Factbook 2023

Investor Relations

Legal Notice

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FORWARD-LOOKING STATEMENTS

This document contains forward-looking information and statements about Iberdrola, S.A., 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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ESG

Iberdrola, S.A. commits to carrying out its best efforts to achieve its ambition of carbon neutrality for its Scope 1 and 2 in 2030. For these purposes, it will align its strategy, investments, operations and public positioning with this ambition. Additionally, Iberdrola, S.A. is also committed to undertake the energy transition in a way that creates value for its shareholders, employees, clients, suppliers and the communities where it operates. Accordingly, Iberdrola, S.A. reserves the capacity to adapt its planning to successfully face its performance in key material aspects such as the value of Iberdrola, S.A., the quality of supply or the social, labor, and fair transition conditions. The abovementioned commitments are of aspirational nature.

Iberdrola's Corporate Purpose

Iberdrola

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 and the planet

- Being aware that short-term health and well-being of people depends on the environmental quality of their surroundings

...more accessible for all

- Favouring inclusion, equality, equity and social development

...contributing to the security of supply

- in collaboration with all agents involved and with society as a whole to ensure the availability of local energies

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All figures as of December 2022. Differences may arise due to rounding

Iberdrola Today

Iberdrola is a global energy leader, the world's leading wind energy producer...

235,506 GWh of distributed electricity

1,264,641 Km of power lines

60,761 MW of installed capacity

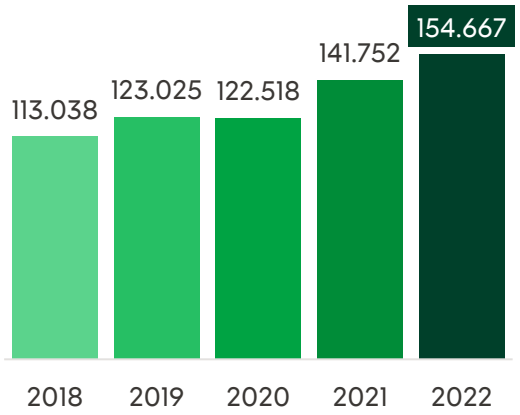
163,031 GWh of net production

Data as of December 2022

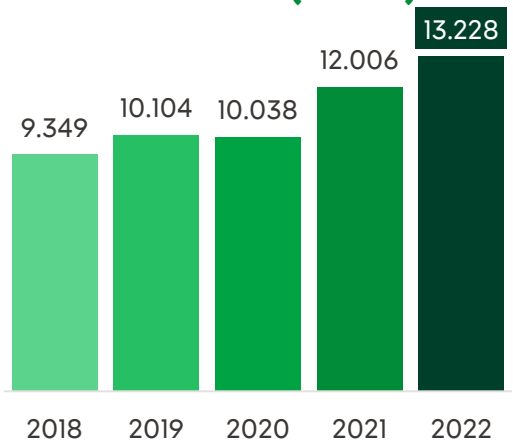
Iberdrola Today

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

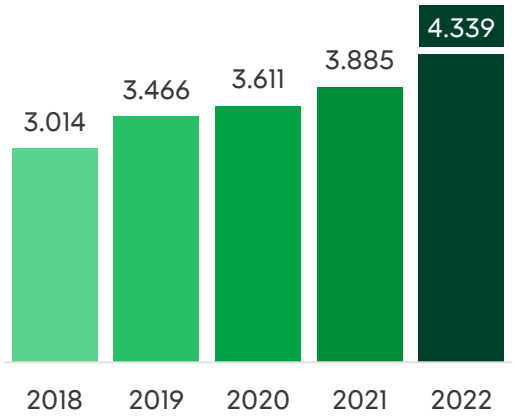
Assets (Eur M)



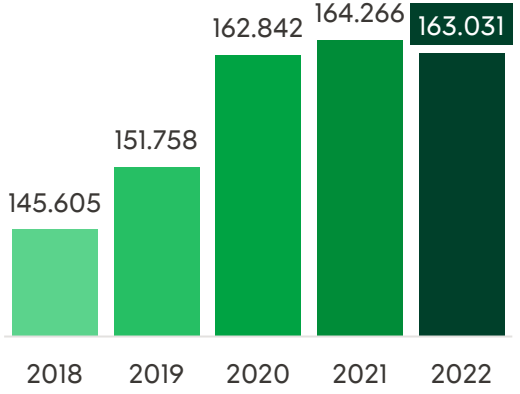
EBITDA (Eur M)



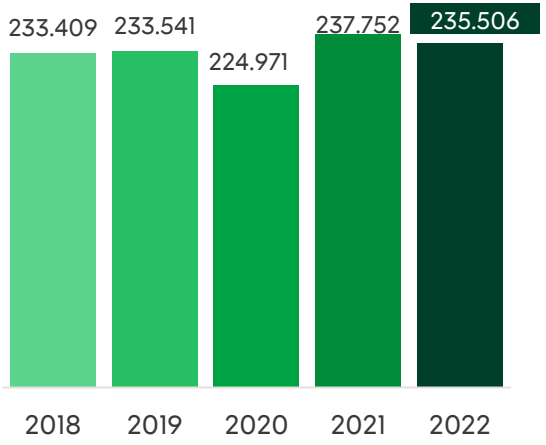
Net Profit (Eur M)



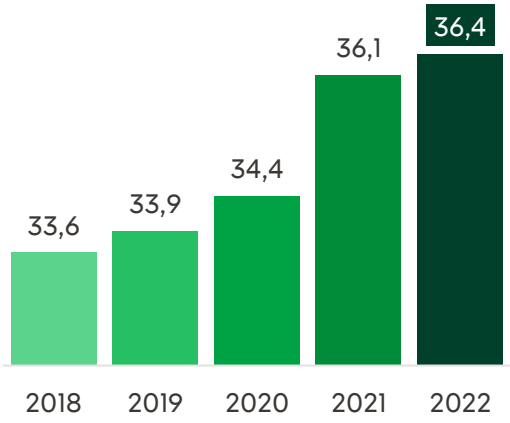
Net Production (GWh)



Distributed Electricity (GWh)



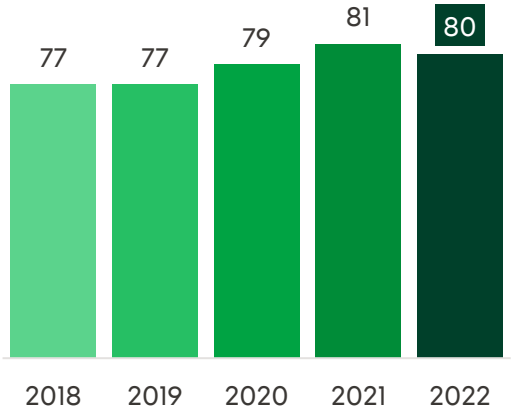
Customers (millions)



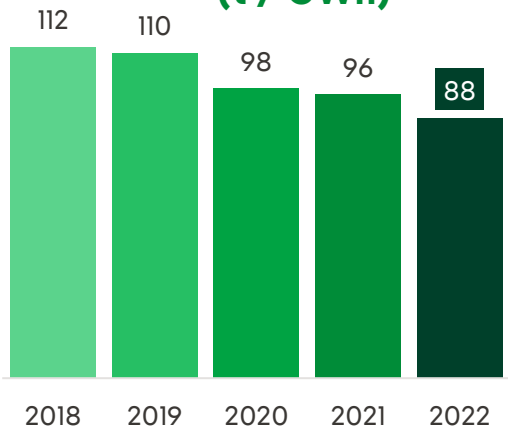
Iberdrola Today

...having anticipated the energy transition to combat climate change and contributing to society

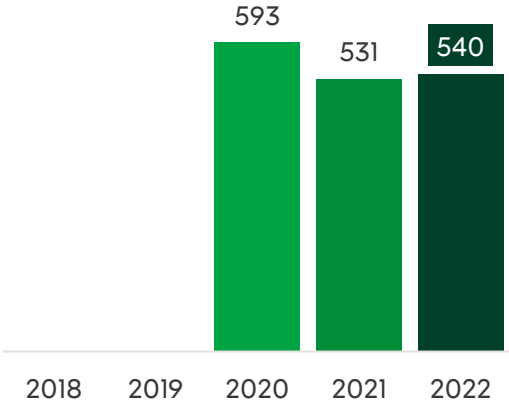
Own emission-free installed capacity (%)



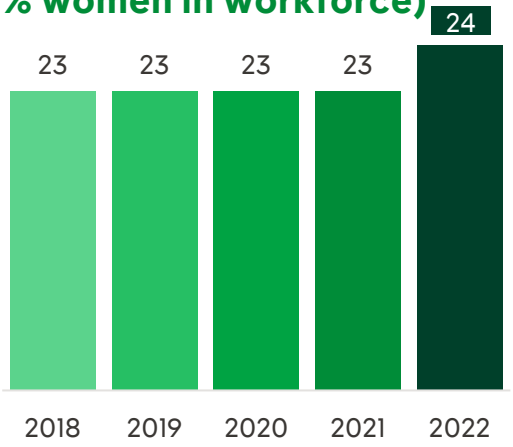
Own specific CO2 emissions (t / GWh)



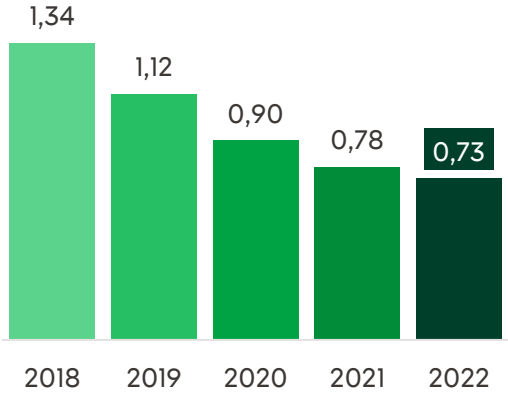
Water use / overall production (m3/GWh)



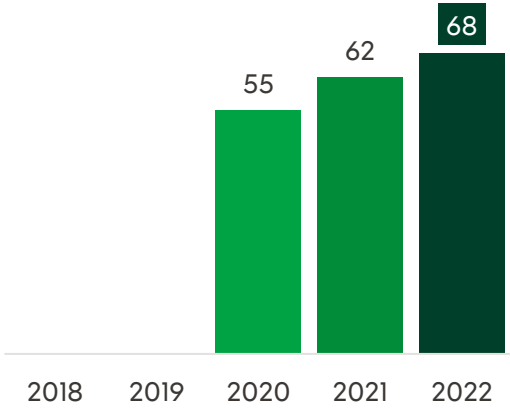
Gender diversity (% women in workforce)



Accident frequency rate[1]



Hours of training per employee trained



(1) Number of recordable work-related injuries (except first aid) / Number of hours worked x [200,000]

Iberdrola Today

The group's competitive business model creates value in the places where the company operates...

Key performance indicators 2022[1]

€10,730 million gross investment
€4,339 million net profit

€17,796 million of purchases from suppliers
1,958 MW in renewables startup

€363 million of investment in Innovation

40,721 employees
68 hours of training per employee

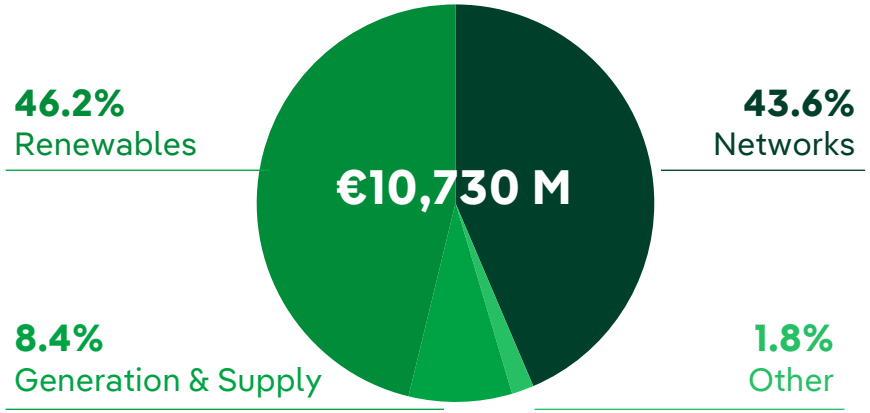
88 g CO_2/kWh emissions
80% emission-free installed capacity

€52 million of contributions to society
36 million customers

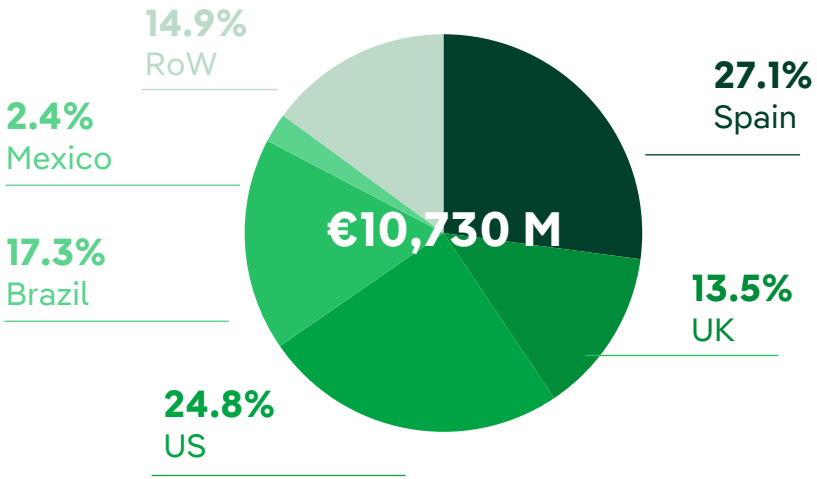
Iberdrola Today

...through clean energy generation, smart grids and solutions and services to our customers

2022 Gross Investments by business



2022 Gross Investments by geography

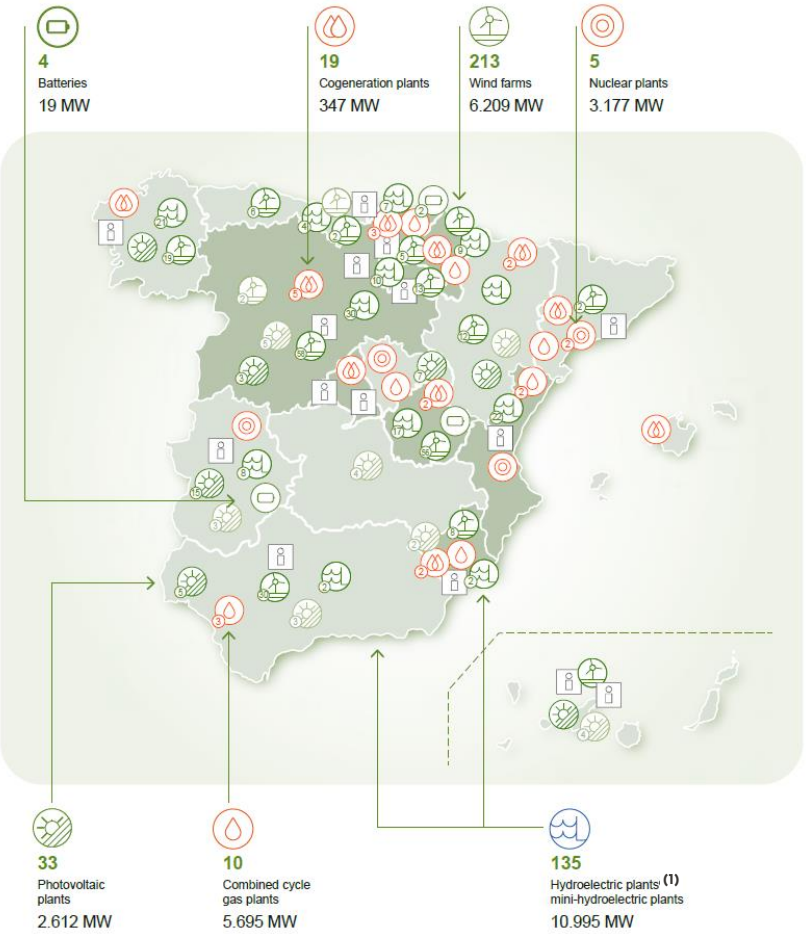


International diversification
~78% in countries with credit rating ≥A[1]

(1) Under Standard & Poor's categorization

Iberdrola in Spain: Iberdrola España

Leading energy company



Main offices

Electricity distribution

Area of influence

Projects under construction(2)

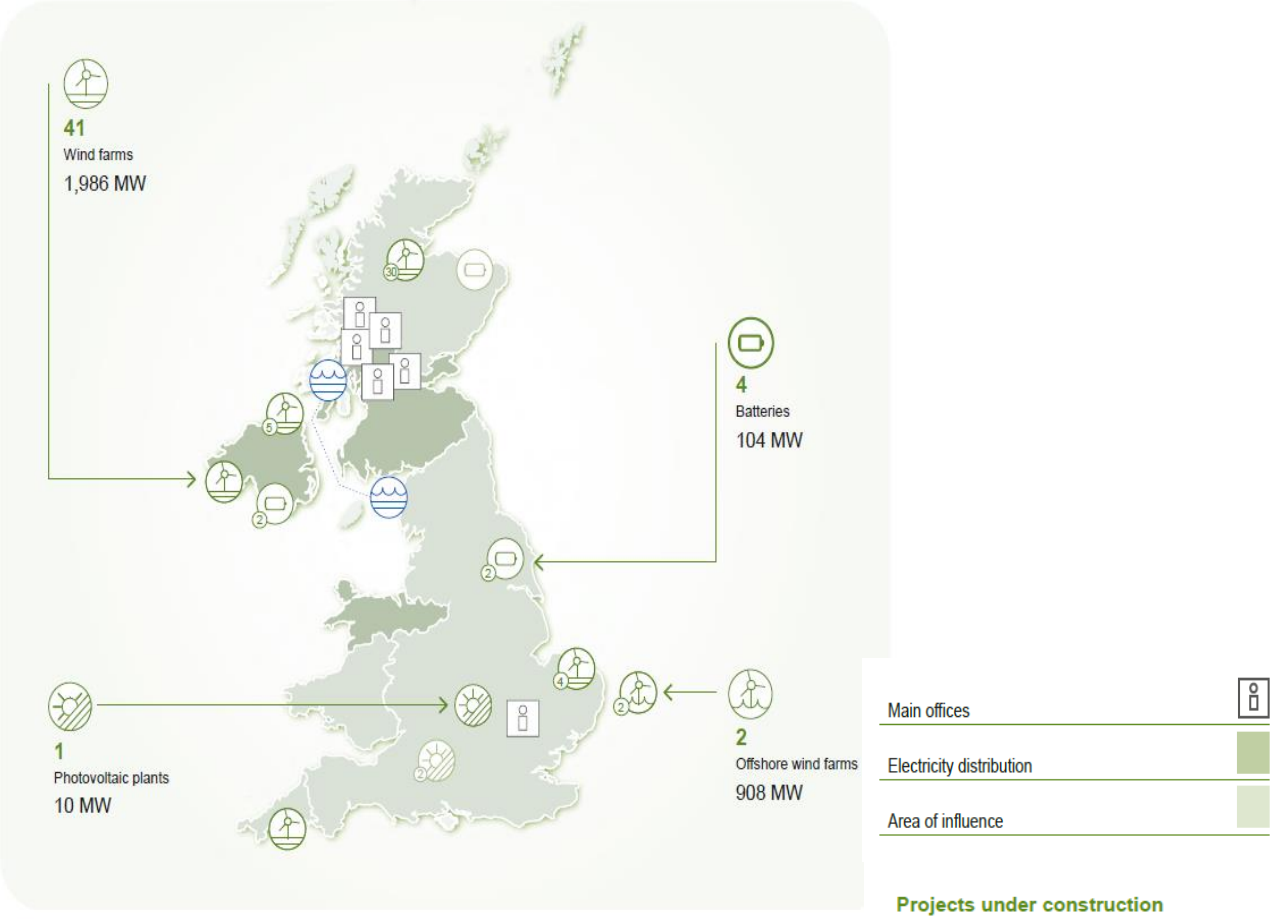
22 3 H_2 1

Installed Capacity (MW)(1)	29,013
Renewable Capacity (MW)(1)	19,796
Production (GWh)	56,698
Distributed Energy (GWh)	89,622
Customers (M)(3)	11.6
Km of lines	270,991

(1) Data on hydroelectric power plants include the Daivoes, Gouvaes and Alto Tâmega power plants in Portugal, although they visually appear on the RoW map.
(2) Includes both projects under construction and projects with a positive decision to start construction (positive FID).
(3) Total number of liberalised market electricity and gas customers

Iberdrola in UK: Scottish Power

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

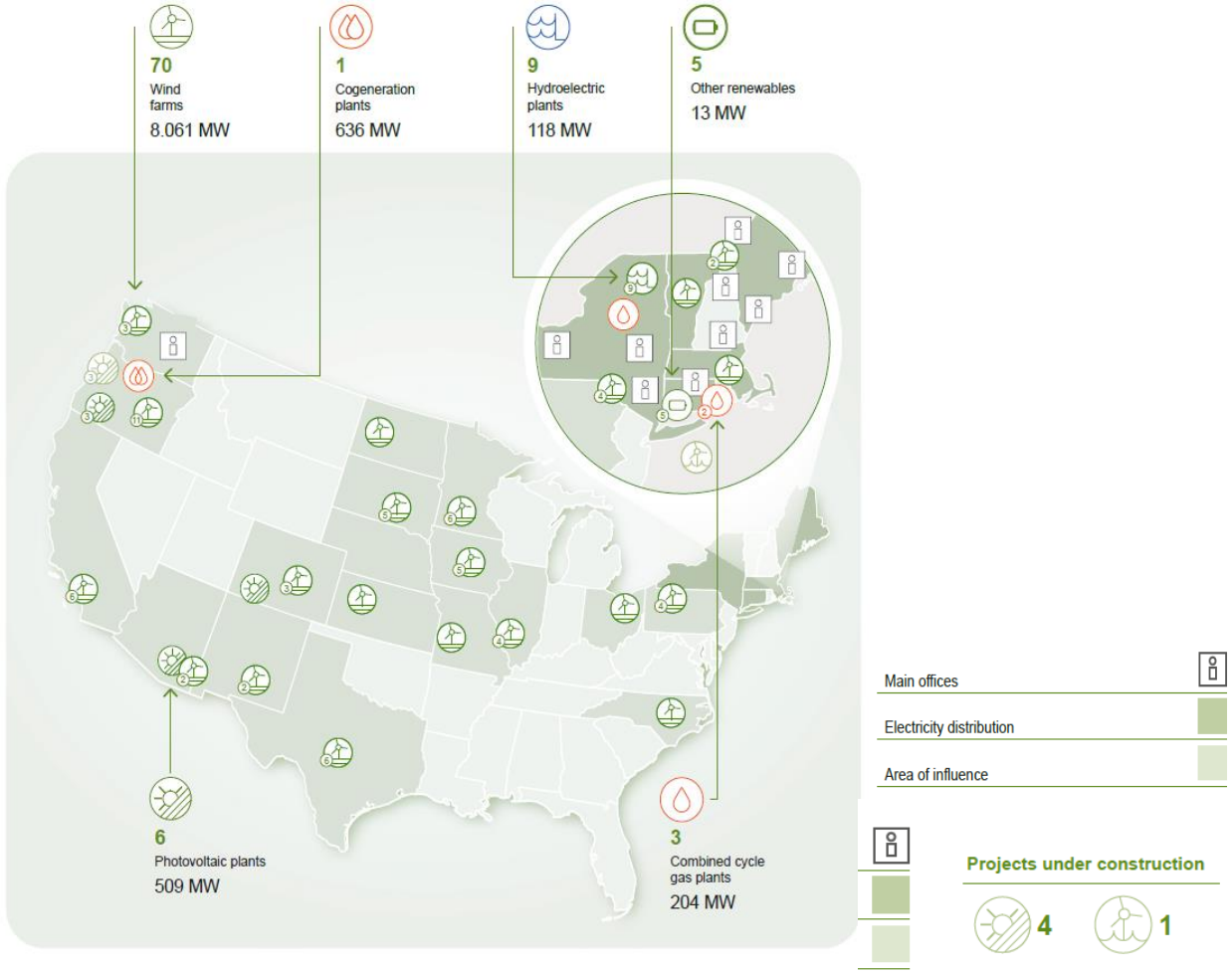


Installed Capacity (MW)	3,008
Renewable Capacity (MW)	3,008
Production (GWh)	7,823
Distributed Energy (GWh)	31,020
Customers (M)[1]	4.7
Km of lines	111,075

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

Iberdrola in US: Avangrid[1]

Electricity and gas distribution in New York, Maine, Connecticut and Massachusetts. 89% of production from renewables

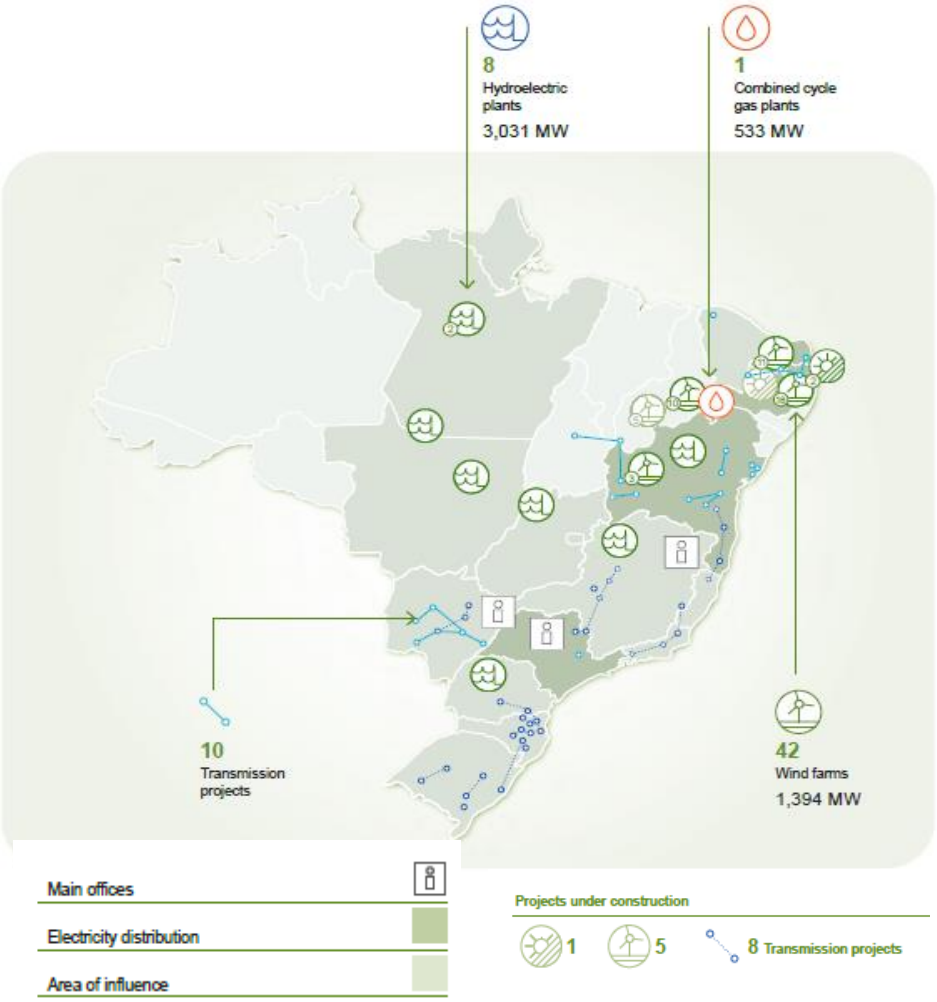


Installed Capacity (MW)	9,542
Renewable Capacity (MW)	8,702
Production (GWh)	22,711
Distributed Energy (GWh)	38,757
Distributed Gas (GWh)	64,892
Customers (M)[2]	3.4
Km of lines	171,464

(1) Avangrid: 81.5% owned by Iberdrola
(2) Total number of electricity and gas supply points

Iberdrola in Brazil: Neoenergia[1]

Energy leader in Brazil and Latin America



Installed Capacity (MW)	5,100
Renewable Capacity (MW)	4,568
Production (GWh)	14,751
Distributed Energy (GWh)	76,107
Customers (M)[2]	16.1
Km of lines	711,111

(1) Neoenergia: 53.5% owned by Iberdrola
(2) Total number of electricity supply points

Iberdrola in Mexico: Iberdrola Mexico

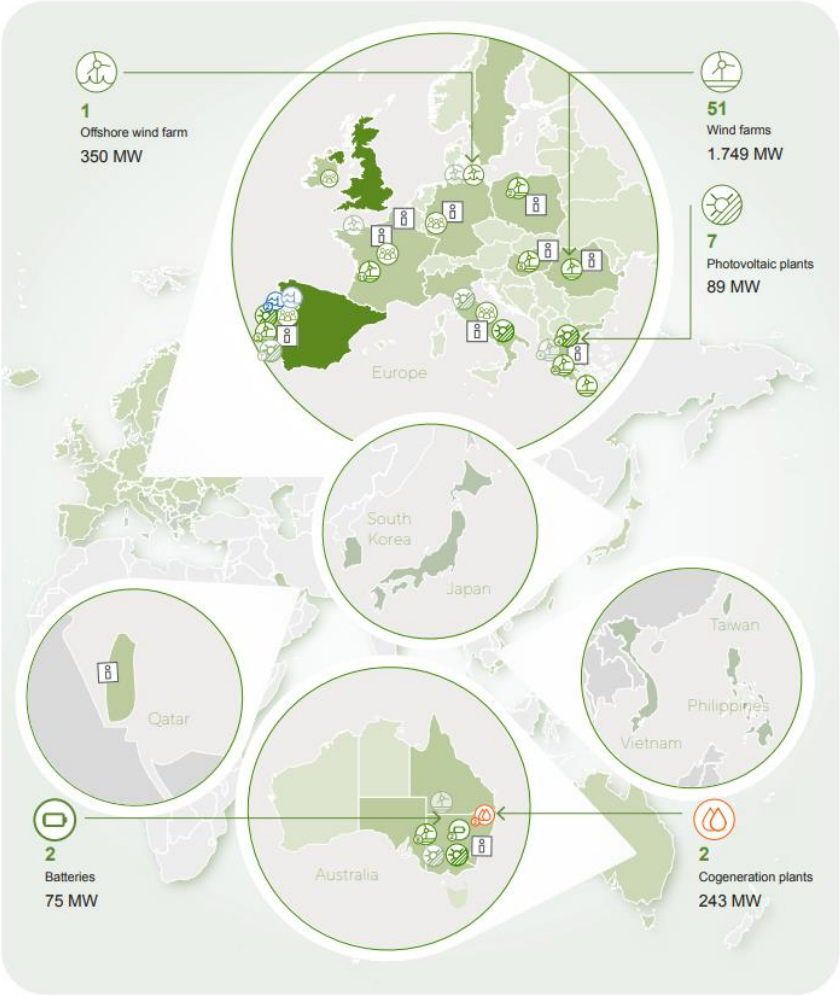
Second-largest electricity producer

Owned Installed Capacity (MW)	4,051
Third-party Installed Capacity (MW)	7,146
Owned Renewable Capacity (GWh)	1,232
Third-party Renewable Capacity (MW)	103
Net Owned Production (GWh)	18,447
Net Third-party Production (GWh)	37,491

Note: Additional information on the agreement between Iberdrola and the Mexico government explained in Annex section

Iberdrola in the Rest of the World[1]: Iberdrola Energía Internacional

Expanding our international platform in renewables and customers



Main offices

Area of influence

Retail business areas

Projects under construction

9 5 2 1

Installed Capacity (MW)	2,900
Renewable Capacity (MW)	2,657
Production (GWh)	5,111
Customers (M)	0.6

(1) *Represented on this page is the activity of the group in the Rest of World, which is mainly carried out by Iberdrola Energía Internacional (IEI). However, electricity and gas customers of this segment depend on Iberdrola Clientes Internacional S.A., a subsidiary of the country subholding company Iberdrola España, S.A*

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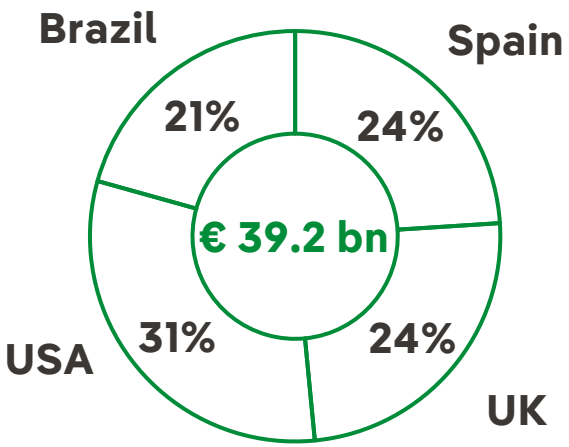
All figures as of December 2022

Networks

1.3 M Km power lines, over 4,500 substations and 1.6 M transformers to supply over 34 M points

Asset Base



Iberdrola Networks business areas

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

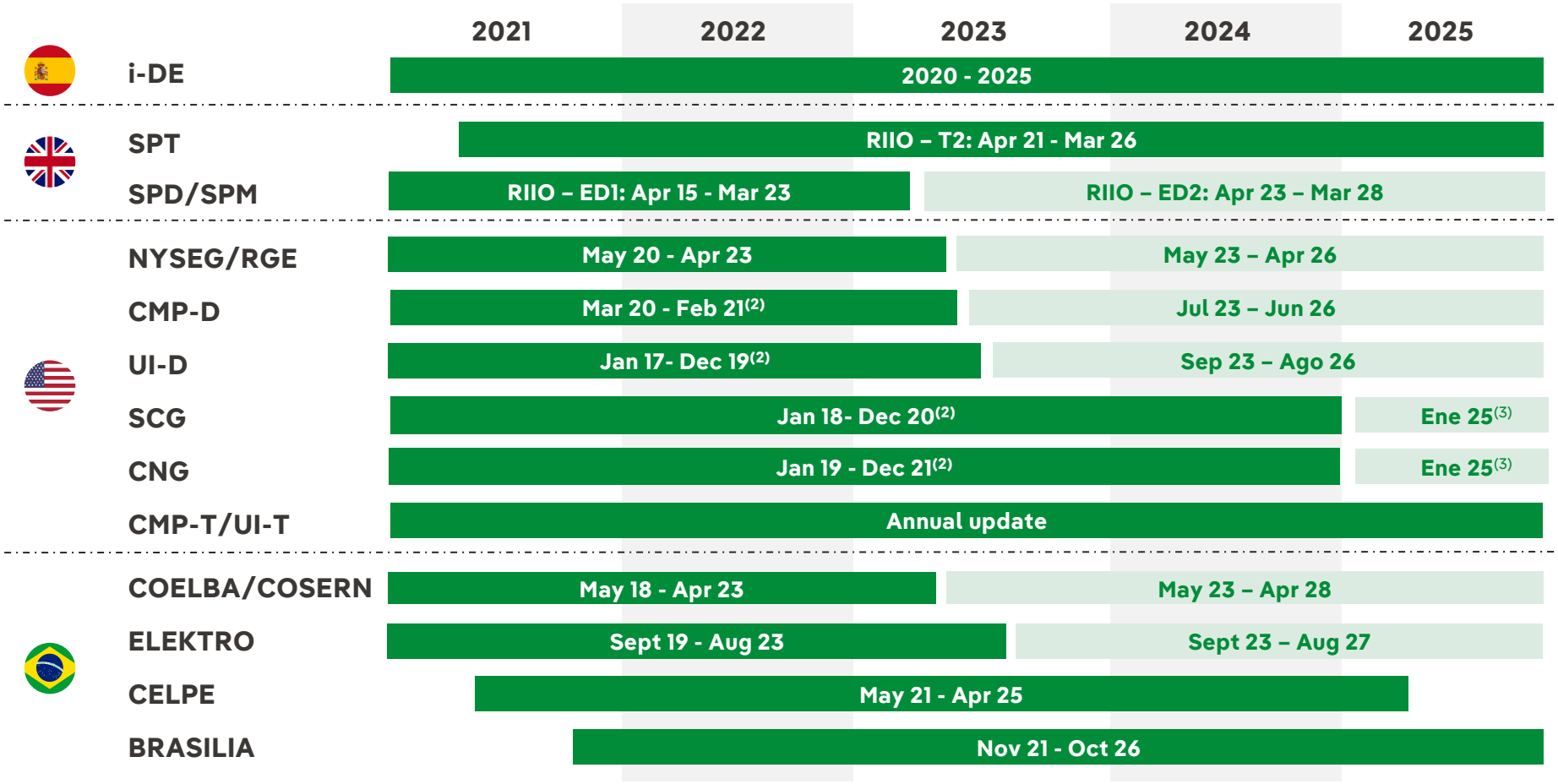
Leaders in Smart grids

Smart meters installed:

- **Spain: 11.34 M**
- **UK: 2.35 M**
- **US: 1.51 M**
- **Brazil: 0.58 M**

Networks: Visibility of Revenues

Stable and geographically diversified returns approved through regulatory frameworks



2022 Actual Allowed WACC
(Nominal, post-tax) (1)

	Distribution	Transmission
i-DE	4.2 %	
SPT / SPD/SPM	~6.5 %	~6.0 %
NYSEG/RGE, CMP-D, UI-D, SCG, CNG, CMP-T/UI-T	6.0-6.5 %	7.5-8.0 %
COELBA/COSERN, ELEKTRO, CELPE, BRASILIA	10.5-12.0 %	

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: 5,2% Real CoE post-tax; USA: Nominal ROE post-tax allowed for each DisCo; BRA: 8.09% / 7.02% Real WACC post-tax; **Transmission:** UK: 4,7% Real CoE post-tax; USA: 11.1% Nominal ROE post-tax **Inflation:** UK: 3% (15 years average CPIH index); BR: 3,75% (long term inflation)*

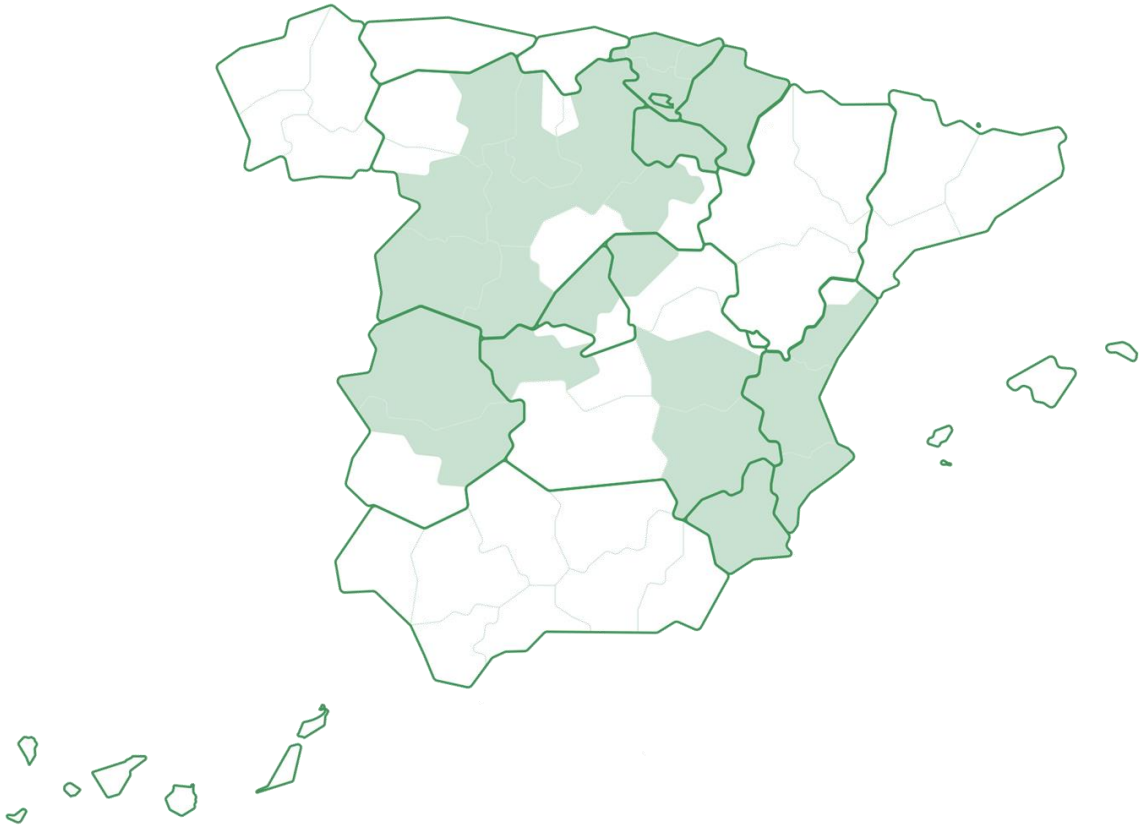
(2) Rates automatically extended

(3) Filing for new rates expected in Nov'23

Networks: Spain

As of December 2022, ~11.3 M smart meters installed and digitalization of ~100,000 transformers

	2022
RAB (Eur Bn)	9.4
Distributed energy (GWh)	89,622
Points of supply (M)	11.4
Kms of lines (M)	270,991



Networks: Spain

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, adding 200 bps on top of it, and reaching 6.5% of financial remuneration rate.

- **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):
      - Standard Costs 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**
      - Standard Costs for those assets with standard costs while audited costs for the remaining
      - 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 can 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 Standard Costs 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

  iv. **Annual maximum investment limit stablished by the Government**

Networks: Spain

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 volume of investment extended during the years 2021, 2022 and 2023, as the financed assets will not compute against the limit, so there will be more budget to invest in other assets.

  ii. Also, the year following the commissioning of eligible assets, the investment limit will be increased by an amount equivalent to 100% of the expected investment volume that will be executed and put into service in eligible assets, that is, the double of the funding.

  iii. Investments in digital that are within this framework can account 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).

Networks: Spain

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

Remuneration (year *n*)	**(i) Base remuneration**	RAV until 2018		RAV calculated according to Royal Decree 1048/2013 (previous methodology)
		New facilities From 1st January 2019		Real cost per installation Accrual and payment of remuneration in year n+2 +adjustment at each half-period if the set deviates from the standard costs
	(ii) Manageable Component	O&M (electric & non-electric assets)		Evolution linked to investment remuneration -3% annual adjustment
		Other assets[1] investments		Increased by new investments and asset transfers
	(iii) Other regulated tasks remuneration	Meter reading, contracting, tele-assistance, planning		Standard costs Initial remuneration reduction of -7% compared to the previous period (Due to smart metering efficiencies)
	(iv) Incentives	New Scheme of "Zero-sum": penalties for one company are bonuses for others	Losses (from 2022 onwards)	According to real losses between years n-2 Limits: underdevelopment.
			Quality of supply (from 2020 onwards)	According to TIEPI[2] and NIEPI[3] between years n-4 and n-2 +/-2% of remuneration in the first half of the period
		Company against the sector average (vs company against itself)	Fraud reduction (Eliminated from 2022 onwards)	+/- 3% in the second half of the period

(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

Networks: Spain

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

Cost of Equity C_E

Capital Asset Pricing Model Methodology (CAPM)

Risk- free rate R_{RF} : 2.97% *(average of 2012-2017 contributions to the 10-year Treasury Bond)*

Market risk Premium MRP: 4.75% *(weighted average Europe - arithmetic and geometric average)*

Coeficient β: 0.72 *(non-diversifiable risk measure, Beta Bloomberg comparators)*

$$C_E = R_{RF} + (\beta * MRP)$$

6.40%

Financial leverage

Ratio between equity and debt Comparators (6 years)

FL

50%

Tax Rate

Spain 2017 Statutory Rate

TR

25%

Cost of Debt C_D

IRS + CDS

Interest Rate Swap (IRS): *(reference to the base rate)*

Credit Default Swap (CDS): *(reference to risk)*

10-year CDS average contributions (2012-2017)

Comparators rated above Baa3 or BBB-

2.63%

WACC after taxes: 4.19%

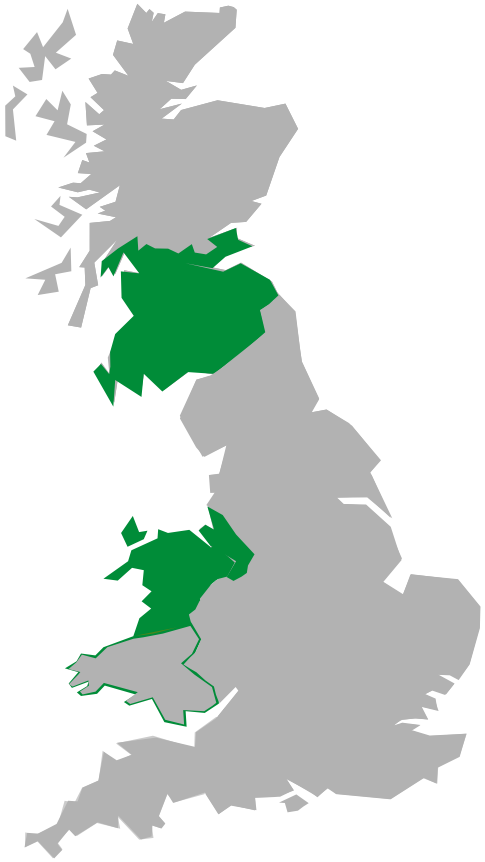
$$C_E * (1 - FL) + C_D * (1 – TR) * FL$$

Financial Remuneration Rate FRR: 5.58% (before taxes)

Networks: UK

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

	2022
RAB (GBP Bn)	8.2
Scottish Power Distribution	29%
Scottish Power Manweb	32%
Scottish Power Transmission	40%
Distributed energy (GWh)	31,020
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	110,075
Scottish Power Distribution	53%
Scottish Power Manweb	43%
Scottish Power Transmission	4%



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 – ED2[1]
Period	2021 – 2026	2023 – 28
Allowed Return on RAV (CPIH-real)	3.27% (2023-24)	3.97% (2023-24)
RAV at Dec-2022	£3.2bn	SPD - £2.4bn SPM - £2.6bn

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 (ED: 70% cap rate 1 / 85% cap rate 2, ET: 84% cap rate 1 / 85% cap rate 2). Cap rate 2 is applied to uncertainty mechanism TOTEX.
- 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. The "fast pot" (ED: 30% / 15%, ET: 16% / 15%) is treated as an in year 'pay-as-you-go' allowance.
- Provision for tax.

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: 50%, 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 in the current year as part of updated 5-year revenues (actuals & forecast).

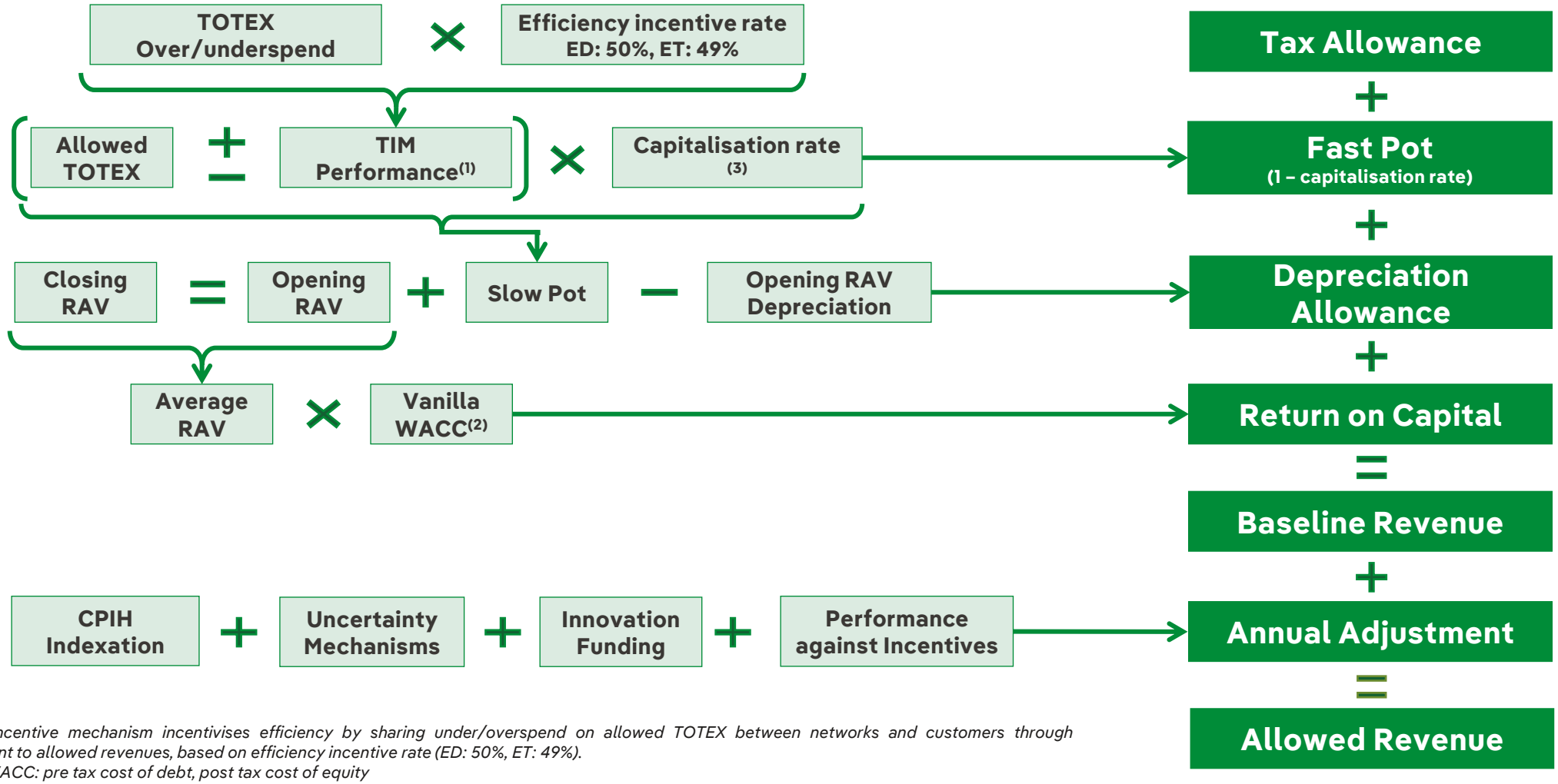
Adjustments

- Annual adjustment of allowed revenues for:
  - CPIH indexation of baseline revenues;
  - Incentive rewards/penalties;
  - Innovation funding;
  - Variance in actual TOTEX compared to allowance;
  - 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.

(1) The Final Determination for the RIIO-ED2 price control was issued in Dec-22 and the new price control commenced in April 2023.

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: 50%, ET: 49%).*
(2) *Vanilla WACC: pre tax cost of debt, post tax cost of equity*
(3) *Two sets of capitalisation rates apply depending on the allowance type. Baseline TOTEX allowances are subject to "Capitalisation rate 1", whereas Uncertainty Mechanisms allowances are subject to "Capitalisation rate 2". ED: 70% cap rate 1 / 85% cap rate 2, ET: 84% cap rate 1 / 85% cap rate 2.*

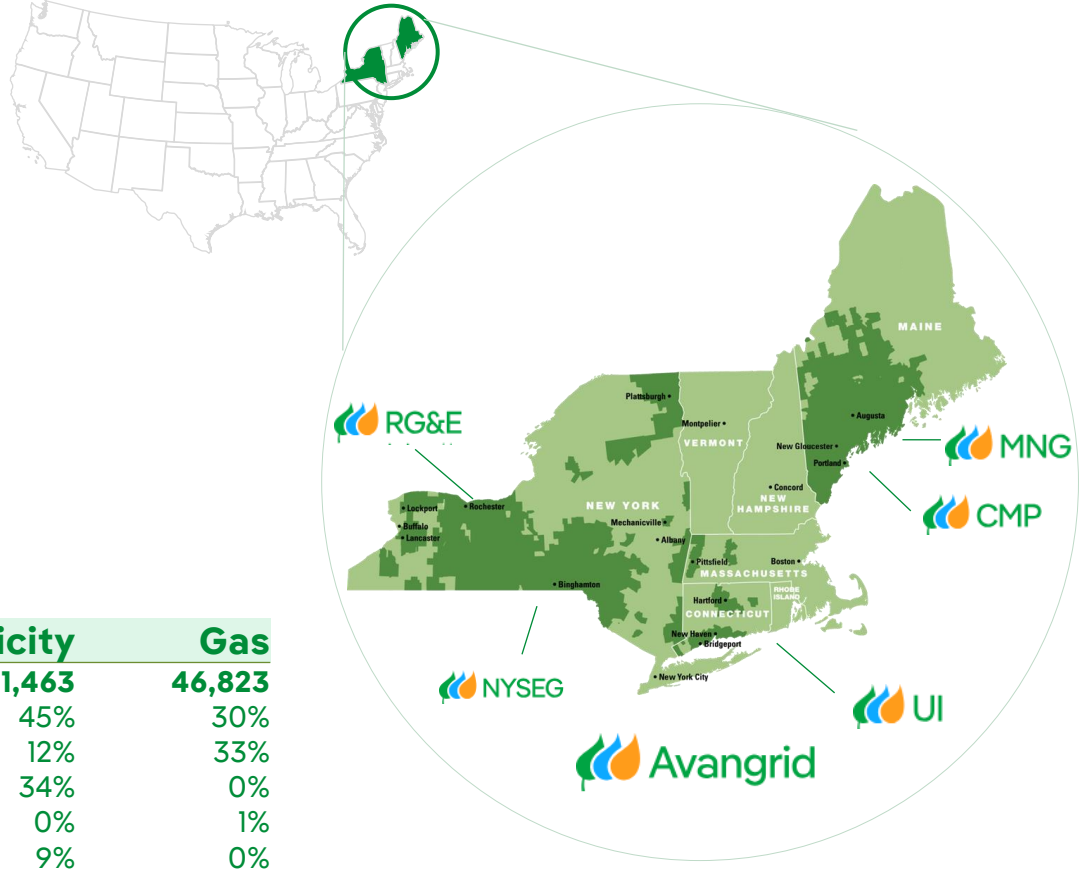
Ofgem Annual Iteration Process: https://www.ofgem.gov.uk/publications/ofgem-publishes-2021-annual-iteration-process-network-price-controls

Networks: USA

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

RAB (USD Bn)	12.8
NYSEG - Electricity	3.2
NYSEG - Gas	0.1
RG&E - Electricity	2.1
RG&E - Gas	0.6
CMP - Distribution	1.1
CMP - Transmission	1.5
UI - Distribution	1.3
UI - Transmission	0.7
SCG	0.7
CNG	0.6
BGC	0.1
MNG	0.1

Points of supply (M)	3.3
Electricity	**2.3**
NYSEG	40%
RG&E	17%
CMP	29%
UI	15%
Gas	**1.0**
NYSEG	26%
RG&E	31%
MNG	1%
BGC	4%
CNG	18%
SCG	20%

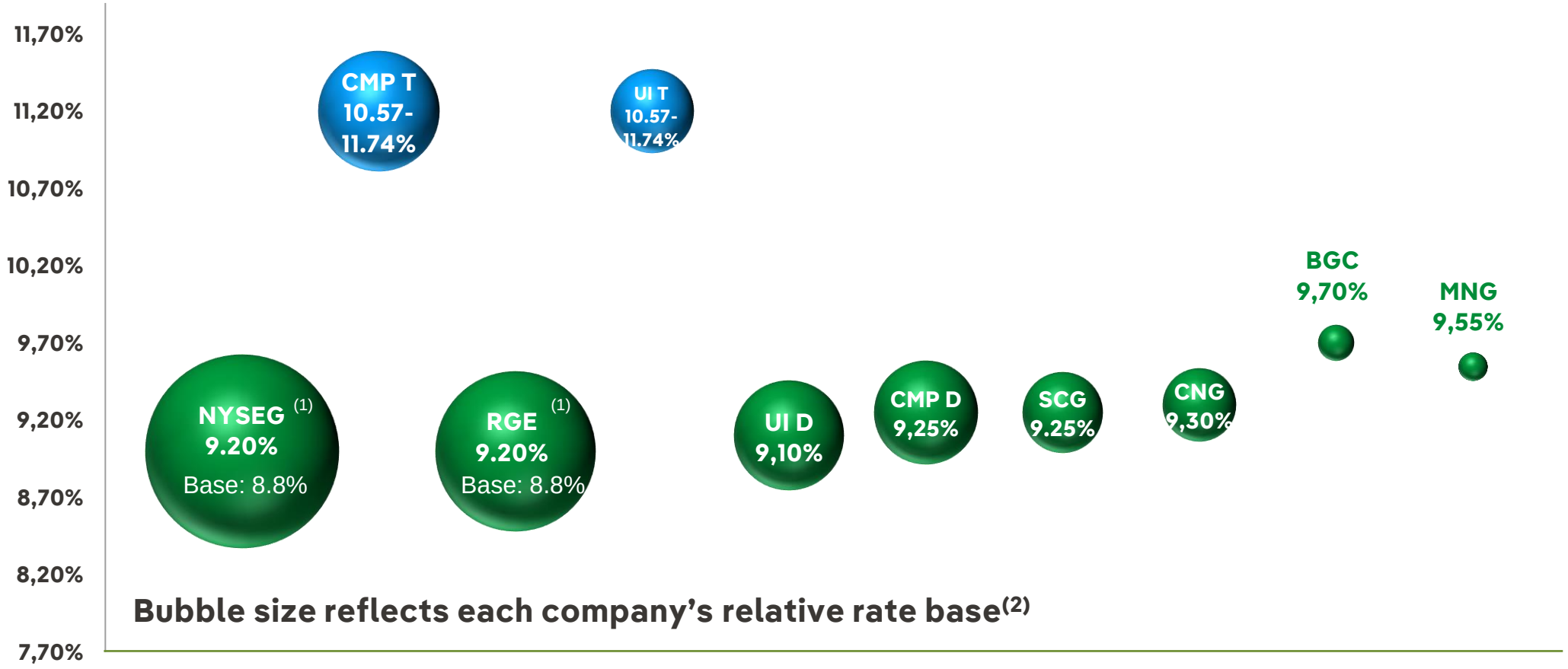


Distributed energy (GWh)	103,649
Electricity	**38,757**
NYSEG	42%
RG&E	19%
CMP	25%
UI	13%
Gas	**64,892**
NYSEG	25%
RG&E	27%
MNG	9%
BGC	5%
CNG	17%
SCG	17%

Kms of lines/pipelines	Electricity	Gas
Total	**171,463**	**46,823**
NYSEG	45%	30%
RG&E	12%	33%
CMP	34%	0%
MNG	0%	1%
UI	9%	0%
SCG	0%	16%
CNG	0%	15%
BGC	0%	4%

Networks: USA

Allowed returns



(1) Includes 40bp allowance before sharing in Rate Year 3 beginning May 1, 2022
(2) Average 2022 Rate Base

Iberdrola

Current New York Rate Plans Ending 30th April 2023

		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 (5/1/2020 - 4/30/2023) settled December 2020; tariffs increase retroactively effective April 17, 2020 (with a make-whole)			
Annual Rate Increases with Levelization / Shaping		Year 1 *(4/17/2020 – 4/30/2021)* - $45.3M Year 2 *(5/1/2021 – 4/30/2022)* - $45.6M Year 3 *(5/1/2022 – 4/30/2023)* - $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 (2022)[1]		$3,181M	$726M	$2,082M	$597M
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 After-sharing if applicable	2021[2]	6.9%	6.3%	7.4%	7.9%
	2020[3]	8.5%	9.0%	6.8%	8.3%
	2019[4]	4.0%	7.6%	8.7%	7.0%
	2018[5]	6.2%	8.6%	9.9%	8.3%
	2017[6]	8.6%	10.0%	9.8%	9.7%
	2016[7]	8.7%	9.8%	9.1%	9.8%
	2015	7.9%	9.7%	6.0%	4.2%

(1) Per SEC 10K
(2) ROEs for rate year 5/1/2021 - 4/30/2022.
(3) ROEs for rate year 5/1/2020 - 4/30/2021.
(4) ROEs for rate year 5/1/2019 - 4/30/2020.
5) ROEs for the 3rd rate year (5/1/2018 - 4/30/2019) under 3 year rate plan settled June 2016.
6) Amended ROEs for the 2nd rate year (5/1/2017 - 4/30/2018) under 3 year rate plan settled June 2016.
7) Amended ROEs for the 1st rate year (5/1/2016 - 4/30/2017) under 3 year rate plan settled June 2016

New York Rate Case Filing – Key highlights

- ✓ **Filed 4 cases, NYSEG electric and gas, RG&E electric and gas with requests for:**
  - investments that add value to customers by increasing reliability and resiliency; and
  - technology investments necessary to enable renewables to help New York meet its climate goals
- ✓ **We have supported our requests, keeping in mind customer impacts and mitigations**
- ✓ **We will still have among the lowest rates in New York, even with the proposed increases**

Timing:

No gap between rate plans - new rates effective May 2023, at end of current rate plan

Highlights

- **1 year rate cases**; support multi-year rate plan to mitigate customer bill impacts
- Enables NYSEG and RG&E to build a smarter, stronger and more resilient grid for NY's future:
- Resiliency investments
  - Vegetation management
  - Requesting increases in the NYSEG SAIFI target
- **Total bill increases 6.8% - 16.8% (all customers)**, Avg residential customer increase $10-$18/month or 13-22% total bill. Delivery increase ~25% (all customers):

18% unavoidable / core requirements

4% reliability/ resiliency

3% policy

5% Other (ROE, amortizations, etc.)

-5% mitigation

- **Multiple reconciliations** (i.e. decoupling, debt cost, labor, pensions, property taxes, vegetation management, etc., similar to prior rate plan, with additional requests for inflation and minor storms)

Investments

Provides stability for ~50% of Networks rate base

- **$1.8B** 2023 investments
- **$1.2B** Rate Year 1 Plant Additions
- **$8.6B** multi-year (2023-2026) capital expenditure plan, including **$2.9B** for NY's Climate Leadership & Community Protection Act (CLCPA)

- **ROE/Equity: 10.2% / 50%**
- **Net Income Impact RY1: + ~$90M**
- **Credit Metrics 2023: NYSEG ~17-18%; RG&E ~ 14-15%**
- **Sensitivity:** ROE +/- 50 bps → CFO Pre-WC/Debt +/- 0.35%

Additional information in Avangrid Factbook: https://s24.q4cdn.com/489945429/files/doc_downloads/2023/04/final-v2-1q-2023-earnings-factbook.pdf

Networks: USA

Current Connecticut Rate Plans

		United Illuminating Distribution (UI-D)	Southern Connecticut Gas (SCG)	Connecticut Natural Gas (CNG)
Jurisdiction		Connecticut		
Regulator		Public Utilities Regulatory Authority (PURA)		
Term		3 year plan 2017-2019 Effective January 2017	3 year plan 2018-2020 Effective January 2018	3 year plan 2019-2021 Effective January 2019
Annual Rate Increases		Year 1 – $42.9M Year 2 – $11.5M Year 3 - $2.9M	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 (2022)[1]		$1,253M	$673M	$559M
Allowed ROE		9.10%	9.25%	9.30%
Allowed Equity Ratio		50%	52%	54% 2019 / 54.5% 2020 / 55% 2021
Actual Equity Ratio (2022)		59%	54%	56%
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 After sharing if applicable	2022	6.3%[2]	9.3%[2]	10.2%[2]
	2021	8.2%[2]	9.8%[2]	9.4%[2]
	2020	9.0%[2]	7.8%[2]	9.4%[2]
	2019	10.1%[2]	8.7%[2]	8.0%[2]
	2018	9.6%[2]	8.4%[2]	6.7%[2]
	2017	9.3%[2]	8.1%[2]	5.9%[2]
	2016	6.8%[2]	8.1%[2]	8.7%[2]

(1) Per SEC 10K
(2) Based on actual equity ratios vs. allowed.

Networks: USA

UI Rate Case –Highlights

✓ **Filed with PURA on September 9, 2022**

- Revenue requirements based on a 2021 test year
- UI's Last Rate Case was filed in 2016 – Distribution rates have not changed since 2019

Timing:
New rate plan would take effect ~Sept. 1, 2023

Highlights

- Enable us to continue to provide safe and reliable service while maintaining top quartile reliability and increasing the resiliency of the system to meet customers evolving expectations.
- Make important foundational investments in the system.
- Implement rates to provide support for disadvantaged communities through low-income rates.
- Provide additional investment in clean energy innovation and grid modernization efforts for customers.
- Pay for increased costs beyond our control: Property Tax increases, Inflation – which impacts Labor, Benefits, Contractor Costs, and Return of and return on capital investments.

Rate Plan

- 3-year rate plan
- Levelization Proposal provides distribution rate increase of $54M/ year for average total bill increase across all rate classes of 4.9%/year, which is lower than the current rate of inflation

Investments

Investments to build a smarter, stronger, more resilient grid for Connecticut clean energy future

- **Reliability:** system automation upgrades to minimize customers impacted by outages, enable faster restoration and replace aging infrastructure
- **Resiliency:** maintain foundational investments to meet customer expectations; upgrades needed substations
- **Grid Modernization:** meeting evolving customer expectations with enhanced EV's and battery storage programs and UConn/Avangrid Clean Earth Initiative

- **ROE/Equity Asks**: 10.2%/52%
- **Investments**: 2023-2024: $155M; 2024-2025 $148M; 2025-2026 $143M

Additional information in Avangrid Factbook: https://s24.q4cdn.com/489945429/files/doc_downloads/2023/04/final-v2-1q-2023-earnings-factbook.pdf

Networks: USA

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	2-year plan 2023-2024, effective 1/1/23
Annual Rate Increases	Year 1 - $17.4M		Y1 - $3.6M (~$2.6M + up to $0.9M step-up) Y2 – add'l step-ups up to $1.2M, $0.6M & $0.3M, Stay-out until November 2025
Avg. Rate Base (2022) [1]	$1,120M	$82M	$135M
Allowed ROE	9.25%	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) · GSEP, pension, energy efficiency · Recover of costs through proposed step increases associate with; 1) the hiring of incremental employees, 2) the hiring of incremental safety & reliability employees and 3) non-GSEP capital investments placed in service in 2022
ROE filing	Annually (April)	Annually	Annually (March 31)
Achieved ROEs 2021	6.98%	2.49%	6.2%
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) Per SEC 10K.

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 (2022) [1]	$1,520M	$729M
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 (July)	
Achieved ROEs[2] 2021	11.8%	11.3%
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%

(1) Per SEC 10K.
(2) Based on actual equity ratios vs allowed.

Networks: USA

~120 MW Hydro & ~13 MW Fuel Cell / Solar; < 10 MW diesel

Operating Company	Facility Location	Facility Type	Installed Capacity (MW)	Year(s) Commissioned
NYSEG	Newcomb, NY	Diesel Turbine	4.3[2]	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	1921-1986
RG&E	Rochester, NY (3 locations)	Hydroelectric	57.1	1917-1960
UI [3]	Connecticut (4 locations)	Fuel cell / Solar	13.4[4]	2015 - 2016

(1) Blue Mountain and Long Lake Diesel Turbine are rented facilities
(2) Two Units totaling 4.3 MW, however, Unit 2 has a fuel mix of Kerosene & Diesel which limits output; total available capacity of 4.1 MW
(3) 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 (nameplate capacity) peaking generation plants in Devon and Middletown, both in Connecticut.
(4) Includes 2.2 MW of solar and UIL Distributed Resources' Glastonbury Fuel Cell & Energy Recovery Generator 3.4 MW

How to model

Approach for Networks Income Calculation

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

+ **Net Other Income (Deductions):**
  - Allowance for funds used during construction (AFUDC debt and equity)
  - Debt Costs not supporting debt portion of rate base
  - Carrying costs on regulatory assets & liabilities not included in Rate Base
  - Other Income & Deductions (eg: Charitable Donations, Shareholder-borne costs)
  - Be sure to tax effect values

+ **Joint Ventures (GenConn, NY Transco, MEPCO)**

= **Networks "Income"**

(1) Connecticut companies and Transmission based on actual equity ratio. All other utilities based on allowed equity ratio

Networks: USA

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 and 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**
Joint Ventures	• 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 • Maine Electric Power Co., Inc. (MEPCO) owns a 345 kV lines between the New Brunswick border and Maine Yankee
Earned ROE	• Based on formulas approved by regulator and used in annual compliance filings • Formulas based on operating income with certain regulatory adjustments • Expect to earn allowed ROEs as rate plans reset

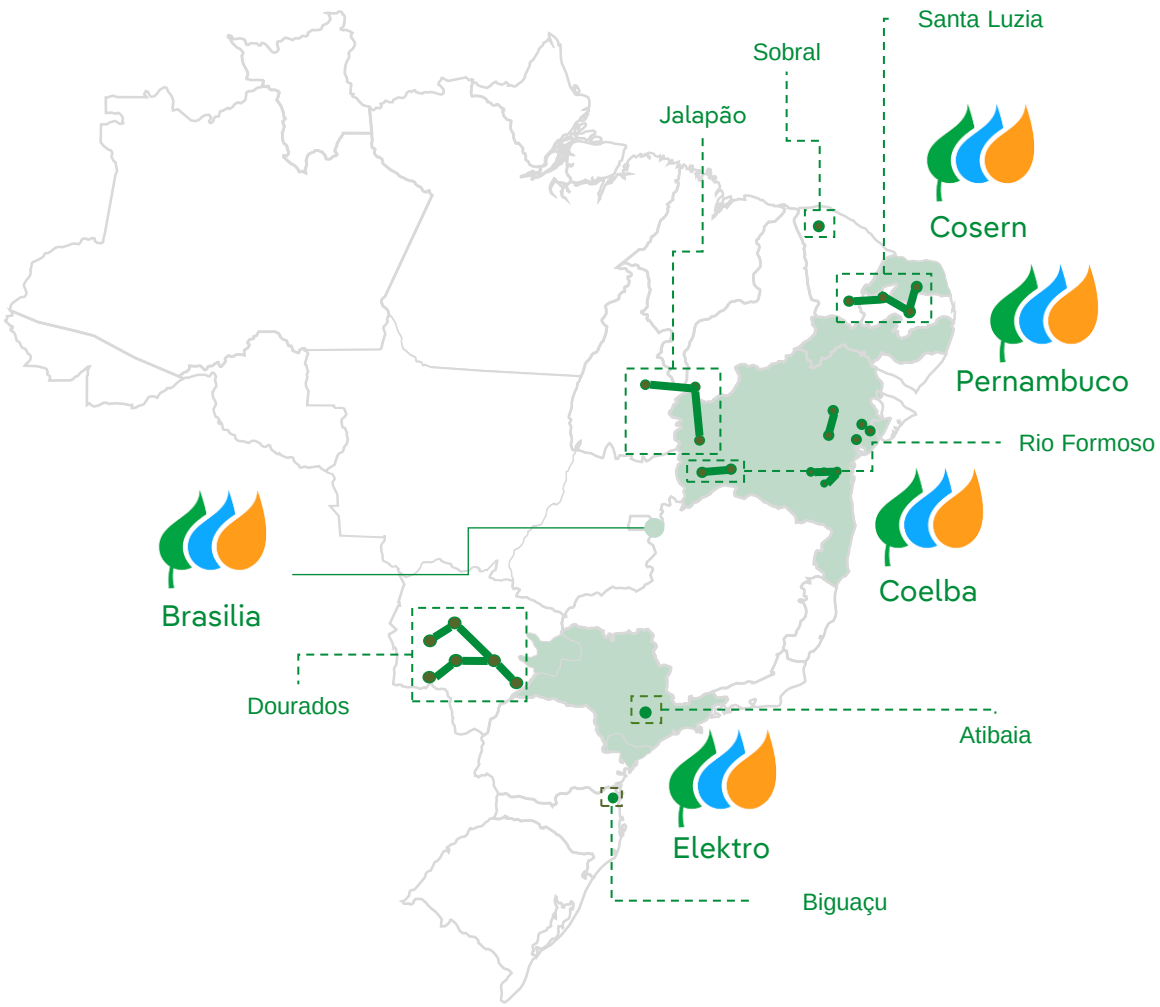
Additional regulatory information in Avangrid Factbook: https://s24.q4cdn.com/489945429/files/doc_downloads/2023/04/final-v2-1q-2023-earnings-factbook.pdf

Networks: Brazil

Energy leader in Brazil and Latam

	2022
Asset Base D&T (BRL Bn)	43.9
Distribution RAB (BRL Bn)	31.5
Neoenergia Elektro	19%
Neoenergia Coelba	46%
Neoenergia Pernambuco	22%
Neoenergia Cosern	9%
Neoenergia Brasilia	4%
Asset Base Transmission (BRL Bn)	12.4
Distributed energy (GWh)	76,107
Neoenergia Elektro	26%
Neoenergia Coelba	33%
Neoenergia Pernambuco	23%
Neoenergia Cosern	8%
Neoenergia Brasilia	10%

	2022
Kms of lines	711,110
Distribution	99.7%
Neoenergia Elektro	17%
Neoenergia Coelba	50%
Neoenergia Pernambuco	22%
Neoenergia Cosern	9%
Neoenergia Brasilia	3%
Transmission	0.3%
Points of supply (M)	16.0
Neoenergia Elektro	18%
Neoenergia Coelba	40%
Neoenergia Pernambuco	25%
Neoenergia Cosern	10%
Neoenergia Brasilia	7%



Networks: Brazil

Distribution regulatory framework

	Concession process	Concession / Authorization term	Renewal	Tariff / Revenues

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 = pass-through of non-manageable costs: energy supply + transmission + sector charges
				  • Parcel B = incentive model for manageable costs (capex + opex). Annually adjusted by inflation + demand growth – X factor
				• Tariff review every 4-5 years: redefinition of Parcel B, X factor and regulatory level for energy loss and bad debt

Transmission	• Competitive auctions	• 30 years • Due date: Aug 2027 to Sept-2052[1]	• Possible, according to certain contractual clauses • Indemnification for non-depreciated assets	• RAP defined in the Concession Auction • Annual revenue inflation adjustment • 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: Tariff Review processes

PERIODIC TARIFF REVIEWS

EVERY 4 OR 5 YEARS

- Costs passed directly into the tariff: energy supply + transmission + sector charges.
- Definition of Regulatory Asset Base (RAB) and OPEX.
- Establish standards for losses, quality and an efficiency factor for the distributor.

ANNUAL TARIFF READJUSTMENTS

YEARLY, EXCEPT IN YEARS OF THE TARIFF REVIEWS

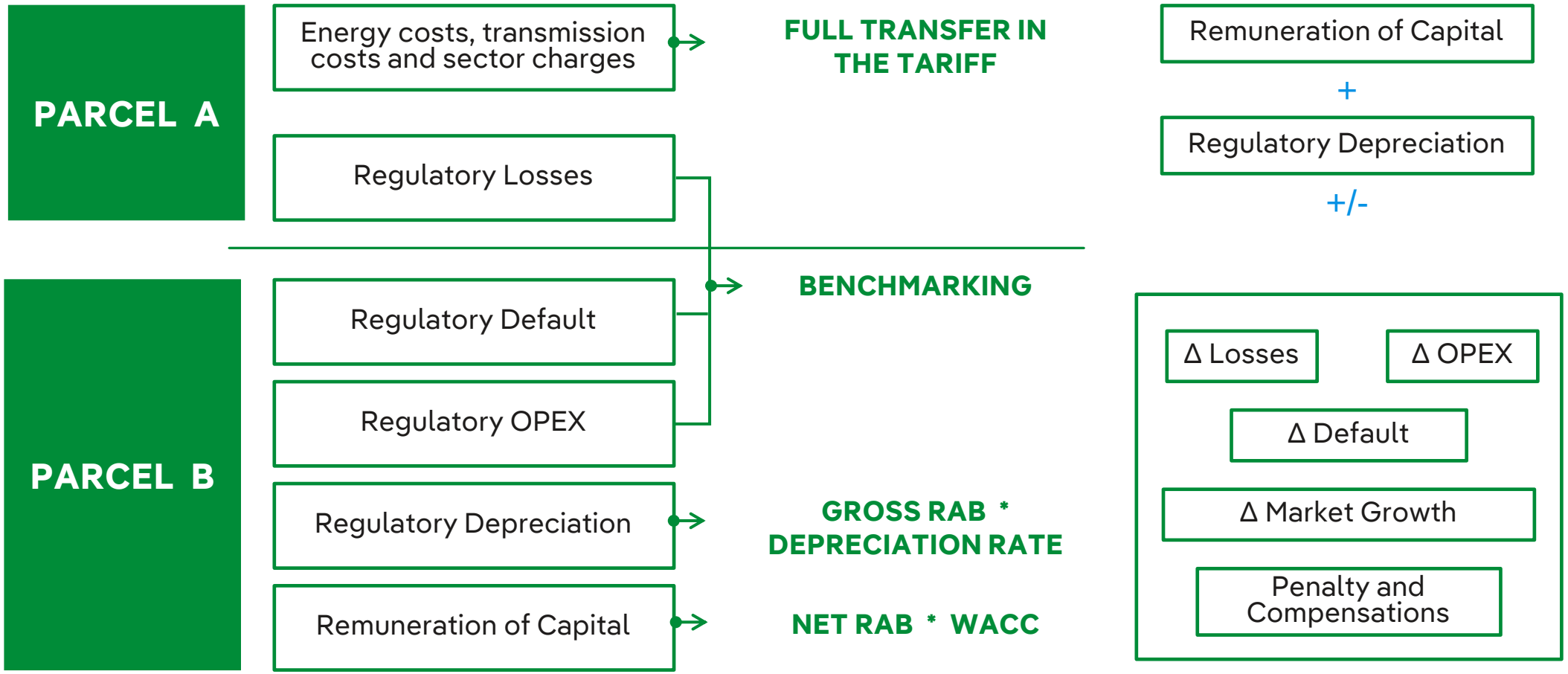
- Costs passed directly into the tariff: energy supply + transmission + sector charges.
- Manageable costs (Parcel B): adjusted by inflation – X factor.

DISCOS HISTORY

2013	Coelba and Cosern 3rd tariff review	Pernambuco 3rd tariff review
2015		Elektro 4th tariff review
2016		Brasília 4th tariff review
2017		Pernambuco 4th tariff review
2018		Coelba and Cosern 4th tariff review
2019		Elektro 5th tariff review
2021	Pernambuco 5th tariff review	Brasília 5th tariff review
2023	Coelba and Cosern 5th tariff review	Elektro 6th tariff review

Networks: Brazil

Distribution: tariff's components



Networks: Brazil

Distribution: regulatory parameters

	Real Regulatory WACC post tax	Factor X[5]	QRR[6]	Gross BRR[7]	Net BRR[7]
Neoenergia Coelba	8.09%[1]	-0.85%	3.96%	22,432	14,373
Neoenergia Elektro	8.09%[2]	0.76%	3.96%	8,813	6,025
Neoenergia Pernambuco	7.15%[3]	-0.06%	3.86%	11,284	6,854
Neoenergia Cosern	8.09%[1]	-2.54%	3.96%	4,421	2,870
Neoenegia Brasília	7.15%[4]	0.25%	3.68%	2,562	1,392

Note: The real regulatory WACC post tax published by ANEEL for 2023 is 7.42%, applied to the Tariff Reviews taking place between March 2023 and February 2024

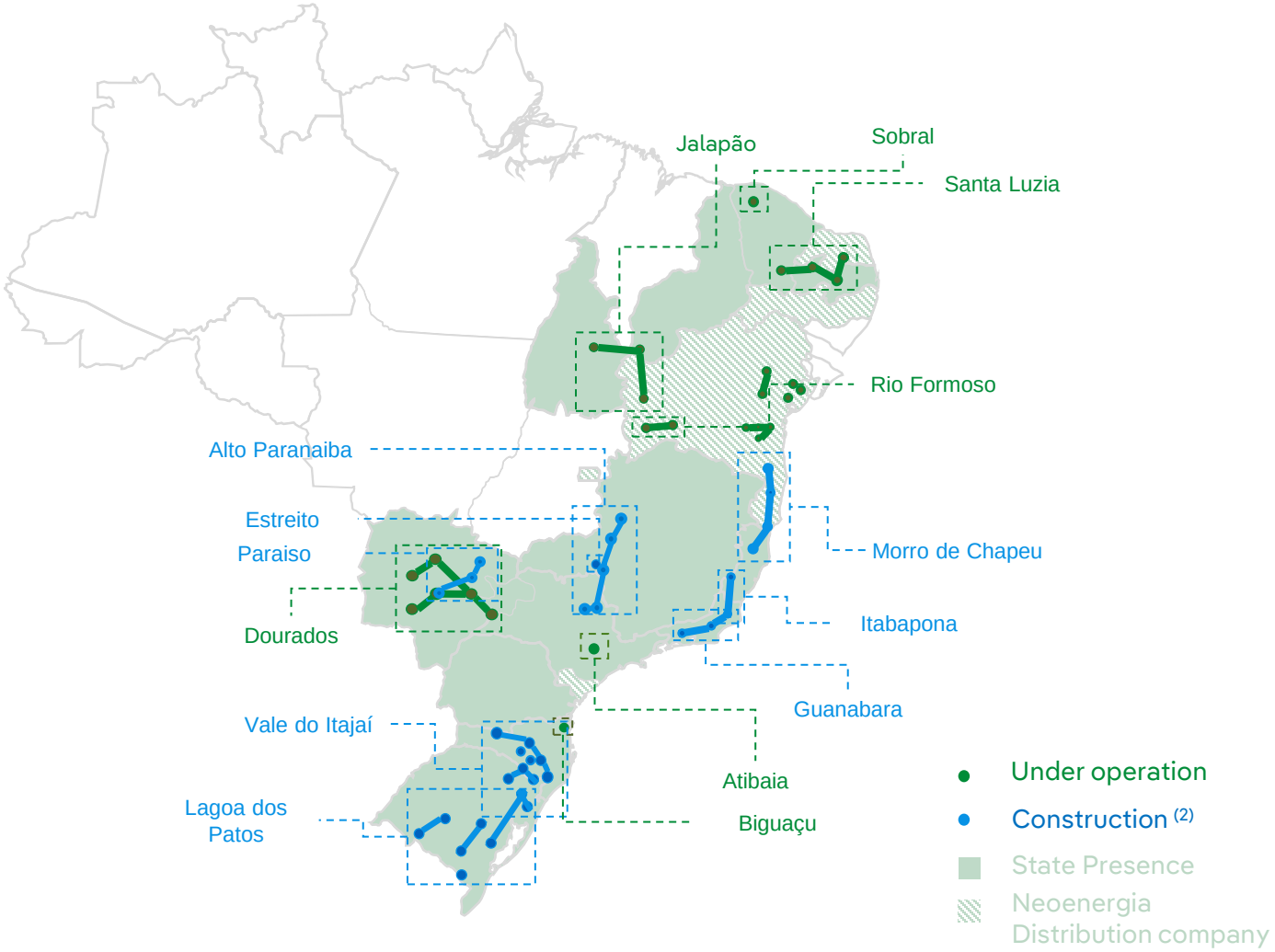
(1) Valid until April 2023
(2) Valid until August 2023
(3) Valid until April 2025
(4) Valid until October 2026
5) Factor X: referring to the last Tariff Adjustment: 2022 (Elektro and Brasília) and 2023 (Coelba and Cosern)
6) QRR (Regulatory depreciation rate): referring to the last Tariff Revision: 2023 (Coelba and Cosern); 2021 (Brasília and Pernambuco); 2019 (Elektro)
7) Gross BRR and Net BRR: data as of December 2022. Both refer to Regulatory Asset Base

Networks: Brazil

Transmission

Investments of BRL ~ 17 Bn[1] already awarded in or close to our Service Areas:

- ✓ 2 lots in June 2022 (Lot 2 and 11)
- ✓ 1 lot in Dec 2021 (Lot 4)
- ✓ 1 lot in Dec 2020 (Lot 2)
- ✓ 1 lot in Dec 2019 (Lot 9)
- ✓ 4 lots in Dec 2018
- ✓ 6 lots in 2017 (April and December)



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

(1) CAPEX defined by Aneel as of the auction notices
(2) Lots under construction will entry into operation between 2023 and 2024, except from Lot 2 awarded in June 22 that will enter in early 2025

Content

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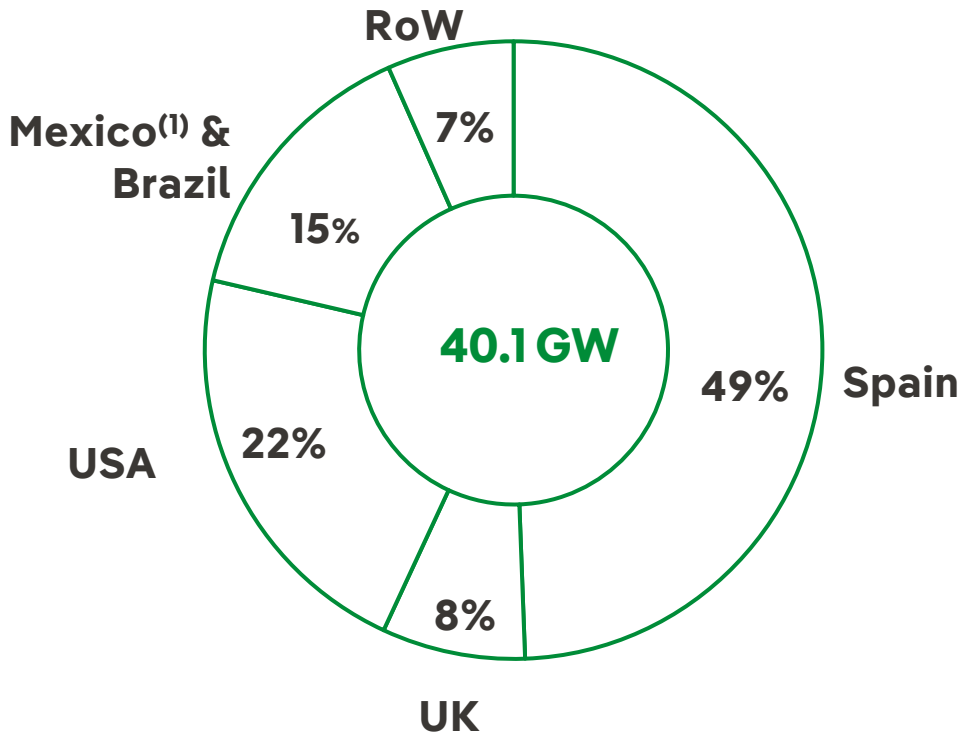
All figures as of December 2022

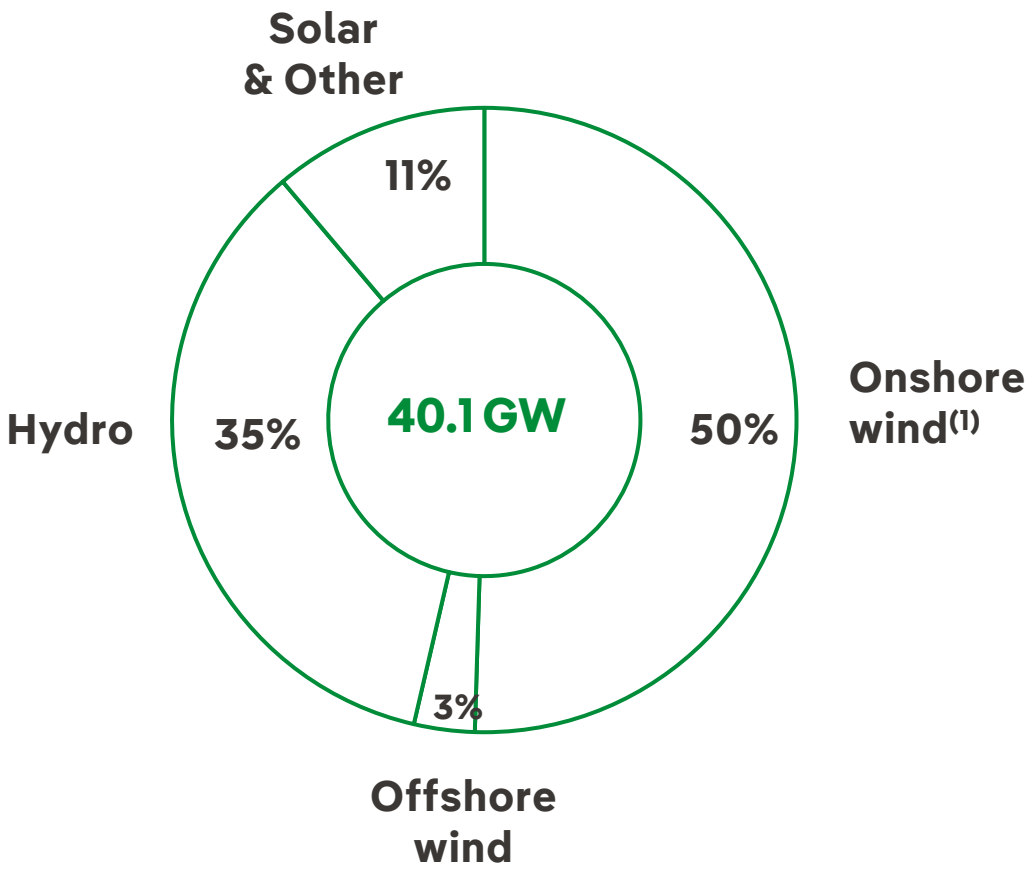
Renewables

Leading position in renewables

Capacity by region



Capacity by technology

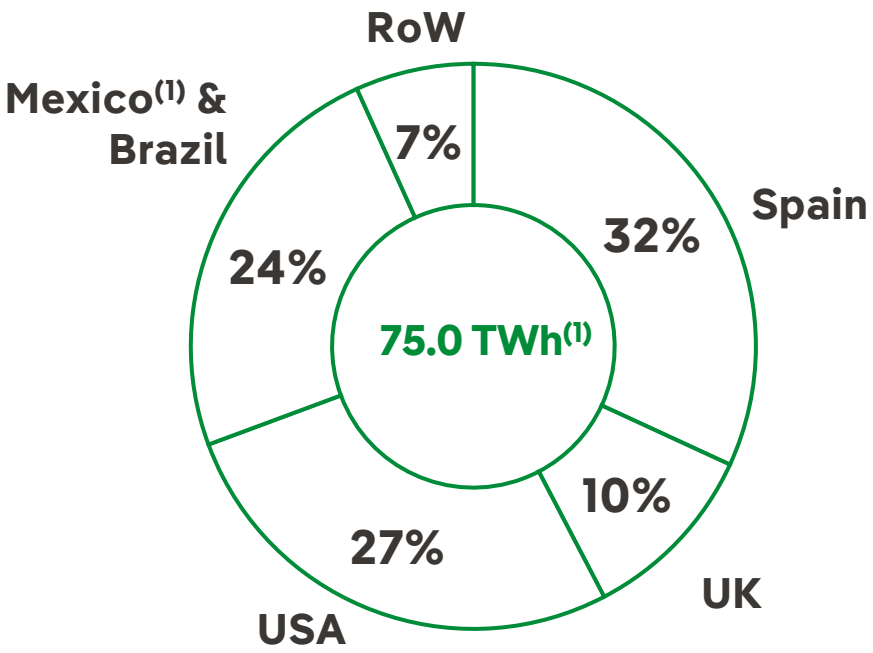


(1) *Including 103 MW of onshore wind capacity for third parties*

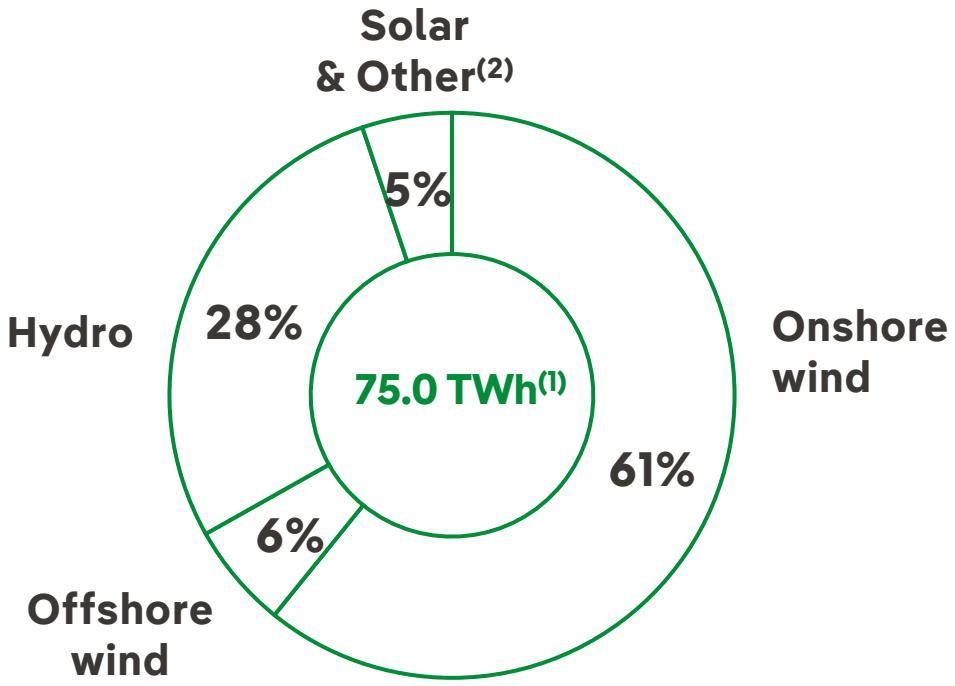
Renewables

Leading position in renewables

Output by region



Output by technology

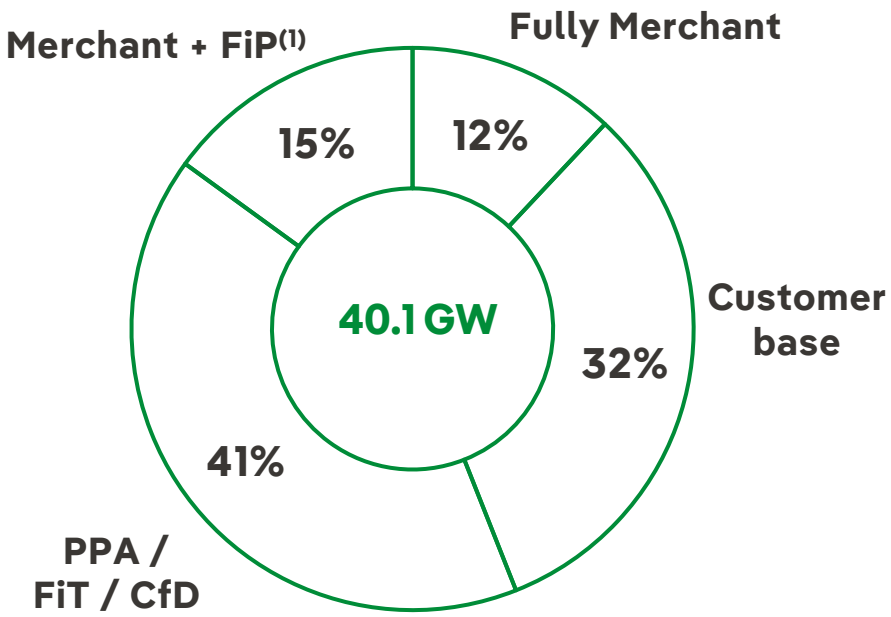


(1) *Includes 222 GWh of net production for third parties*
(2) *Including 73 GWh of production from fuel cells*

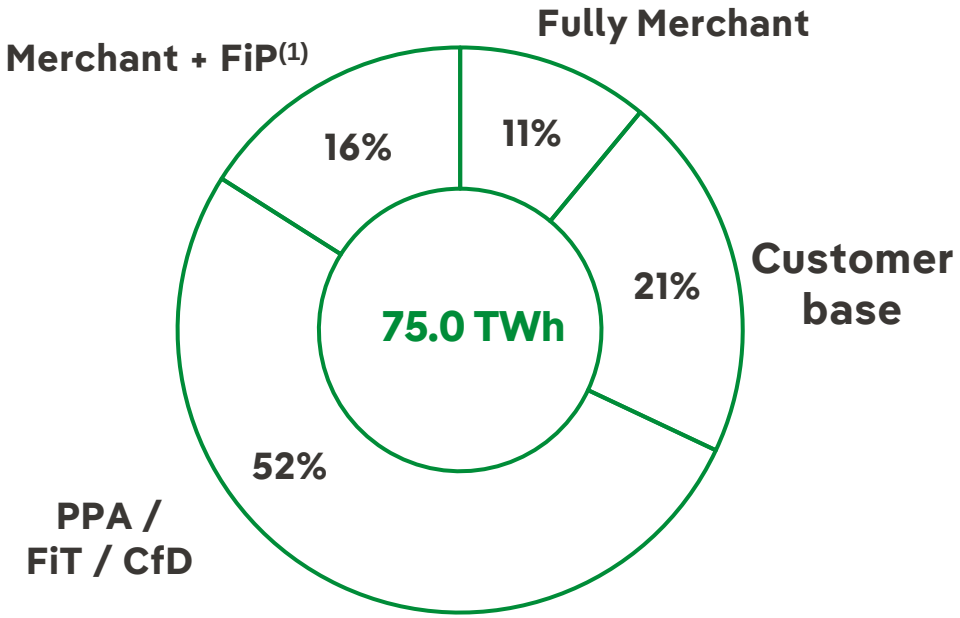
Renewables

~52% of the production secured through LT contracts, with an average duration of 14 years and an additional 21% secured through our customer base...

Route to Market by capacity



Route to Market by production

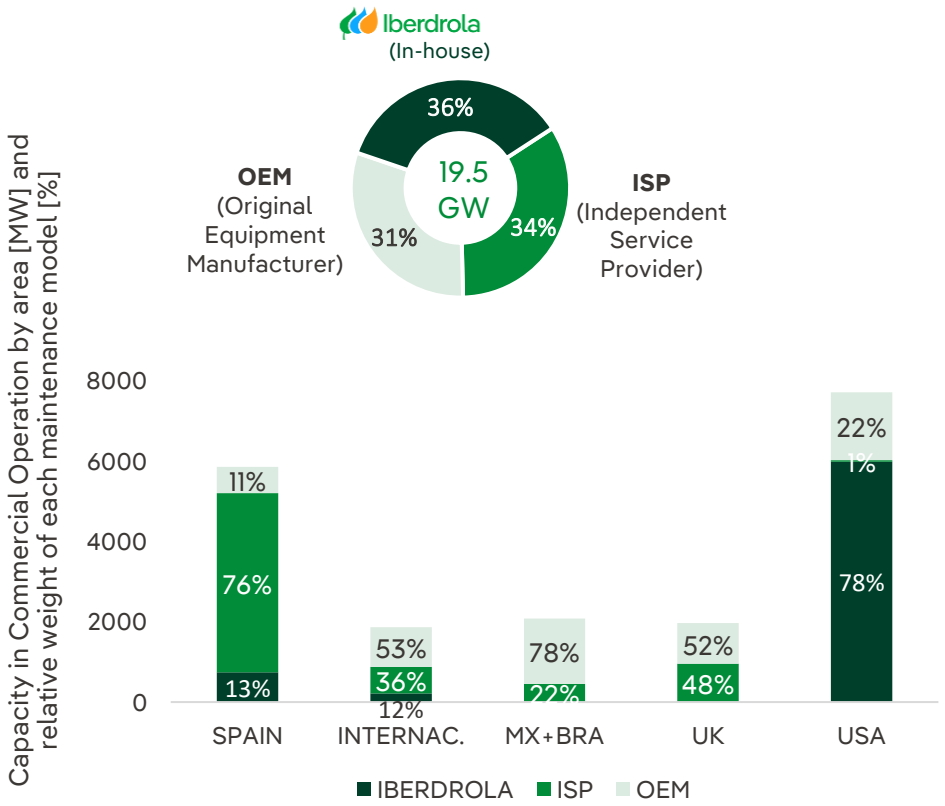


... with only 11% of production fully merchant

(1) *Feed-in-Premium*

Renewables: O&M Management

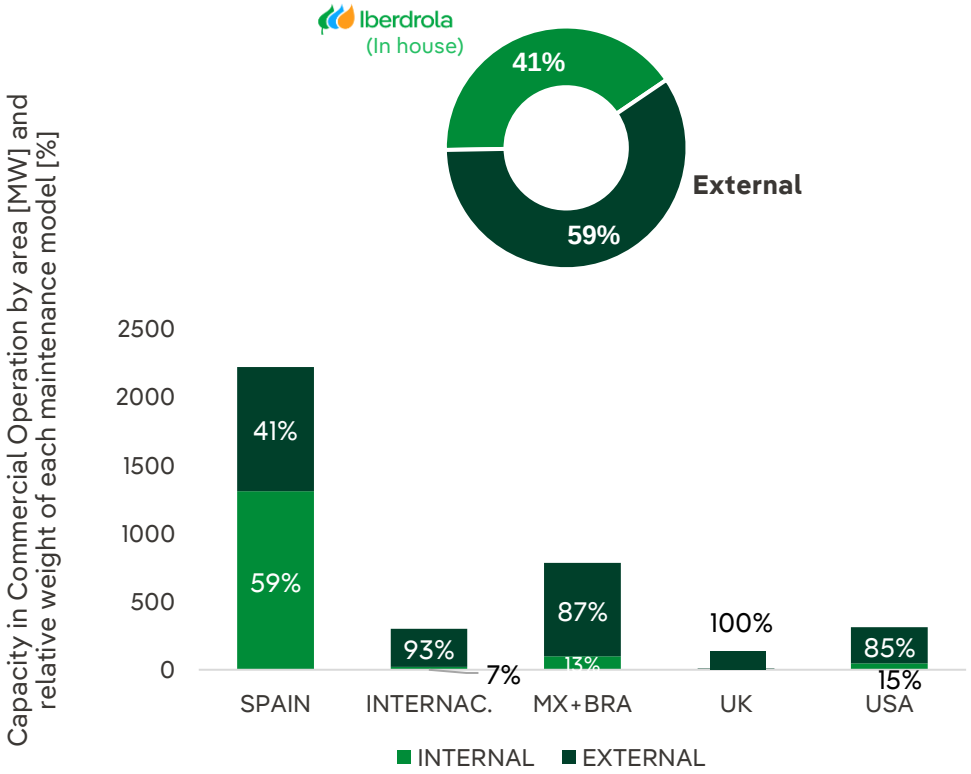
WIND



USA is the region that concentrates more in-house maintenance, while Spain concentrates the maintenance with ISP

To highlight the beginning of the in-house maintenance of the GE 2.X in USA

SOLAR



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

It is worth mentioning the beginning of in-house maintenance of FIMER inverters in Spain

Note: Excluding capacity not consolidated at EBITDA level

Renewables

Capacity (MW)	Spain	UK	US	Mexico	Brazil	RoW	Total
Onshore owned	6,209	1,986	8,061	590	1,394	1,885	**20,125**
Onshore for third parties	-	-	-	103	-	-	**103**
Offshore	-	908	-	-	-	350	**1,258**
Hydro	10,700[1]	-	118	-	3,031	-	**13,849**
Mini-hydro	255	-	-	-	-	-	**255**
Solar	2,612	10	509	642	143	348	**4,264**
Others	19	104	13	-	-	75	**211**
Total	**19,796**	**3,008**	**8,702**	**1,335**	**4,568**	**2,657**	**40,066**

Production (GWh)	Spain	UK	US	Mexico	Brazil	RoW	Total
Onshore owned	11,744	4,424	19,612	1,662	3,843	3,910	**45,195**
Onshore for third parties	-	-	-	222	-	-	**222**
Offshore	-	3,392	-	-	-	1,105	**4,497**
Hydro	9,511[1]	-	188	-	10,803	-	**20,502**
Mini-hydro	420	-	-	-	-	-	**420**
Solar	2,150	7	314	1,237	91	38	**3,837**
Others	-	-	73	-	-	-	**73**
Total	**23,826**	**7,823**	**20,188**	**3,121**	**14,737**	**5,053**	**74,747**

Load Factor (%)	Spain	UK	US	Mexico	Brazil	RoW
Onshore owned	21.9%	25.5%	29.2%	33.1%	38.7%	24.6%
Onshore for third parties	-	-	-	24.6%	-	-
Offshore	-	42.6%	-	-	-	38.6%
Hydro[2]	10.2%[1]	-	-	-	35.9%	-
Mini-hydro[2]	17.6%	-	-	-	-	-
Solar	14.5%	8.2%	13.5%	22.0%	18.3%	3.1%

(1) Includes capacity/production of Gouvaes and Daivoes, hydro assets in Portugal.
(2) Based on consolidated production and operational capacity
Differences may arise due to rounding

Renewables: Spain

Top 1 renewable player with 19,796 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]
2022	86
Total	**6,210**

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

Solar PV

Project	Region	MW	Year of Installation
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	553	2021-2022
Arenales	Cáceres	150	2021
Puertollano	Ciudad Real	100	2021
Revilla-Vallejera	Burgos	50	2021-2022
Almaraz 1	Cáceres	50	2022
Almaraz 2	Cáceres	30	2022
Cornicabra (Guillena)	Sevilla	20	2022
Espliego (Guillena)	Sevilla	9	2022
Poleo (Guillena)	Sevilla	8	2022
Cespedera	Cádiz	8	2022
Llanos Pelaos III	Fuerteventura	0.5	2022
Tagus I	Cáceres	50.0	2022
Tagus II	Cáceres	50.0	2022
Tagus III	Cáceres	8.9	2022
Tagus IV	Cáceres	50	2022
Manantiales I	Guadalajara	27	2022
Valbuena	Guadalajara	46	2022
Villarino	Salamanca	50	2022
Virgen de Areños III	Palencia	34	2022
Total		**2,612**	

Renewables: Spain

Top 1 renewable player with 19,796 MW installed

Hydro

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

Mini-hydro

	Total MW [1]
Mini-hydro	255

Batteries

Project	Region	MW	Year of Installation
C. Arañuelo III BESS	Cáceres	3	2021
Puertollano BESS	Ciudad Real	5	2021
Abadiño	Vizcaya	6	2021
Urkilla	Álava	5	2022
Total		**19**	

(1) Includes capacity/production of Gouvaes and Daivoes, hydro assets in Portugal.
(2) 0.93 MW of mini-hydro managed by investee companies

Renewables: Iberia

Projects under construction (1/2)

Project	Type	Region	Total MW	MW installed as of Dec´22	MW pending	Year of Installation
Támega	Hydro	Portugal	1,158	998	160	2023
Francisco Pizarro	Solar PV	Cáceres	590	553	37	2023
Buniel	Onshore	Burgos	104,0		104	2023
Iglesias	Onshore	Burgos	70,4		70	2023-2024
El Escudo	Onshore	Cantabria	105		105	2024
Tagus III	Solar PV	Cáceres	50	9	50	2022
Cespedera (1)	Solar PV	Cádiz	13	8	5	2022-2023
Llanos Pelaos III	Solar PV	Canarias	7	0.5	6	2022-2023
Blanca Solar	Solar PV	Canarias	5		5	2024
Llanos Pelaos II	Solar PV	Canarias	3		3	2024
Llanos Pelaos I	Solar PV	Canarias	1		1	2024
Fuentes	Solar PV	Guadalajara	50		50	2023
Valbuena	Solar PV	Guadalajara	49	46	3	2022-2023
Manantiales I	Solar PV	Guadalajara	30	27	3	2022-2023
Peñarrubia	Solar PV	Murcia	50		50	2023
Velilla	Solar PV	Palencia	350		350	2023
Virgen de Areños III	Solar PV	Palencia	50	34	16	2022-2023
Ciudad Rodrigo	Solar PV	Salamanca	318		318	2024
Cornicabra (Guillena)	Solar PV	Sevilla	50	20	30	2022-2023
Poleo (Guillena)	Solar PV	Sevilla	50	8	42	2022-2023
Espliego (Guillena)	Solar PV	Sevilla	44	9	36	2022-2023
Cedillo	Solar PV	Cáceres	375		375	2023
Salinas I	Solar PV	Cuenca	49.5		49	2023
Salinas II	Solar PV	Cuenca	49		49	2023

Renewables: Iberia

Projects under construction (2/2)

Project	Type	Region	Total MW	MW installed as of Dec´22	MW pending	Year of Installation
Salinas III	Solar PV	Cuenca	50		50	2023
Hyb Basllestas	Solar PV	Burgos	41.1		41	2023
Hyb Casetona	Solar PV	Burgos	33		33	2023-2024
Peñaflor	Solar PV	Zaragoza	136.5		137	2024
Sabic	Solar PV	Murcia	100		100	2023-2024
Total			**3,982**	**1,713**	**2,278**	

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.

Facilities COD

RD 413/2014 (Specific Remuneration Scheme-SRS)

- **< 2004**
- **2004 - 2013**
- **2013 - 2020**

RDL 17/2019

Reasonable return linked to the 10 year Spanish Bond + Spread

- **> 2020**

RDL 23/2020
(ERRE)

New remuneration regime through auctions

< 2004: do not receive a fixed payment per MW as they have reached the established reasonable return

< 2013: 7.398% allowed rate of return for 2020- 2031. (RDL 17/2019 gives the option, to facilities under SRS, to receive this return if they renounce to continue or to initiate new arbitration proceedings

> 2013: 7.09% allowed rate of return for 2020 - 2025

Renewables: Spain

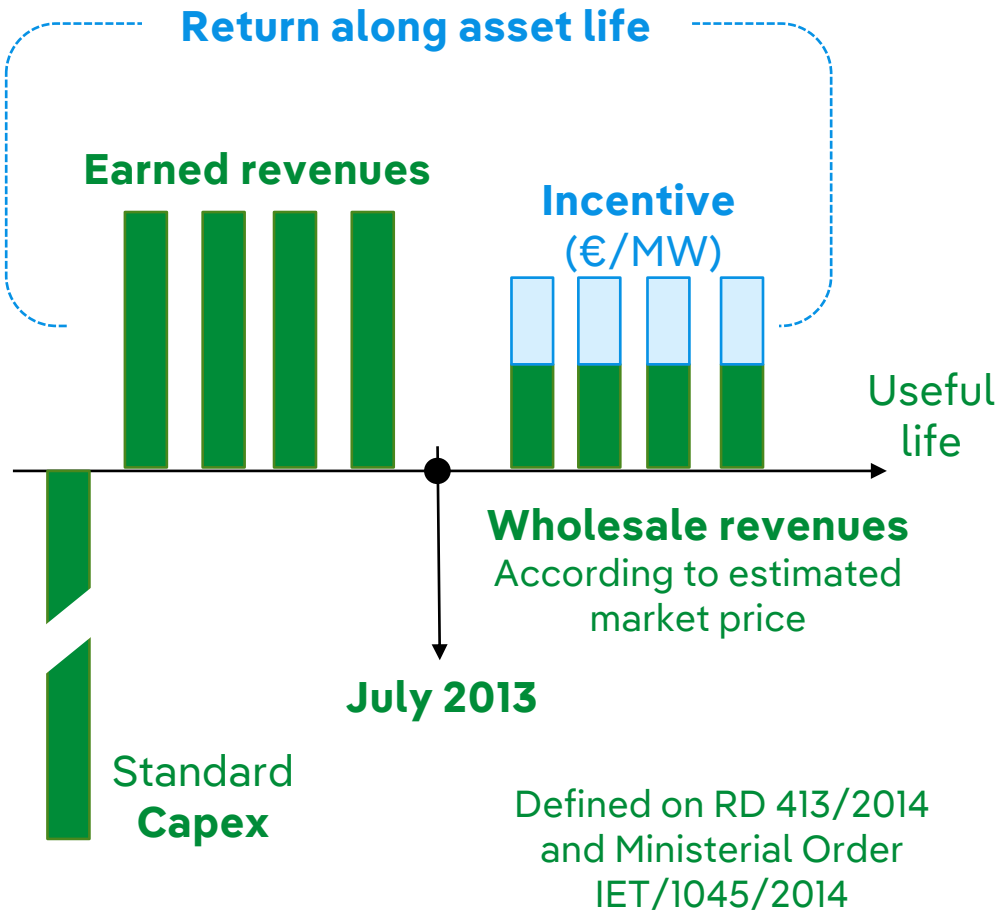
Renewables, cogeneration and waste: Royal Decree-Laws 9/2013 and 413/2014

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



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.** The review of parameters scheduled for 31/12/2022 was brought forward to 1/01/2022, dividing the current three-year semi-periodic remuneration period of 2020-2021-2022 into two periods: (1) 2020-2021 and (2) 2022
  - **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 onwards, the reference price for calculating the remuneration will be a basket of forward, daily and intraday market products prices.** The forward indexation path is: 25% in 2023, 50% in 2024 and 75% from 2025 onwards). Additionally, 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)**

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
  - **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 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 cannot 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 and 2022 four auctions have taken place:
    1) January 2021: 3.043 MW awarded at the average price of 24,75 €/MWh
    2) October 2021: 3.123 MW awarded at the average price of 30,58 €/MWh
    3) October 2022: 177 MW was awarded (520 MW called for). The average price for biomass: 93,1 €/MWh and 53,9 €/MWh for PV.
    4) November 2022. 45.5 MW of wind power were awarded (3,300 MW called for) at the average price of 42,8 €/MWh, leaving the bidding deserted for PV sector.

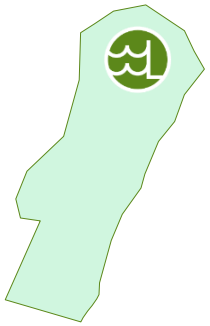
Renewables: Spain

Administrative streamlining and simplification measures, which include a mechanism to speed up environmental processing for government projects

- Royal Decree-Law 14/2022 classifies **hybridization with storage** for metering and registration purposes under Type 3. Hydroelectric storage is also promoted by permitting modifications to existing hydroelectric facilities by adding electronic power stages, provided the changes allow for reversible operation of the facility, without the generation technology itself being considered modified and therefore without the need to obtain new access permits.
- Royal Decree-Law 17/2022, stablishes **a maximum period of 15 days for the CNMC to prepare the mandatory report for the authorisation of facilities, with silence considered as approval and the possibility of a favorable report without detailed analysis if the project developer has already received another favorable report for the same technology in the last two years.**
- Royal Decree-Law 18/2022 contain the following measures:
  - **More than one facility may be installed in the same cadastral reference**.
  - Direct lines: the obligation to belong to the same business group is waived for renewable production facilities that connect to a consumer.
  - Small power facilities: **exonerates facilities of up to 500 kW (previously 100 kW in Low Voltage) from the Prior Administrative Authorisation and Construction Authorisation.**
  - **Free depreciation for investments in facilities for self-consumption of electricity, as well as facilities for thermal use for own consumption, provided that they use energy from renewable sources and replace facilities that used energy from non-renewable fossil fuel sources.**
- Royal Decree-Law 20/2022 contain a final set of measures that simplified the procedures for **renewable projects that fall within the competence of the State**:
  - **"New" renewable projects** (that request Administrative Authorization until 12/31/2024) **are subject to an environmental impact assessment procedure.** It offers the **possibility of issuing a favourable report by the environmental agency instead of being subject to DIA**, except Red Natura, protected areas, marine environment, lines >220 kV and >15 km.
  - **The new projects (that obtain a favourable report) are declared urgent** for reasons of public interest **and a simplified procedure applies to them.**
  - **Additionally, it extends the self-consumption limit** in the proximity of 2,000 metres (previously 1,000 metres), for solar PV installations on roofs, industrial land and artificial structures (new).

Renewables: Iberia

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

Renewables: UK

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

Renewables: UK

Top 1 renewable player

Onshore (II)	Region	MW[1]	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	31	1992	1.0 ROC/MWh
Total		1,986		

(1) 15 MW consolidated through equity method

Renewables: UK

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]	2019	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

Renewables: UK

Projects under construction

Project	Type	Region	Total MW	Year of Installation	Income Regime
Coldham (Hybrid)	Solar (Hybrid)	England	9	2023	Corporate PPA
Coal Clough (Hybrid)	Solar (Hybrid)	England	10	2024	Corporate PPA
Harestanes BESS	Batteries	Scotland	50	2024	Merchant/ Ancilliary Services / 15 years Capacity Market
Total			**69**		

Renewables: UK

Renewables Obligation

Form of Control

- Legacy scheme for incentivising investment in renewables across the UK.
- Demand-led scheme.
- Renewable Obligation Certificates (ROCs[1]) are issued to accredited generating stations for ~20 years depending on the station's accreditation date.

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[2] and is set at £59.01 for 2023/24. The recycle price is variable and is dependent on the level of ROC qualifying generation compared to demand from electricity suppliers. The recycle price can never be negative.

Timing

- Closed to onshore wind on 31 March 2016 and all other technologies on 31 March 2017.

Contracts for Difference

Form of Control

- Current mechanism for incentivising investment in renewables in GB.
- Allocated via annual competitive auctions.
- 15 year contract stabilising revenues at a price set in the auction (the Strike Price) linked to CPI[3].

Remuneration

- Generator receives wholesale market plus the difference between the Strike Price 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.
- AR4 (2022 auction) - Strike Price for onshore wind £42.47/MWh, solar PV £45.99/MWh and offshore wind £37.35/MWh (2012 prices)

Timing

- CfD auctions held in 2014, 2017 and 2019 and 2022.
- Held annually from 2023 with AR5 commencing in March 2023.
- Open to onshore wind, solar PV, offshore wind and less-established technologies.

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.

(1) 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.

(2) 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.

(3) 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 Can Participate in the Following Markets 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 three hours loss of load expectation per year. For the T-4 auctions only, the clearing price is adjusted annually for CPI until the delivery year.

Electricity Generator Levy

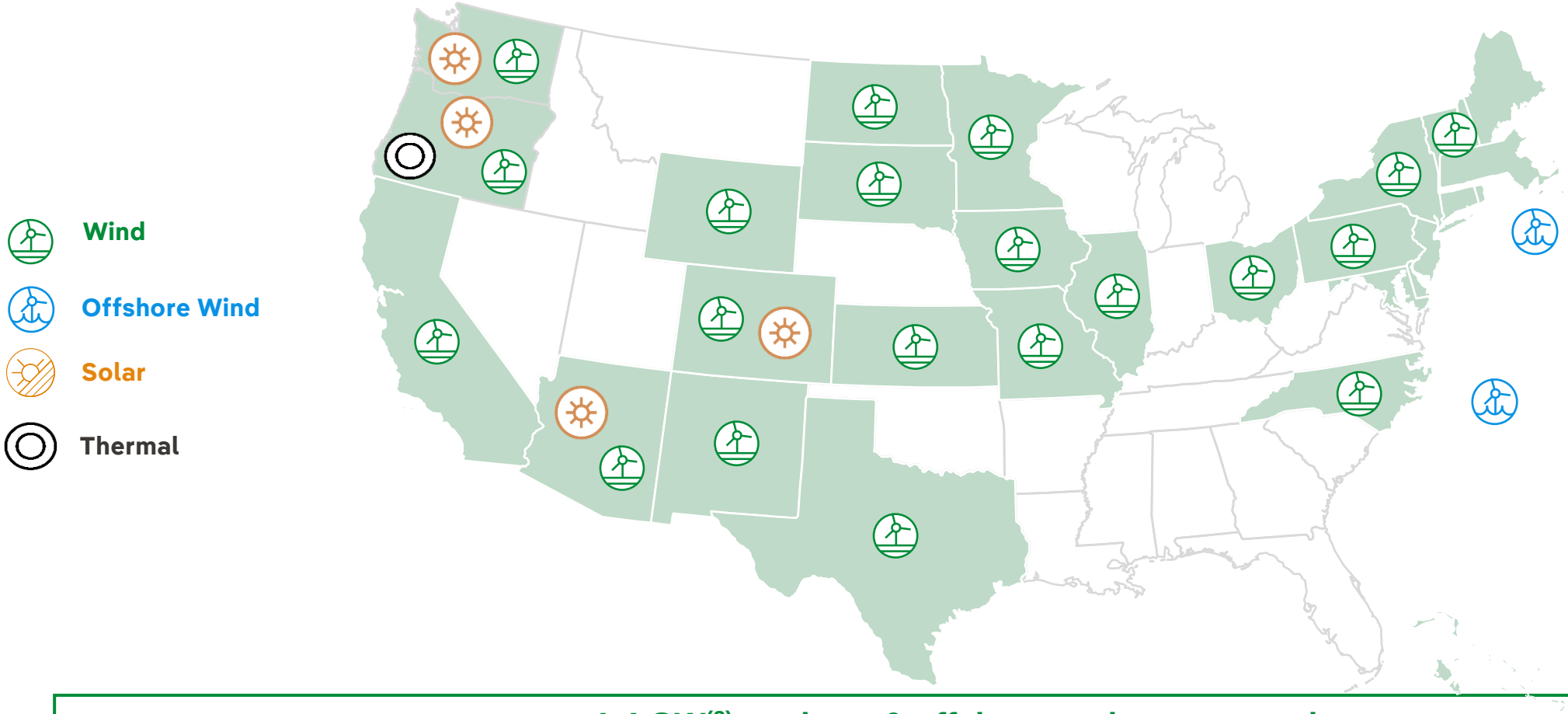
- 45% levy on RO (Renewable Obligation) and corporate PPA backed sites from January 2023 until March 2028.
- Tax applies to revenues above £75MWh. Taxable revenues are net of trading and delivery costs with a £10M tax free allowance on top of net revenue.
- CfD backed assets, ROCs and other additional renewable incomes are excluded.

UK Emissions Trading Scheme

- The cost of carbon impacts on wholesale price of energy and therefore the achieved price of the renewables assets that receive ROCs.
- 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 price of traded allowances was £69.15/tCO2 on 19 December 2022.

Renewables: USA

3rd largest wind & solar operator in the U.S. with ~8.6 GW[1] installed; leading the development of large-scale offshore wind in the U.S.

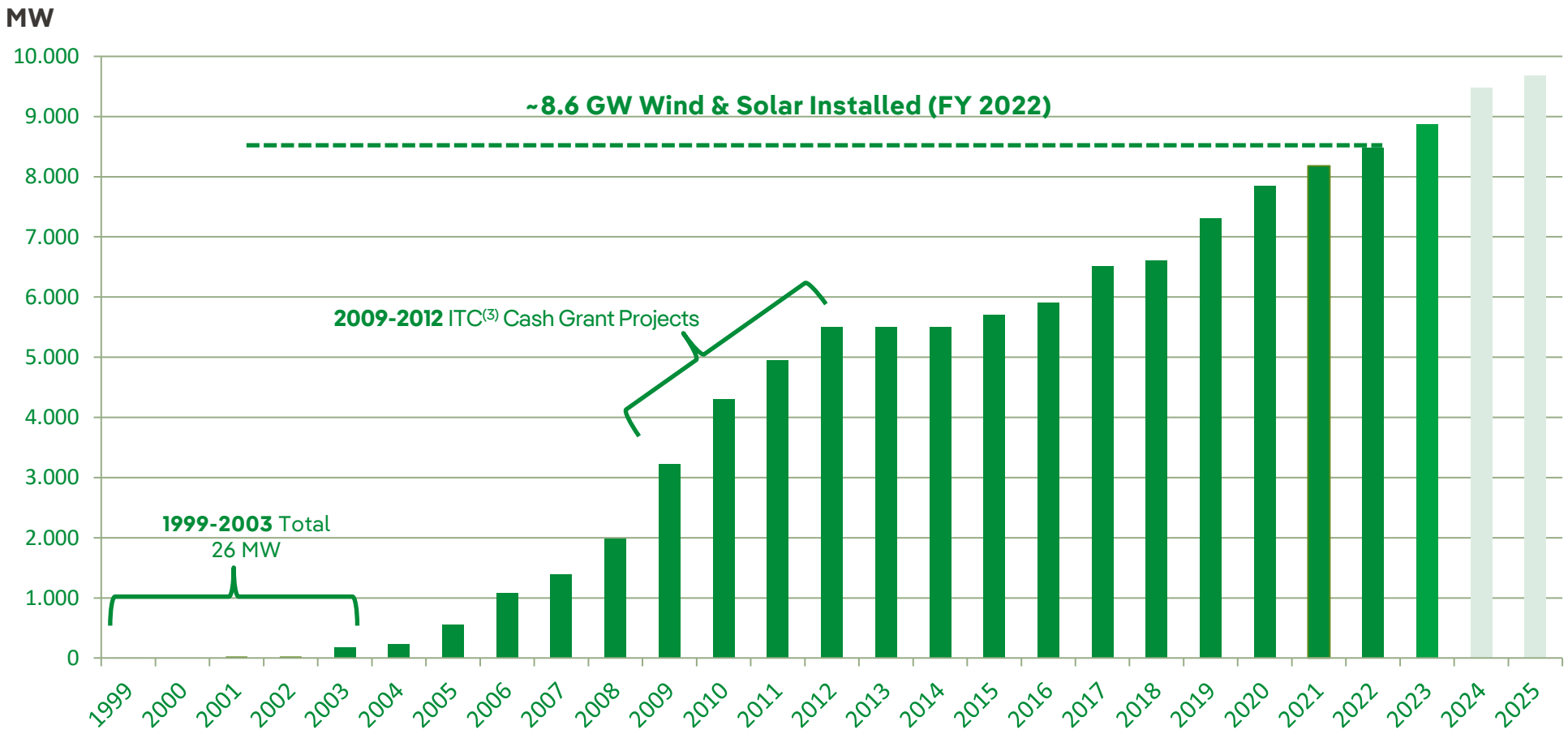


~ 1.4 GW[2] onshore & offshore under construction

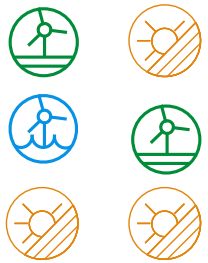
(1) Includes joint ventures.
(2) Including 100% 806 MW Vineyard Wind 1, a 50/50 joint venture between Avangrid Renewables and Copenhagen Infrastructure Partners.

Renewables: USA

Renewables historical growth & future pipeline[1][2]



Pipeline of ~26 GW[4]



(1) *Avangrid Renewables also owns 536 MW Cogeneration (2001), 100 MW Peaking (2009). Not included in this chart.*
(2) *2023-2025 estimates as of September 2022 LTO Update. 2025 includes 50% VW1.*
(3) *2009-2012 Projects funded with Section 1603 ITC cash grants (Renewables received ~$2B in cash for ~$6B investment; no PTCs).*
(4) *Onshore Wind ~3.8 GW, Solar ~15.9 GW (including ~1.8 GW of batteries), & Offshore Wind ~5.9 GW*

Renewables: USA

Portfolio characteristics

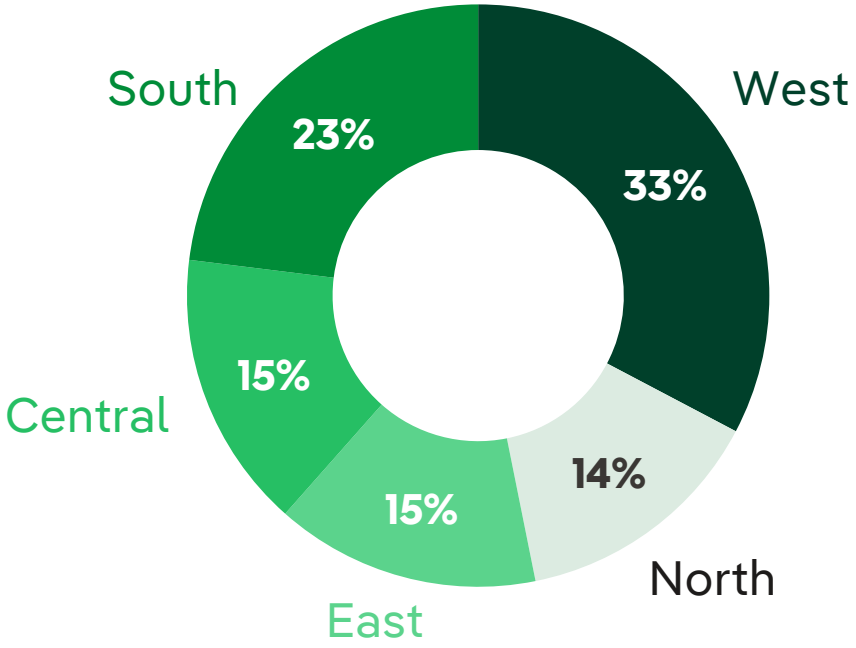
- ✓ **Installed capacity of 9.5 GW[1] in 22 states & 8 electric power markets**
- ✓ **~69% of installed capacity under long-term contract**
- ✓ **~9.7 years average remaining PPA life**
- ✓ **Target 80-85% capacity under contract and/or hedged**
- ✓ **Weighted Average PPA price realized to date = $45.9/MWh**
- ✓ **Escalators on ~42% of PPAs, some tied to inflation**
- ✓ **Offshore wind PPAs contain 2.5% fixed price escalators**
- ✓ **Production tax credits[2] are inflation adjusted**
- ✓ **Industry-leading energy management capabilities**
- ✓ **24/7 operations, maintenance, dispatch, & load balancing for 72 operating wind & solar assets**

Note: Solar capacity is being reported in MWdc.
(1) Includes Wind & Solar (owned, JV & managed), GenConn 204 MW and Klamath 636 MW
(2) Rate for wind PTCs generated in 2022 is 2.6 cents/kWh. Previous year's PTC was 2.5 cents/kWh.

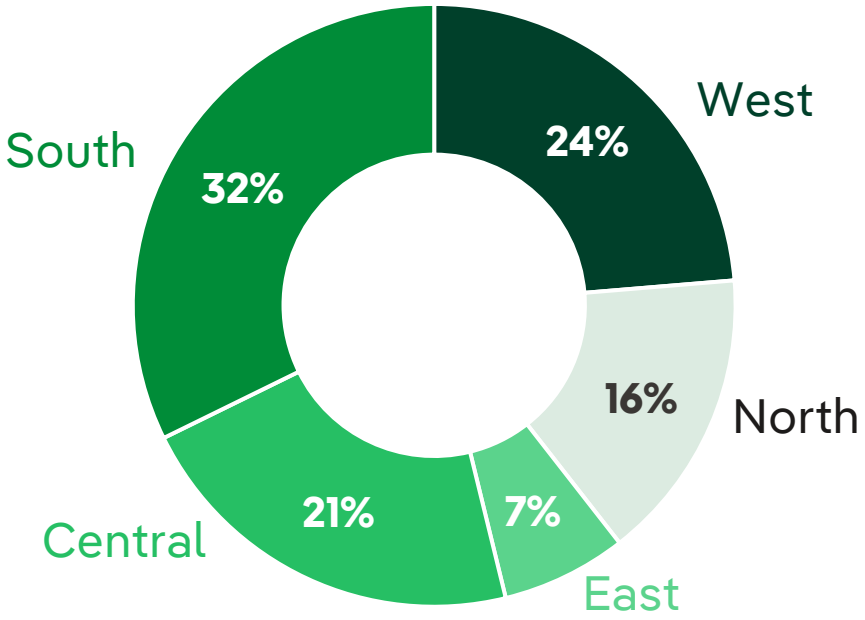
Renewables: USA

Portfolio characteristics

Contracted = ~ 72%



Merchant = ~ 28%



Note: data excluding joint ventures & managed

Renewables: USA

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	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	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		30 (Gamesa, G114, 2.1 MW)						
Colorado	Twin Buttes II	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	Partially 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	Merchant	ITC Cash Grant	
Minnesota	Elm Creek I	66 (GE, 1.5 SLE, 1.5 MW)	99	2008	MISO	Contracted	PTC Expired	

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

Renewables: USA

Wind facilities (2/3)

Location	Wind Project	Turbines	MW	COD	NERC Region	Contracted/ Merchant	PTC/ITC	Tax Equity
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	2020	MISO	Contracted	PTC	
Minnesota	Elm Creek II	62 (Mitsubishi, MWT95, 2.4 MW)	149	2010	MISO	Merchant	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	
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	Merchant	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	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)	116	2006	NYISO	Merchant	PTC Expired	
New York	Maple Ridge II[1]	27 (Vestas, V82, 1.65 MW)	45	2006	NYISO	Merchant	PTC Expired	
New York	Roaring Brook	20 (Gamesa, 5-G114/15-SG145, 2.625/4.2/4.5 MW)	80	2021	NYISO	Contracted	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	Contracted	ITC Cash Grant	
Oregon	Golden Hills	41 (Vestas, V150, 4.3 MW) 10 (GE, GE116, 2.5 MW)	201	2022	WECC	Contracted	PTC	Tax Equity
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	Merchant	PTC Expired	
Oregon	Klondike II	50 (GE, 1.5 SLE RP1.62, 1.62 MW)	81	2005	WECC	Partially 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	

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

Renewables: USA

Wind facilities (3/3)

Location	Wind Project	Turbines	MW	COD	NERC Region	Contracted/ Merchant	PTC/ITC	Tax Equity
Oregon	Klondike IIIa	51 (GE, 1.5 SLE, 1.5 MW)	76,5	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	
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	Contracted	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	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	**8,061**					

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

Renewables: USA

Solar & Thermal facilities

Location	Project	Type	MW	COD	NERC Region	Contracted/ Merchant	PTC/ ITC
Pinal County, Arizona	Copper Crossing Solar Ranch[1]	Solar	12	2011	WECC	Contracted	ITC Cash Grant
Alamosa County, Colorado	San Luis Valley Solar Ranch	Solar	35	2012	WECC	Contracted	ITC Cash Grant
Prineville, Oregon	Gala Solar	Solar	70	2017	WECC	Contracted	ITC Cash Grant
Sherman County, Oregon	Wy'East Solar	Solar	13	2018	WECC	Contracted	ITC Cash Grant
Klickitat, Washington	Lundhill Solar	Solar	194	2022	WECC	Contracted	TBD
Oregon	Montague Solar [2]	Solar	185	2023	WECC	Contracted	ITC
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			**1,145**				

(1) Jointly owned; capacity amounts represent only Renewables' share of the facility
(2) MW installed as of December 2022, corresponding to a project under construction with COD in 2023 (211 MW)

Renewables: USA

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´22	MW pending	COD	Income Regime
Midland	Onshore	Illinois	106	106	0	2023	PPA
Bakeoven Solar	Solar PV	Oregon	80		80	2023	PPA
Daybreak solar	Solar PV	Oregon	189		189	2023	PPA
Montague Solar	Solar PV	Oregon	211	185	26	2023	PPA
Vineyard Wind[1]	Offshore	Massachusetts	806		806	2024	PPA + Recs
Great Bear	Solar PV	Ohio	64		64	2024	PPA
Total			**1,456**	**291**	**1,165**		

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

Renewables: USA

Renewables P&L Components

Gross Margin

+ Wind & Solar (~90% of Renewable Gross Margin in 2021)

- ✓ Installed Capacity (MW) * Capacity Factor * Sale Price
- ✓ Assumptions in Long Term Outlook 2023-2025 as of September 2022:
  - Installed Capacity:
    - Increases by 1.1 GW up to 9.7 GW at year-end 2025
  - Average Net Capacity Factor:
    - Onshore Wind Existing ~29%
    - Onshore Wind New ~41%
    - Solar Existing ~20%
    - Solar New ~20%
    - Offshore Wind ~51%
  - Average Sale Price
    - Wind Existing PPA ~$42/MWh
    - Wind New PPA ~$34/MWh
    - Solar Existing PPA ~$86/MWh
    - Solar New PPA ~$44/MWh
    - Merchant ~$37/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 2021)

- ✓ 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: USA

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	• **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
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

Renewables: USA

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

Renewables: Mexico

Facilities

Onshore	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 (1)	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**		

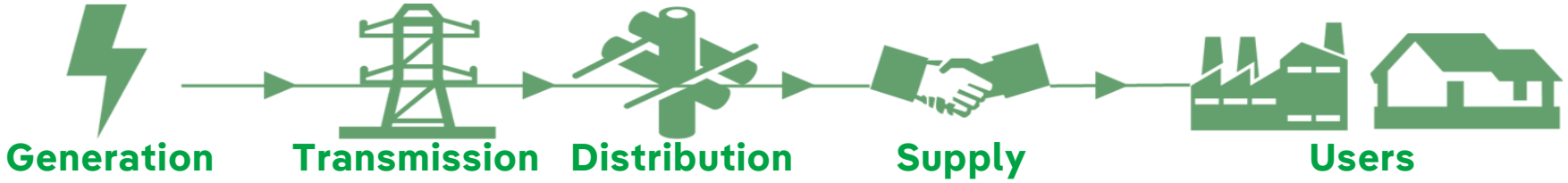
Solar PV	State	MW	Year of Installation	Income Regime
Santiago	San Luis de Potosí	232	2018	Commercial PPA
Hermosillo	Sonora	137	2018	Commercial PPA
Cuyoaco	Puebla	274	2020	Commercial PPA
Total		**642**		

(1) La Venta III (103 MW) has been included in the perimeter to be sold to the Mexican Government

Note: Additional information on the agreement between Iberdrola and the Mexico government explained in Annex section

Renewables: Mexico

Regulatory framework: before the Energy Reform of 2013



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

Dispatch
CFE

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) granted permits for electricity generation under the allowed schemes.

Renewables: Mexico

Regulatory framework: after the Energy Reform of 2013

Applicable laws

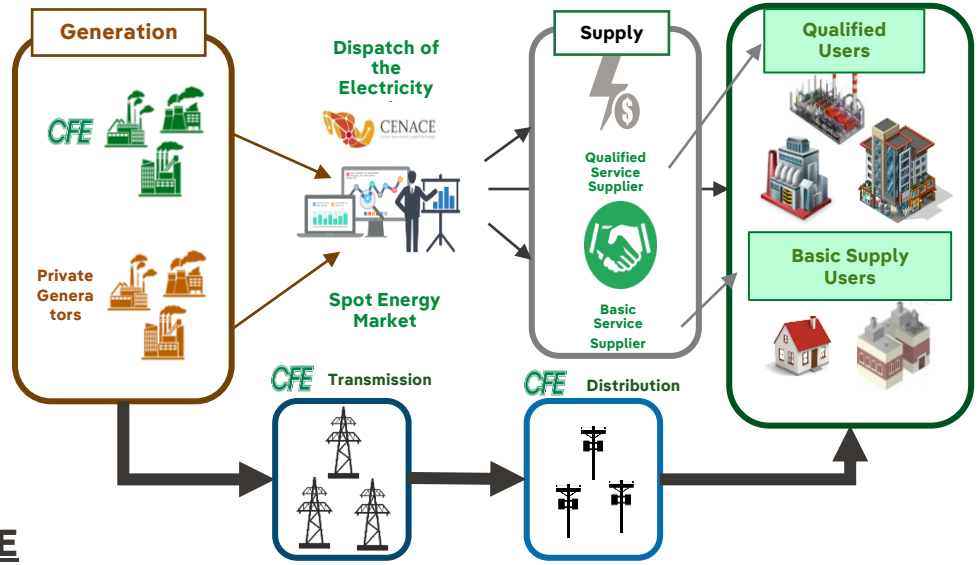
Energy Reform

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

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*). 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.

Renewables: Mexico

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.

T-MEC Consultations regarding Mexico Energy Policy July 2022

In July 2022, the US and Canada initiated consultations with Mexico under the USMCA regarding potential energy commitment violations. Results of ongoing consultations are anticipated in 2023.

Mexico announces new climate commitments in the COP 27 November - 2022

In November 2022, Mexico modified its Nationally Determined Contribution. The government of Mexico has committed to reduce CO_2 emissions by 35% in 2030.

SENER and CRE have resumed processes and procedures suspended due to COVID-19 - March 2023

SENER and CRE have resumed legal schedules regarding regulatory procedures suspended due to the COVID-19 pandemic, March 2020 and January 2021, respectively.

Renewables: Mexico

Regulatory framework

LSPEE

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
- The CEL target of 2023 is the same as in 2022 due to a judicial suspension related to changes to the electricity industry law.

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%
2023: 13.9%	2050: 50%

Renewables: Brazil

Onshore facilities

Onshore	State	MW IBE	COD	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	471	2021	Regulated & Commercial PPAs
Complejo eólico de Oitis	Piauí	407	2022-2023	Regulated & Commercial PPAs
Total		**1,394**		

Solar PV	State	MW	COD	Income Regime
Luzia 3	Paraiba	75	2022	Regulated & Commercial PPAs
Luzia 2	Paraiba	69	2023	Regulated & Commercial PPAs
Total		**143**		

Renewables: Brazil

Hydro facilities

Hydro	State	Total MW	MW attributable to IBE[1]	COD	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**		

(1) 2,195 MW consolidated through equity method

Renewables: Brazil

Projects under construction

Project	Type	State	Total MW	MW installed as of Dec´22	MW pending	COD	Income Regime
Complejo eólico de Oitis	Onshore	Piauí	567	407	160	2022-2023	Regulated & Commercial PPAs
Luzia	Solar PV	Paraiba	75	69	6	2023	Regulated & Commercial PPAs
Total			**641**	**476**	**166**		

Renewables: Brazil

Regulatory framework

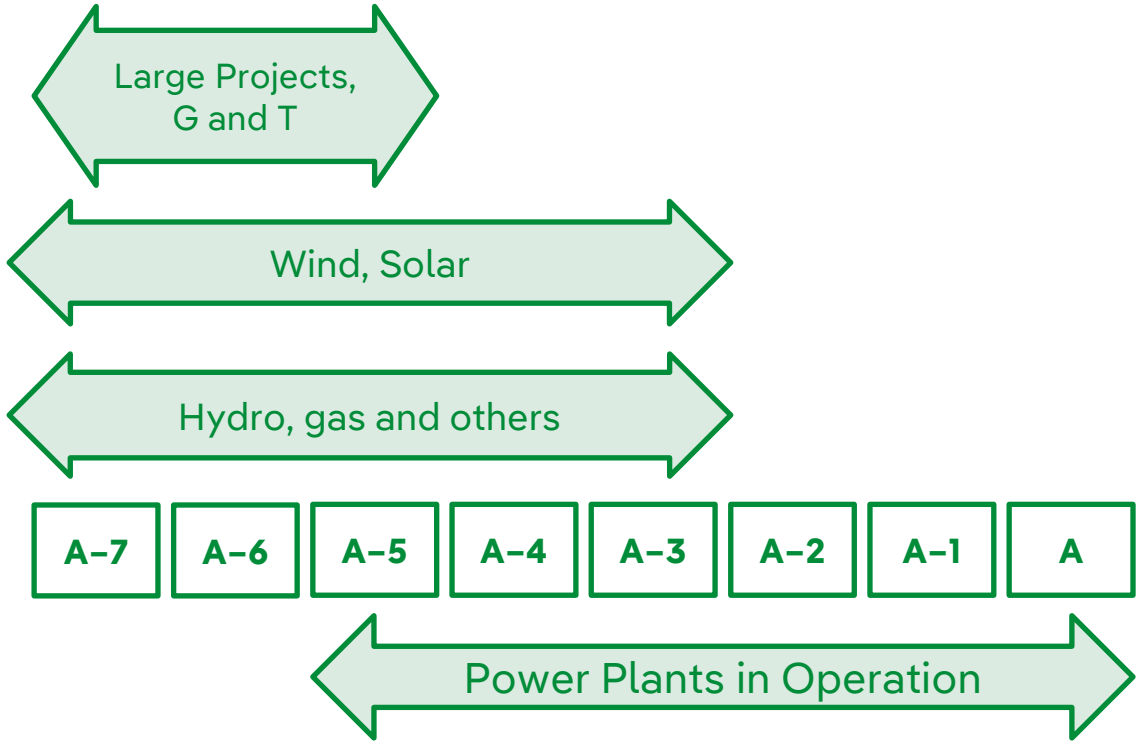
	Concession process	Concession/ authorization term	Renewal	Revenue
Wind	• Authorization request within ANEEL • Competitive auctions	• 30 - 35 years • Expiry date: December 2031 until December 2054[1]	• Possible renewal at the discretion of the Granting Authority (ANEEL)	• 20-year PPAs to DisCos through competitive auctions with fixed prices yearly adjusted by inflation • Bilateral contracts at free market
Hydro	• Competitive auctions	• 35 years • Expiry date: May 2039 until December 2049[1]	• Possible renewal at the discretion of the Granting Authority (ANEEL)[2] • Possible indemnity after the end of the concession. Depending on the Hydro Plant, the Basic Project may or may not be included	• 30-year PPAs to DisCos through competitive auctions with fixed prices yearly adjusted by inflation • Bilateral contracts at free market

Note: Information on auction results: https://www.gov.br/aneel/pt-br/centrais-de-conteudos/relatorios-e-indicadores/leiloes

(1) Refers to the first and last asset to have its authorization expired, considering operating and pre-operating assets (under construction)
(2) Exception to Belo Monte, Teles Pires and Baixo Iguaçu – without contractual provision

Renewables: Brazil

Energy Auctions for Regulated Market (ACR)



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

Neoenergia's Strategy

✓ Do not participate on new structuring projects

✓ Be the controlling shareholder: operate and consolidate the business

(1) For Hydro and Transmission projects

Renewables: Rest of the World

Facilities (1/2)

Onshore	MW	Year of Installation	Support Regime
Australia	880	2005 - 2021	Market + PPA
Cyprus	20	2011	FiT
Greece	403	1998-2022	Merchant/FiT/FiP
France	118	2007 - 2019	FiT + CfD + Merchant
Hungary	158	2008-2011	FiT
Portugal	92	2005-2009	FiT cap/floor
Romania	80	2011	PPA+ Green Cert.
Poland	134	2021-2022	PPA+ Green Cert.
Total	**1,885**		

Solar	MW	Year of Installation	Support Regime
Greece	6	2006-2012	FiT
Australia	232	2021-2022	C&I / PPA and LGCs
Italy	23	2021-2022	Merchant + PPA
Portugal	86	2021-2022	Merchant - Toll (15 yr. duration)
Total	**348**		

Renewables: Rest of the World

Facilities (2/2)

Offshore	Country	MW	Year of Installation	Support Regime	Support level
Wikinger	Germany	350[1]	2017	Compressed tariff	194 €/MWh / 8yrs + 154€/MWh / c.4 yrs (flat)

Batteries	MW	Year of Installation	Support Regime
Australia	75	2019-2021	Merchant + Firming

(1) 100% of total 350 MW. Minority stake (49%) sold to Energy Infrastructure Partners (EIP) in September 2022

Renewables: Rest of the World

Projects under construction

Project	Type	Country	Total MW	MW installed as of Dec´22	MW pending	COD	Income Regime
Rokani	Onshore	Greece	18	18	0	2023	FiP
Askio II	Onshore	Greece	38	25	13	2023	FiP
Flyers Creek	Onshore	Australia	146	-	146	2023	PPA + Merchant
Korytnica II	Onshore	Poland	50	22	29	2023	PPA + CfD + Merchant
Algarve y Setúbal	Solar PV	Portugal	187	86	101	2022-2023	Merchant - Toll (15 yr. duration)
Avonlie	Solar PV	Australia	245	125	120	2023	C&I / PPA and LGCs
Taquinia	Solar PV	Italia	33	-	33	2024	Merchant + PPA
Montefiascone	Solar PV	Italia	7	-	7	2023	Merchant + PPA
Total			**724**		**447**		

Renewables: Rest of the World

Regulatory support framework

Romania

Merchant
- PPA signed Alive Capital (Jan-Jun 2023, possibility for extension)

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. No possibility to exit the support scheme (may move to Cfd scheme)

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 auctions (via an open desk only for smallest onshore wind projects ≤ 6 turbines)

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.

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 31.12.2024.

Renewables: Rest of the World

Regulatory support 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 (€/MWh) offered in the auction during 15 years
- By DL 15/2022 - test period up to one year (delaying the start of fee payment)
- By DL72/2022 - extension of test period one year more

Australia

Green Certificates (GC)

- 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.

Long-Term Energy Service Agreement (LTESA) contracts

- Defined by Electricity Infrastructure Investment Act 2020
- Renewables can bid for “LTESA” contracts, comprising series of 2-year options for CFDs at a price sufficient to underwrite a portion of the project cost.

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

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)

Renewables: Offshore

Projects under construction and awarded

	In operation by 2025 ~1,800 MW			Secured & advanced pipeline ~5,400 MW				
Project	St. Brieuc	Baltic Eagle	Vineyard Wind 1[1]	Windanker	East Anglia 3	Park City Wind[1]	Commonwealth[1]	East Anglia 1N&2
Country	France	Germany	USA	Germany	UK	USA	USA	UK
Location	Atlantic Ocean	Baltic Sea	Atlantic Ocean	Baltic Sea	North Sea	Atlantic Ocean	Atlantic Ocean	North Sea
Cost of seabed	0	0	0	0	0	0	0	0
Capacity (MW)	496 MW	476 MW	806 MW	309 MW	1,396 MW	804 MW	1,232 MW	1,600 MW
COD	2023	2024	2024	2026	2026	TBD	TBD	2028-29
PPA/CFD	155 €/MWh (real 2012) / 18yrs - indexed	Market+vble premium (min~65€/MWh)/20yrs	88.77 $/MWh on average / 20 yrs	PPA	CfD 37.35 £/MWh (real 2012+CPI)/15 yrs	PPA (not disclosed)	PPA (not disclosed)	TBC
Capex	Eur 2.4 Bn	Eur 1.3 Bn	~ USD 4 Bn	~ Eur 0.8 Bn	~ GBP 4 Bn	TBC	TBC	TBC
Number of turbines	62 Siemens-Gamesa turbines (8 MW)	50-52 Vestas turbines (9.5 MW)	62 GE Haliade-X turbines (13 MW)	N/A	95 Siemens-Gamesa turbines(14.7MW)	N/A	N/A	N/A

(1) Additional information in Avangrid Factbook p96 onwards: Financial & Operational Reports - AVANGRID

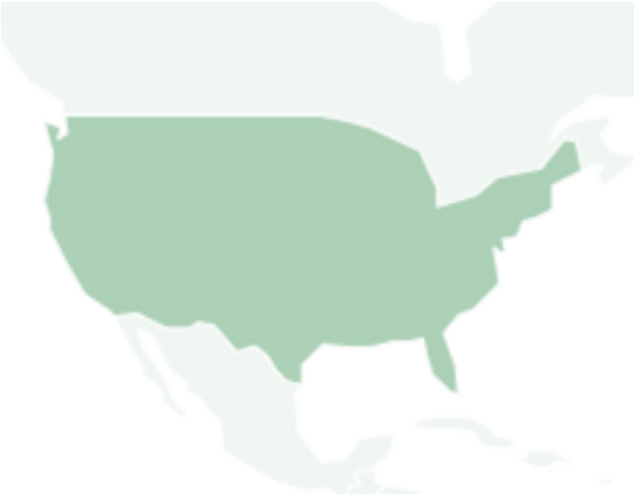
Renewables: Offshore

Flagship projects: United States' first large-scale offshore wind farm, VW1

State	Massachusetts
Project Size	806 MW
Project Ownership	50% Avangrid Renewables / 50% CIP
Lease Area, Acreage	OCS-A 0501, 65,296 fully utilized
First Power/Exp. COD, contract term	2023/2024, 20 years
Contract Price	(400 MW): $74/MWh in Y1 (400 MW): $65/MWh in Y1 Pricing escalates 2.5% annually PPA + Recs
NCF	~50%
Permitting& Construction Highlights	• Received BOEM Record of Decision • Onshore construction commenced 2021 • Horizontal directional drilling & beach landfall connection completed • Onshore substation steel structure erection 95% complete • Offshore cable installation began in October 2022 • Operations starting 2H 2023
Capex	100% Capex secured (~$4B)
Other	• Point of interconnection (POI) at Barnstable at 345KW HVAC. Right of Way secured for onshore transmission. Construction on-going. • 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 • AGR reached an agreement to oversee the operations and management post-COD

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

Renewables: Offshore

Well positioned to capture new opportunities in Europe, UK, US and APAC...

IN OPERATION
~1,260 MW

West of Duddon Sands	194 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

Secured & advanced pipeline
~5,400 MW

Windanker	COD 2026	309 MW
East Anglia 3	COD 2026	1,400 MW
East Anglia 1N&2	COD 2028-29	1,600 MW
Park City	COD TBD	804 MW
Commonwealth	COD TBD	1,232 MW

REST OF PIPELINE
>30,000 MW

Ireland	3,000 MW
Sweden	3,600 MW
Poland	2,000 MW
USA	3,500 MW
Brazil	3,000 MW

Scotwind

MarramWind[1]	3,000 MW
CampionWind[1]	2,000 MW
MachairWind	2,000 MW

APAC	>5,000 MW

... with new and attractive markets ready to deliver growth beyond 2025...

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

Renewables: Offshore

...through established support mechanisms

	Country targets (GW)	Support Mechanisms
USA	30 GW by 2030	Utility or Corporate PPA
UK	50 GW by 2030	CfD
Scotland	11 GW by 2030	CfD
Germany	30 GW by 2030, 40 GW by 2035	Variable premium/ Corporate PPA
Netherlands	21 GW by 2030	Corporate PPA
Belgium	5.8 GW by 2029	TBD
Denmark	12.9 GW by 2030	Corporate PPA
Poland	5.9 GW by 2030	CfD
Norway	30 GW by 2040	CfD or Corporate PPA
Spain	1-3 GW by 2030	Regulations still to be defined
Portugal	10 GW by 2030	Regulations still to be defined
Ireland	5 GW by 2030	Feed in Premium (FIP) similar to CfD
France	5.2-6.2 GW by 2028	CfD
Japan	10 GW by 2030, 30-45 GW by 2040	FIT but moving to Feed in Premium
Taiwan	15 GW by 2035	Utility or Corporate PPA
Australia	Victoria 2GW by 2032, 9 GW by 2040	Regulations still to be determined

Content

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All figures as of December 2022

Generation

Capacity (MW)	Spain	UK	US	Mexico	Brazil	RoW	Total
Nuclear	3,177	-	-	-	-	-	**3,177**
Gas Combined Cycle owned capacity	5,695	-	204	2,617	533	243	**9,291**
Gas Combined Cycle capacity for third parties	-	-	-	7,043	-	-	**7,043**
Cogeneration	347	-	636	202	-	-	**1,185**
Total	**9,218**	**-**	**840**	**9,862**	**533**	**243**	**20,696**

Output (GWh)	Spain	UK	US	Mexico	Brazil	RoW	Total
Nuclear	23,886	-	-	-	-	-	**23,886**
Gas Combined Cycle owned production	7,082	-	7	14,145	14	58	**21,306**
Gas Combined Cycle production for third parties	-	-	-	37,269	-	-	**37,269**
Cogeneration	1,904	-	2,516	1,403	-	-	**5,823**
Total	**32,872**	**-**	**2,523**	**52,818**	**14**	**58**	**88,285**

Generation

Average thermal efficiency at generation facilities[1]

	Spain		USA		Brazil		Mexico		RoW	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
CCGT	50.99	51.05	N/A	N/A	42.11	54.74	53.05	53.81	N/A	N/A
Cogeneration	69.01	71.37	48.07	46.87	N/A	N/A	58.13	59.79	N/A	N/A

	Report boundary	
	2022	2021
CCGT	52.80	53.41
Cogeneration	57.91	56.89

(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

Generation: Spain

Facilities (1/2)

Nuclear	Region	Total MW	% IBE	MW attributable to IBE	COD
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	COD
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	

Generation: Spain

Facilities (2/2)

Cogeneration	Region	Total MW	MW attributable to IBE	COD
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**	

Generation: Spain [1]

Basis for remuneration model: Law 24/2013

	MARKETS	OPERATOR	PRODUCTS	TIMEFRAME
(up to D-1)	Forward markets + Physical bilateral contracts nomination	OTC, OMIP, EEX, others	Forward contracts physical, financial	Forward
Day –ahead (D-1)	Organised day-ahead market	OMIE (European Market Coupling)	Energy economical dispatch	Day-ahead
	Day-ahead system constraints market		Energy redispatched due to congestions	
Delivery day (D)	Intraday markets: Continuous trading + auctions	OMIE (European market coupling)	Energy dispatch adjustment close to real-time	Intraday, real-time markets and processes
	Ancillary services: balancing reserves, others	REE (TSO)	aFRR (secondary reserve) mFRR (tertiary reserve) RR (replacement reserve) Others	
	Real-time system constraints process		Energy redispatched due to real-time events	

(1) *Applicable to all technologies*

Temporary regulatory measures: Gas Clawback [1]

Summary:

- Temporary measure in place until 31st December 2023.
- 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.
  - 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
- **Royal Decree Law 18/2023:**
  - Gas clawback was extended until 31st December 2023.

(1) Applicable also to non-regulated renewables

Temporary regulatory measures: Gas Cap or Iberian Exception

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

- **Royal Decree-Law 17/2022:** allowed cogeneration power plants to waive the regulated remuneration so that the subsidized gas could be applied to them.
- **Royal Decree-Law 3/2023 extended the Iberian exception until 31st December 2023**, with reference prices for gas increasing from €55/MWh gas (value in force in March 2023) to €65/MWh gas (December 2023)

Generation: Spain

Taxes on generation: Law 15/2012

Green cent	Tax on electricity production[1]	Nuclear tax	Hydro canon [2]
• Fuel consumption in power plants	• 7% tax on total revenues	• Spent nuclear fuel (2,190 €/Kg) • Nuclear waste (6,000 €/m^3 waste)	• 25.5% on total revenues • 2.5% plants up to 50MW[3] • 2.5% pumping[3]

Temporary levy set on revenues: Law 38/2022

- Temporary levy for **companies in the electricity, gas and oil sectors** with main operator status.
- **Set at 1.2% of their revenues, on a temporary basis for the years 2023 and 2024**.
- Revenues from **regulated activities and permanent abroad establishments are excluded** from this tax.

(1) Suspended for 6 months from 7th October 2018 (Q4 2018 and Q1 2019). Additionally, it has been suspended since the Q3 2021 until Q4 2023

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

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

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: Law 24/2013, Royal Decree 413/2014, 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.** The review of parameters scheduled for 31/12/2022 was brought forward to 1/01/2022, dividing the current three-year semi-periodic remuneration period of 2020-2021-2022 into two periods: (1) 2020-2021 and (2) 2022
  - **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 onwards, the reference price for calculating the remuneration will be a basket of forward, daily and intraday market products prices.** The forward indexation path is: 25% in 2023, 50% in 2024 and 75% from 2025 onwards). Additionally, 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**)

Cogeneration: Royal Decree-Law 17/2022 and 20/2022

- **Royal Decree-Law 17/2022 allows mainland cogeneration plants to temporarily receive the generation market adjustment mechanism (gas cap) in exchange for waiving the regulated remuneration.** It applies only to facilities under the specific remuneration regime, from the time they apply for registration under the adjustment mechanism (starting on the first day of the following month) until they apply for de-registration or the mechanism is discontinued. Thereafter, they will return to their previous regulated remuneration.
- **For cogeneration, Royal Decree-Law 20/2022** establishes that until the **new calculation methodology** is published**, the regulated Operating Remuneration (OR) will be updated based on half-yearly variations in raw material and gas tariffs.**
- **A series of Ministerial Orders stablished:**

  i. The remuneration corresponding to the second calendar half-year of 2020 and the first calendar half-year of 2021 (Order TED/989/2022 of 11 October).

  ii. The values of the operating remuneration corresponding to the first calendar half-year of 2019 (Order TED/990/2022 of 11 October).

  iii. The operating remuneration for the second half of 2021 for facilities whose operating costs depend essentially on fuel prices (Order TED/995/2022 of 14 October).

  iv. As envisaged in Royal Decree Law 6/2022, the values for the extraordinary review of the remuneration parameters as of 1 January 2022 were also published (Order TED/1232/2022, of 2 December).

  v. Lastly, the operating remuneration (OR) for cogeneration and waste in the second half of 2022 was published (Order TED/1295/2022 of 22 December).

Generation: Spain

Cogeneration: basis for remuneration – Royal Decree-Laws 9/2013 and 413/2014

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

RI: remuneration to investment (€/MW)	RO: remuneration to operation (€/MWh)
Additional to market revenues to obtain the reasonable return on investment (7.398%)	For technologies that don't cover their operating costs with market revenues

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

Once reasonable return is reached, only RO will be received

Generation: Spain

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.)

Green H2: Real Projects

Iberdrola has built two hydrogen projects in 2022 that are already under operation

1st H2 project for mobility in Spain with capacity for fleets supply

Heavy mobility - Capacity 2.5 MW (up to 100 buses/day)
Under normal operation since January 2022

Europe's largest electrolyser plant built

Fertiliser Industry - Capacity 20 MW (up to 3,000 tons/yr)
Operating under commissioning process

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

Green H2: Development of the Hydrogen Value Chain

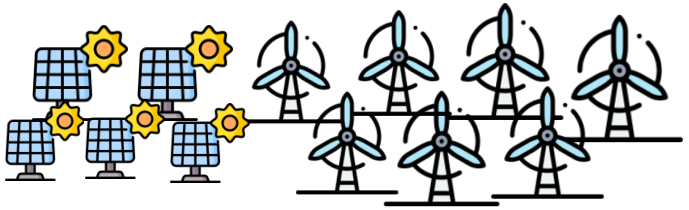
Iberdrola

Iberdrola supports the development of the full value chain to boost Green H2 and Derivatives

H_2 Value Chain

Increase in additional renewable energy for the production of Green H2 & Derivatives

When we talk about Green H2 and Green Derivatives we talk about Renewable Energy



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

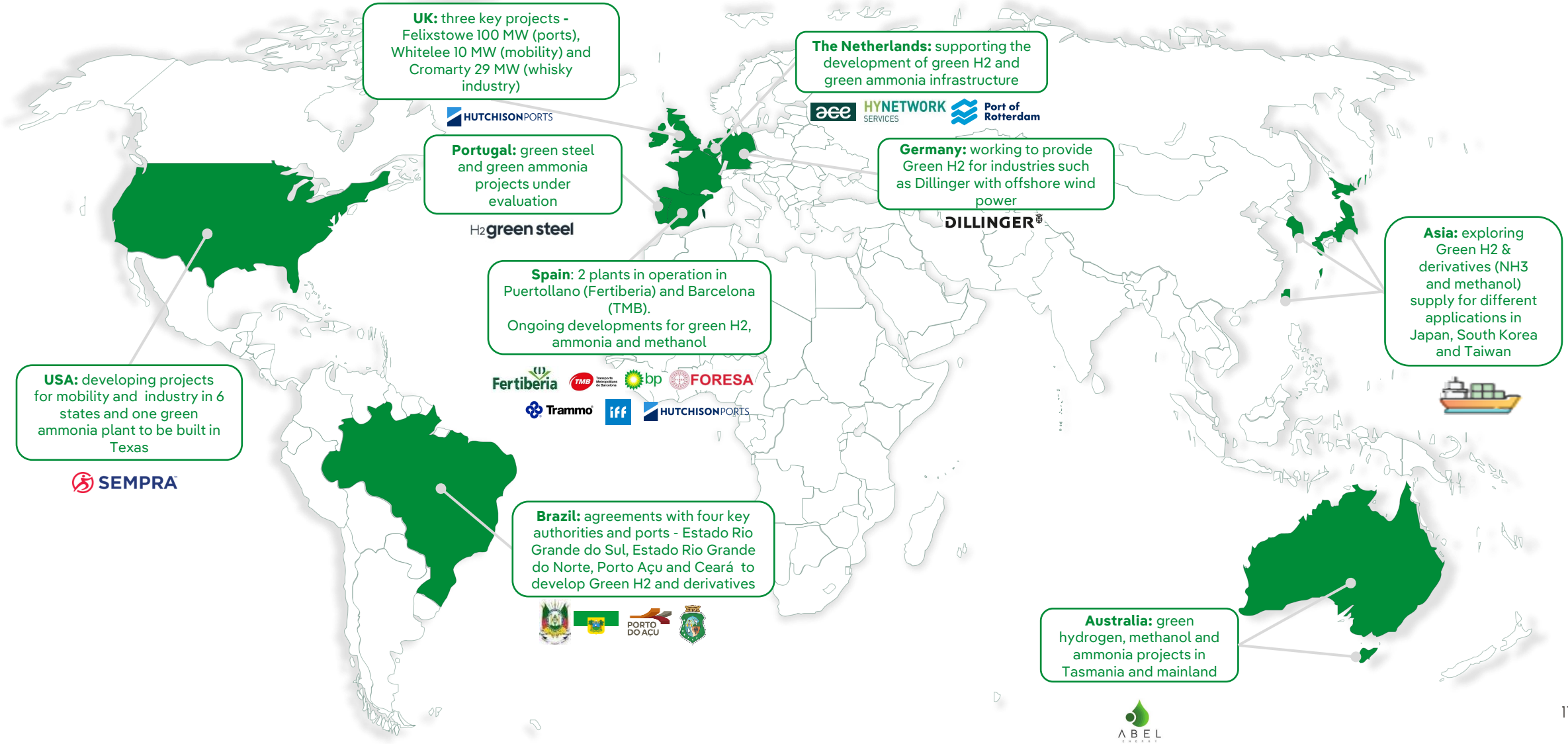
Cummins, nel, Centro Nacional del Hidrógeno, CALVERA Hydrogen, Hiperbaric HIGH PRESSURE TECHNOLOGIES, STOREGGA, CAF, INERCO, IDESA ingeniería y diseño europeo, s.a., Universidad de Huelva, Navantia, clantech2, Inecosa INGENIERIA

Development of long-term industrial alliances with leading companies

Fertiberia, TMB Transports Metropolitans de Barcelona, HUTCHISONPORTS, aee, FORESA, Trammo, H2 green steel, bp, iff, Port of Rotterdam, HYNETWORK SERVICES, ABEL ENERGY, SEMPRA, DILLINGER

Green H2: Pipeline

More than 60 projects under development in 8 countries



Generation: Mexico

Facilities

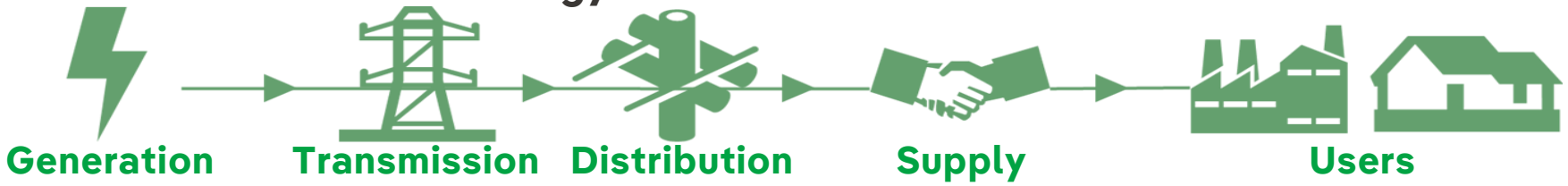
Gas Combined Cycle[1]	State	MW	COD	Income Regime
Dulces Nombres (Monterrey) [2]	Nuevo León	1,008	2002	PPA (Independent Power Producer)
Altamira III & IV [2]	Tamaulipas	1,077	2003	PPA (Independent Power Producer)
La Laguna II [2]	Durango	537	2005	PPA (Independent Power Producer)
Altamira V [2]	Tamaulipas	1,143	2006	PPA (Independent Power Producer)
Tamazunchale [2]	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 [2]	Baja California	324	2017	PPA (Independent Power Producer) / LIE [3]
Escobedo [2]	Nuevo León	878	2018	PPA (Independent Power Producer)
El Carmen	Nuevo León	866	2019	Commercial PPA (LIE)
Topolobampo II [2]	Sinaloa	911	2019	PPA (Independent Power Producer)
Enertek [2]	Tamaulipas	144	1998	Commercial PPA (LIE) - previously CHP
Topolobampo III [2]	Sinaloa	779	2020	PPA (Independent Power Producer)
Tamazunchale II [2]	San Luis Potosí	514	2022	Commercial PPA (Self-supply)
Total		**9,660**		

Cogeneration	State	MW	COD	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**		

(1) Including 7,043 MW of installed capacity for third parties
(2) Plants included in the perimeter to be sold to the Mexican Government
(3) LIE – Power Industry Law (2014)
Note: Additional information on the agreement between Iberdrola and the Mexican government explained in Annex

Generation: Mexico

Regulatory framework: before the Energy Reform of 2013



- 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) granted permits for electricity generation under the allowed schemes.

Generation: Mexico

Regulatory framework: after the Energy Reform of 2013

Applicable laws

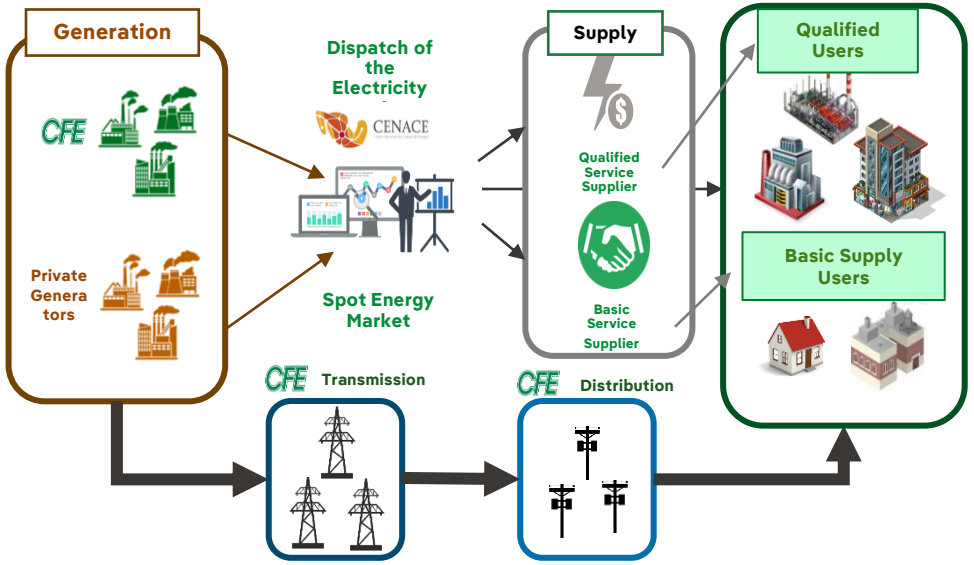
Energy Reform

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

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*). 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.

Generation: Mexico

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.

T-MEC Consultations regarding Mexico Energy Policy - July 2022

In July 2022, the US and Canada initiated consultations with Mexico under the USMCA regarding potential energy commitment violations. Results of ongoing consultations are anticipated in 2023.

Mexico announces new climate commitments in the COP - 27 November 2022

In November 2022, Mexico modified its Nationally Determined Contribution. The government of Mexico has committed to reduce CO_2 emissions by 35% in 2030.

SENER and CRE have resumed processes and procedures suspended due to COVID-19 - March 2023

SENER and CRE have resumed legal schedules regarding regulatory procedures suspended due to the COVID-19 pandemic, March 2020 and January 2021, respectively.

Generation: Mexico

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 owned 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

Generation: Brazil

Facilities and regulatory framework

Facilities	State	Type	MW
Termopernambuco	Pernambuco	CCGT	533

	Concession process	Concession/ authorization term	Renewal	Revenue
Gas (1)	• Authorization request within ANEEL	• Expiry date: 2041	• On December 21st, 2021, Termopernambuco won the Capacity Reserve Auction, in which has sold its entire available 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 (390 MW) and Neoenergia Coelba (65 MW) - Thermoelectricity Priority Program (PPT) until May 2024; • Revenue from the Capacity Reserve Auction beginning on July 1st, 2026, and ending June 30th, 2041.

(1) Refers to Termopernambuco terms

Generation: Rest of the World

Facilities

Gas Combined Cycle	Country	MW	COD	Income Regime
Smithfield OCGT	Australia	123	1996	Merchant
South Australian Gas Turbines	Australia	120	2017[1]	Merchant
		243		

(1) Acquired in November 2020

Customers

Retail & Smart Solutions: Key figures 2022

30 M services to customers

MEXICO

5k services to customers
57 TWh energy sales

BRAZIL

453k services to customers
16 TWh energy sales

UK

7 M services to customers
18 TWh energy sales

SPAIN & CE

22 M services to customers
74 TWh energy sales

Customers

Services to customers: >29 M contracts

Thousand contracts	2022	2021	Var. (%)
Spain & CE	**22.154**	**20.813**	**6,4%**
Liberalised	**19.374**	**17.629**	**9,9%**
Electricity	8.105	7.580	6,9%
Gas	1.351	1.437	-6,0%
Smart solutions	9.919	8.612	15,2%
Last resort tariff	**2.780**	**3.184**	**-12,7%**
UK	**7.256**	**6.990**	**3,8%**
Electricity	2.831	2.844	-0,5%
Gas	1.915	1.923	-0,4%
Smart Solutions	316	363	-13,0%
Smart Meters	2.194	1.859	18,0%
Mexico	**5**	**4**	**1,1%**
Brazil	**453**	**263**	**72,0%**
Electricity	1,1	0,8	37,2%
Smart Solutions	451	262	72,2%
TOTAL	**29.866**	**28.070**	**6,4%**

Note: differences may arise due to rounding

Solving customer needs with smart solutions

- Comprehensive solutions that meet our customer needs
- Strengthen customer relationship with Iberdrola
- Accelerate electrification of demand
- Promote sustainable technologies

SMART HOME
VALUE-ADDED SERVICES

- Reached 10.7M services in the global value-added services portfolio
- Wide offer of added value services and energy management that provide peace of mind and comfort and enable customers to save and optimize their energy consumption.
- Launching of new solutions to drive demand electrification and allow a customized home energy management

SMART MOBILITY
ELECTRIFICATION OF TRANSPORT

- Solutions for in-home and out-of-home charging; as well as electric bus and truck charging solutions
- Joint venture with BP for infrastructure deployment in Spain and Portugal
- Already signed flagship projects for electric bus recharging and heavy transport
- Installation of the largest ultra-fast charging hub for electric vehicles in Southern Europe

SMART SOLAR
SELF-SUPPLY SOLUTIONS

- Leading self-consumption in Spain and consolidating presence in other countries
- We offer comprehensive solutions for all customers: single-family homes, solar communities, companies and industrial customers.
- Start-up of the first Solar Community in the Giner de los Ríos school (Cáceres), giving access to green energy to neighbours in the vicinity.

SMART CLIMA
ELECTRIFICATION OF HEAT

- Promotion of heat electrification and energy rehabilitation in homes
- Integrated turnkey solutions: installation, maintenance and electricity tariffs adapted to each client.
- Development of the business line of integral energy refurbishment of residential buildings.

High electricity prices since the end of 2021 due to gas price increase

The climate of high and volatile gas prices continued throughout 2022, aggravated by the effects of the war in Ukraine, which has increased prices in daily wholesale electricity markets across Europe. In Spain, consumers subject to the regulated price (Voluntary Price for Small Consumers – PVPC), pegged to market and not yet adjusted, and consumers who purchase their energy directly on the wholesale market or at prices referenced to it, were particularly affected by electricity price increases in the first quarter of the year, which led the government to adopt various market intervention measures (already explained in the '*Generation*' section), in addition to others focused on protecting vulnerable consumers:

- **Several Royal Decree-Laws have extended the protection measures of the social shield**, which include the prohibition of electricity and natural gas supply cutoffs for vulnerable consumers, VAT and special tax on electricity reductions, suspension of the tax on electricity generation (7% levy), Social Bonus discounts for vulnerable consumers (65%-80%), a 15% increase in subsidized energy and a new category with a 40% discount.
- **Several Royal Decree-Laws approved tax reductions** in order to reduce the electricity price for the final consumer:
  - **Royal Decree Law 12/2021:** reduces VAT from 21% to 10% to customers 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 Q3 2021.
  - **Royal Decree Law 17/2021:** reduces Electricity Tax from 5.11% to 0.5% (from 16th of September until the end of 2021) and extends Electricity Production Tax (7%) suspension until the end of 2021.
  - **Royal Decree Law 29/2021:** extends the VAT and the Electricity Tax reductions (at 10% and 0.5%, respectively) until 30th April 2022, and Tax on Electricity Production (7%) suspension until 31st March 2022.
  - **Royal Decree Law 6/2022:** extends the VAT and the Electricity Tax reductions (at 10% and 0.5%, respectively) and Tax on Electricity Production (7%) suspension until 30th June 2022.
  - **Royal Decree Law 11/2022:** reduces VAT from 10% to 5% and extends VAT and Electricity Tax (at 5% and 0.5%, respectively) and Tax on Electricity Production (7%) suspension until 31st December 2022.
  - **Royal Decree Law 20/2022:** extends VAT and Electricity Tax (at 5% and 0.5%, respectively) and Tax on Electricity Production (7%) suspension until 31st December 2023.
- **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.
- **Royal Decree-Law 10/2022 establishes a mandate to review the formula for calculating the voluntary price for small consumers (PVPC)** from 1 January 2023 (pending). This RDL also revises the indexation of the regulated regime for renewables and cogeneration, including a basket of prices between the spot market and the annual and quarterly futures markets. Indexation to futures markets will be gradual, reaching 75% by 2025.

Customers: Spain

Regulated tariff (PVPC)

PVPC – Royal Decree 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%)

New PVPC price – Royal Decree 446/2023

- PVPC redesigned to be partially indexed to forward instead of just spot prices, according to the European Commission requirement
- It enters into force on January 1st, 2024, and is limited to domestic costumers and microenterprises with contracted power below 10 kW
- RD gives suppliers six months to purchase energy indexed to futures.

Weight of the forward market

2024: 25%
2025: 40%
2026: 55%

The forward market consists of:

Annual forward market:	54%
Semiannual forward market:	36%
Monthly forward market :	10%

PVPC hourly price formula:

% of forward basket price for the month (constant) +% of daily hourly market price including Adjustment Services

- The forward price varies each month.
- The volume of forward energy to be purchased shall be calculated and published ex-ante by the system operator.
- The regulated suppliers buy the energy in the forward market during the six months prior to the delivery period.
- The difference to the actual hourly demand is bought in the Spot at the corresponding hourly market price.
- The price will therefore follow the behavioral curve of the hourly market price (damped by the effect of the forward market).
- The cost of financing the social bonus charged to the regulated suppliers is recognized in the calculation of the PVPC.
- This RD contemplates a transitional period for regulated suppliers to recover the cost of the social bonus they have been paying since March 2022 (when the new financing system for the social bonus began with RDL 6/2022).

Customers: Spain

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: increased the discounts up to 60% and 70%, respectively.

Royal Decree Law 6/2022

- Under Royal Decree-Law 6/2022, a new system for financing the Social Bonus has been established, which is binding on all companies engaged in electricity activities, (production, transmission, distribution, supplying and direct consumers), recognizing the cost for all companies engaged in regulated activities
- The parameters for 2022 are the following (Orden TED/733/2022)
  - Energy producers: 1.294768 Eur/MWh
  - Transmission company: 0.005716 Eur/Remunerated Eur
  - Distribution companies: 1.151582 Eur/Supply Point
  - Suppliers: 13.401931 Eur/Supply Point
  - Direct costumers in the market: 1.282647 Eur/MWh

Royal Decree Law 18/2022:

- Increased the discounts up to 65%-80%, respectively, until 31st December 2023
- Increased 15% in subsidized energy.
- Created a new transitional reduced tariff with a 40% discount for low income households, until 31st December 2023.
- Created a new transitional gas LRT (Last Resort Tariff) for residential communities with communal boilers, and extends the restriction on the increase in the LRT for gas, both until 31st December 2023. The possible deficit is covered by a EUR 3,000 million budget item in the General State Budget. The budget for the thermal bonus is also increased by EUR 225 million.
- Included the prohibition of electricity and natural gas supply cutoffs for vulnerable consumers until 31st December 2023

Customers: Spain

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 **1st June 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.

Customers: UK

Iberdrola

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 January 2023, the UK domestic energy market consists of approximately 24.2m gas and 29.3m electricity accounts [(1)] .

Supplier Exits

- Since January 2021, 30 suppliers have exited the market through the Ofgem Supplier of Last Resort (SoLR) process, while Bulb Energy entered into Special Administration Regime and was acquired by Octopus Energy. With very limited new entrants over the same period, the UK market is now composed of ~22 domestic suppliers.

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 27 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.
- From October 2022, the level of the default tariff is reviewed every 3 months (as opposed to every 6 months), however from the same date, the Government supported Energy Price Guarantee (EPG) scheme provided a discount on the default tariff price to consumers. The EPG is in place until end March 2024, however support is expected to largely disappear from July 2023 as wholesale prices fall. The default tariff cap has now been extended beyond its original end 2023 with the Secretary of State having powers to remove the cap on notice.
- During October 2022 to March 2023, domestic customers also received an additional £400 support from Government passed to them via their electricity supplier under the Energy Bill Support Scheme (EBSS), while non-domestic customers have received support via a discount over the same period with some non-domestic customers continuing to receive support until end March 2024

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. This programme is in place with legislation until at least March 2026. The WHD programme now operates with different legislation in Scotland from that used in England and Wales. 9.4% of the programme spend will be in Scotland and 90.6% delivered in England and Wales. The programme has an ambition to provide direct support to 3.2m customers per year.
- Energy Company Obligation (ECO) scheme is a Government scheme to tackle fuel poverty which also provides a consequential reduction in carbon emissions. The scheme requires suppliers with more than 50K customers to invest in energy efficient measures with the obligation based on customer numbers and supply volumes. This is the 4th programme of this nature and will operate until March 2026.
- Great British Insulation Scheme (GBIS) is an Obligation to be introduced in June 2023. Legislation will impose annual targets (until March 2026) on suppliers to improve the energy efficiency performance of homes in GB. A minimum of 20% of the programme is to be delivered to low income & fuel poor homes the remaining support may be offered to homes in a wider qualifying criteria.
- As part of its reaction to the current cost of living crisis, Government has announced its intention to consider a social tariff from April 2024

(1) As there is no updated Ofgem State of the Market Report since Oct 2019, figures sourced from Cornwall Insights Domestic Market Share Survey, Q1 2023

Customers: Mexico

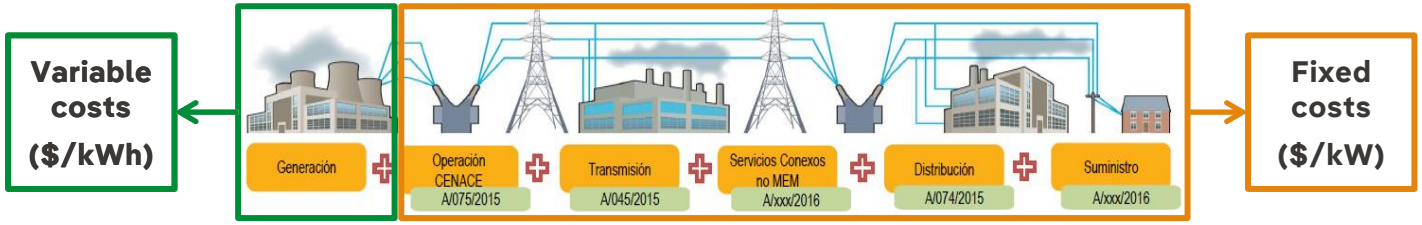
Customer regulatory framework

Legacy Regime LSPEE (1992)

- Sale of energy and capacity generated by Iberdrola power plants under self-supply or cogeneration regime (*autoabasto*)
- Medium- and long-term contracts with self-supply partners (industrial clients), according to different criteria depending on each client
- Iberdrola sells energy and other related products to CFE in long term PPAs under the Independent Power Production scheme.

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.

Customers: PPA[1]

PPAs: long-term Power Purchase Agreements

- A PPA is a long-term Power Purchase Agreement, with agreed conditions (term, price, amount, etc.) between a renewable energy generator and a consumer that ensure revenue and price stability for the customer.
- In a market with highly volatile prices, PPAs set a price that totally or partially limits this risk.
- Iberdrola group has signed contracts of this type in countries such as the United States, the United Kingdom, Spain, Mexico, Brazil and Australia.

DEPENDING ON THE POINT OF INJECTION OF ENERGY

OFFSITE PPA

Energy produced at a specific location and connected to the grid

ONSITE PPA

Renewable energy produced near or on the site of the customer's premises

DEPENDING ON THE TYPE OF DELIVERY

PHYSICAL

Bilateral contract for the supply of energy and delivery of Renewable Certificates from a specific production plant to the end customer

VIRTUAL

Bilateral energy contract that does not provide for the physical delivery of energy from the seller to the customer

BY FORM OF ENERGY DELIVERY

AS GENERATED

The customer consumes the plant's generation

BASELOAD

The seller is responsible for converting the generation of the asset into a baseload

(1) *Power Purchase Agreement*

Customers: PPA[1]

Flagship projects: Key PPAs signed by Iberdrola

SPAIN

vodafone – *Multi-country*
PPA for the production of 140 GWh from onshore wind project Puylobo in Aragon

euskaltel
PPA to supply 100% renewable energy from solar PV plant Nuñez de Balboa in Extremadura

MEXICO

Grupo Modelo Mexico
PPA for the production of 490 GWh from onshore wind farm Pier (220 MW) in the state of Puebla

Bayer
PPA for the production of wind power from Santiago wind farm (105 MW) located in the state of Guanajuato

GERMANY

amazon – *Multi-country*
PPA for 1.1 TWh from offshore wind farms Windanker and Baltic Eagle in the Baltic Sea

Mercedes-Benz
PPA for the production of 140 MW from offshore wind farm Windanker in the Baltic Sea

Salzgitter AG – Stahl und Technologie
PPA for the production of 114 MW from offshore wind farm Baltic Eagle located in the Baltic Sea

BRAZIL

Claro
PPA for the production of 149 MW coming from solar PV plant Luzia in Paraíba

USA

Meta
PPA for the production of 240 MW from solar PV plant True North in Falls County, Texas

Apple
PPA for the production of 200 MW from onshore wind farm Montague located in Gilliam, Oregon

Google
PPAs for the production of 196 MW from onshore windfarms Coyote Ridge and Tatanka in South Dakota

AUSTRALIA

BHP
PPA for hybrid plant (PV and wind) produced by Port Augusta project with 320 MW in South Australia

(1) *Power Purchase Agreement*

Content

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02 Networks (page 18)

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06 ESG (page 151)

07 Annex (page 216)

All figures as of December 2022

Green Financing at the core

World private group leader in green bonds issued

Green Financing

Accountability	**Use of proceeds** guarantees transparency in impact and accountability
Assurance	**Strict Reporting**, SPOs and **external verification** to provide assurance
Taxonomy	**Strict standards** for the eligibility **fully aligned** with the Company strategy

Best in class format for investors with an estimated **Greenium of 8-10 b.p.***

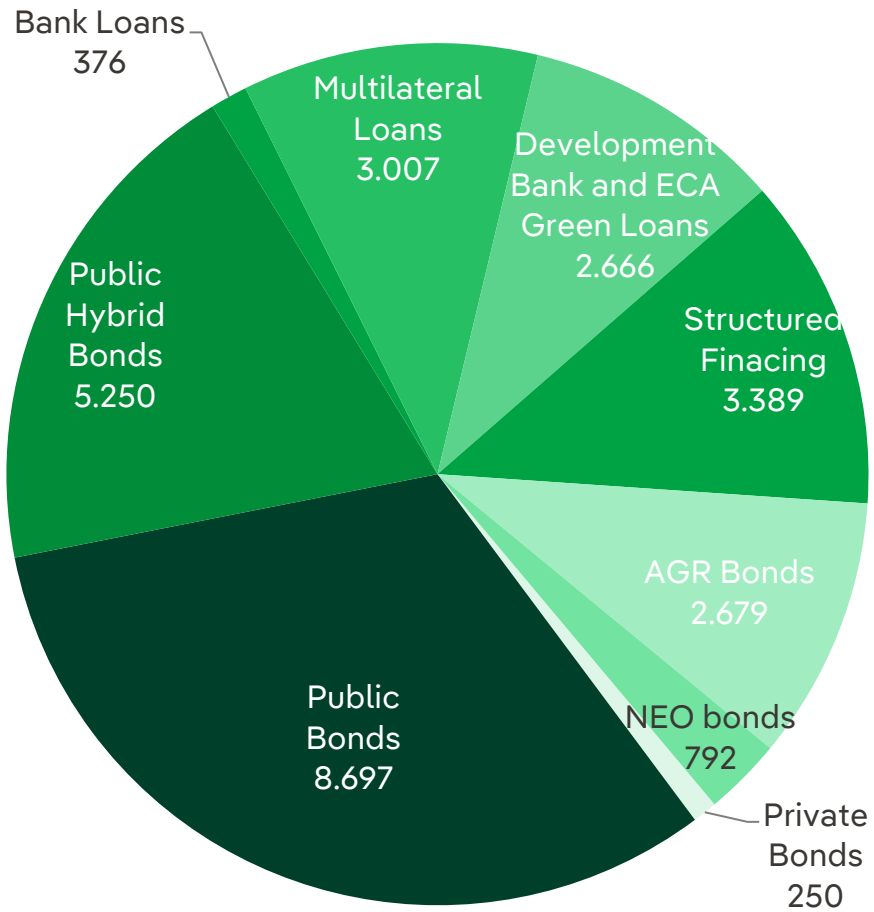
Asset base + energy transition = maximizing access to the green bond market

(*) Utilities greenium compared to senior bonds / Based on market bank´s estimates

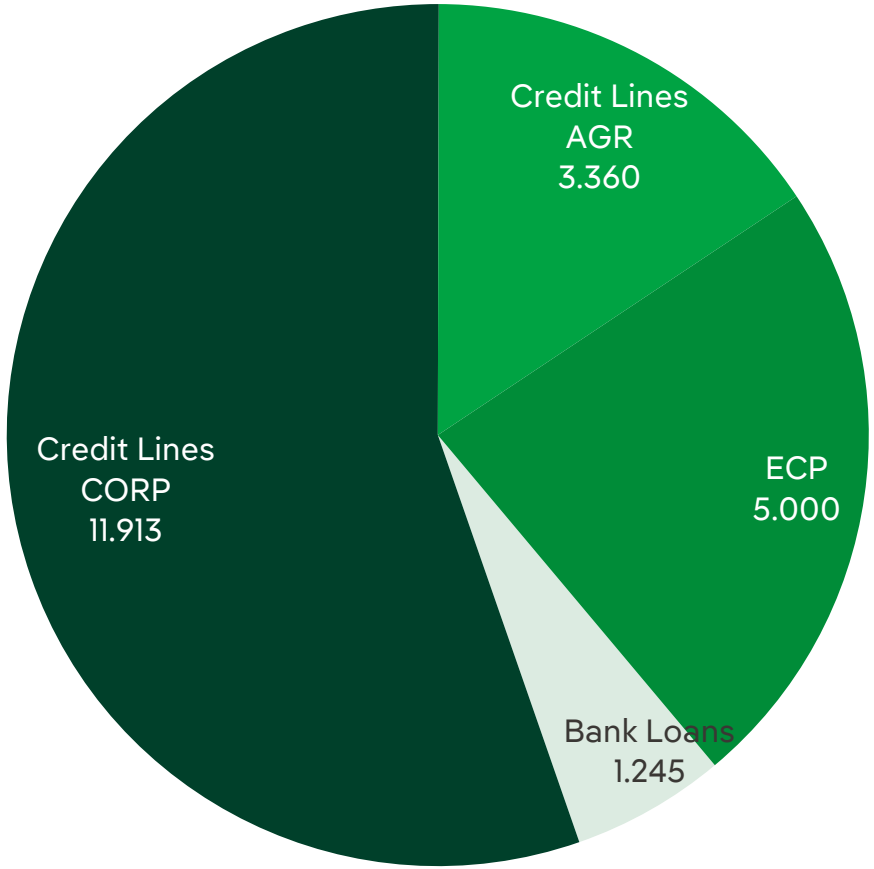
Green / Sustainable financing

Iberdrola is the world leading group in green bonds issued

GREEN FINANCING: EUR 27,106 M



SUSTAINABLE FINANCING : EUR 21,517 M

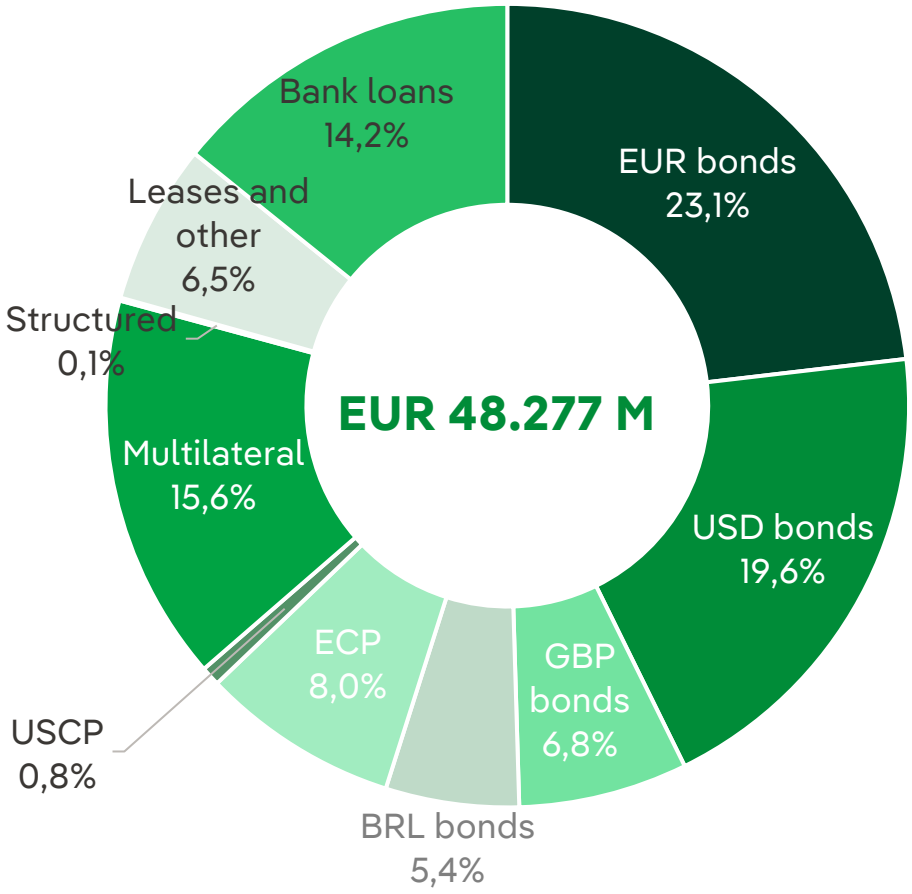


In 2022 Iberdrola signed EUR 3.5 bn of new sustainable transactions and EUR 7.2 bn of new green financing for a total of EUR 48.6 bn in ESG financing as of December 2022

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

Financing markets diversification

Debt structure by market as of December 2022



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

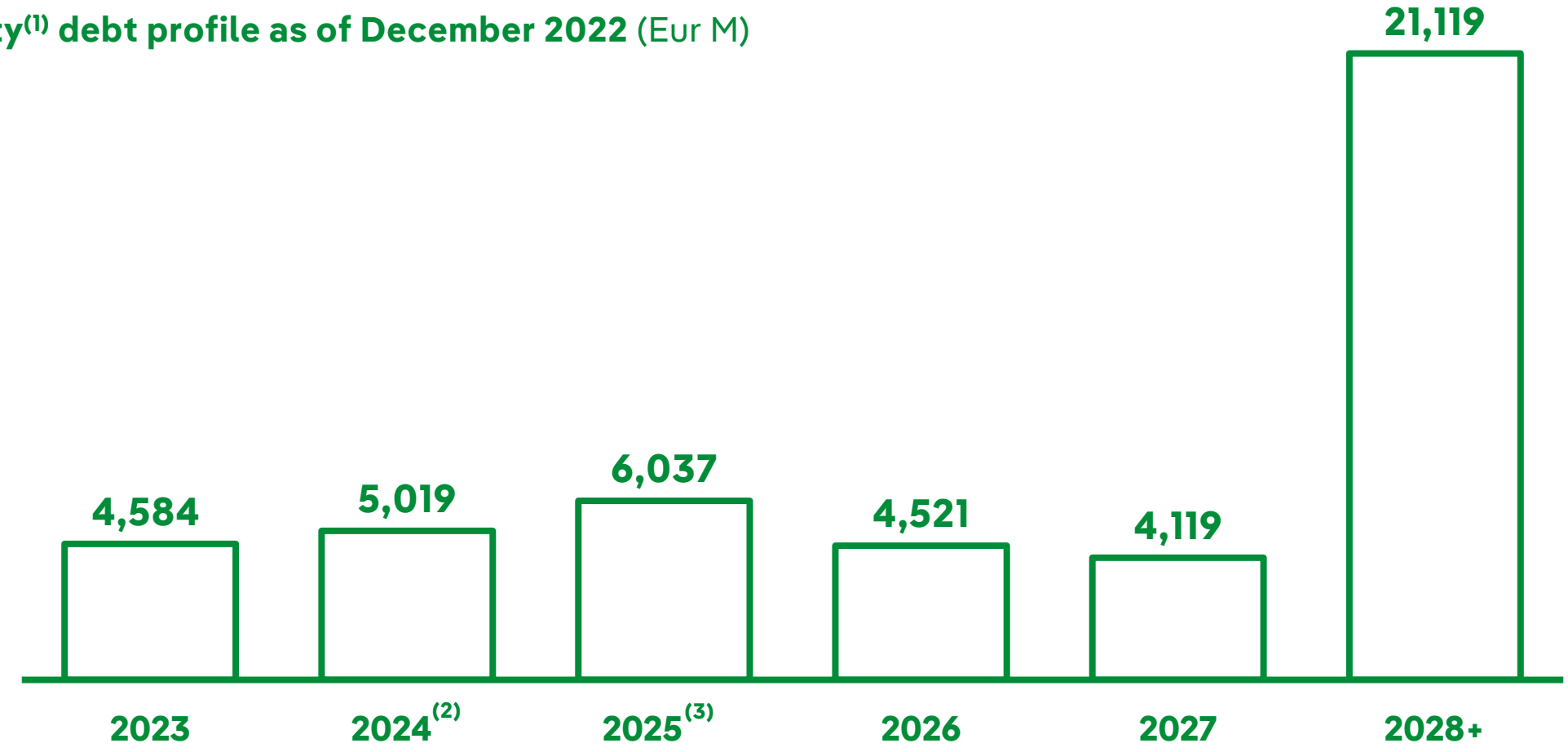
- Low outstanding balance allows share to increase during the plan

Hybrids amount outstanding: Eur 8.3 Bn

Maturities

Maturity profile with an average debt life over 6 years

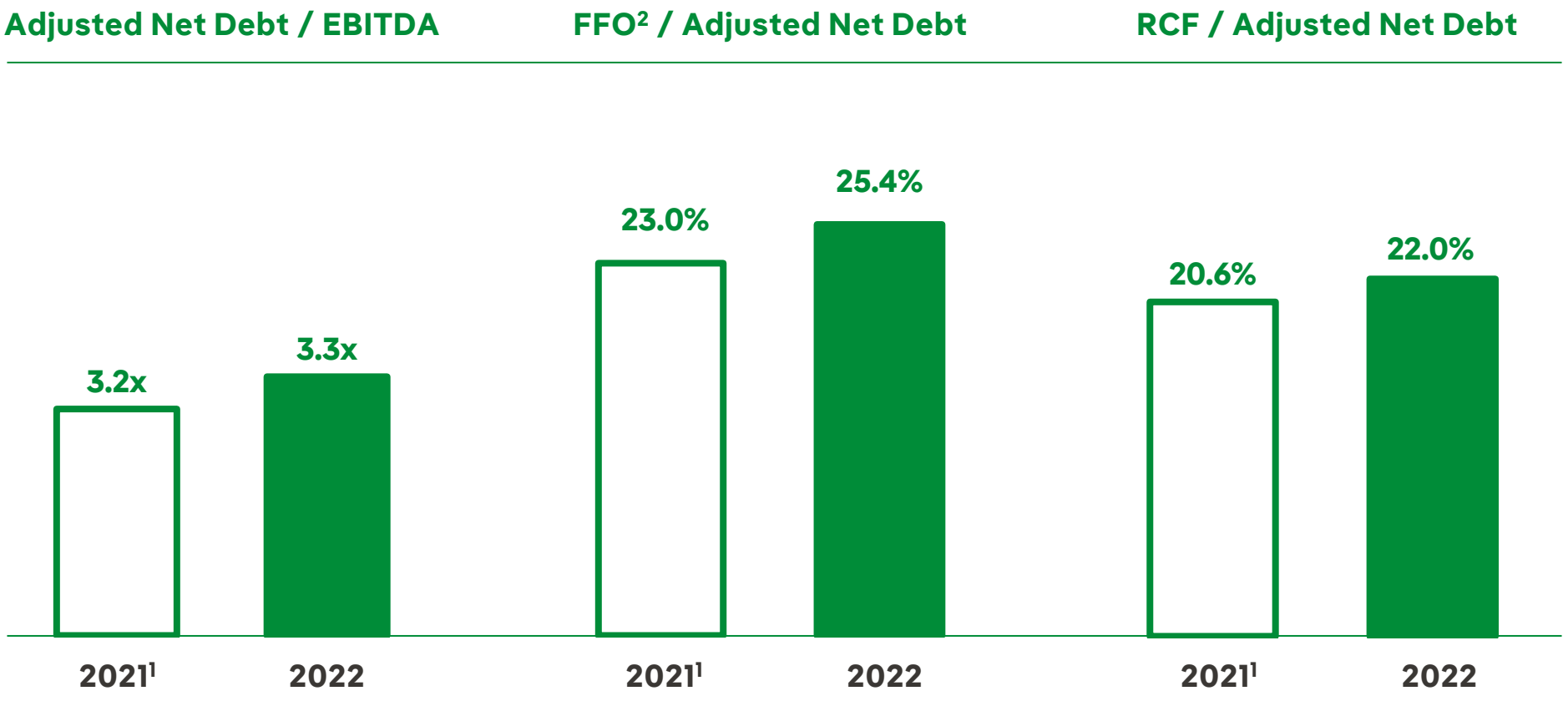
Maturity[1] debt profile as of December 2022 (Eur M)



1) Long-term debt with credit institutions. Commercial paper maturities are shown in 2028+
2) Includes USD 400 million with extension option for one year
3) Includes USD 500 million with extension option for one year

Credit Metrics

Strong credit metrics, with Adjusted net Leverage of 42.8% as of 2022 (from 41.0% in 2021)



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

1) *Proforma including Neoenergia Brasilia and Poland onshore in December 2021*
2) *2022 FFO includes collection of EUR 826 M on positive court rulings in Spain and positive one-off linked to NY Order that allows to accrue certain regulatory assets (EUR 340 M)*

Credit Ratings

	S&P Global		Moody's		FitchRatings	
	Date		Date		Date	
	Rating	Outlook	Rating	Outlook	Rating	Outlook
Iberdrola	December 2022		March 2023		March 2023	
	BBB+	Stable	Baa1	Stable	BBB+	Stable
Avangrid	December 2022		November 2022		March 2023	
	BBB+	Stable	Baa2	Stable	BBB+	Stable
ScottishPower	March 2022		April 2023		February 2023	
	BBB+	Stable	Baa1	Stable	BBB+	Stable
Neoenergia	March 2023					
	BB-	Stable				

Note: ratings as of last available report

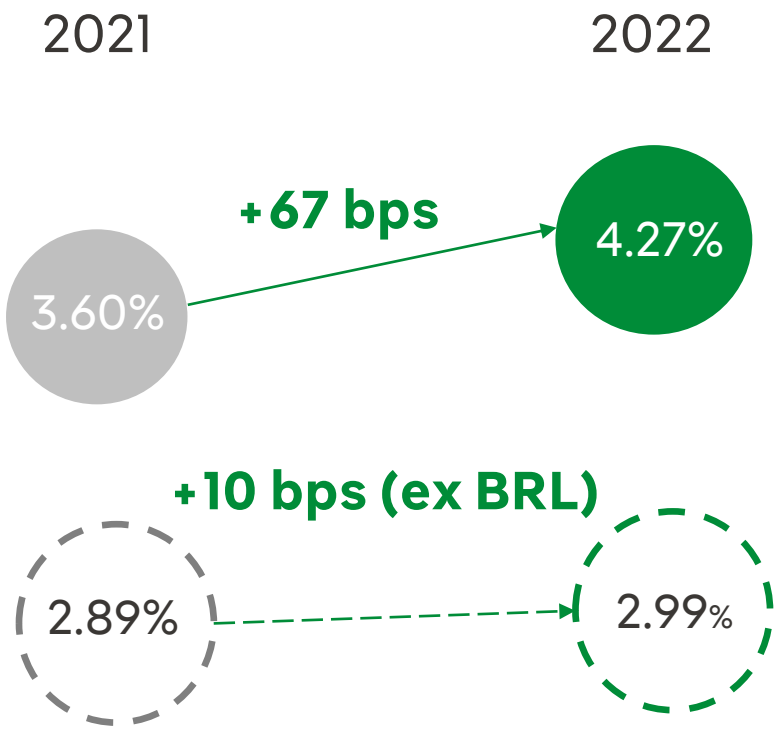
Cost of Debt

Inflation-linked debt in Brazil mainly drives the 67 bp increase in the cost of debt, more than compensated by revenues indexed to inflation at EBITDA level

Gross debt financial cost by currencies (%)

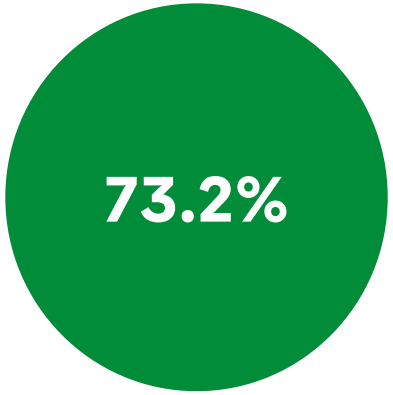
	2021	2022
€	2.2%	2.1%
$	4.1%	4.1%
£	2.8%	3.5%
R$	9.4%	11.6%

Cost of Debt (%)



Structural Subordination

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



2022

	4.7%
	18.1%
	2.2%
Other	1.8%

% of gross debt[1] at holding

Subordination ratio below 30% in 2022 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%) ✓

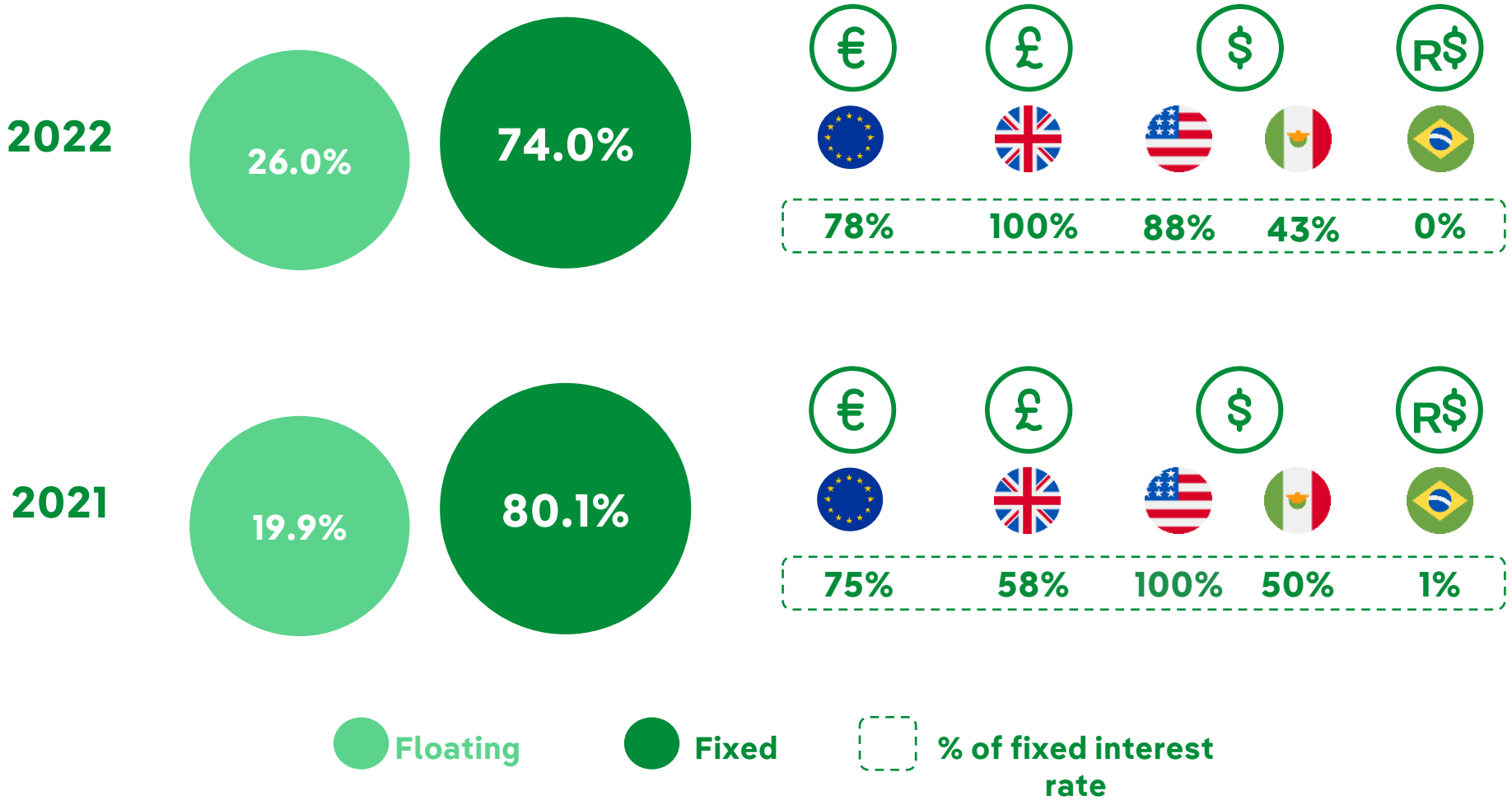
High visibility of centralized cash flows (regulated and long term contracted) ✓

Centralized treasury and very strong liquidity at Holding ✓

1) Including 50% of hybrids and excluding Neoenergia (Eur 8.0 bn in Dec-22)

Interest rate risk management

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



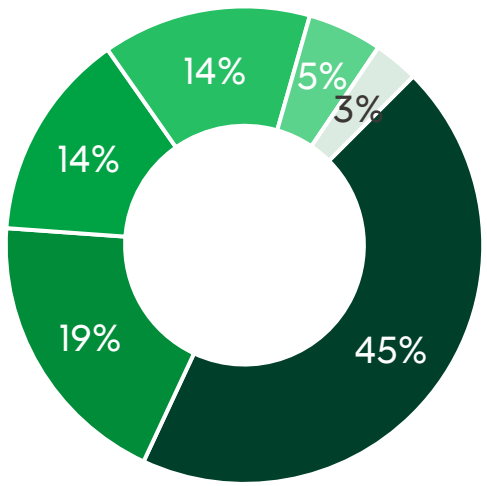
FX risk management: structural

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

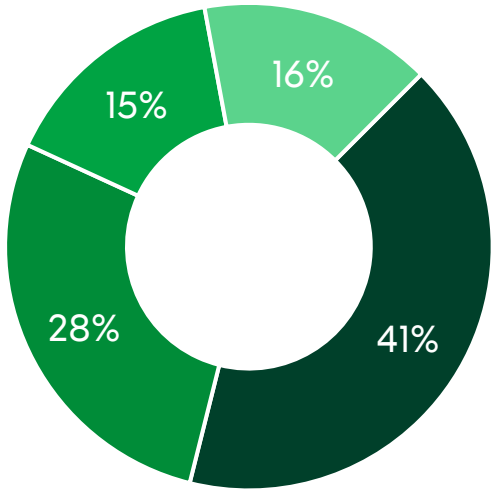
December 2022

FFO by currencies



■ EUR ■ USD ■ GBP ■ BRL ■ MXN ■ IEI

Debt by currencies



■ EUR ■ USD ■ GBP ■ BRL

... 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

Iberdrola

Note 21 of Iberdrola Consolidated Annual Report 2022

Thousand euros	31/12/2022	31/12/2021
Bank borrowings, bonds and other marketable securities (Note 28)	46,587	41,163
CSA derivatives security deposits (Note 32)	96	-
Derivative liability instruments	960	760
Leases	2,439	2,411
Gross financial Debt	**50,082**	**44,334**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed	436	241
Adjusted gross financial debt	**49,646**	**44,093**
Non-current financial deposits (Note 15.b)	80	65
Derivative asset instruments	1,083	764
CSA derivatives security deposits (Note 15.b)	107	101
Current financial investments (between 3 and 12 months) (Note 15.b)	18	12
Cash and cash equivalents (Note 20)	4,608	4,033
Total treasury assets	***5,896***	***4,975***
Adjusted net financial debt	**43,749**	**39,119**

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

Note: difference between debt figure in slide 140 and gross financial debt in this slide refers to the inclusion of derivative instruments and accrued interest payable

(1) Outstanding figure as of Dec-22

Iberdrola Consolidated Annual Financial Report 2022:

https://www.iberdrola.com/documents/20125/2931678/gsm23_FinancialStatements_AuditorsReport_Consolidated2022.pdf

SFDR. Principal Adverse Impacts on sustainability factors

Iberdrola

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1.	GHG emissions	Scope 1 GHG emissions	11,927,119	t CO2 eq
			Scope 2 GHG emissions	1,879,381	t CO2 eq
			Scope 3 GHG emissions	42,013,976	t CO2 eq
			Total GHG emissions	55,820,476	t CO2 eq
	2.	Carbon footprint	Carbon footprint	55,820,476	t CO2 eq
	3.	GHG intensity of investee companies	GHG intensity of investee companies	1,035	t CO2 eq / M€
	4.	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	16% 0%	Revenues Gas Revenues Coal
	5.	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	99.9%	Non-Renewable energy consumption
				54.1%	Non-Renewable energy production
	6.	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	2.24	GWh/M€
Biodiversity	7.	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas, and no mitigation measures nor impact assessment is adopted.	No	Iberdrola has in force a Biodiversity policy to integrate the protection and conservation of biodiversity in the territories in which the Group operates
Water	8.	Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	-	Consolidated data of emissions to water as requested in SFDR is not available. Emissions to water are regulated by the environmental permits and all facilities comply with the maximum permitted. Data of some facilities can be found in this web site
Waste	9.	Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	17,713	t of hazardous waste
				357	m^3 of radioactive waste (medium and low activity)

SFDR. Principal Adverse Impacts on sustainability factors

Iberdrola

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10.	Violations of UN Global Compact (UNGC) principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	No	The company has been identified as LEAD company for its high levels of commitment as Participants in the United Nations Global Compact
	11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	No	Policy on Respect for Human Rights (iberdrola.com)
	12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-5.5	%
	13.	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	43	%
	14.	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	No	

Getting ahead of CSDR requirements providing disclosure for SFRD PAIs applicable to investee companies

Content

01 Iberdrola Today (page 6)

02 Networks (page 18)

03 Renewables (page 46)

04 Generation & Customers (page 101)

05 Financing (page 136)

06 ESG (page 151)

07 Annex (page 216)

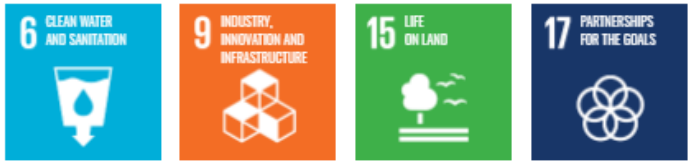
All figures as of December 2022

ESG at Iberdrola

Leaders in promoting the SDGs and climate change, were incorporated back in 2018 in our company´s foundational regulations

MAIN FOCUS

DIRECT CONTRIBUTION



Energy Transition

Climate Change

Circular Economy

Biodiversity

Environment

Just Transition

Environmental

- Decarbonization
- Water
- Circular Economy
- Biodiversity
- Innovation

Social

- Diversity & Inclusion
- Health & Safety
- Products & Services
- Stakeholders, Communities and Human Rights

Governance

- Best Practices

Financial

- ESG Finance Strategy

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

- **140 Eur bn invested** to lead energy transition
- World leader in wind power with **21 GW installed**
- **More than 85 Mt of CO2 emissions avoided** over the last three years
- Iberdrola has brought electricity to **11 million people with Electricity for all program since 2014**
- **Leaders in Green Bonds issued: 27** Eur bn as of today

- **SBTi Targets: Carbon neutral company in 2030 and Net Zero before 2040.**
- **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 tones 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 63% in 2030 compared to 2021**
- In 2022, **Iberdrola returned 95% of the water extracted to the environment**
- Iberdrola is a part of the **United Nations' CEO Water Mandate**

- Vector for employment and growth investing: **47 Eur bn between 2023 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 363 Eur M/year in 2022 and 420 Eur M/year by 2025**

- More than **800 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)

A comprehensive, relevant and ambitious set of targets

Iberdrola

ENVIROMENTAL TARGETS

TARGET	METRIC	2022	2025	2030
Net Zero in scopes 1, 2 and 3 before 2040	*Achieve before 2040*	36%[1]	On going	Carbon Neutral Scopes 1 y 2[1]
Carbon Neutral in electricity generation in 2030	*Specific emissions (global mix) g CO2 /kWh*	88	<70	Carbon Neutral[2]
NOx Emissions	*kg/MWh*	0.35	-	<0.10
Specific water consumption	*% reduction vs 2021*	+2	- 18%	- 63%
Smart solutions portfolio	*million solutions*	13	18	21
Green hydrogen	*Installed capacity (kt H2)*	0.02	35	350
Conservation, restoration and plantation of trees	*Number of trees (Million) & No Net Deforestation in 2025*	2.5	8	20
Net positive impact in 2030	*% assets with biodiversity assessment and Neutrality Plan*	0%	20%	100% (Net positive)
Blade Recycling	*% of blades recycled[3]*	0%	50%	100%
Investment in R&D	*Million euros (annual)*	363	420	550
Storage capacity	*Cumulated Installed storage capacity (GWh)*	101.2	102	>120
Sustainable light vehicle fleet	*% over total light vehicle fleet*	27.7 %	-	100%
Renewable electricity consumption in corporate buildings (Europe and USA)	*% over total electricity consumption*	49.4%	-	100%

1) 36% refers to percentage achieved of the 2030 emissions reduction target. vs 2020 (base year). Carbon Neutral on Scope 1 & Scope 2 according to SBTi methodology.

2) <10 gr CO2/kWh according to Near Term Targets from SBTi Net Zero Methodology

3) This target is subject to the existence of a commercial feasible solution.

A comprehensive, relevant and ambitious set of targets

Iberdrola

SOCIAL TARGETS

TARGETS	METRIC	2022	2025	2030
Presence of women in relevant positions	*% women*	26.1%	30%	35%
Presence of women in positions of responsibility	*% women*	34%	35%	36%
Equal pay external certification	*Equal pay certification*	On going	√ [1]	
Accidentality rate (own employees)	*TRIR (reduction vs 2021)*	-6.4%	- 10%	- 21%
Employee training	*Hours per employee (annual)*	≥ 55 h	≥ 55 h	≥ 55 h
Quality of supply	*Reduce the Global SAIDI (vs 2019-21 period avg)*	- 4%	-10%	-
Smart Grids	*% HV & MV grid*	76%	83%	-
Installed charging points[2]	*Thousand*	34.4	110	400
Digital customers (with a registered user in digital channels)	*% of total commercial customers*	66.12	73	80
Beneficiaries of the "Electricity for all" program	*Millions of beneficiaries (cumulative)*	11	14	16
Beneficiaries of the foundations programs	*Millions of annual beneficiaries*	5.7	8	10
Corporate volunteering	*No of volunteers (thousands of employees and companions)*	17	15	18
Purchases from local suppliers	*% of total purchases*	87.1%	≥80%	≥80%
Purchases from sustainable suppliers	*% of total purchases*	91.5%	≥85%	≥85%
Inclusion and diversity solutions	*Number of solutions*	29	30	-
Human Rights Due Diligence procedure	*Continuous review*	√	√	√
Formal Stakeholder Engagement Process	*Keep increasing the deployment of the scope of the Stakeholder Engagement Process*	√	√	√
Cybersecurity assessments	*Number of annual assessments or external verifications*	1,919	2,000	2,000
Cybersecurity education and training	*Number of annual hours*	75.722	63,000	68,000

1) 31/12/2024 2) Referred to logic terminals.

A comprehensive, relevant and ambitious set of targets

Iberdrola

GOVERNANCE TARGETS

TARGET	METRIC	2022	2025	2030
Corporate governance practices (best)	*Maintain*	√	√	√
Independent Members in the Board of Directors	*Over 50%*	√	√	√
Women in the Board of Directors	*At least 40%*	√	√	√
Diversity in the Board of Directors	*Promote*	√	√	√
Independent external certification or validation of the compliance system	*Obtain/maintain (yearly)*	√	√	√

FINANCIAL TARGETS

TARGET	METRIC	2022	2025	2030
Green financing frameworks	*Annual review and update (if applicable)*	√	√	√
ESG financing	*% of ESG financing*	82%	Minimum 80%	-

Environment

Iberdrola's nature positive vision

Iberdrola

AN ENERGY MODEL IN HARMONY WITH NATURE AND HUMAN BEING

Based on

- Electricity generation from renewable energy
- Smart networks and energy efficiency storage
- Electrification of the demand

Action

Climate Action Plan

Reduction of emissions and climate action

Circular Economy Plan

Sustainability use of resources and action for a circular economy

Biodiversity Plan

Protection y promotion of biodiversity and action for nature

Net zero in Scopes 1, 2 and 3 before 2040

KEY ELEMENTS OF THE CLIMATE ACTION PLAN

Objective

2030

Neutrality in emissions for scopes 1 and 2

Direct emissions (generation and other) and indirect emissions from electricity T&D losses and own consumption

<2040

Net-zero emissions all scopes

Scopes 1, 2 **and 3** (rest of indirect emissions that occur in sources that are not owned or controlled by the company (e.g., gas sales, purchase of electricity for sale to the final customer, generation of electricity for third parties, suppliers))

Drivers

100% Renewables

All energy 100% zero-emissions

100% Intelligent networks

Networks more robust and 100% digitalised

Green procurement

- 100% green energy
- Suppliers - Projects for joint reduction of emissions and use of "green" products

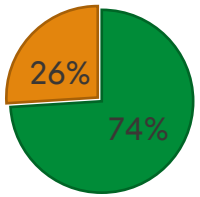
Green solutions for customers

Offer of green products and solutions (electrification, green H2)

Alliances for green technologies and decarbonization

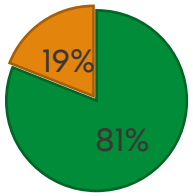
Already Achieved

Own renewable Installed Capacity



Renewables Other

Own Emission free Installed Capacity



Emission free Other

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

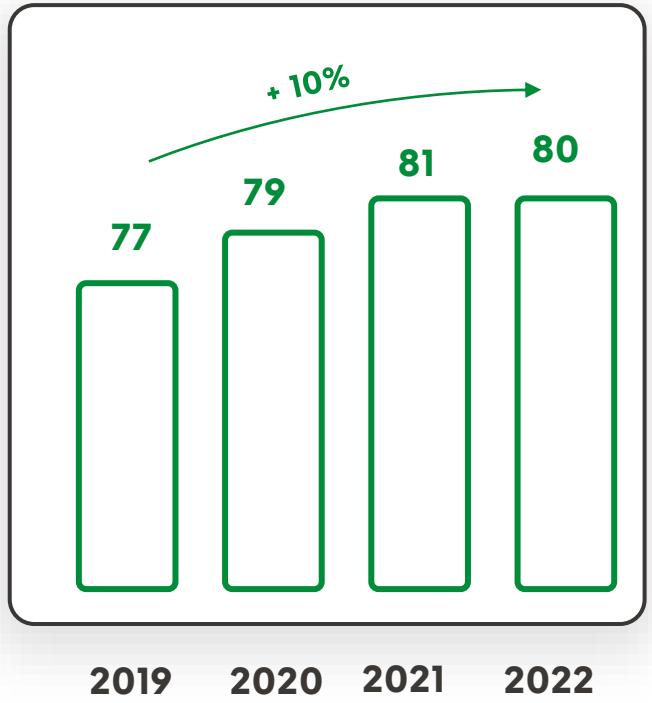
Iberdrola has approved near and long-term science-based emissions reduction targets with the SBTi.
The SBTi has verified Iberdrola's net-zero science-based target by 2039.

Carbon neutral in electricity generation in 2030

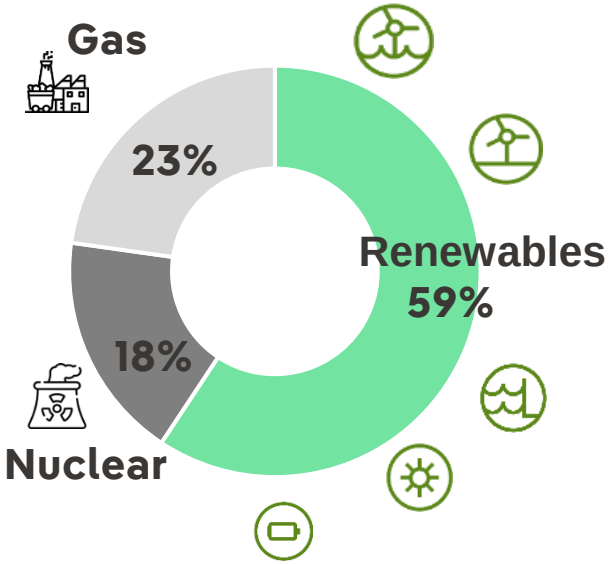
Climate Action
IBERDROLA

Since 2020, Iberdrola has no coal exposure (coal free)...

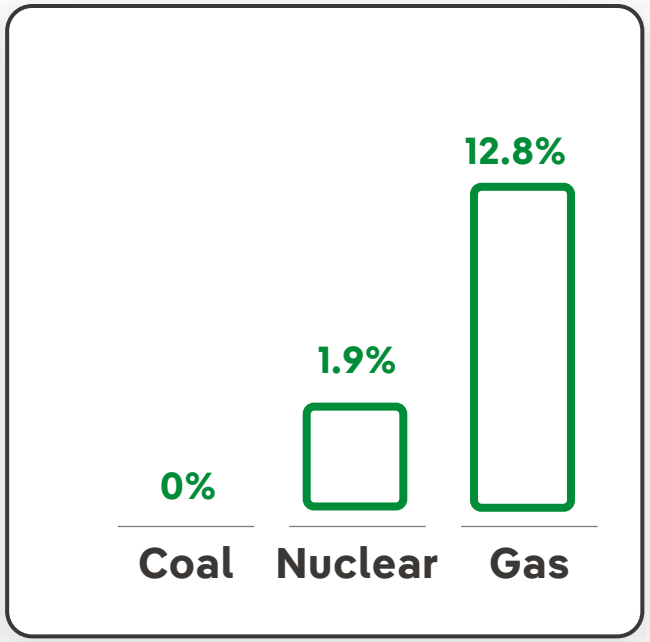
Own emission-free installed capacity (%)



2022 Own production (GWh)



2022 Generation Revenues Coal, Nuclear & Gas / Total Revenues (%)



... and will be reducing drastically the revenues coming from gas with the agreement to sell 88% of CCGTs installed capacity in México (50% of CCGT total capacity of the group)

European Taxonomy

Activities aligned with the Climate Change Mitigation Objective

Elegibility and Aligment FY2022	Revenues (M€)	OPEX (M€)	CAPEX (M€)
Total Iberdrola Group	53.949	1.795	10.730
Total Eligible Activities	30.354	1.672	9.623
Eligibility Percentage	**56,3%**	**93,1%**	**89,7%**
Total Aligned Activities	19.670	937	9.282
Aligment Percentage	**36,5%**	**52,2%**	**86,5%**

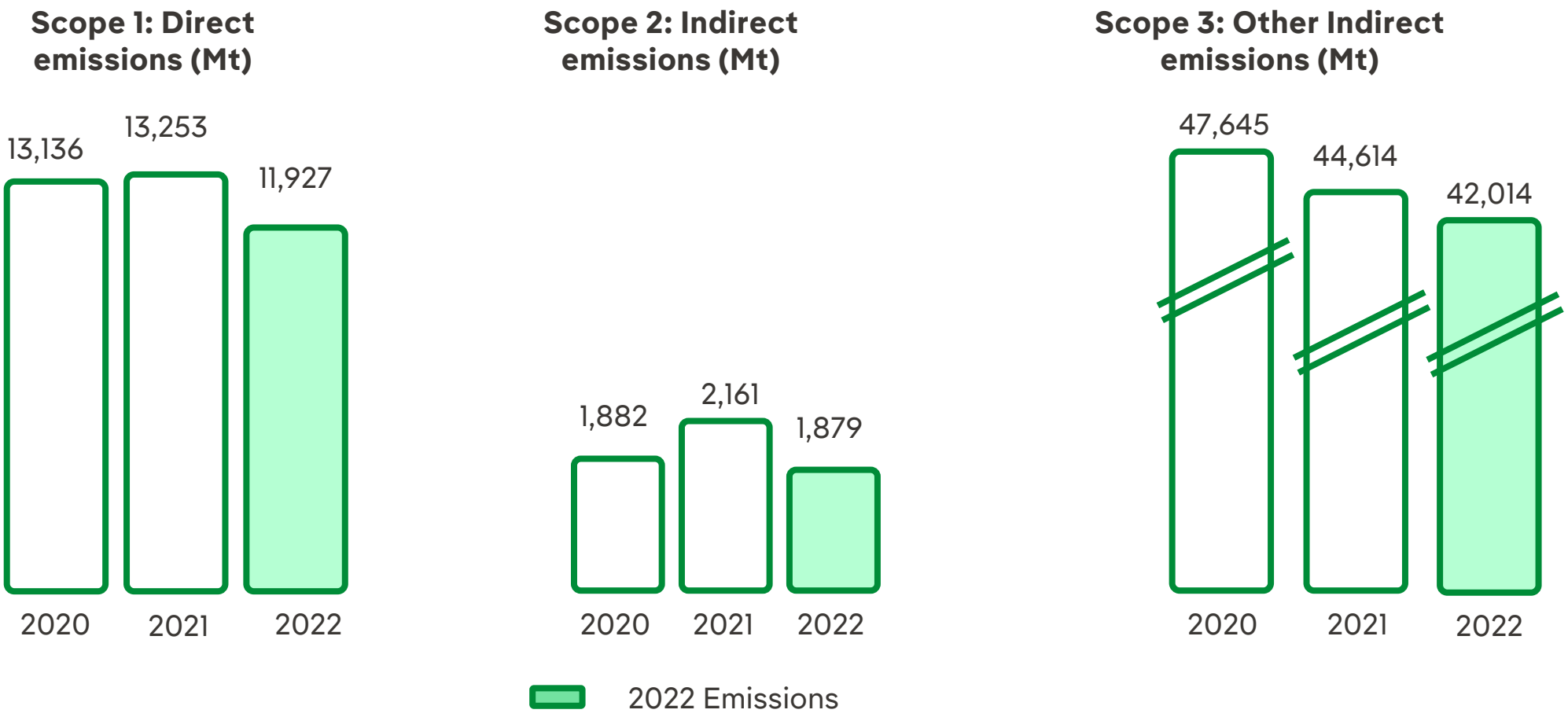
Evaluation of eligibility, compliance with substantial contribution criteria, no significant harm, and existence of social safeguards
include activities such as:

- Electricity generation using photovoltaic solar technology
- Electricity generation using onshore and offshore wind technology
- Electricity generation from hydropower
- Transmission and distribution of electricity
- Storage of electricity

... with 96,5% of the Eligible Capex Aligned

Further details are shared in the Sustainability report: Iberdrola SNFI-SR 2022

Greenhouse Gas Report (Carbon Footprint)

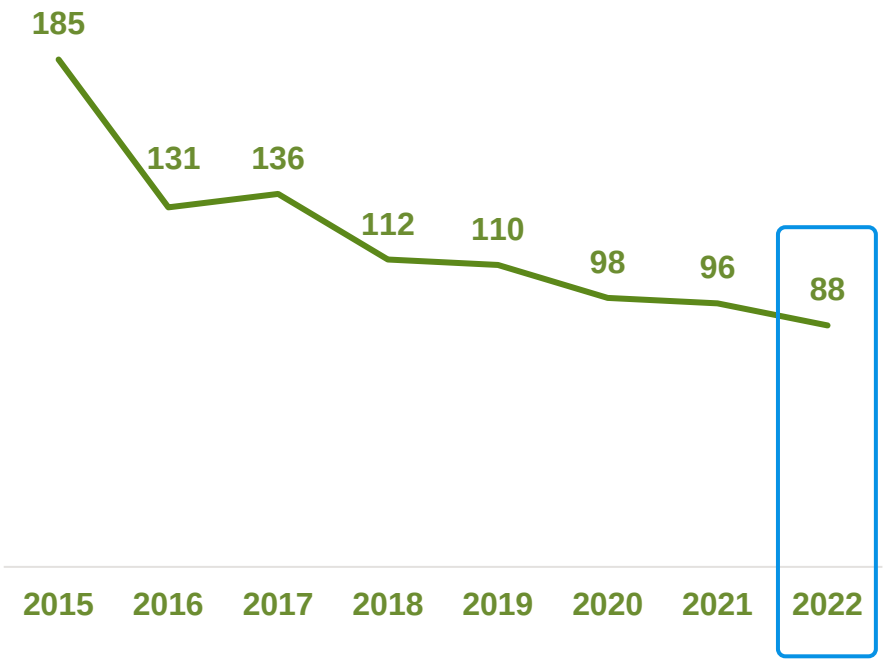


Sustainability report https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_SustainabilityReport2022.pdf

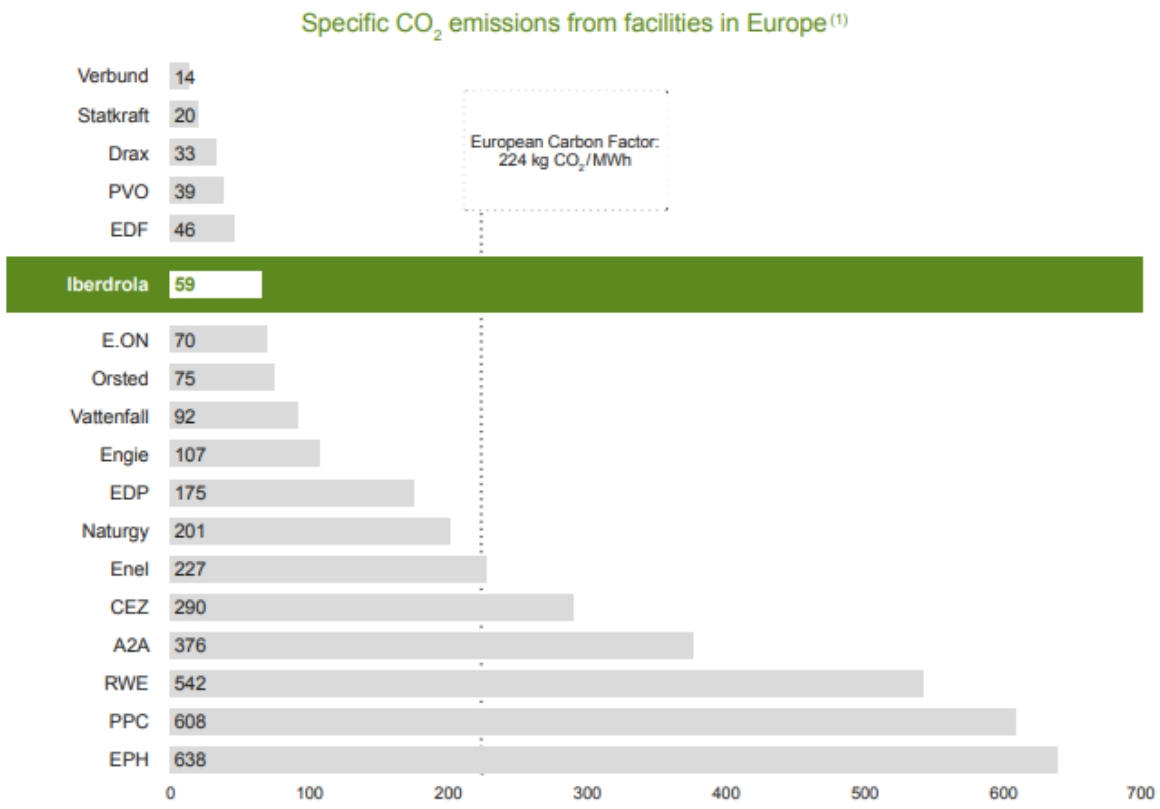
Emissions intensity: CO2

Already Achieved

Own specific global CO2 emissions (t/GWh)



Vs Peers (Europe)



... and will continue reducing the global emissions to meet our climate goals

Biodiversity

A path towards net positive impact on Biodiversity by 2030

2025 Objective: No net deforestation

ESG target

2030 Objective: Net positive impact on biodiversity

- Compensate impacts due to construction of new developments
- Act on our supply chain
- The "Iberdrola Trees" program guarantees soundness and credibility in meeting this objective

- Impacts on ecosystems from new developments
- Impacts on species from operational and maintenance of our assets

Biodiversity PLAN

MEASURE

- Stablish a biodiversity accounting framework
- Evaluation of all priority facilities by 2025

ACT

- Ensuring application of Conservation Hierarchy
- From 2025 all new developments with neutral/positive biodiversity impact
- Deployment of nature-based solutions: Trees Programme, biodiversity projects

TRANSFORM & LEAD

- Supporting action for biodiversity in the International Agenda: COP15 on Biodiversity
- Creating shared value: promotion of ecosystems services, R&D&i, supply chain, social awareness...

Biodiversity Report 2022 https://www.iberdrola.com/documents/20125/41593/IB_Biodiversity_Report_2022.pdf

Interaction and actions on drivers of biodiversity loss

Interaction

Facilities in Protected Areas

• 18% of the reservoirs of hydroelectric power plants are located within protected areas or areas of high biodiversity. Often, these areas have been classified as such thanks to the existence of the reservoir.
• 11.3% of onshore wind farms are in protected areas.
• 8% of power distribution lines and 2% of transmission lines are in protected areas.

More than 200 threatened species near our facilities

Actions

More than 800 actions per year to protect biodiversity (1)

Driver of Biodiversity loss	Actions
Change of land use	Biodiversity policy : Avoid locating new infrastructure projects in spaces that are protected due to their ecological, biological, cultural and/or landscape value or areas catalogued as having high value for biodiversity; Biodiversity Plan : From 2025 all new developments will have a Biodiversity Action Plan to be neutral o positive on biodiversity .
Climate change	Climate action plan. Carbon neutral by 2030 (generation and distribution activities) and Net-zero emissions by 2040 (all activities)
Loss of species	Specific programs and actions to avoid, minimize, restore and compensate for effects on habitats and species, as well as monitoring their interactions to correct the impacts. Biodiversity Plan: By 2025 all priority facilities will have a Biodiversity Action Plan to be neutral or positive on biodiversity.
Pollution	Iberdrola Management System. Iberdrola applies the principle of prevention in all its activities and implements control mechanisms to avoid contamination of the water or soil environment due to spills or discharges.
Invasive species	Iberdrola contributes to reducing these species as part of operating its facilities (vegetation management programs and zebra mussel control) and through dedicated voluntary actions to this end.

Iberdrola Trees Programme

ESG target

20 million trees planted in 2030

More than 2,5 million trees planted in the period 2020 – 2022 (2)

Already Achieved

1 Biodiversity report https://www.iberdrola.com/documents/20125/41593/IB_Biodiversity_Report_2022.pdf
2 Sustainability report https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_SustainabilityReport2022.pdf

Circular Economy Plan

IBERDROLA'S CIRCULAR ECONOMY MODEL AND GOALS

Based on the 4 'r': redesign, reduce, reuse and recycle

2030 Objectives

Reduce

- Consumption of raw materials (water, fossil fuels, etc.) by **50%**
- Emissions, lightweight corporate fleet: **100% sustainable**

Reuse / Recycle

- Blades and PV modules: **100%**

Redesign

Improve our supply chain through:

- Use of low environmental impact materials: recycled and recyclables
- Inclusion of eco-design criteria, life cycle analysis and environmental product declaration

Reduce

- CO_2 emissions

Reduce

- Stimulate the energy efficiency through electrification:
  - Electric mobility
  - Heat (residential and industry)
  - Green H_2

Example of Iberdrola's commitments in steel:

- ***First Movers Coalition:*** 10% near-zero steel 2030
- ***SteelZero from The Climate Group:*** 50% sustainable steel in 2030 and 100% net-zero in 2050

Energy efficiency – Emissions avoided

Progress

Mt of CO2 emissions avoided

27.72	30,74
(2021)	*(2022)*

Initiatives to reduce emissions are undertaken through a broad range of products and services
promoting energy efficiency and savings:

- Production of renewable energy
- Savings through cogeneration
- Improving networks efficiency
- Offering green products and services to our customers

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

270,27	265,93
(2021)	*(2022)*

Million GJ/year of energy savings from green products and services

266,13	245,70
(2021)	*(2022)*

Water use

- **95% of water** collected for cooling purposes is **returned to the supply source**
- **69% of the water withdrawn** is seawater or saltwater that **does not affect water stress.**
- **4.3 hm³ of waste of water** was **recycled** in **cooling processes**

Already Achieved

	2022	2021
Total water consumption (ML)	88,076	87,289
Water use/overall production (m3 /GWh)	540	531
Water use/overall sales (m3 / k€)	1,56	2,16

Objective 2030:

63% reduction vs 2021 consumption

Environmental governance and management

Iberdrola

Corporate Policies

Sustainable Management Policy

Environmental Policy

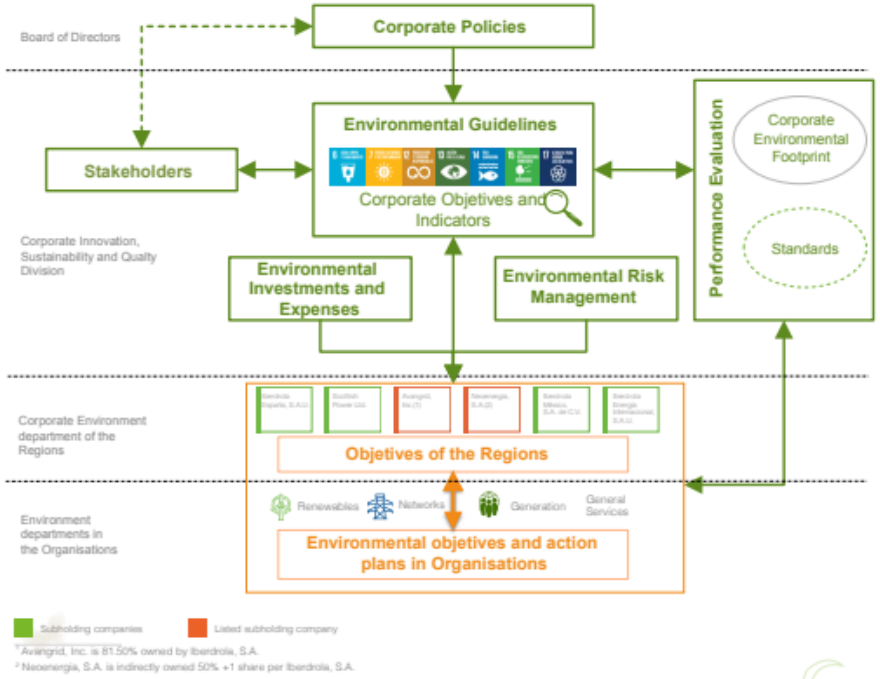
Climate Action Policy

Biodiversity Policy

Iberdrola Group's Environmental Management System converts the corporate environmental policies into environmental guidelines.

The Company's environmental strategy and management has been acknowledged on different international environmental performance indexes, such as FTSE4Good and DowJones

"The Environmental Management System is integrated into all the Iberdrola Group organisations"

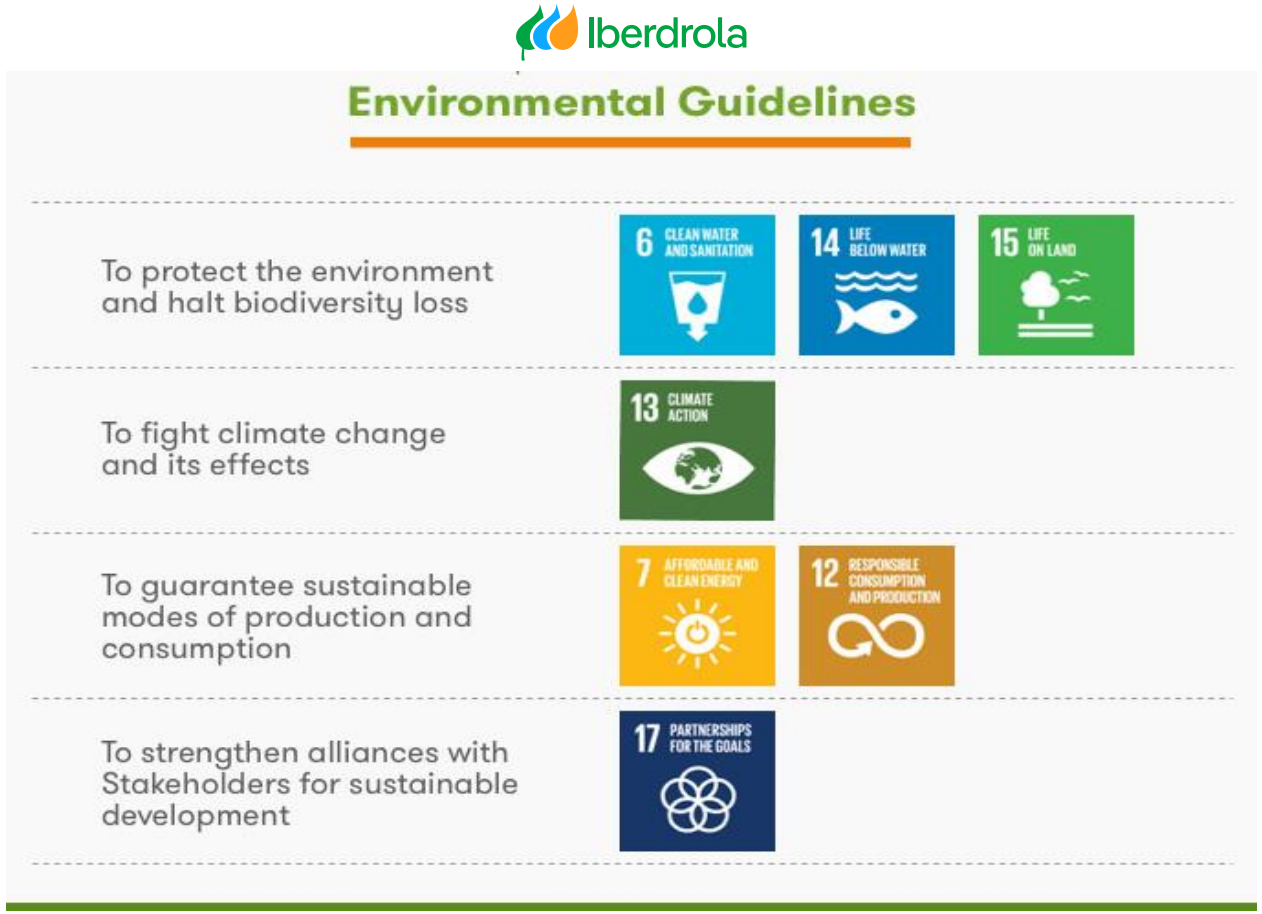


Iberdrola Group Environmental Management System Directives

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

Iberdrola Group's Environmental Management System converts the corporate environmental policies into environmental guidelines.



The Company's environmental strategy and management has been acknowledged on different international environmental performance indexes, such as FTSE4Good

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

Footprint breakdown by environmental impacts

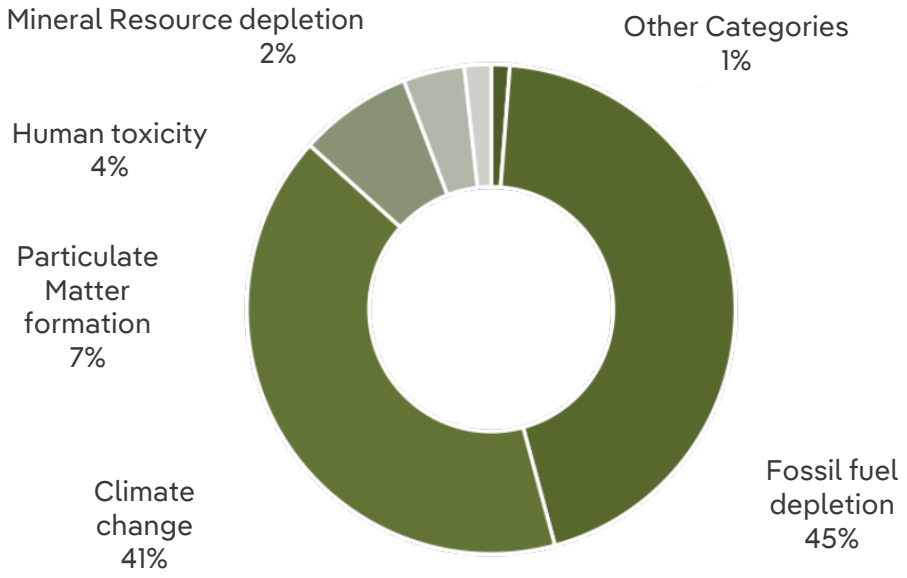
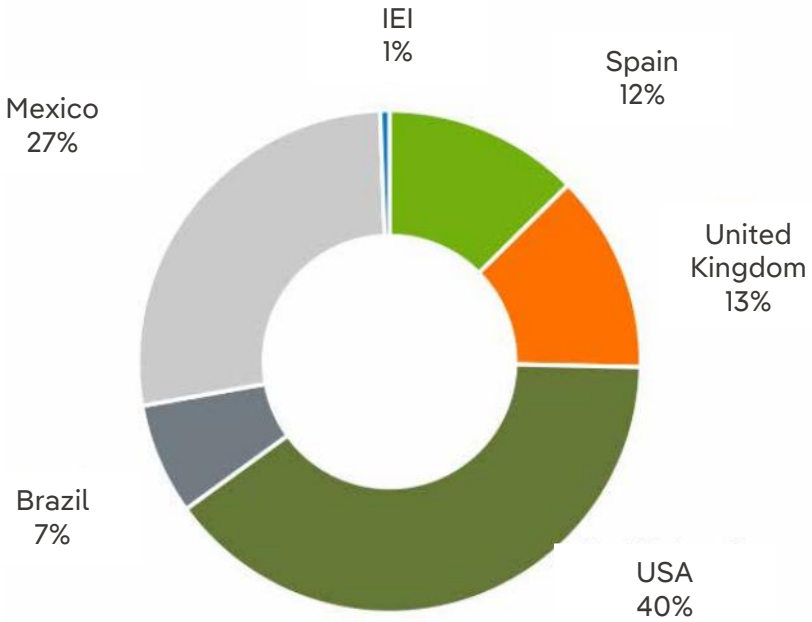


Figure 1. Environmental profile regarding impact categories [Iberdrola Group - Endpoint]

Climate change (86%) is the impact that contributes most to the direct scope of the CEF. In the indirect scope, the ones that contribute the most are the depletion of fossil fuels (48%) and climate change (37%).

Footprint breakdown by Subholding



The largest contribution of Avangrid (40%), to the CEF is due to the commercialization of gas and electricity, while that of Iberdrola Mexico (27%) is due to fuel consumption.

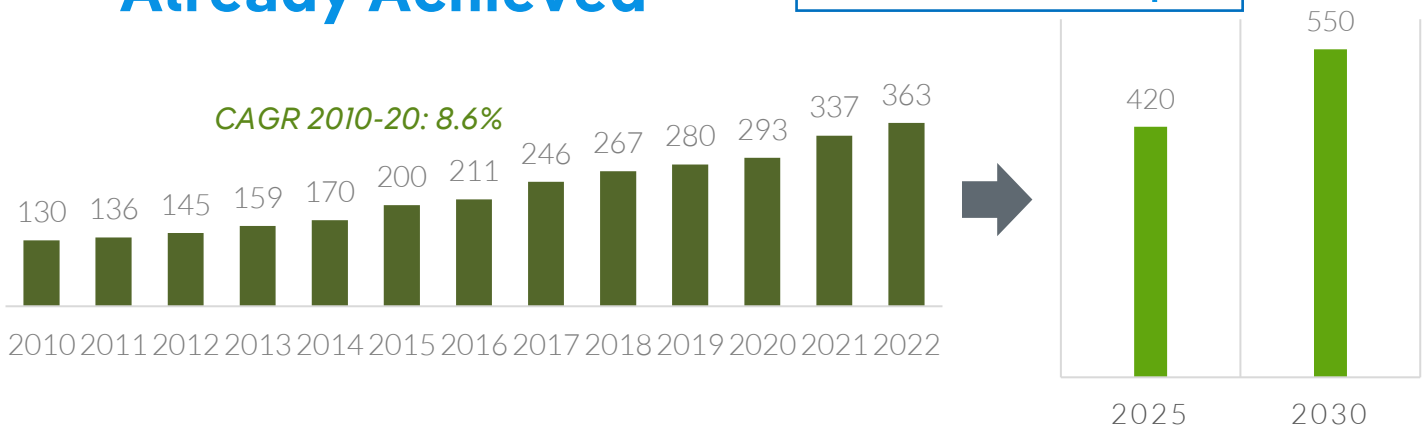
[1]2022 Data: available in July 2023 Corporate Environmental Footprint Report Year 2021: https://www.iberdrola.com/documents/20125/40501/IB_Environmental_Footprint_Report.pdf

R&D - Innovation

Iberdrola will increase its R&D investment effort to 4,000 M€ by 2030

Already Achieved

ESG target



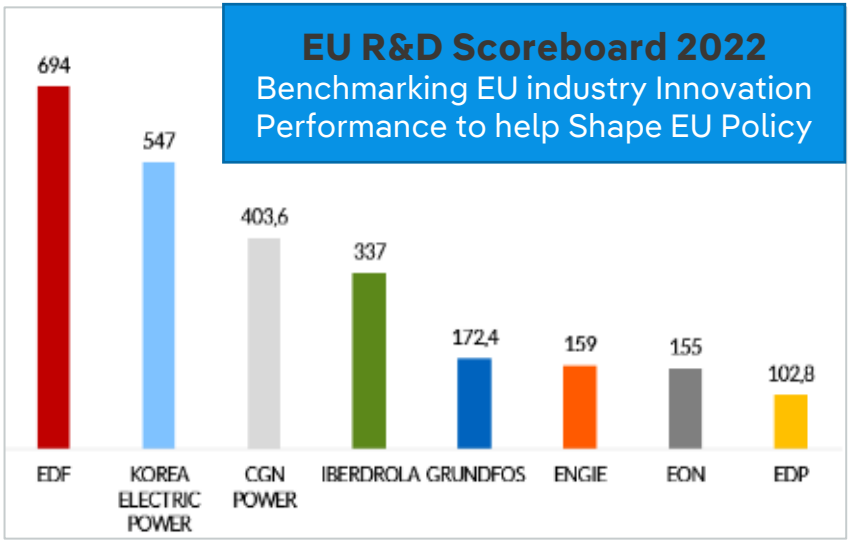
CUMULATED INVESTMENT

2025	**2,000 M€**
2030	**4,000 M€**

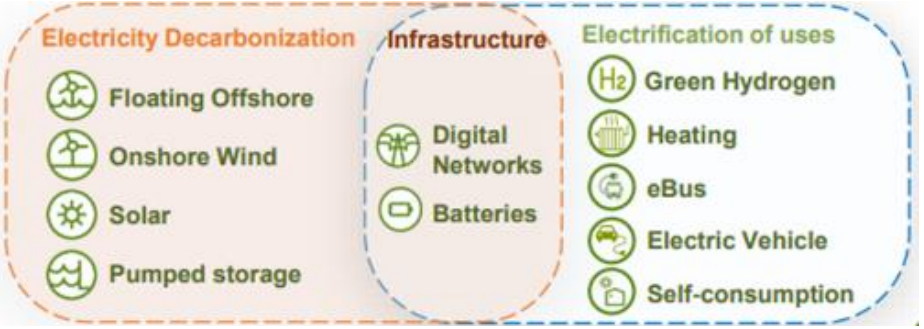
First private utility by R&D investment according to **2022 EU R&D Scoreboard**

Investment increased to **363 M€** in 2022 vs. **337 M€** in 2021

EU R&D Scoreboard 2022
Benchmarking EU industry Innovation Performance to help Shape EU Policy



+ 250 Innovation projects on-going
(renewables, networks, storage, H2, digitalization, etc.)



R&D - Open Innovation and Partnership

IBERDROLA Universities program focuses its efforts on reinforcing IBERDROLA's link with the academic world

IBERDROLA UNIVERSITIES PROGRAM- IBERDROLA U

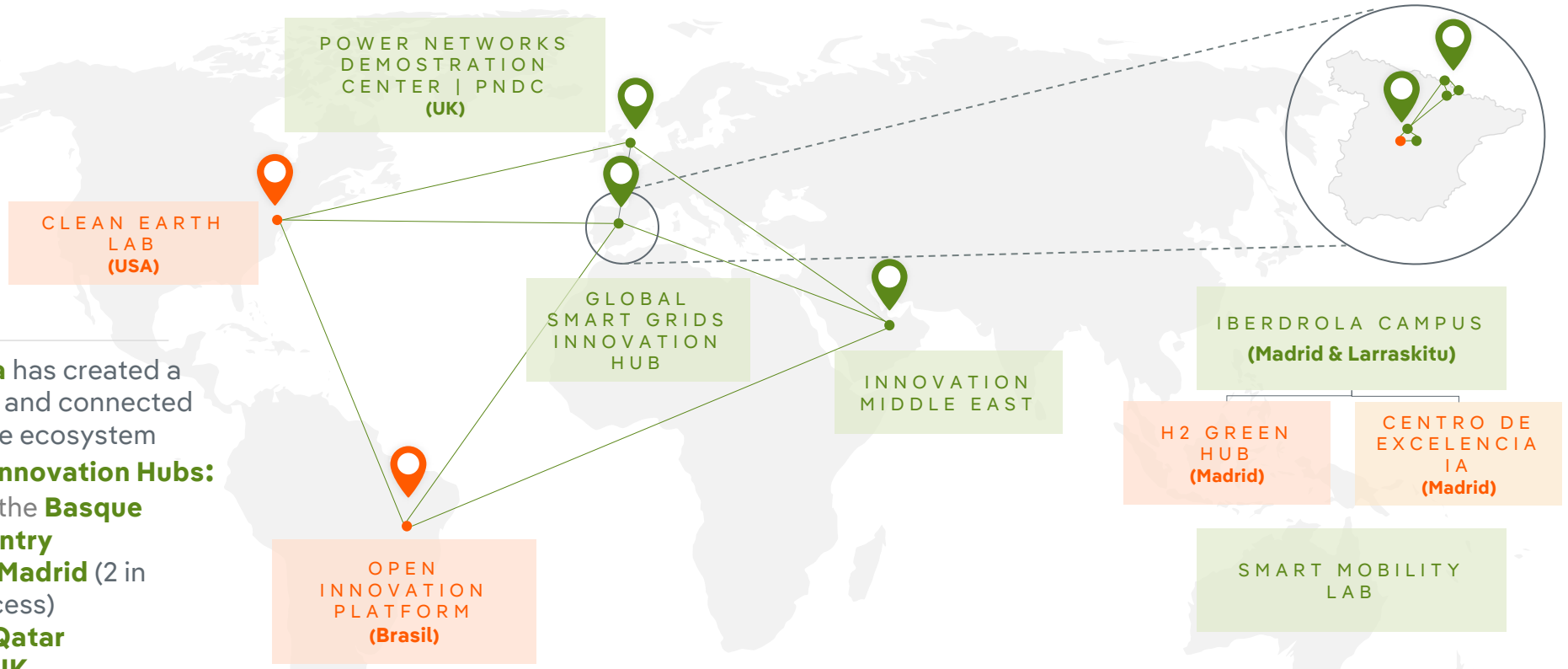
- Iberdrola students, scholarship holders, entrepreneurs, professors, researchers and employees form a **network** that promotes **training**, **entrepreneurship** and **research**.
- Through **13 global agreements** and other collaborations with universities, Iberdrola U currently connects more than 500,000 members.

1	2	3	4	5
CHAIRS	R&D PROJECTS	YOUNG ENTREPRENEURS	TRAINING	IBERDROLA ALUMNI

R&D - Open Innovation and Partnership

Open network of centers to connect the internal and external innovation ecosystem, foster learning, collaboration and respond to the challenges of the energy sector

ICON- INNOVATION CONNECTED NETWORK



Iberdrola has created a localized and connected innovative ecosystem through **Innovation Hubs:**

- 3 In the **Basque Country**
- 3 in **Madrid** (2 in process)
- 1 in **Qatar**
- 1 in **UK**
- 1 in **Brazil** (in process)
- 1 in **USA** (in process)

R&D - Open Innovation and Partnership

IBERDROLA ICON Innovation Connected Network

Iberdrola

GLOBAL CENTERS OF EXCELLENCE
To be a world leader in smart grids and digitalization, renewable energies and energy solutions

ICON- INNOVATION CONNECTED NETWORK

GLOBAL SMART GRIDS INNOVATION HUB | GSGIH

Center of **excellence** in **smart grids** and **digitization** in **Bilbao**

SPAIN

INNOVATION MIDDLE EAST

A center that aims to **lay the foundations of 'digital energy'** by developing **innovative digital solutions** for the integration of renewable energy, smart grids and energy efficiency and conservation

QATAR

IBERDROLA CAMPUS

A global center for **training,** innovation and employability in **Madrid** and **Bilbao**

SPAIN

SMART MOBILITY LAB

Laboratory with the most current **electric vehicle charging technologies**

SPAIN

POWER NETWORKS DEMOSTRATION CENTER | PNDC

Scottish Power in collaboration with Strathclyde University and other industrial entities

UK

GLOBAL

BASED ON PARTNERSHIPS

MARKET-ORIENTED

ATTRACTION OF TALENT

R&D - PERSEO

15 years of PERSEO Start-up program

125 M€ invested in startups

9 companies in our portfolio

Challenges

Open Innovation Tool

10 challenges launched anually

+ **500 proposals** received each year

Venture Builder Program

For **creating and investing** in companies

+7.500 start-ups in our ecosystem

Increasing at a rate of **300 per year**

Pilot projects

Access to technology in real cases

+25 real pilot projects per year

Andromeda Sustainable Tech Fund

First major technology fund for energy transition

300 M€ for investing in scaleups

NEW

ANDROMEDA

Spain's first major **technology fund to accelerate the energy transition and sustainability** launched in 2022 by Iberdrola, with the collaboration of ICO Next Tech Fund and Seaya.

Venture capital fund to have concrete sustainability objectives in line with **Article 9 of the EU Regulation**

R&D - PERSEO

Perseo Programme's 2022 Highlights

Two IPOs of companies in our portfolio

2022

- **2 unicorns[1] in our portfolio:**
  Wallbox & **STEM –** IPOs @NYSE during 2021
- **New Investments** materialized:
  Follow-on investments + incorporation of
  4 new portfolio companies

ENERGYLOOP — Recycling & Circular Economy

eHeat Networks — Electrification of Heat

barbara — Edge Computing & Cybersecurity

BASQUEVOLT tech by CIC energiGUNE — Batteries & EU-based industry

And a Fund (Andromeda), the first major technology fund to accelerate energy transition and sustainability

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

Open innovation – Challenges, pilots and other activities

25 — **Pilots launched** (12 from challenges)

10 — **Challenges published** Spain and Germany

+500 — **Proposals** received

+20 — **Events** in start-up ecosystem

R&D - PERSEO

Currently, Perseo's portfolio is composed of 16 companies*, 12 start-up + 4 industrial companies

* Investments through Andrómeda included

Venture Capital investments

AQUI TU REFORMA · BALANTIA · barbara · CO2 REVOLUTION · innowatts · morgansolar · Voltbras · wallbox

Pachama · Seabery · 011h · RECYCLEYE

Investments through Andromeda

Venture Builder / Industrial stakes

ENERGYLOOP · eHeat Networks IBERDROLA Group · BASQUEVOLT tech by CIC energiGUNE · EXIOM SOLAR IBERICA

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

10 Challenges launched in 2022
+500 start-ups participated in the Challenges
13 winners with ongoing pilot projects

Social

Social commitments

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

Diversity and inclusion

- Increase the **presence of women in relevant positions, to 30 % by 2025**
- Created 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 **47 Eur bn between 2023 and 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, accounting more than 65 hours of trainee per employee
- 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 2022 Iberdrola launched the third 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

- In 2022, more than **16,800 volunteers** participated in the Corporate Volunteering Programme - 38% more than the previous year
- In 2022, It was launched the Volunteers for Ukraine programme, that has sent more than eight tonnes of humanitarian material
- In 2022, it was celebrated the **11th edition of its International Volunteer Week,** with more than 7,000 volunteers

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)

Just Transition: Citizen's Innovation Platform

Multistakeholder parternship

The Citizens' Innovation Platform is an initiative of Iberdrola, the Centre for Innovation in Technology for Human Development of the Polytechnic University of Madrid (itdUPM) and the Agirre Lehendakaria Center (ALC)

Lada Coal Power Station **Closed in 2020**

Velilla Coal Power Station **Closed in 2020**

Activate **new socioeconomic opportunities**

Promote collaboration among citizens, public entities and local companies

Design interconnected processes that respond to the perceptions and priorities

Resulting **initiatives are Taylor Made** for each specific situation

Renewable growth: “CONVIVE” Program

Iberdrola

Convive

For the past two decades, **Iberdrola** has been **leading the energy transition** and we are committed to keep on leading it going forward. At the same time, Iberdrola is **committed to** a deployment of **renewable energies better aligned with biodiversity and local communities**.

Convive Program builds from this historical commitment and is **set up to ensure** that **renewable energies** generate **benefits for all**. At a global level, contributing to climate action, and locally generating economic activity and improving biodiversity.

Convive Program develops **initiatives that multiply** these **positive impacts**, thus **contributing to improving social acceptance.**

3 main areas of action, combining global as well as facility-level initiatives:

Contributing to socio-economic development

- Training and employment
- Relying on local suppliers
- Green Industrial plan
- Integration of economic activities in the facilities
- Direct contribution to communities

Protecting and enhancing biodiversity

Biodiversity plan 2030

- Target 2025: no net deforestation
- Target 2030: net positive impact on biodiversity

Biodiversity integration and conservation measures

Specific biodiversity studies

In alliances and collaboration with key stakeholders

Specific alliances

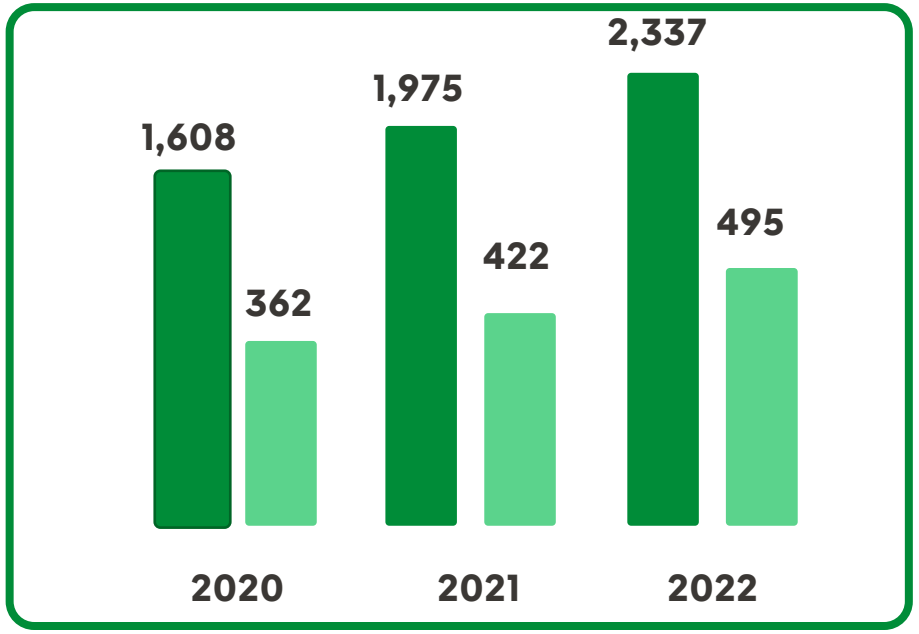
Expert dialogues

Awareness initiatives

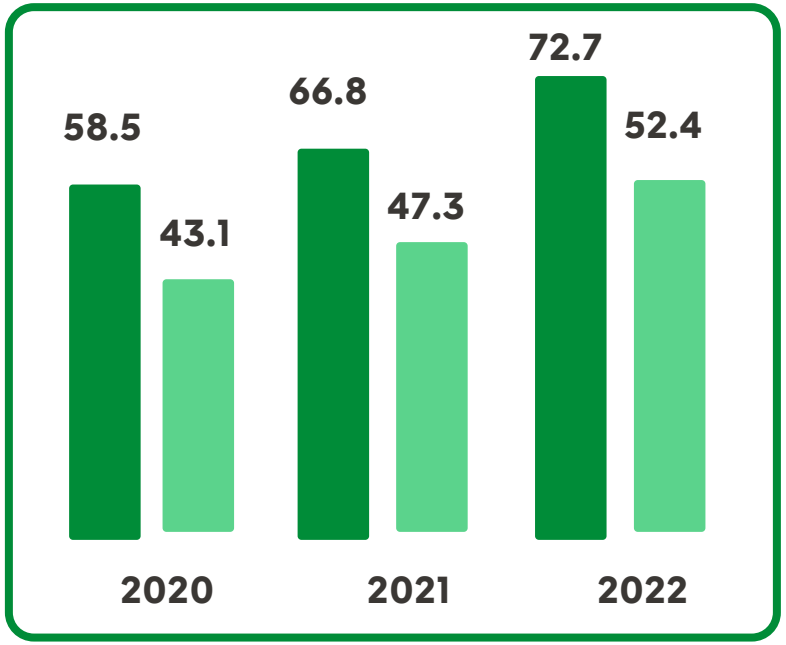
Professional training and development

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



ESG target

Objective 2030:

More than 55 hours per employee

Men Women

Note: The high numbers of training hours received by skilled workers and support personnel, 85% of whom are men, explains the difference in average hours between men and women

Diversity and Inclusion Strategy

At Iberdrola, we embed diversity, equity and inclusion into our value chain through cross-cutting initiatives aimed at our workforce and other stakeholders to drive economic growth, social development and generate a more innovative and sustainable energy future for all

Pillars of action:

Diversity and Inclusion Strategy

Iberdrola

40,721 employees

9,702	5,755	7,579	15,406	1,305	974
Spain	United Kingdom	United States	Brazil	Mexico	IEI

Diversity on the Board of Directors of Iberdrola S.A.

57 % men

43 % women

6 nationalities

76 % men

24 % women

1,500 women hired, 32 % out of the total number of new hires.

89 nationalities

+24 % over the last 3 years

767 employees located outside their home country

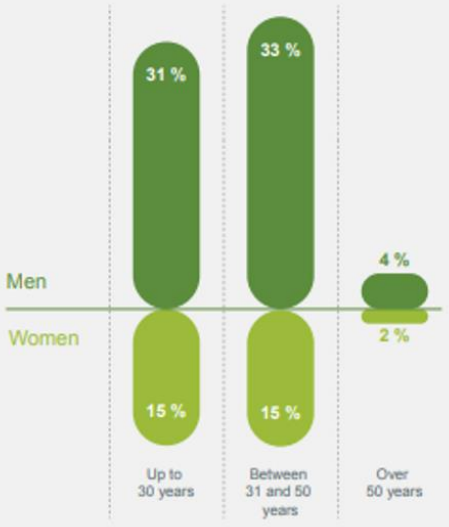
+19 % compared with 2021

+700 people with disabilities in the workforce

+27 % in the last 3 years

Distribution of the workforce by professional category and gender

Distribution of the workforce by age
hires 2022



4 Generations

- Baby boomers
- Generation X
- Millennials
- Generation Z

ESG target

35% Woman in relevant positions in 2030

36% Woman in positions of responsibility in 2030

Diversity and inclusion Main recognitions

Recognised for the sixth year in a row in the **Bloomberg Gender Equality Index (Bloomberg GEI)** as a referent for equal opportunities, highlighting its transparency and commitment to equality between women and men. We are the only Spanish electric company included in all editions of this index

Once again included in the **Dow Jones Sustainability Index**, the only European utility to be included in its 23rd edition. In the social section, it is worth highlighting the increase in the score for the aspects: Remuneration by gender and Breakdown of the workforce.

ScottishPower received the **Skills Development Scotland Award** from the Scottish Government's Skills Development Scotland agency for promoting diversity in large companies. ScottishPower received, for the second consecutive year, the **SUSE Inclusive Employer Award** for its Breaking Barriers program.

AVANGRID recognised as a **Top Company for Workforce Equity and Mobility** by JUST Capital for being a company committed to advancing racial equity and equal opportunity for all.

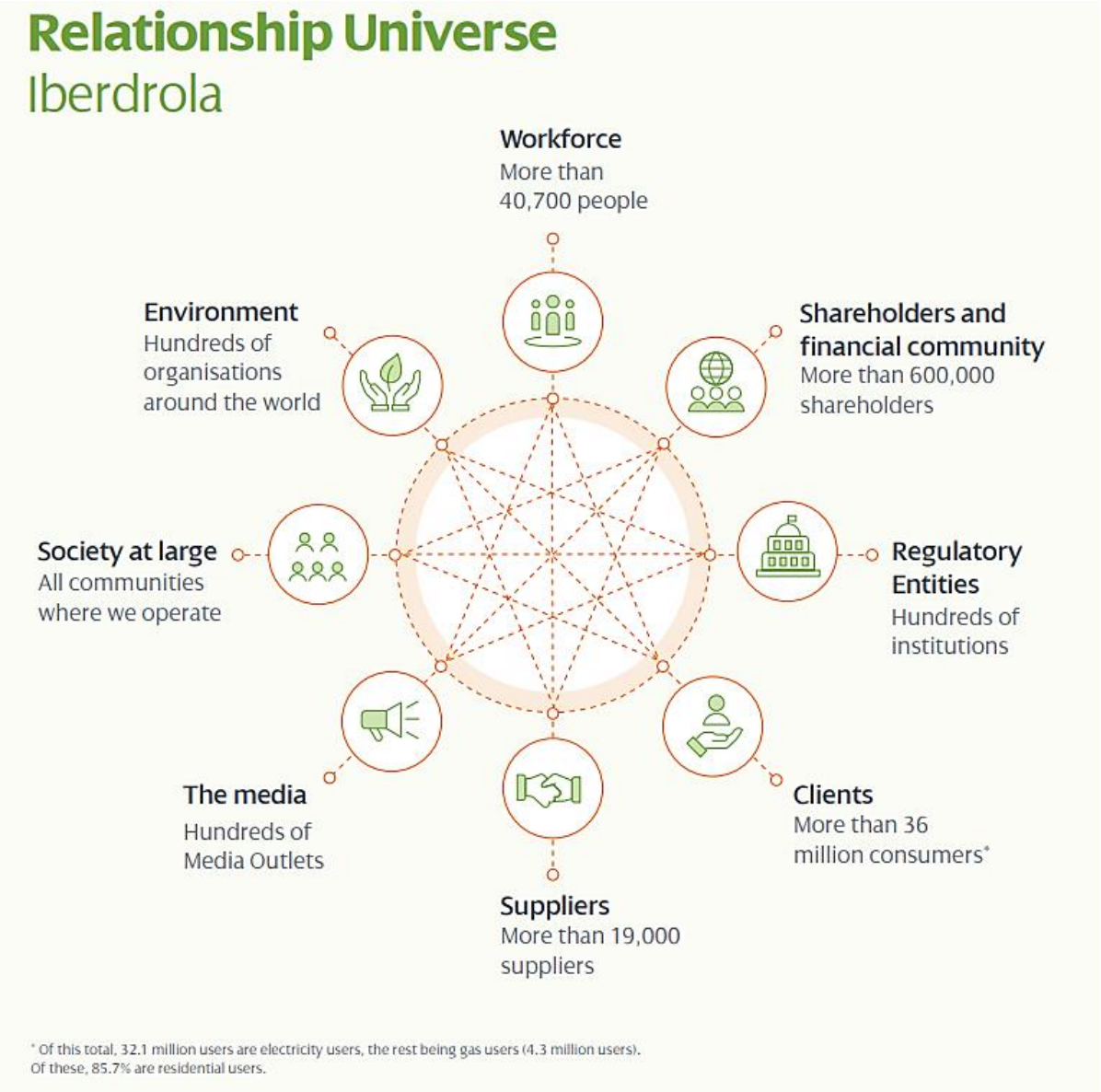
Neoenergia won the Diversity and Inclusion category, in the regional stage, with the Junt+s diversity program, obtaining the **Prémio Aberje 2022,** the most important recognition in corporate communication in Brazil.

Iberdrola Mexico received the Gold Award for **Best Practices in SDGs** from the Ibero-American Foundation for Quality Management (Fundibeq) for its program Impulso STEM, which awarded 58 scholarships to young people in Oaxaca, 50 % of them to women.

Stakeholders at the center of our decisions

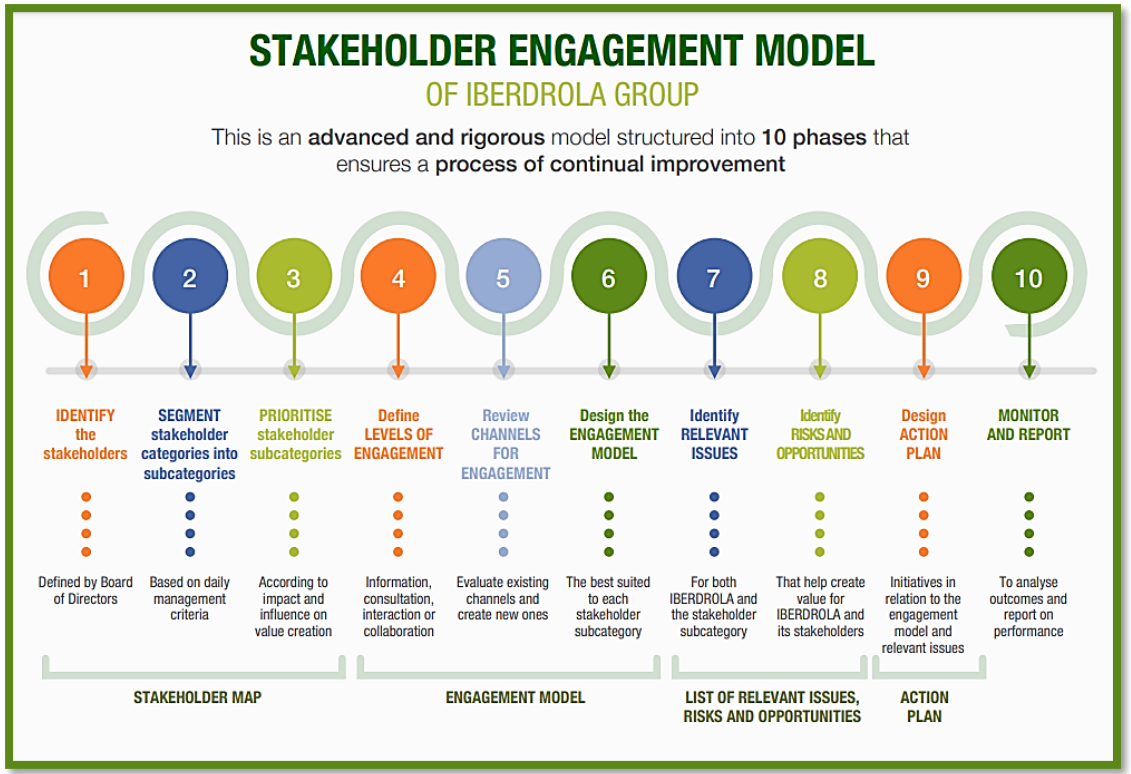
- Iberdrola eight priority Stakeholder categories:
  1. Workforce
  2. Shareholders and the financial community
  3. Regulatory entities
  4. Customers
  5. Suppliers
  6. The media
  7. Society at large
  8. The Environment

- Behind them are institutions, organizations and groups.
- All of them, with their decisions and opinions, influence the company and are also affected by our activities.



Stakeholders at the center of our decisions

- ✓ **Involvement** of stakeholders in the Iberdrola business project.
  - ✓ **Strong engagement** with the communities.
  - ✓ Creation of **sustainable and shared value** for the stakeholders.
- ✓ Respond to the **legitimate interests** of the stakeholders.
- ✓ Promote recognition by all stakeholders of Iberdrola´s **commitment to diversity.**
- ✓ **Build** lasting, stable and robust **relationships.**
- ✓ Contribute to **preserve the corporate reputation.**



RELEVANT CROSS-CUTTING IDENTIFIED ISSUES

- Ethics, integrity and transparency
- Combating climate change and energy transition
- Innovation, digitalisation and cybersecurity
- Electricity prices
- Vulnerable customers
- Strategy, investment plans, financial outlook and regulatory changes
- Human rights
- Sustainable Development Goals

Implemented by all Iberdrola group companies, business units and major sites using a **shared digital application.**

Human Rights

Iberdrola **has a firm commitment to the defense of human rights**. Therefore, it has a set of tools, aligned with the main international standards, that ensure and promote the protection of and respect for people, in order to **prevent, mitigate and repair any negative impacts** in this area.

Iberdrola commitments

To **respect the human and labor rights** even in countries in which the legislation on human rights has not been adequately developed

To **reject child labor exploitation, forced labor or any other form of modern slavery,** and respect freedom of association and collective bargaining, as well as nondiscrimination, the right to move freely within each country.

To **respect the right to the environment of all the communities in which it operates**,

To promote **a culture of respect for human rights** and the awareness of its professionals

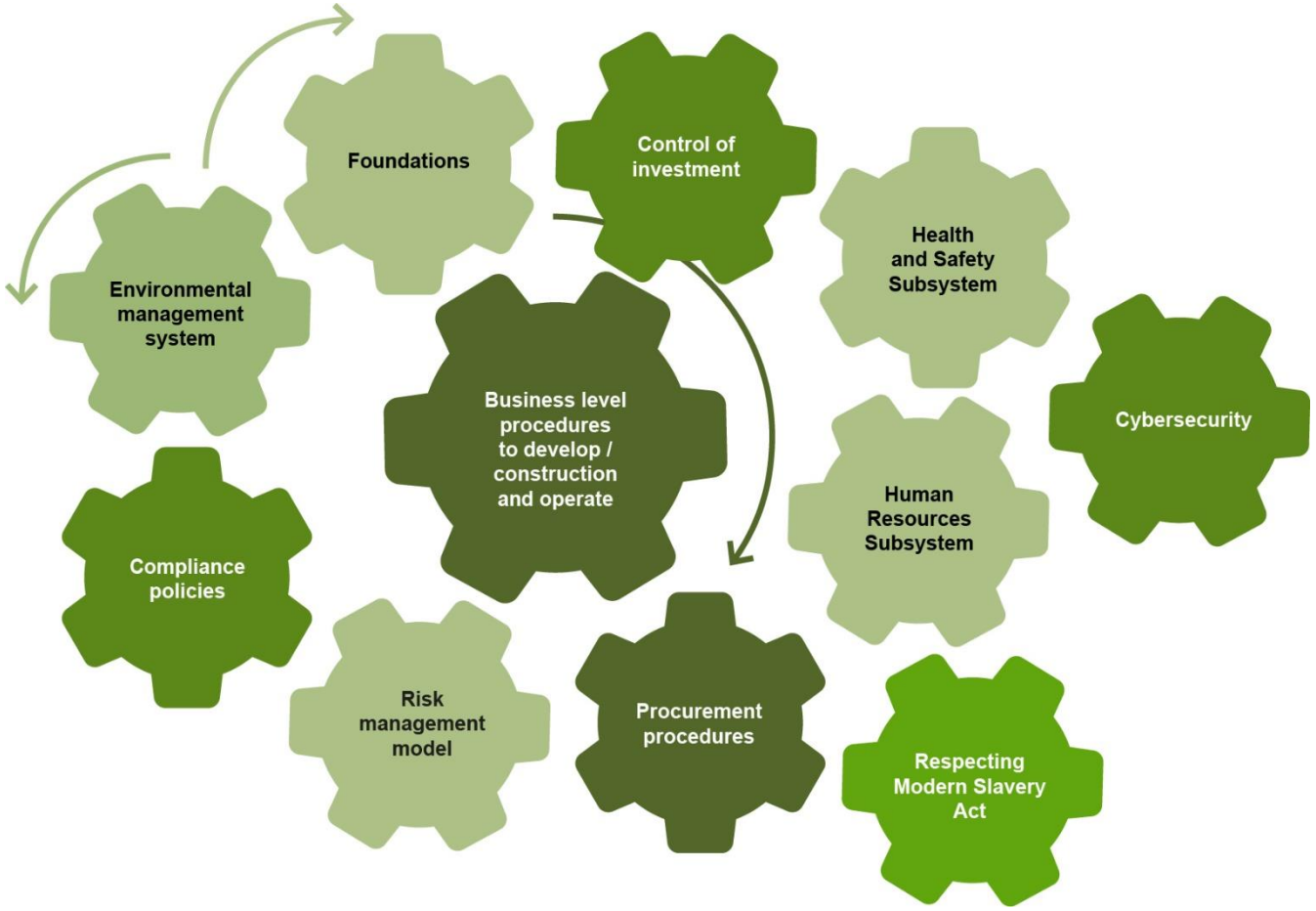
Going further: Transmitting **to all stakeholders,** including suppliers and affected communities, the importance of respecting human and labor rights and demanding the same commitment.

Further information: https://www.iberdrola.com/social-commitment/human-rights

Human Rights

Iberdrola´s Human Rights Due Diligence System based on the Governance and Sustainability System and on the three lines of defense Controlling Model: prevention, monitoring and evaluation of human rights management.

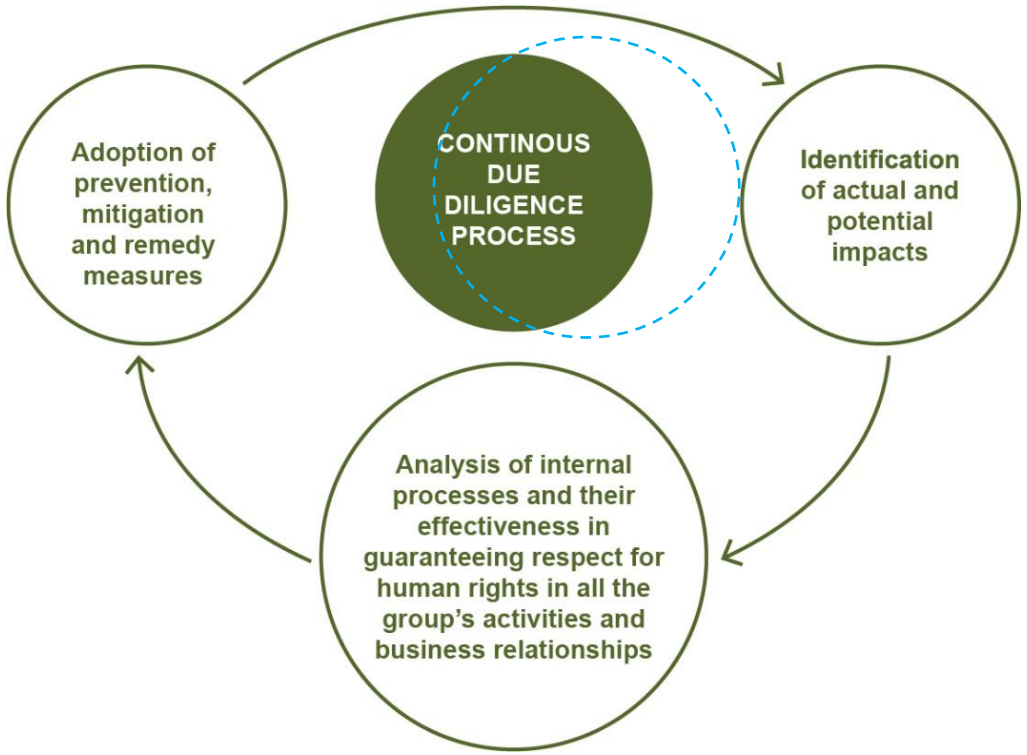
- As a result of the adoption of a **broad definition of human rights**, the due diligence system is based on **various subsystems and procedures**:
  - Compliance
  - Health and Safety
  - Purchases
  - Cybersecurity
  - …



Further information: https://www.iberdrola.com/social-commitment/human-rights

Human Rights Due Dilligence

Iberdrola's **Human Rights Risk Map** (annually reviewed) identifies the main risks, both in the countries of operations (taken into account activity/technology/phase of operations) and in those from which it obtains its supplies.



Areas of potential impact and Stakeholders rights-holders

Rights holders	Areas of personal impact
Workers	Working conditions Occupational safety and health Trade union rights Forced labor and other forms of modern slavery Child labor exploitation Equality and non-discrimination Privacy
Clients / users	Privacy Universal access
Local communities	Adequate standard of living Land and property Public security Rights of indigenous peoples Environmental impact

✓ Iberdrola carries out a **human rights risk and impact analysis at 100% of its activities** (259 main representative locations of operation).

Further information: https://www.iberdrola.com/social-commitment/human-rights

Human Rights

- Promoting a culture based on knowledge of and respect for human rights. Engaging through a number of regular internal and external **training** and awareness-raising activities for different Stakeholders.

- **Communication and reporting of measures adopted:** Iberdrola published its first **Human Rights Report in 2022** on the company's governance and performance in this area.

Management of suppliers from a human rights perspective

Iberdrola invites its suppliers to align themselves with its sustainability objectives through the implementation of good human rights practices.

The purchasing function also seeks to have the **necessary mechanisms in place to ensure a fair, transparent and ethical value chain**. The measures adopted by the Company to protect human rights in the management of suppliers and during the purchasing process are based on both the **Purchasing Policy and the Suppliers' Code of Ethics.**

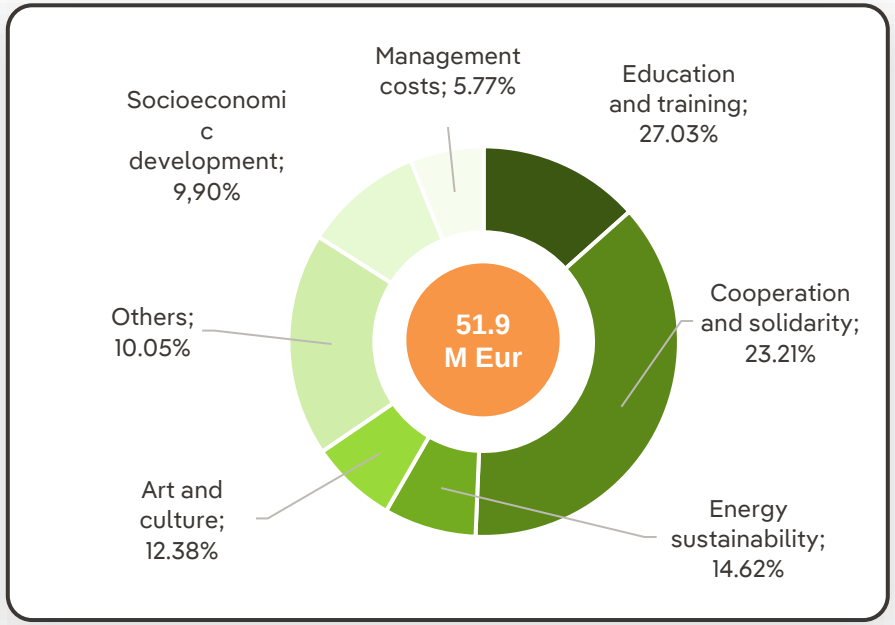
The supplier management process also includes other human rights measures, including an **assessment based on ESG criteria, including human rights in supplier selection, specific social responsibility clauses in the contracting terms and conditions, and compliance reviews during the term of the contracts.**

Further information: https://www.iberdrola.com/social-commitment/human-rights

Contribution to the Community

Iberdrola

Iberdrola's contribution by programs



PROUD to be a part of BUSINESS FOR SOCIETAL IMPACT CORPORATE CITIZENSHIP 2021

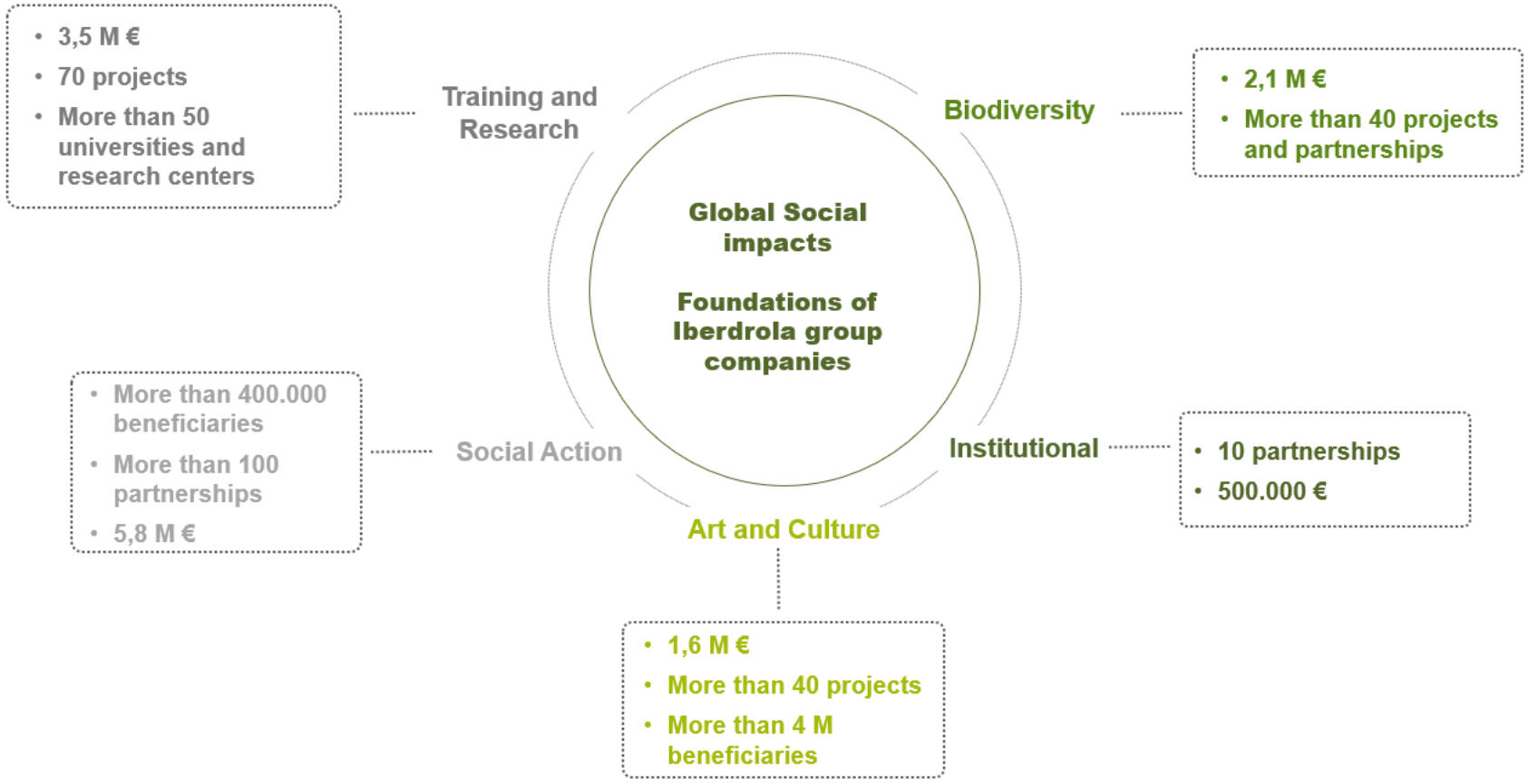
In 2022, Iberdrola's contribution amounts to 51.9 M EUR

This amount is equal to 1.2% of net profits for the year.

Sustainability Report 2022: https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_SustainabilityReport2022.pdf

Foundations

2022 Foundations of Iberdrola Programs: Impact in the main areas

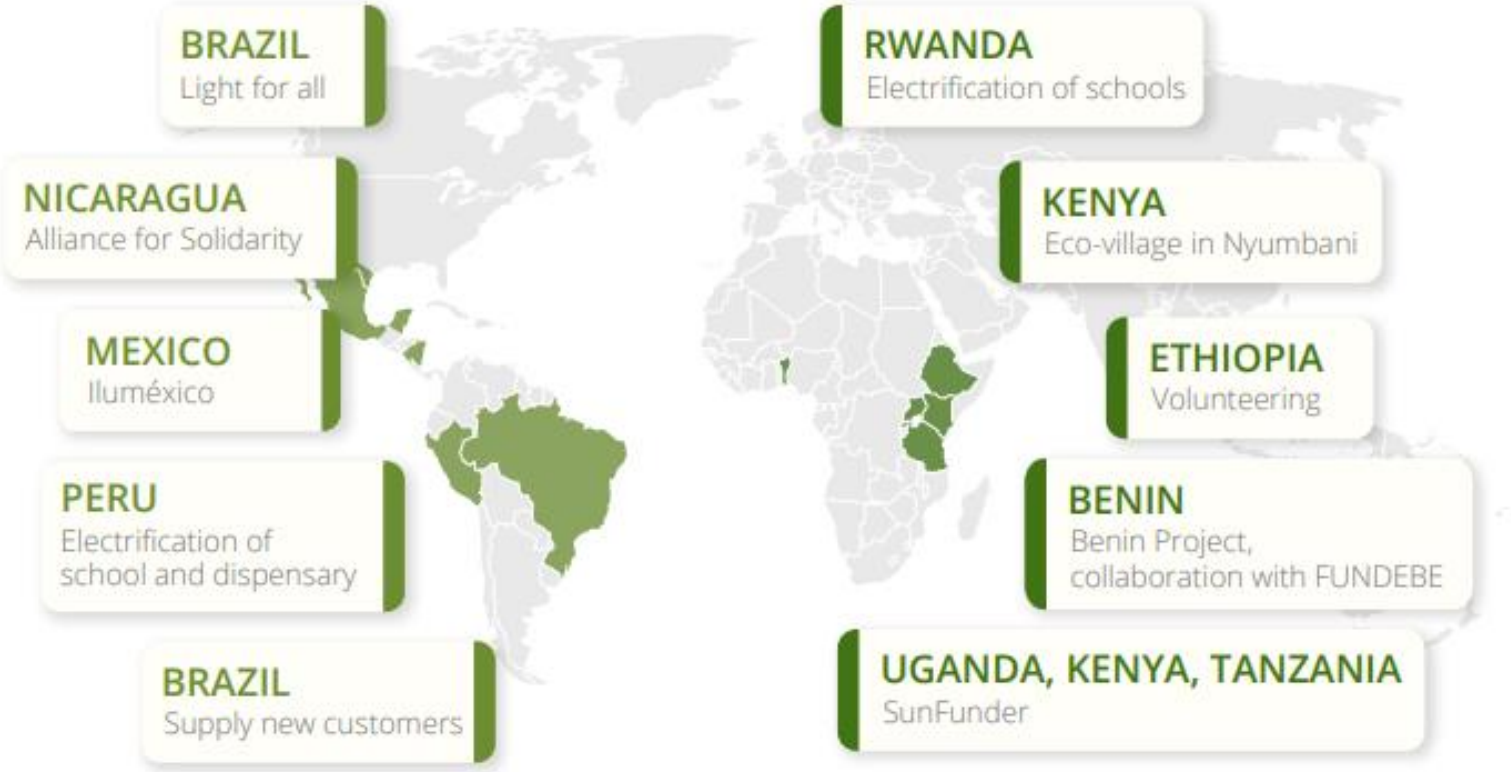


Sustainability Report 2022: https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_SustainabilityReport2022.pdf

Electricity for All

ESG target

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



Since **January 2014**, we have contributed to **11 million people benefiting from access to electricity**

Iberdrola and UNICEF. International alliance

The main objective of this alliance is to promote opportunities for empowerment, education, training and employability of young people in vulnerable situations in Spain and internationally, contributing to generate a more sustainable, resilient and inclusive employment.

- Working in Spain with the initiative “Generation Unlimited España”
- Working in Brazil with “1 Million opportunities” program and Somalia with UPSHIFT innovation programmed
- Promoting training on climate change and sustainability in formal education

> “With this alliance we are responding to the challenge of generating employment opportunities for vulnerable young people in sectors of the future, such as clean energy”
>
> Executive Chairman, Ignacio Galán

Direct Tax Contributions

Direct tax contribution of **Eur 7,458 M in 2022** (39% of the Group's profit before taxes)...

Iberdrola's tax contribution by countries

Taxes paid to public treasury (M€)	Company contributions	Contributions due to third-party payments	Total
Spain	1,740	845	2,585
United Kingdom	197	477	674
United States	870	363	1233
Brazil	180	2,090	2,270
Mexico	150	117	267
Other countries	118	311	429
Total	**3,255**	**4,203**	**7,458**

... EUR 3,255 M from company's contributions and EUR 4,203 M due to third-party payments

Sustainability Report 2022: https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_SustainabilityReport2022.pdf

Report on tax transparency 2022: Report on tax transparency of the Iberdrola group: Our commitment to society. 2022

General Procurement

	2021	2022
	2,405	2,711
	3,031	3,360
	1,225	1,334
	395	439
	1,400	2,143
Rest of the World	967	1,546

Iberdrola placed purchase orders with almost 20,000 suppliers for a total of 11,533 M€ in 2022

Increase of 22% vs 2021

ESG target

80% of total purchases will come form **local suppliers** by 2030

TOTAL Amount awarded in 2022: €17,796.2 million

Governance

Corporate Governance

Iberdrola, at the forefront of Corporate Governance and Compliance...

The Governance and Sustainability System is the Company's internal system of rules and it is structured in five books:

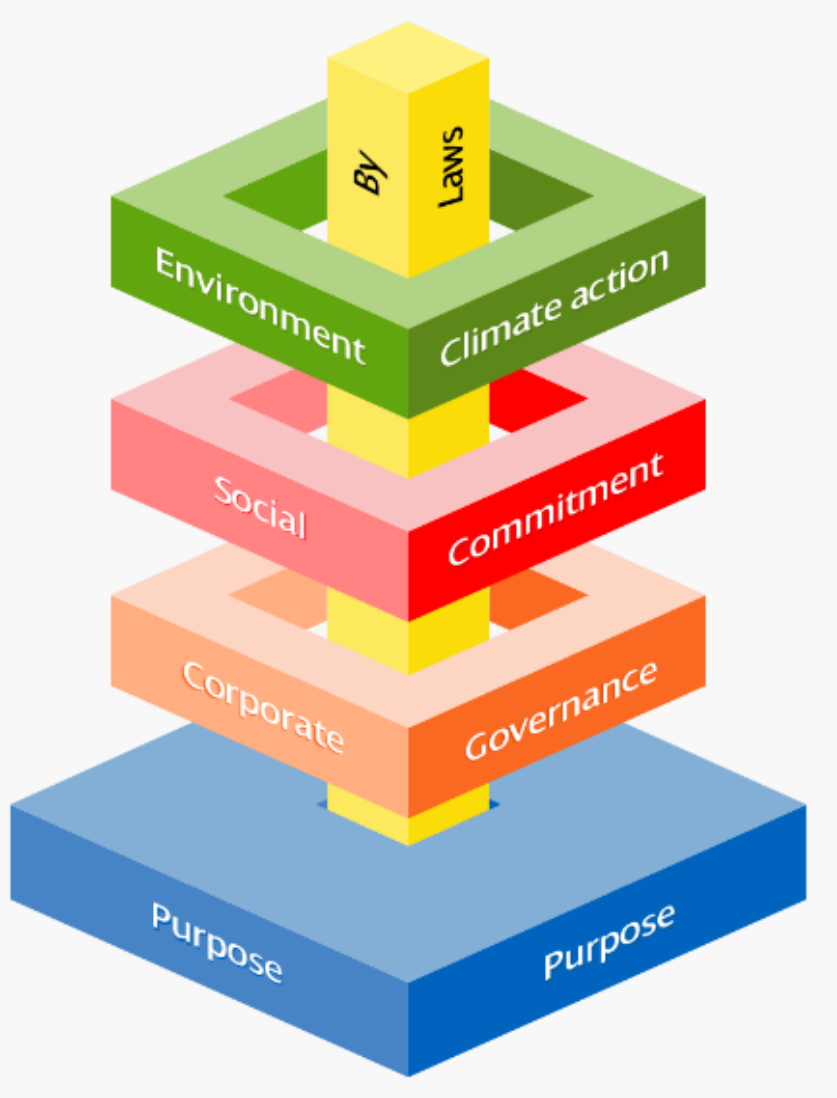
By-Laws:
The core of the internal system of rules, they make up the backbone of the Governance and Sustainability System.

Environment and Climate Change:
Iberdrola's response to sustainable management of environmental challenges while helping to identify and take advantage of the opportunities arising from the energy and ecological transition.

Social Commitment:
Recognizing and valuing the importance of human and personal capital and promoting diversity, inclusion, equal opportunity and non-discrimination.

Corporate Governance:
Guidelines and standards for conduct of the corporate bodies, establishing the operation thereof and complying with legal requirements and the highest standards in this field.

Purpose:
This book embody the Company's corporate philosophy and the ideological and axiological bases on which its corporate enterprise is based.



Corporate Governance

Structure of the governance and sustainability system

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

- Recognised by the League of American Communications Professionals (LACP) as the best European company in terms of ESG information dissemination
- 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 Meeting

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

Iberdrola and the TCFD[1]

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 2°C or lower scenario

Metrics and targets

- **Disclose the metrics** used by the organization to assess 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**

(1) Task Force on Climate-related Financial Disclosures

Implementation of TCFD Recommendations

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

▲ Positive impact
▬ Not significant
▼ Negative impact

Impact 2030

Business	Region	Type of impact	Slower Transition Scenario: Not significant	Low	Medium	High	Faster Transition Scenario: Not significant	Low	Medium	High
Retail	Europe	GWh			▼		▬			
	United Kingdom		▬				▬			
Global Generation	Spain	MW/GWh				▼				▲
	United Kingdom		▬				▬			
	United States					▼				▲
	Brazil		▬				▬			
	IEI		▬							▲
	Mexico		▬				▬			
Network	Spain	M€/GWh	▬							▲
	United Kingdom		▬						▲	
	United States		▬						▲	
	Brazil		▬					▲		

EBITDA 2030 Impact (€M)

Business	Region	Type of impact	Slower Transition Scenario: <100	100-300	>300	Faster Transition Scenario: <100	100-300	>300
Retail	Europe	GWh						
	United Kingdom					▬		
Global Generation	Spain	MW/GWh		▼				
	United Kingdom							
	United States							
	Brazil							
	IEI			▼				▲
	Mexico							
Network	Spain	M€/GWh						
	United Kingdom							
	United States			▼			▲	
	Brazil							

2022 improvements

Physical risks: Full review of vulnerability and adaptation measurements
Climate Change Risks: New specific working group focused on reporting

SLOWER scenario: based in Stated Policies Scenario by International Energy Agency
BASE scenario: based in Sustainable Development Scenario (SDS) Paris 1.5 by International Energy Agency
FASTER scenario: based in Net Zero Scenario by International Energy Agency

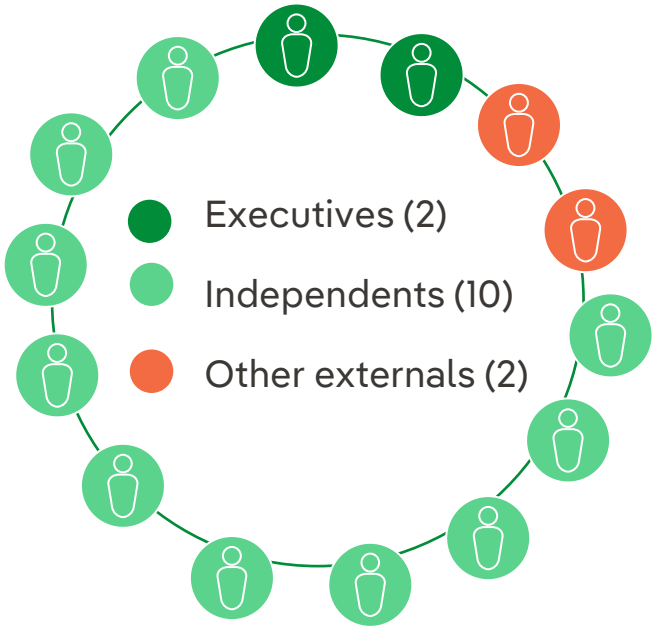
Board of Directors structure as of 23.02.2023

- **All members of the Executive Committee and Consultative Committees attended 100% in 2022**
- **Diversity in Gender, Academic background and nationality**

→ ESG target

Board composition (14 Members)

TYPES OF DIRECTORS



CONSULTANT COMMITTEES OF THE BOARD OF DIRECTORS

Audit and Risk Supervision Committee

3 members (3 independents, independent chairwoman)

Appointments Committee

3 members (2 independents, 1 other external, independent chairman)

Remuneration Committee

3 members (2 independents, 1 other external, independent chairman)

Sustainable Development Committee

3 members (3 independents, independent chairwoman)

Women (Chair in the case of the Sustainable Development Committee & Audit and Risk Supervision Committee)

*Board composition as of 23.02.2023. Source: https://www.iberdrola.com/corporate-governance/board-directors.

Board of Directors structure as of 23.02.2023

Iberdrola

Clear differentiation between the duties of strategy and supervision and those of guidance and management. System of checks-and-balances that avoids the accumulation of powers

Board Structure
Strong Independent Oversight

- **Split between oversight and management**: 10 independent members, 2 non-independent members, 2 executives
- **71% independence**. Majority of independent directors in every key Board Committee.
- **Experience and skills** that are relevant to ensure that the Board contributes to Iberdrola's strategic direction and ability to challenge management
- **Diversity** in gender (43% women) and 6 different nationalities.
- **Balance between experience and refreshment** (64% of directors in office between 0 - 5 years) .
- **Director term**: 4 years.
- **No more than 3 listed companies** in which the office of director can be discharged.

Executive Chairman/ CEO
Clear and Separate Responsibilities

Executive Chairman
- Corporate Strategy
- Financing
- Control Aspects
- Stakeholder Relations
- Corporate & Sustainable Development

CEO
- Lead the Group Businesses
- Implement Business Strategy
- Supervise Execution throughout the Group
- Responsible of Human Resources, Procurements, Insurances, Security and Cybersecurity, IT

Lead Independent Director
With Strong Powers

- Chair the Board meetings in absence of the Chairman and Chair of the Remuneration Committee.
- Coordination of non-executive directors
- Lead the Chairman evaluation and succession
- Call a Board meeting
- Preparation of the Board agenda and request the inclusion of new matters.
- Engage with shareholders

Group Governance Structure
Decentralized

- IBERDROLA, S.A., as holding company, is focused on strategy, policies, oversight and governance, not involved in business operation.
- The countries subholding companies help with the strategic supervision, organisation and coordination
- Management allocated in different Head of Business Companies.
- Subholding and Head of Business Companies organised through boards of directors (with CEOs and external directors), audit committees, internal audit areas, and compliance units or divisions.

Iberdrola's Executive Pay Practices

CONSISTENT - TRANSPARENT - CHALLENGING

- **Fixed Remuneration** (with no pension) has remained **the same** since 2008 and annual variable remuneration **since 2011**.
- The bonus targets set are disclosed in detail post attainment (due to commercial sensitivity).
- The **Pay Mix stands at ~20:80** (fixed:variable)
- More than half of variable pay is **measured over a long-term**
- Targets set under incentive plans consider the **targets communicated to the financial markets**, which are considered ambitious
- Iberdrola's track-record in meeting **both financial and non-financial targets is aligned with the value created for all stakeholders**, including shareholders

ANNUAL VARIABLE REMUNERATION 2023

Chairman

ESG	Economic/Financial
50%	50%

Female presence in positions of responsibility (12.5%), Presence on international indices (25%) and Cybersecurity (12.5%)

CEO

ESG	Economic/Growth
10%	90%

Occupational health and safety: internal personnel incident rate (10%) + Potential renewable capacity (15%)

Further information: https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_AnnualDirectorRemunerationReport2022.pdf

Strategic Bonus (LTIP) 2023-2025 KPIs

Iberdrola

Economic and Financial Objectives (Maximum compliance) — 70%

Economic

- ✓ Consolidated Net Profit (Eur 5,400 Mill (+25% 2022)) — 30%
- ✓ Relative TSR (+5pp Euro Stoxx Utilities Index) — 20%

Financial

- ✓ Maintain the financial strength (rating level) — 15%
- ✓ ESG Financing (+80% of new financing) — 5%

ESG Objectives (Maximum compliance) — 30%

- ✓ Reduction of CO2 Emissions up to 70 grCO2/kWh — 10%
- ✓ 85% of main suppliers subject to sustainable development policies and standards — 10%
- ✓ 30% of female presence in relevant positions — 10%

Three-year performance period 2023-2025 and three-year deferral period 2026-2028 avoiding overlapping performance linked remuneration

Further information: https://www.iberdrola.com/documents/20125/2931678/gsm23_IA_AnnualDirectorRemunerationReport2022.pdf

Public affairs

Iberdrola participates, both at global and countries level, in entities and associations **defending its business interests and those of its main Stakeholders.**

OUR STATEMENT:

Iberdrola Group is committed to the Paris Agreement goals and the energy transition, as the path to achieve a more sustainable future: Acting today to protect the planet of tomorrow.

We are highly committed to continuing **to lead the way towards a zero emission future**, working towards reaching CO2 neutrality in scopes 1 and 2 by 2030 and globally by 2050, and Net Zero before 2040.

To accomplish our commitment to reduce emissions, we will continue to promote and lead a business model fully integrated into a decarbonized future, boosting investments, innovation in new technologies, **while creating value for our Stakeholders.**

We advocate and promote collaboration among governments, institutions, and organizations in order to accelerate energy transition and economy decarbonization."

In 2022, no organization in which Iberdrola participates has been identified that has been assessed as being opposed to the Statement.

Further information: https://www.iberdrola.com/about-us/stakeholders/public-affairs

Public affairs

Iberdrola

Participating in the public life of the communities in which Iberdrola has a presence and conveying its positions to the Stakeholders are **objectives of Iberdrola's public activities**.

In line with its strategy, Iberdrola promotes the approval of objectives and frameworks for climate policies in line with the Paris Agreement from an ambitious perspective that creates value for society as a whole.

Participation in national and international associations

Alignment with Paris Agreement, the promotion of energy transition and the company's Statements

- **Consistency**: with the Corporate Purpose and Values, among which the energy transition and the fight against climate change are of paramount importance.
- **Number of associations**: In **2022**, the group participated in **532 organizations**.
- The group carries out an **annual analysis of the degree of alignment** of these organizations

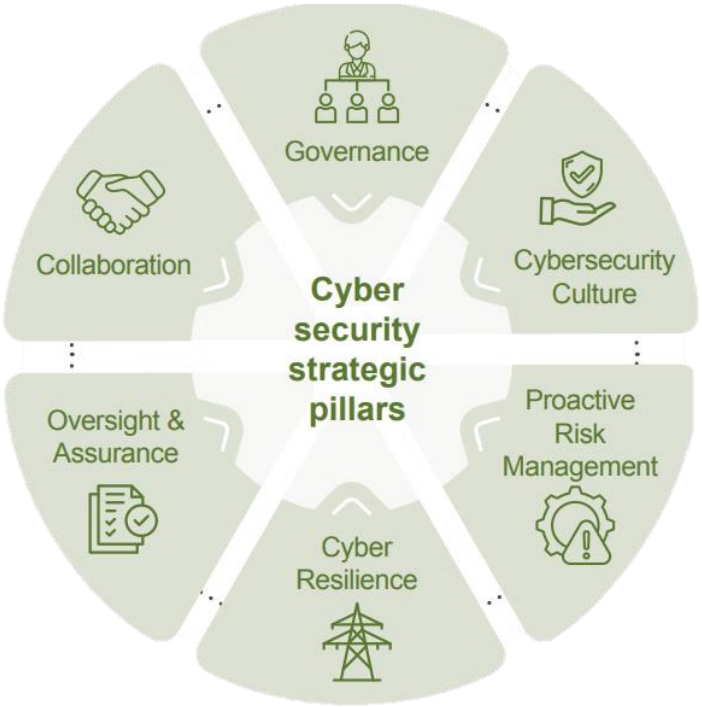
Engagement with public bodies

Legitimate defense of Iberdrola and its stakeholders' interests.

- Iberdrola's participation in **public consultation processes** stating its positions in defense of decarbonization and the energy transition**.**
- Maintaining regular **contacts with public bodies**.
-
- **Financial contributions to political parties:** Iberdrola is a **politically neutral company**. In the financial year 2022, **UK, US and Australia, contributed to the political parties.**

Further information: https://www.iberdrola.com/about-us/stakeholders/public-affairs

Cybersecurity Strategic Pillars

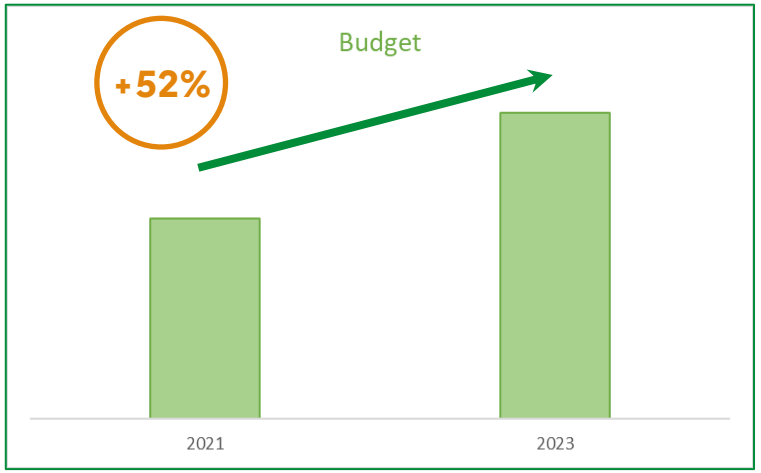


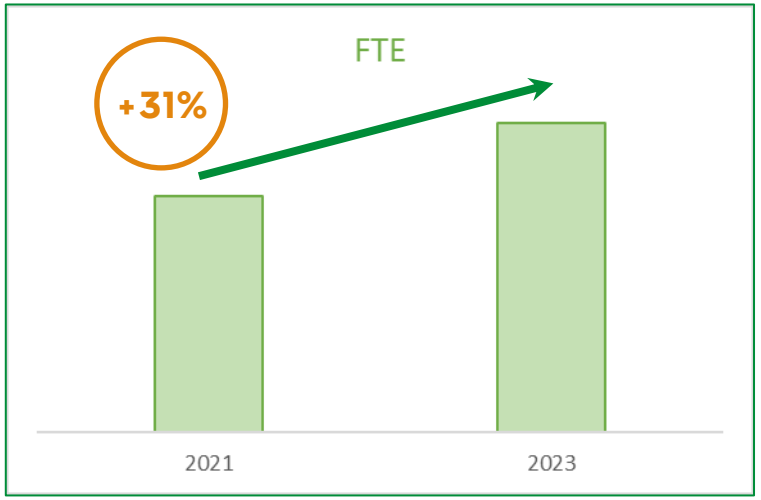
Enabling secure operations, innovation, and digitization

in an increasingly **complex** ecosystem and threat landscape

by **embedding** Cybersecurity within Business' decisions and operations

INCREASING BUSINESS COMMITMENT AND DEDICATION OF RESOURCES

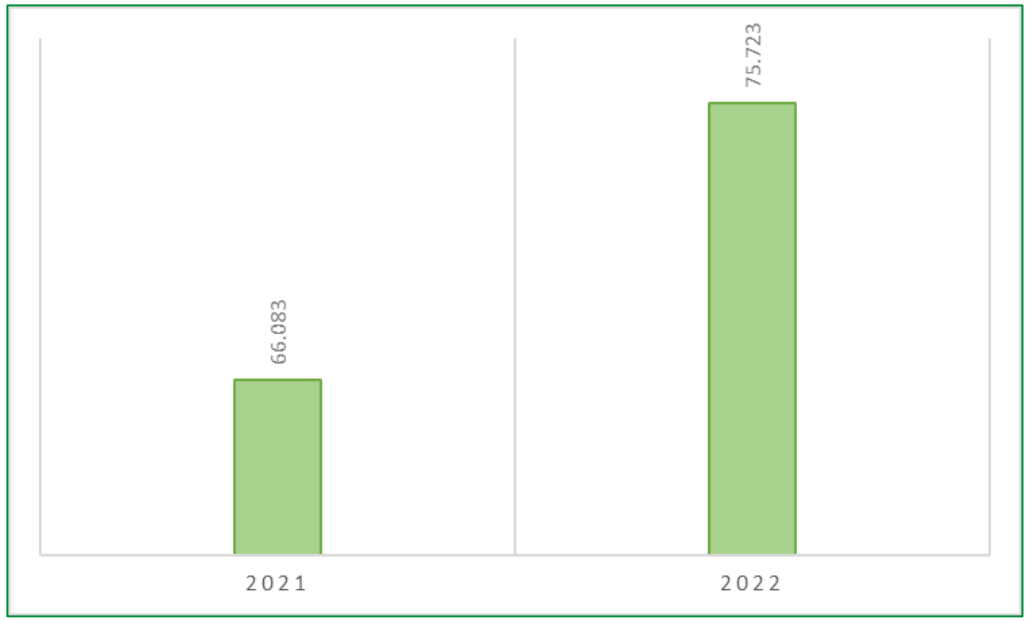




Cybersecurity Key Metrics

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

Number of Cybersecurity training hours per year



Number of security and vulnerability assessments per year

ESG target

2025 - 63,000 hours of cybersecurity training
2030: - 68,000 hours of cybersecurity training

Multi-Factor Authentication (MFA)

Increased supplier sustainability challenge for 2025

AENOR
SUSTAINABLE PROCUREMENT STRATEGY
EA ISO 20400

First company with AENOR's Sustainable Procurement Strategy certificate

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

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

Increased supplier sustainability challenge for 2025

Already Achieved

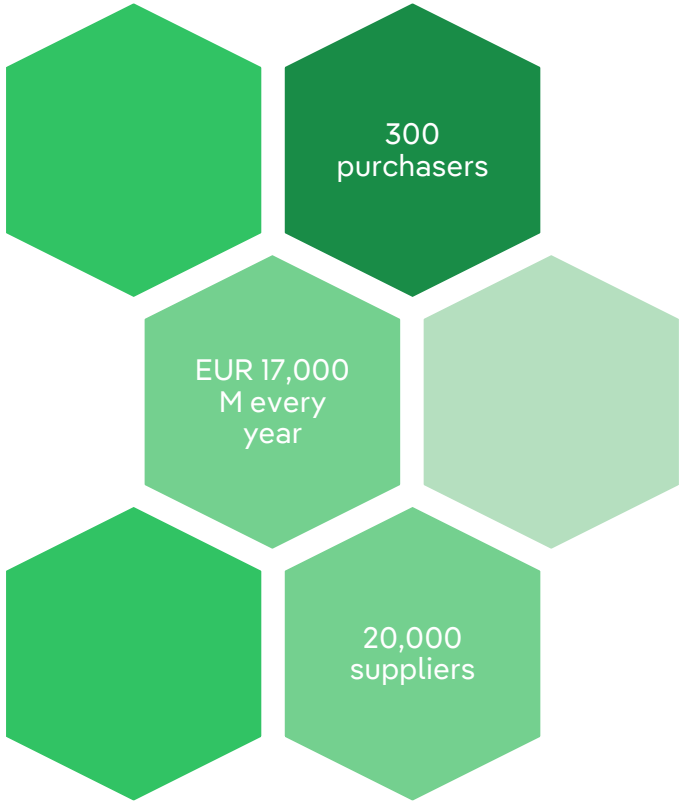
Iberdrola has **surpassed** the **70% objective** set for the **years 2020-2022** in relation with **Iberdrola´s main suppliers subject to sustainable development policies and standards, achieving a 77% result**

ESG target

For 2025, Iberdrola is increasing the ambition and setting an 85% target

- ESG evaluation embedded in the purchase decision making guaranteed by digital online interfaces between the Supplier Risk/ESG platform and the Purchasing platform
- Suppliers that don't meet the ESG minimum value receive a personalized improvement plan to help them improve their sustainability.
- In 2020-22 Iberdrola proposed improvement plans to almost 1000 suppliers. 57% of them have managed to improve beyond the Sustainability threshold

KEY DATA



Indexes

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM	Included in all 23rd editions	CDP DRIVING SUSTAINABLE ECONOMIES	A
MSCI	AAA Only 8% utilities with AAA	CDP SUPPLIER ENGAGEMENT LEADER 2022	Iberdrola Included
FTSE4Good	Percentile Rank: 99	Corporate ESG Performance Prime ISS ESG	Iberdrola classified as Prime
SUSTAINALYTICS	82 out of 677 Electric Utilities Rank	Bloomberg Gender-Equality Index 2022	Only Spanish electrical utility included in all editions
Sustainability Yearbook 2023 S&P Global	Top 5 % S&P Global ESG Score	V.E	Iberdrola selected

Content

01 Iberdrola Today (page 6)

02 Networks (page 18)

03 Renewables (page 46)

04 Generation & Customers (page 101)

05 Financing (page 136)

06 ESG (page 151)

07 Annex (page 216)

All figures as of December 2022

Annex

Significant events after 2022 year-end

Renewables: USA

Federal Renewables Tax Incentives – IRA

Onshore Wind & Solar PTC Elections

Start Construction	COD Deadline	Project PTC[1]
2016	2022	100%
2017	2023	100%
2018	2024	100%
2019-2021	2025	100%
2022	2026	100%
2023	2027	100%
2024	2028	100%
After 2025[4]	4 yrs. later	100%

Onshore Wind, Solar & Storage ITC Elections

Start Construction	COD Deadline	Project ITC[2]
2016	2022	30%
2017	2023	30%
2018	2024	30%
2019-2021	2025	30%
2022	2026	30%
2023	2027	30%
2024	2028	30%
After 2025[4]	4 yrs. later	30%

Offshore Wind ITC Progression

Start Construction	COD Deadline	Project ITC[3]
Before 2033[4]	10 yrs. later	30%

- Projects started more than 59 days after IRS guidance issuance subject to wage/apprentice rules to get maximum credit (otherwise only 20% of maximum).
- Hydrogen credits up to $3/kg (or 30% ITC) available for hydrogen production facilities in service after 2022 (same wage/apprentice rules apply).
- Credits generated after 2022 may be transferred to third parties for cash from existing and new projects (including in TEI structures).
- Direct pay only available for tax exempt entities other than hydrogen facilities (PTCs only generated in first five years for hydrogen facilities).
- US domestic content credit (10% maximum) for near term projects unlikely.
- Various projects may qualify for energy community credit (10% maximum).
- Bonus credits above do not include additional Low Income Community credits available in limited locations with less than 5 MWh projects.

1) With Domestic Content & Energy Community bonus placed in service after 2022 – maximum 120% PTC
2) With Domestic Content & Energy Community bonus placed in service after 2022 – maximum 50% ITC
3) With Domestic Content bonus placed in service after 2022 – maximum 40% ITC
4) Tech neutral projects phase out of credits begin after 2033 based on emissions.

Iberdrola and Mexican government agreement

Iberdrola and Mexican government agreement (April 2023) to sell 13 operating plants for ~6 Bn USD

Transaction perimeter (~55% of EBITDA)

- Iberdrola Mexico has signed an agreement with **Mexico Infrastructure Partners** (MIP), being the transaction financed by Mexican public institutions (FONADIN and Development Banks)
- The portfolio includes **12 CCGTs** with a total 8,436 MW installed capacity and **1 windfarm** of 103 MW:
  - **7,400 MW** (87% of the total) contracted with CFE (PIE), under **Government concession** renewal
  - **~5,000 MW** (c.60% of the total) with already **>16 years in operation**
  - **4 assets** (~1,400 MW) stopped due to **open litigations** with regulatory bodies, **transferred with the assets**

	Asset	Technology	Capacity (MW)	COD
1	Monterrey (I, II)	PIE CCGT	449	2002
2	Altamira III y IV	PIE CCGT	1,096	2003
3	Altamira V (Del Golfo)	PIE CCGT	1,155	2005
4	Escobedo	PIE CCGT	878	2018
5	La Laguna	PIE CCGT	537	2004
6	Tamazunchale	PIE CCGT	1,179	2007
7	Baja California	PIE CCGT	324	2017
8	Topolobampo II	PIE CCGT	917	2019
9	Topolobampo III [1]	PIE CCGT	766	2023E
10	La Venta III	PIE Wind Onshore	103	2012
11	Monterrey III & IV [1]	CCGT Private	477	2002
12	Enertek [1]	CCGT Private	144	2002
13	Tamazunchale II	CCGT Private	514	2022
	Total Perimeter		**8,539**	

1. Assets stopped due to open litigations

Iberdrola and Mexican government agreement

Iberdrola and Mexican government agreement (April 2023) to sell 13 operating plants for ~6 Bn USD

The new Iberdrola Mexico (~45% of EBITDA)

- **Iberdrola keeps presence in Mexico** with 14 operating plants (2,427 MW[1]):
  - 1,059 MW renewables[1]
  - 1,166 MW CCGTs
  - 202 MW Cogen,
- Focus on **Renewables and Customers**
- 6 GW of renewable pipeline **to secure energy to our private customers**
- **Contribution of 400 M USD** in 2023 EBITDA (e)
- **Maintaining commercial activity and access to firm capacity** to ensure the supply to Mexican private customers and foster renewables growth

Expected closing of the transaction by year end 2023

(1) Solar PV capacity reported in AC