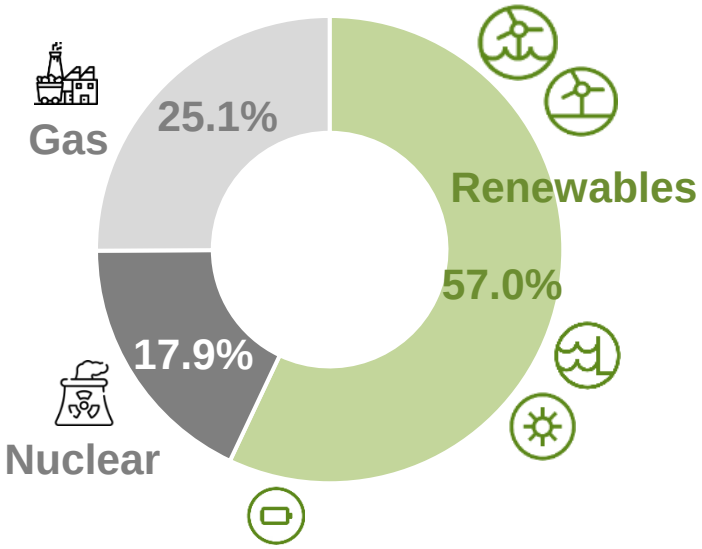
Environment: key performance indicators (II)

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

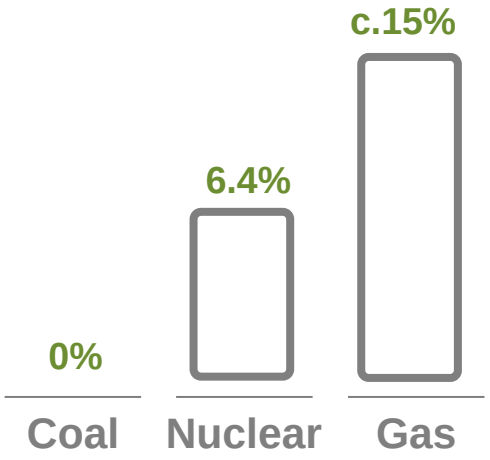
2021 Own renewable installed capacity (%)



2021 Own production (GWh)



2021 Revenues Coal, Nuclear & Gas / Total Revenues (%)



…and in 2021, sales for gas energy production and for gas distribution correspond to 15% of the group's total sales.

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

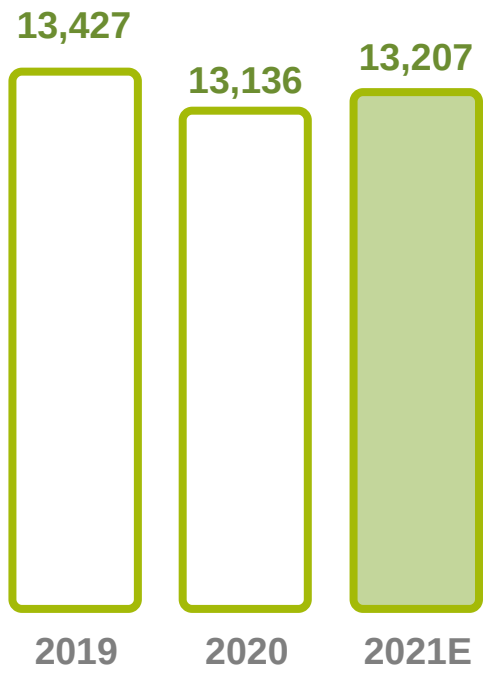
- Iberdrola has managed to reduce its direct emissions by one third in the last five years
- This is one of the milestones that has led the company to be the only European electric power company selected in the 22 editions of the Dow Jones Sustainability Index

80% of energy produced under certified environmental management system in 2021

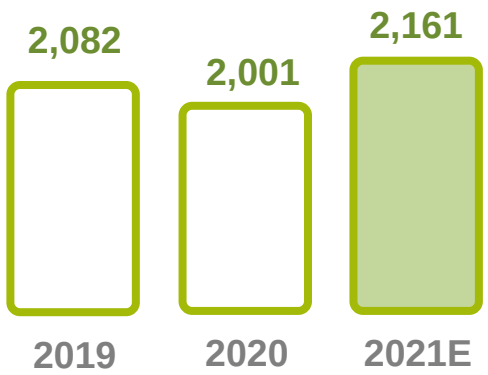
Greenhouse Gas Report (Carbon Footprint)

c.81% of own emission-free installed capacity

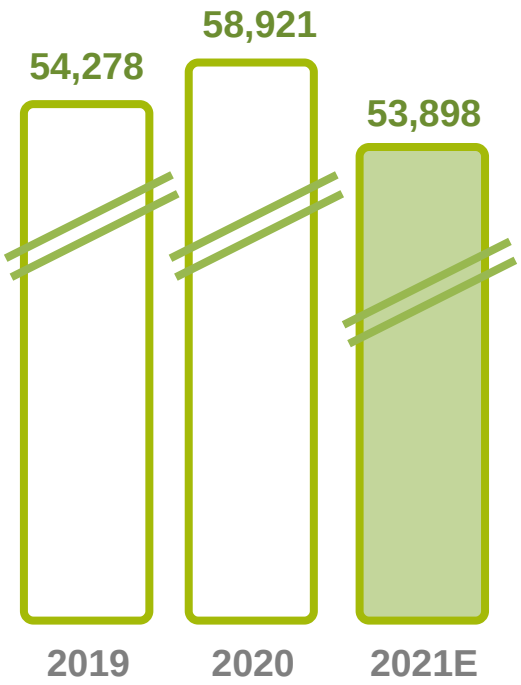
Scope 1: Direct emissions (Mt)



Scope 2: Indirect emissions (Mt)



Scope 3: Other Indirect emissions (Mt)



Emissions to be verified in 2022

Greenhouse gas report 2020 https://www.iberdrola.com/documents/20125/41101/Informe_GEI_2020+_EN.pdf/7ea25914-c078-d743-a7a8-70c84911e269?t=1628151382708

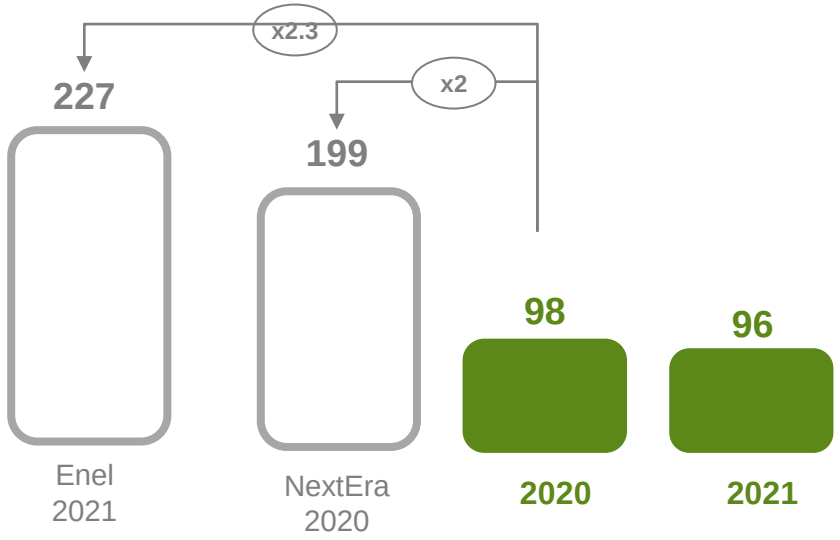
Intensity emissions: CO2

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

Iberdrola has been the **only European electric utility included in the 22 editions of the prestigious Dow Jones Sustainability Index**

Own specific CO2 emissions (t/GWh)

Vs Peers



Just Transition: Lada and Velilla Innovative Platforms

Innovation Citizen Platform is a joint initiative[1] to bring together variety of stakeholders, methods and interconnected actions…

BOOSTING LOCAL BUSINESSES

INNOVATION AND ENTREPENEURSHIP

01 LISTENING
Interviews and ethnographic profiles

02 MAPPING
Initiatives

03 COLLECTIVE INTERPRETATION
The information collected in the listening process is shared with citizens and other participants in meetings

04 CO-CREATION
Laboratory for connecting initiatives and co-designing solutions for the territory

05 TRANSFORMATION
Towards a healthy, sustainable and prosperous economy

…allowing a more experimental and systemic approach to address and accelerate the industrialization of the regions affected by the closure of coal plants in Asturias (Lada) and Palencia (Velilla)

1. Joint initiative of Iberdrola, the Center for Innovation in Technologies for Human Development of the Polytechnic University of Madrid (itdUPM) and the Agirre Lehendakaria Center (ALC)

2030 objective of “No Net Loss” on biodiversity

Conservation Principle

- **Biodiversity Policy since 2007,which is part of governance and sustainability System and applies to all business units and regions where the company operates.**
- The Policy establishes a reference framework for integrating the protection and promotion of biodiversity into the Group’s strategy, and to define the principles of conduct for the development of a business model that is sustainable and positive with nature

Management Approach

- **Biodiversity Policy**
- **Biodiversity Plan**
- **Environmental monitoring and control plans**
- **Positive conservation management**

Interaction with Biodiversity

- Iberdrola 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

- 11% of our facilities are in designated areas In most of them the protection came after the operation of the facilities
- Environmental Management Plans are implemented at theses sites

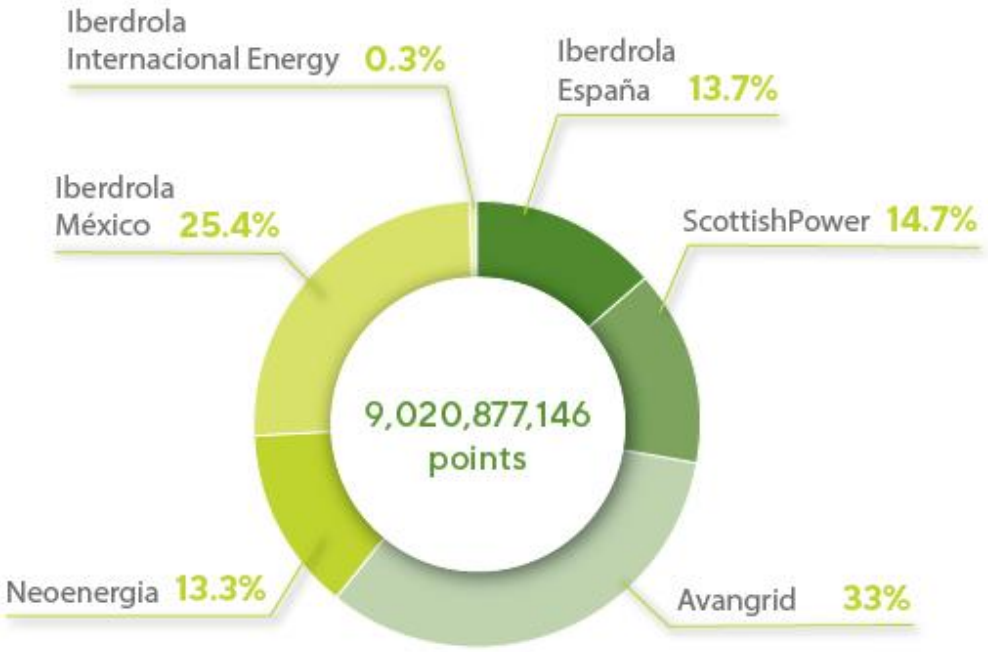
Habitats and Species

- **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

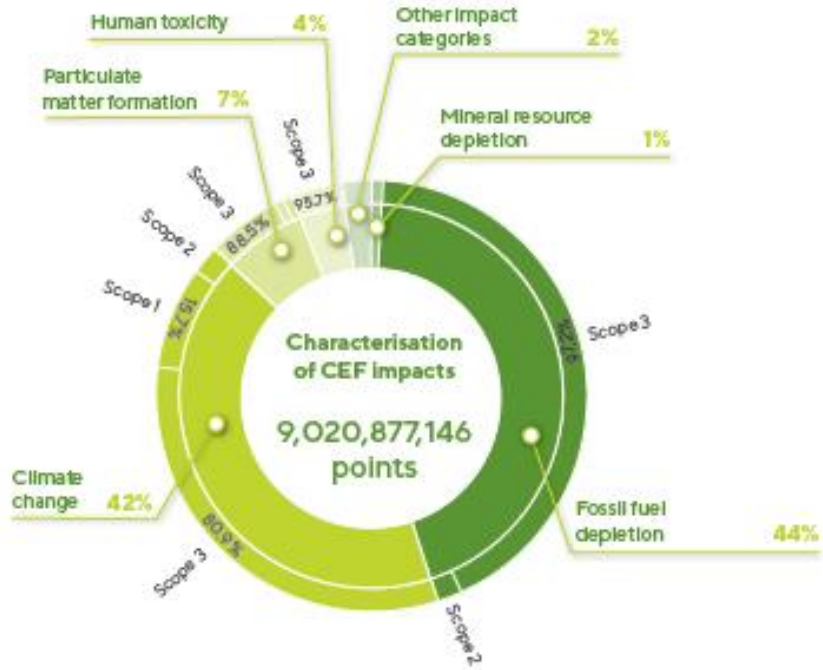
Environmental Management: Corporate Environmental Footprint (CEF)

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 2020: https://www.iberdrola.com/documents/20125/40501/IB_Environmental_Footprint_Report.pdf/d9da3b2b-83bb-d3a5-ab34-7b81b95525e8?t=1627387678396

Water use

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

- **97% of all water** collected is **returned to the supply source**
- **1,500 hm³ of water were saved** owing to its reuse in **closed or semi-open cycles**
- **4.3 hm³ of waste water** was **recycled** in **cooling processes**

Objective 2025 of <420 m³/GWh of water consumption (vs 307 m³/GWh as of 2021)

Energy efficiency

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

31.30	27.72
(2020)	*(2021)*

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

245.03	270.27
(2020)	*(2021)*

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**, inform, train users and provide 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,** focus on the ongoing improvement of energy efficiency across its operations

R&D - Innovation

First private utility in the world by investment in R&D

In 2021, **Iberdrola invested in R&D 337 M Eur (vs 293 M Eur in 2020)**, 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, green hydrogen
- 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/innovation

R&D - Perseo

PERSEO IBERDROLA ventures

Iberdrola - PERSEO Startup Program

More than 15 years innovating with startups…

86 million euros
invested in startups around the world

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

+7,000 emerging companies
in our ecosystem (increasing at a rate of 300 per year)

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

- 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

…with a total budget of +125 Eur M

R&D – Perseo (II)

PERSEO IBERDROLA ventures

Iberdrola - PERSEO Startup Program

Perseo Programme's 2021 Highlights

Two IPOs of companies in our portfolio

2021

- **2 unicorns(1) in our portfolio:**
  Wallbox & STEM – IPOs @NYSE during 2021
- **New Investments** materialized:
  Follow-on investments + Incorporation of **3 new portfolio companies**:

CO2 REVOLUTION	AQUI TU REFORMA	Voltbras (First investment in Brazil)
Reforestation / Trees Program	Energy Efficiency / Smart Solutions	Public Charging Points Roaming

(1) Definition for a start-up company with market valuation over 1,000M$

Open innovation – Challenges, pilots and other activities

25	9	+500	+20
Pilots launched (10 from challenges)	Challenges published Spain, UK, USA & Brazil	Proposals received	**Events** in start-up ecosystem

R&D – Perseo (III)

PERSEO IBERDROLA ventures

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

Non-technical losses in the electricity system

We want to identify and put an end to non-technical losses, due to fraud such as illegal connections or meter tampering.

Anti-collision devices

This challenge aims to prevent bird collisions on overhead transmission and distribution lines.

EV Fleet Assessment Tool

We want to develop a web tool to help fleet operators to assess feasibility, costs and benefits of converting their fleets to electric solutions.

Micro-mobility

This challenge sought safe parking and charging solutions for electric Personal Mobility Vehicles (PMV), such as bicycles or scooters.

Synchronism in Distribution Grids

This challenge seeks to improve voltage synchronisation measurement systems between remote points, adapted to the needs of the distribution grid.

Inspection of critical systems at substations

With this challenge, the company sought to find competitive and innovative solutions to improve and simplify assembly in substations.

Emission-free Industrial Heat Challenge

This challenge seeked competitive and innovative solutions that would help decarbonize industrial processes.

Agrovoltaism

The challenge seeked innovative solutions to strengthen the coexistence of solar photovoltaic plants with activities related to agriculture and livestock

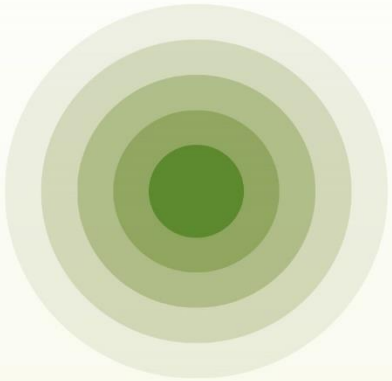
Large pipes inspection and cleaning

The objective is to find innovative solutions for inspecting and cleaning large water supply pipes in electric power plants.

9 Challenges launched in 2020

+500 start-ups participated in the Challenges

13 winners with ongoing pilot projects



Social

Social commitment

Loyal to our firm commitment to creating sustainable value for society at large

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**
- Iberdrola **invests** to look ahead to the energy transition **75 Eur bn until 2025**
- Total return for shareholders of **c.400% over the last 20 years**
- Having a pull effect on our more than **19,000 suppliers**.
- 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 2021 Iberdrola launched the second edition **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

- More than 50,800 hours were dedicated from twelve countries participated in 2021 International Volunteer Day
- Under our motto Together We Are Building the World. Workers from our geographies have carried out more **than 730 actions related to care for the environment, the inclusion of vulnerable groups and social emergency**

[1]Diversitiy and Inclusion Report 2020: https://www.iberdrola.com/documents/20125/41695/IA_ReportDiversityInclusion_2020.pdf/7a2fede2-66db-c46e-ed88-b9c30a36ecf9?t=1629721162052

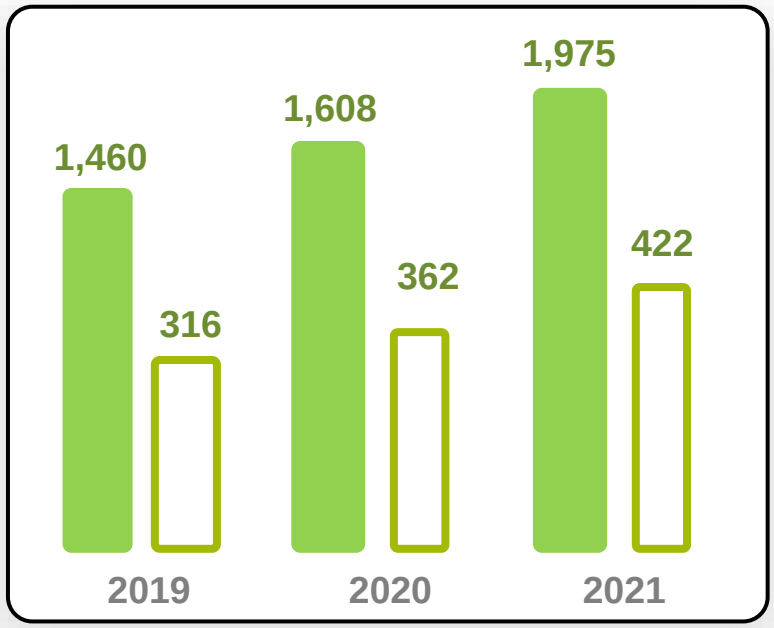
[2]STEM Career: Science, Technology, Engineering, and Math (STEM) Careers

[3]ADOP Plan: https://www.iberdrola.com/compromiso-social/deporte-paralimpico https://www.paralimpicos.es/adop/verano

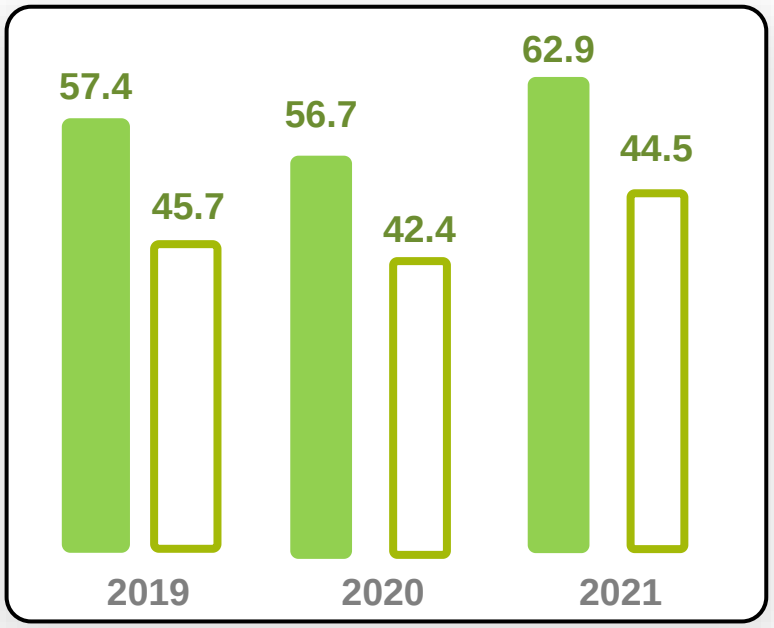
Professional training and development

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

Hours of training (M)



Average hours of training per employee

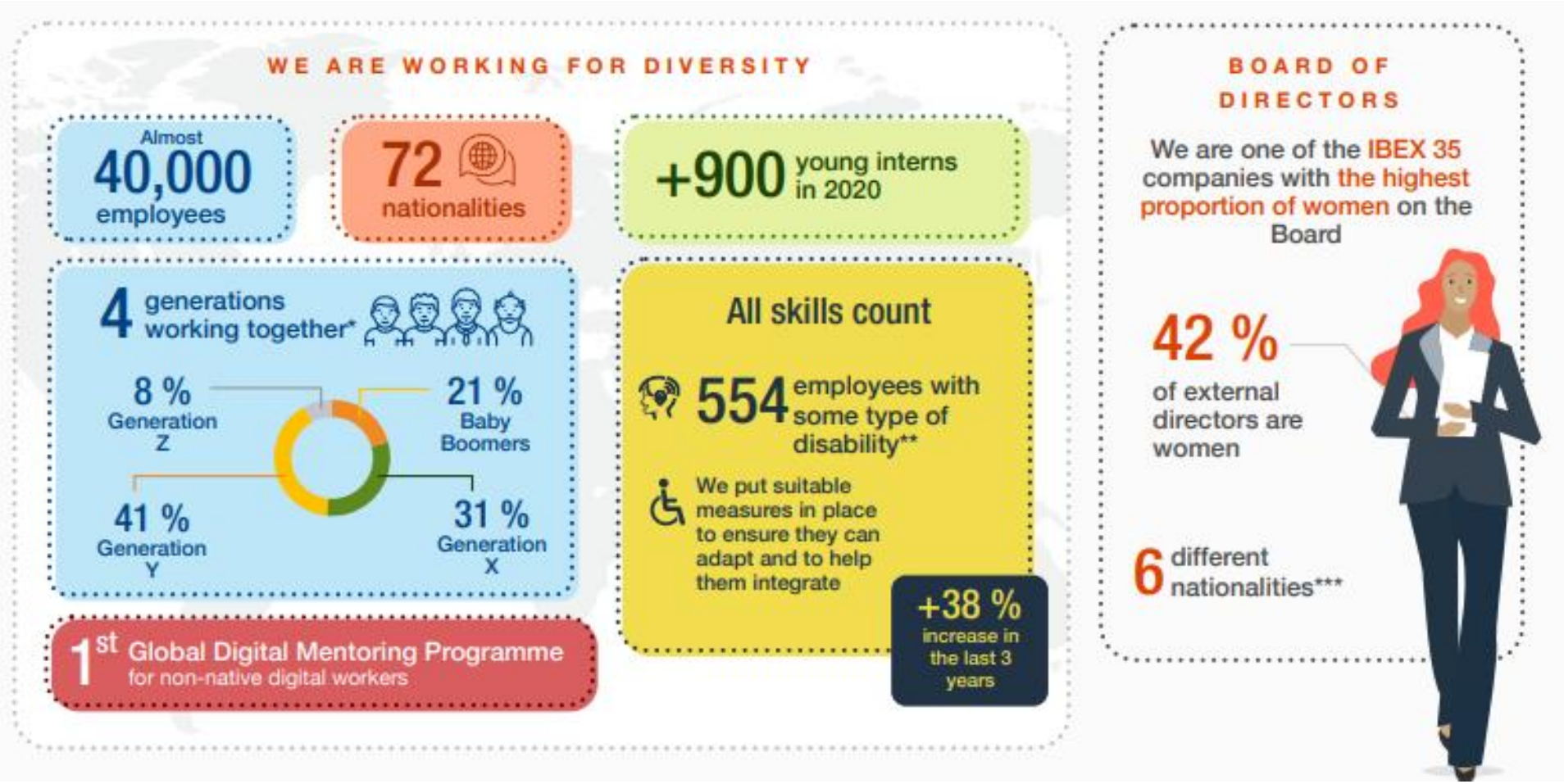


Men Women

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**

Diversity and inclusion – Employees (II)

In 2020, we created the first Global Diversity and Inclusion Committee



In the **work environment survey**, 77% of the employees agreed that Iberdrola is committed to create a diverse and inclusive work environment.

*Data from the 2020 Diversity and Inclusion Report: https://www.iberdrola.com/documents/20125/41695/IA_ReportDiversityInclusion_2020.pdf/7a2fede2-66db-c46e-ed88-b9c30a36ecf9?t=1629721162052

**2020 Data: 554 employees, from the Sustainability Report 2021: https://www.iberdrola.com/documents/20125/42388/IB_Sustainability_Report.pdf

Diversity and inclusion – Customers and suppliers

WE GIVE ACCESS TO ENERGY

8.2 million people

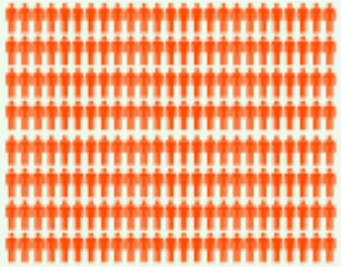
now have access to electricity as a result of our **'Electricity for All' Programme**

OBJECTIVE

To supply

+16 million people

with electricity by 2030



We believe in **physical accessibility, preferential treatment for people with any disability,** and **support programmes for families with visual and hearing impairments**

WE ARE COMMITTED TO A SUSTAINABLE VALUE CHAIN

OBJECTIVE

Increase the number of suppliers subject to sustainable development policies and standards

70 %

by 2022

We assess suppliers' performance in diversity and inclusion, representing

+€5 Bn

worth of purchases made

PROCUREMENT

141 million euros

to suppliers belonging to different collectives in the United States

2.4 million euros

to Special Employment Centres in Spain

Diversity and inclusion – Society

Bloomberg Gender-Equality Index 2022

Iberdrola included in the Bloomberg Gender Equality Index for the fifth consecutive year

Almost **1,000** **student grants**

for the advancement of STEM**** vocational education

+50 % to women

Women and sport, a successful alliance

By promoting women's sport, Iberdrola contributes to promoting female talent, effective equality and social development, values that form part of the company's mainstay policies

WOMEN'S UNIVERSE PROGRAMME

16 Spanish federations

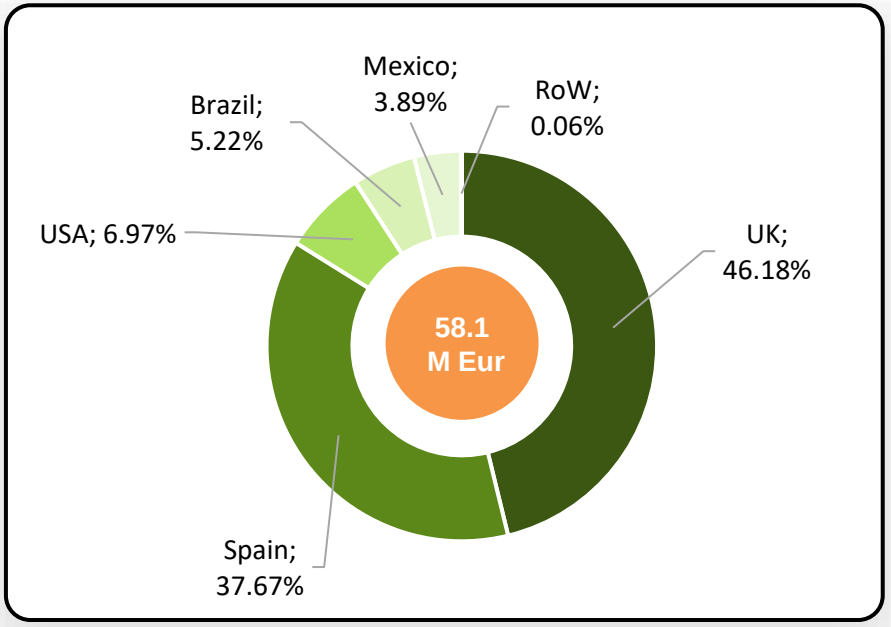
300,000 beneficiaries

We support women's rugby in Scotland and Wales

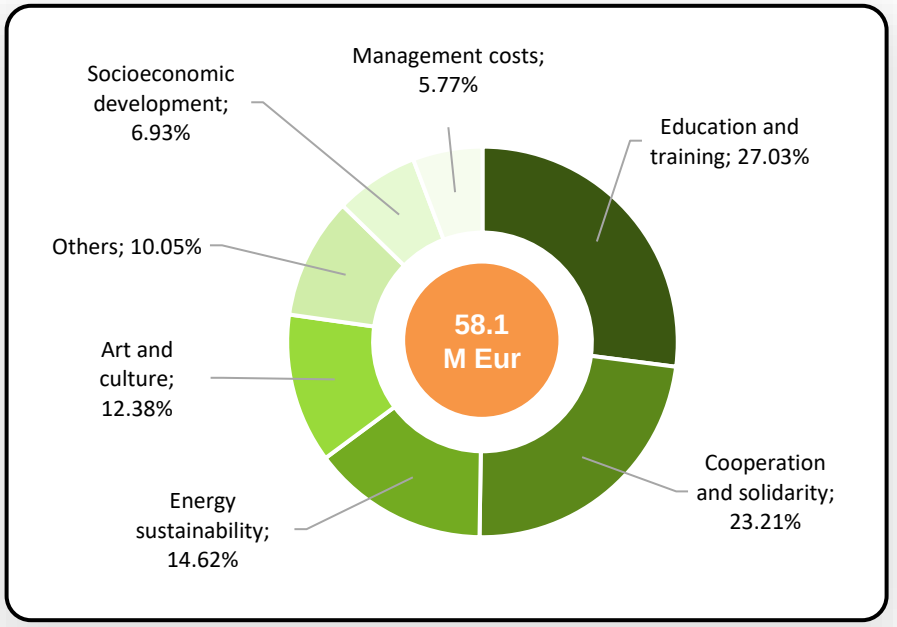
Contribution to the Community

Iberdrola uses ***Business for Societal Impact (B4SI) model*** to measure and assess business contributions to the community

Iberdrola´s contribution by countries



Iberdrola's contribution by programmes



In 2021, Iberdrola´s contribution amounts to 58.1 M Eur

Electricity for All

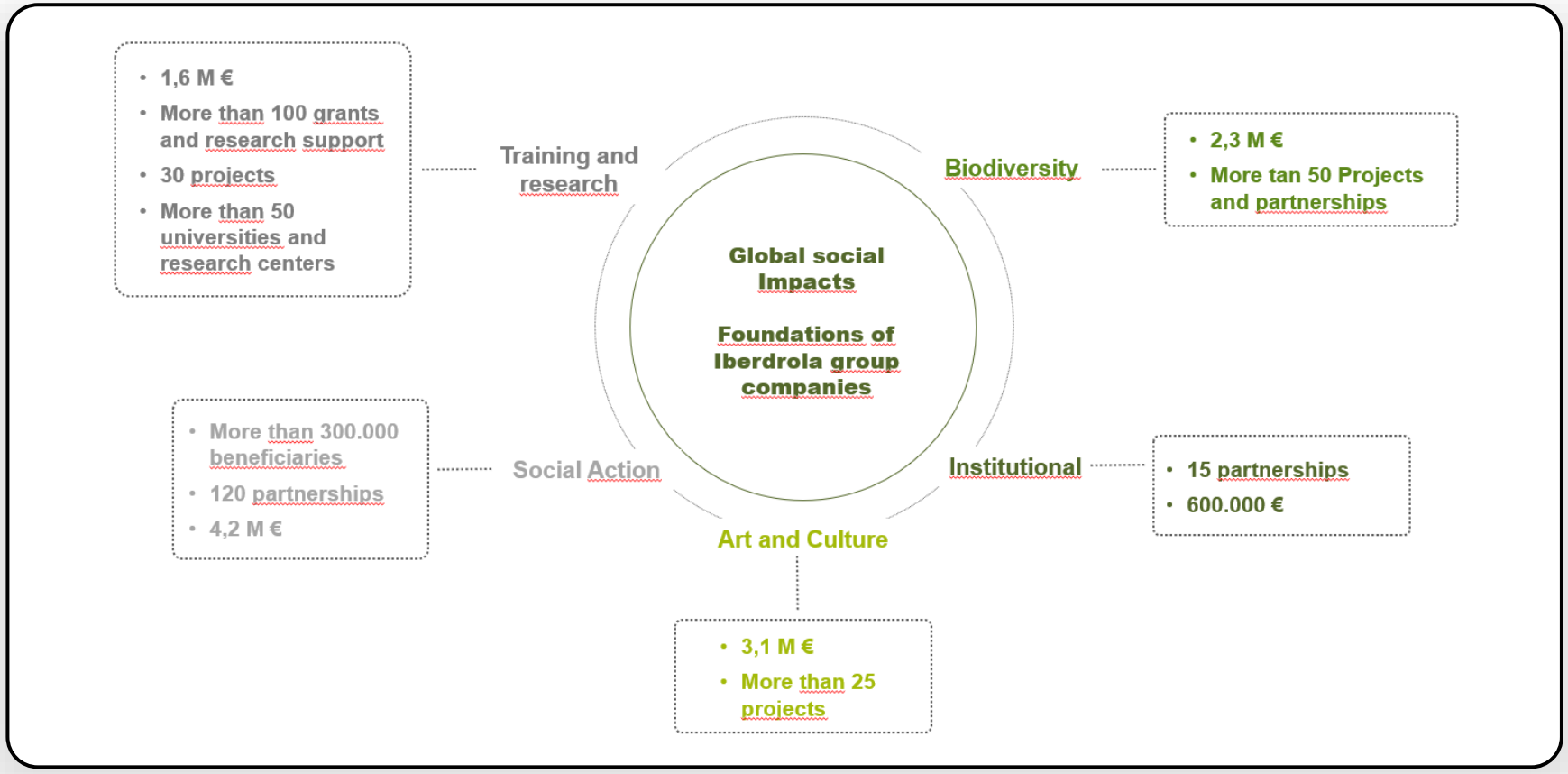
We are aiming **to bring electricity to more than 16 million people in 2030**

Since **January 2014**, we have contributed to **9.6 million people benefiting from access to electricity**

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 2021**

2021 Foundations of Iberdrola Programmes:
Impact in the main areas



Sustainability Report 2021: https://www.iberdrola.com/documents/20125/42388/IB_Sustainability_Report.pdf

Direct Tax Contributions

Direct tax contribution of **Eur 7,836 M in 2021** (Eur 3,125 M from company´s contributions and Eur 4,711 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	1,586	1,883	**3,469**
United Kingdom	341	379	**720**
United States	753	284	**1,037**
Brazil	179	1, 879	**2,058**
Mexico	177	89	**266**
Other countries	89	197	**286**
Total	**3,125**	**4,711**	**7,836**

+ 5% vs 2020

… wit a total tax contribution over the last 5 years of more than **Eur 38,500 M**

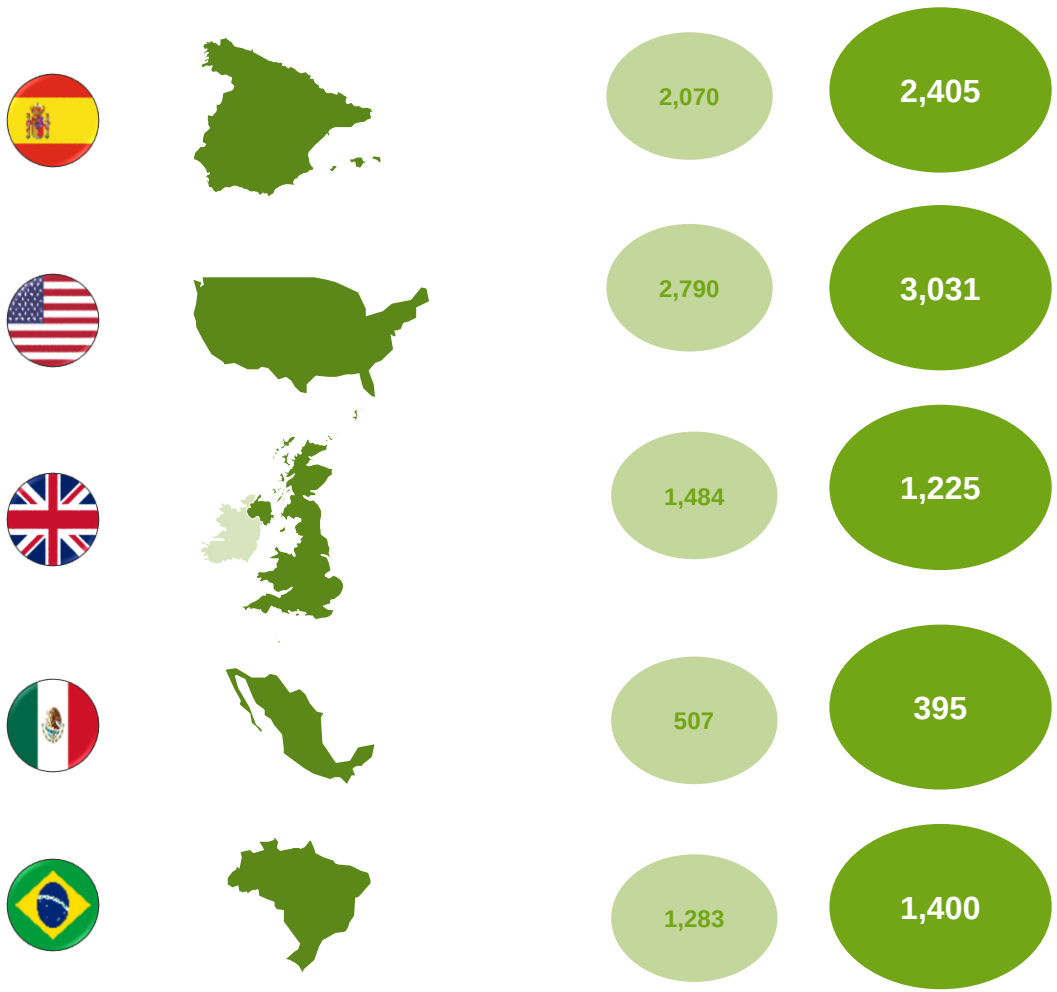
(1) PwC study “Economic, social and environmental impact of Iberdrola worldwide” (based on 2020 data)

Sustainability Report 2021: https://www.iberdrola.com/documents/20125/42388/IB_Sustainability_Report.pdf

Report on tax transparency 2021: https://www.iberdrola.com/documents/20125/1606413/IA_ReportTaxTransparency_2021.pdf

General Procurement

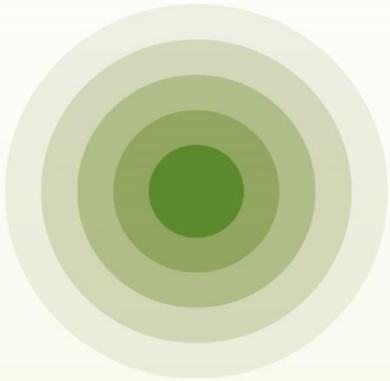
Iberdrola placed purchase orders with more than **19,000 suppliers** for a total of **Eur 9,424[1] M in 2021**



11 % vs 2020

% Local purchases vs total volume: c.**88% in 2021**

[1] Includes IEI (967 M Eur in 2021 and 360 M Eur in 2020). Total Amount awarded in 2021: €12,163 million.



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 Spanish company with best Corporate Governance practices by the World Finance Corporate Governance Awards
- Company with the best corporate governance practices among European utilities. Ethical Boardroom recognised Iberdrola with the 2019 Award for Best Corporate Governance

✓ **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 Equality, Diversity & Inclusion policies, updated in 2022

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

- 9 consecutive years as one of the most ethical companies in the world by Ethisphere Institute
- Compliance Leader Verification issued by Ethisphere Institute (USA)
- Iberdrola 1st ranked in Corporate Transparency Index in Integrity, Compliance and Human Rights of IBEX-35 companies elaborated by Transparencia International
- Award for the best compliance system 2018 -2019 awarded by Expansión

✓ **Climate governance**

- TCFD (Task Force on Climate-related Financial Disclosures) implementation
- Climate Action Policy and Plan approved in 2021 Annual Shareholders Meting

… 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 our base case scenario[2]; but much greater opportunities in the road to Net Zero 2050

[1] Stated Policies Scenario by International Energy Agency 2 Sustainable Development Scenario (SDS) Paris 1.5 by International Energy Agency

Board of Directors structure as of 31 May 2022

A **plural** and **independent** body that constantly renews itself and oversees the body strategy:
- Balanced skills representation, 5 nationalities
- 79% independence

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 Sustainable Development Committee)

Board of Directors structure as of 31 May 2022 (II)

Women represent **43%** of the members of the Board of Directors, achieving in advance the **target to be at least 40% by 2022**

Jose Ignacio Sánchez Galán - Chairman & chief executive officer

Juan Manuel González Serna – 1st Vice-chair and lead director, Independent Member

María Ángeles Alcalá Díaz - Independent Member

Manuel Moreu Munaiz - Independent Member

Xabier Sagredo Ormaza- Independent Member

Anthony L. Gardner- 2nd Vice-chair Independent Member

Sara de la Rica Goiricelaya- Independent Member

Nicola Mary Brewer- Independent Member

Regina Helena Jorge Nunes - Independent Member

Ángel Jesús Acebes Paniagua- Independent Member

Isabel García Tejerina - Independent Member

Iñigo Victor de Oriol – Other external Member

Francisco Martínez Córcoles- Other external Member

María Helena Antolín Raybaud – Other external Member

Lead independent director and as a counterbalance to the combined **CEO/Chairman** figure

Annual Variable Remuneration 2022 proposal

Maximum limit on annual **variable remuneration** maintained at 2021 level

Chairman

Objectives

ESG	Economic/Financial
50%	50%

- **Continuous increase of female presence in significant positions**
- **Presence on international indexes**
- **Exceed ratio of training hours received per employee**

Strategic Bonus (LTIP) 2020-2022 proposal

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

70%

Economic/ Financial — 30%

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

Market — 20%

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

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

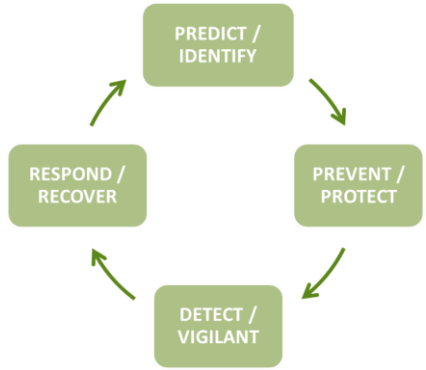
Establish and maintain a global cybersecurity governance model, with standard rules, a clear allocation of roles and responsibilities and effective coordination mechanisms, that **integrates cybersecurity into business decision-making processes**

Cybersecurity Culture

Identify and develop the necessary **cybersecurity skills and knowledge** across the different areas of the Group and promote a culture of cybersecurity at all levels of the organization (board, senior management, operational teams, all employees and collaborators), including accountability of key business decision-making bodies

Risk Management

Define and implement comprehensive **cyber risk management plans** and prioritize resources based on sound risk assessment and threat intelligence and focusing on protecting sensitive information and business critical processes and infrastructures



Resilience

Develop strong capabilities to detect and respond to cybersecurity threats and incidents, minimizing the impact on company goals and the **continuity of essential services**

Assurance

Conduct **reinforced assurance for critical/ high risk cyberinfrastructure** to proactively identify and mitigate relevant risks and vulnerabilities and ensure compliance with applicable internal and external cyber security rules

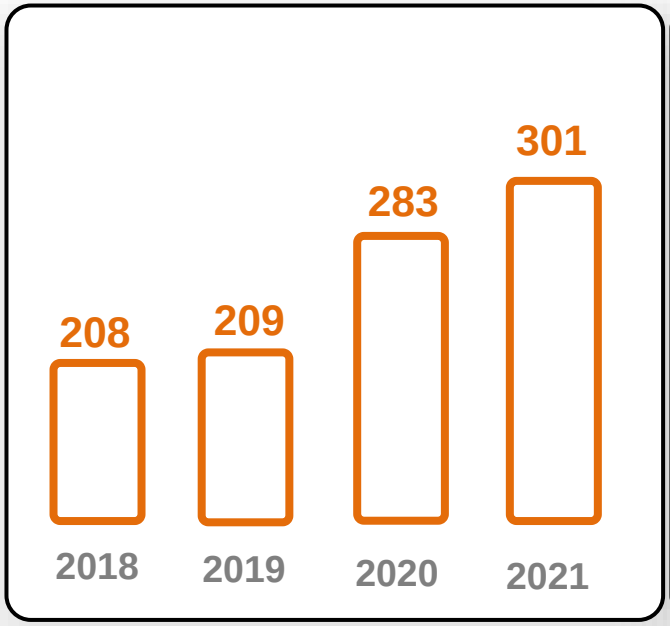
Collaboration

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

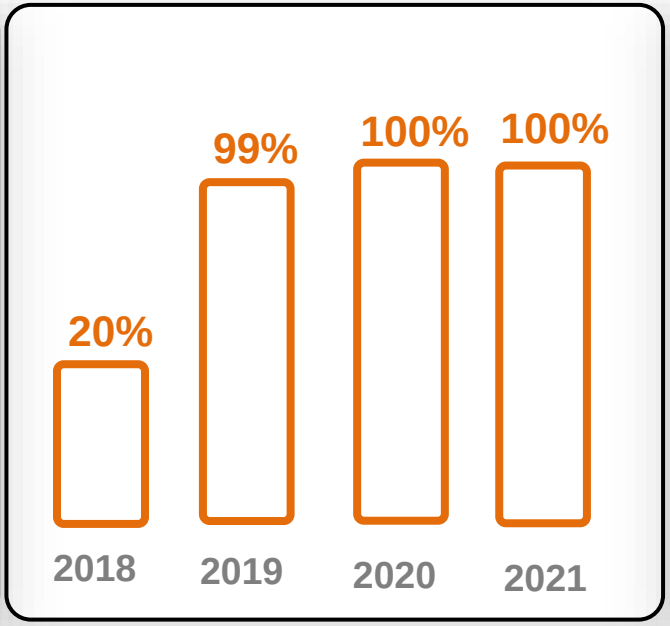
Cybersecurity Key Metrics

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

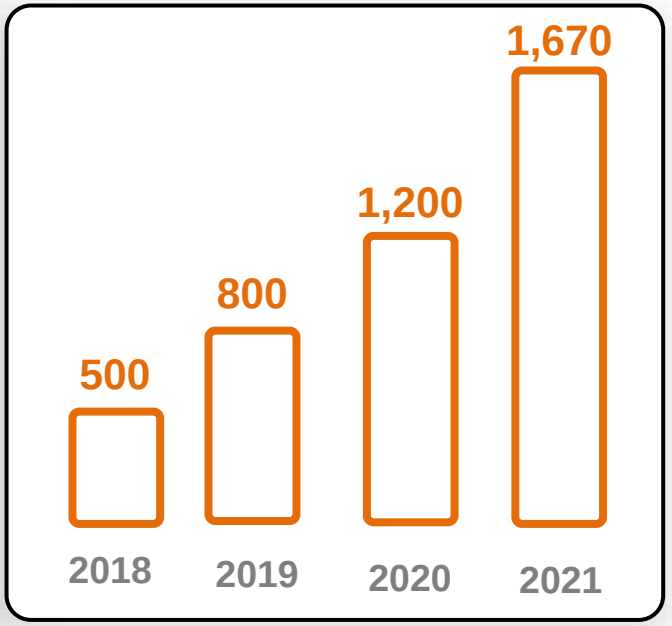
Number of Cybersecurity training activities per year



% 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

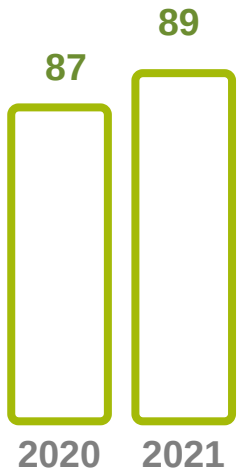
- ESG evaluation totally embedded in the purchasing decision making process
- Suppliers that don’t meet the ESG minimum values receive a personalized improvement plan to help them improve their sustainability

Indexes

Top ranked among the best indexes

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

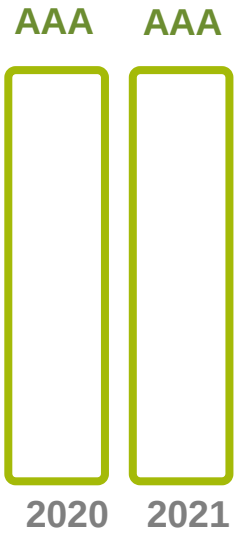
Percentile Rank: 99



Scale from 0 to 100

MSCI

Only 8% utilities with AAA



Scale from CCC to AAA

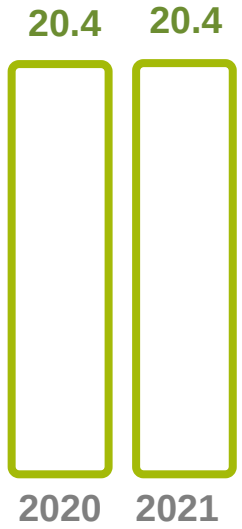
FTSE4Good

Percentile Rank: 99

Scale from 0 to 5

SUSTAINALYTICS

82 out of 677 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