

AVANGRID, Inc. and subsidiaries
Litigation and disputes regarding projects or energy product sale agreements

CMP

(i) **Biomass Generated Energy Agreement**

CMP is party to a Biomass Generated Energy Agreement dated December 28, 2016 with Stored Solar, LLC ("Stored Solar"), pursuant to which CMP pays Stored Solar a fixed amount of \$13.40 per MWh for energy generated at Stored Solar's biomass facilities in West Enfield and Jonesboro, Maine, up to maximum quantity of 40 MWh in any hour. This payment from CMP is in addition to whatever payments Stored Solar receives for selling this energy into the wholesale energy market. CMP does not take title to this energy or any other products pursuant to this contract. Rather, CMP's obligation is limited to paying Stored Solar the above-market payment of \$13.40 per MWh for a two-year period. CMP was directed to enter into this contract by the Maine Public Utilities Commission by Order dated December 28, 2016, in Docket No. 2016-00084.

On March 27, 2017, CMP provided Stored Solar with a Notice of Default under the contract regarding the failure by Stored Solar to provide required financial assurance by the required posting date. Subsequently, through a filing dated March 28, 2017, Stored Solar requested that the Maine Public Utilities Commission amend the existing contract to eliminate the financial assurance posting requirement for Stored Solar and to revise the timing of payments by CMP from a monthly payment obligation to an annual payment obligation. By Order Approving Amendment to Biomass Contract dated May 5, 2017 issued in Docket No. 2016-00084, the Maine Public Utilities Commission granted the request of Stored Solar to amend the original contract to modify the timing of payments and to eliminate Stored Solar's financial assurance requirements. CMP, Stored Solar and the Maine Public Utilities Commission Staff are in the process of developing the required contract amendment that should fully resolve this issue.

AVANGRID, Inc. and subsidiaries (not including CMP)

To CMP's knowledge, the litigation and disputes described below are the only (currently or in the past three years) related to projects developed, owned or managed by AVANGRID, Inc. or any of its subsidiaries, or related to energy product sale agreements to which AVANGRID, Inc. or any of its subsidiaries is a party. The litigation relates to Avangrid Renewables, LLC and some of its subsidiaries.

(i) **Northern Indiana Public Service Company**

Avangrid Renewables, LLC has a contractual dispute with the Northern Indiana Public Service Company, or NIPSCO, concerning the interpretation of two November 2007 PPAs, entered into between two subsidiaries of Avangrid Renewables, LLC and NIPSCO. Avangrid Renewables, LLC and NIPSCO disagree regarding how, if at all, NIPSCO's

response to a March 2013 change in the regulations of the Midcontinent Independent System Operator, or MISO, which administers the energy markets in which NIPSCO participates, affects their rights and obligations under the PPAs. Because of the disagreement, NIPSCO has refused to pay, and denied any obligation to pay, certain invoices the affiliates Avangrid Renewables, LLC have issued to NIPSCO. These invoices seek compensation for periods during which such affiliates' power plants were not permitted to produce power as a result of NIPSCO's bids submitted under the new MISO regulations.

To resolve this dispute, on July 25, 2013, Avangrid Renewables, LLC filed a complaint against NIPSCO in the Federal District Court for the Northern District of Illinois. Fact discovery and expert discovery in that action is complete. The parties to the dispute are seeking determination of the case through summary judgment. The court initially denied both summary judgment motions in early 2016, but in January 2017, the parties requested reconsideration of this ruling in light of a December 16, 2016, ruling by the Seventh Circuit Court of Appeals in another dispute arising out under the new MISO rules. No trial date has been set.

(ii) California Energy Crisis Litigation

Two California agencies brought a complaint in 2001 against a long-term power purchase agreement entered into by a predecessor company of Avangrid Renewables, LLC, as seller, to the California Department of Water Resources, as purchaser, alleging that the terms and conditions of the power purchase agreement were unjust and unreasonable. FERC dismissed Avangrid Renewables, LLC from the proceedings; however, the Ninth Circuit Court of Appeals reversed FERC's dismissal of Avangrid Renewables, LLC.

Joining with two other parties, Avangrid Renewables, LLC filed a petition for certiorari in the United States Supreme Court on May 3, 2007. In an order entered on June 27, 2008, the Supreme Court granted the petition for certiorari, vacated the appellate court's judgment, and remanded the case to the appellate court for further consideration in light of the Supreme Court's decision in a similar case. In light of the Supreme Court's order, on December 4, 2008, the Ninth Circuit Court of Appeals vacated its prior opinion and remanded the complaint proceedings to the FERC for further proceedings consistent with the Supreme Court's rulings. In 2014 FERC assigned an administrative law judge to conduct evidentiary hearings. Following discovery, the FERC Trial Staff recommended that the complaint against Avangrid Renewables, LLC be dismissed.

A hearing was held before an administrative law judge of the FERC in November and early December 2015. A preliminary proposed ruling by the administrative law judge was issued on April 12, 2016. The proposed ruling found no evidence that Avangrid Renewables, LLC had engaged in any unlawful market contract that would justify finding the power purchase agreements unjust and unreasonable. However, the proposed ruling did conclude that price of the power purchase agreements imposed an excessive burden on customers in the amount of \$259 million. The position of Avangrid Renewables, LLC, as presented at hearings and agreed by the FERC Trial Staff, is that company entered into bilateral power purchase contracts appropriately and complied with all applicable legal standards and requirements. The parties have submitted to the FERC briefs on exceptions

to the administrative law judge's proposed ruling. There is no specific timetable to the FERC's ruling.

(iii) *Hardscrabble complaint*

Residents in the vicinity of the Hardscrabble Wind Farm filed an action against Avangrid Renewables, LLC and certain of its subsidiaries alleging negligence, private and public nuisance, trespass, negligence per se, strict, products liability and punitive damages as a result of the construction and operation of the Hardscrabble Wind Farm. The plaintiffs are seeking unspecified monetary damages. The plaintiffs initially named a variety of entities related with Avangrid, Inc. and Iberdrola, S.A., but unrelated to the Hardscrabble Wind Farm, as defendants in the complaint. These defendants were dismissed from the action voluntarily by the plaintiffs. A number of the claims were struck from the complaint as a result of a successful motion to dismiss by Avangrid Renewables, LLC, but the core claims remain. The parties are presently engaged in discovery.

(iv) *El Cabo complaint*

On March 23, 2017, Kaywal, Inc. filed a complaint for trespass, nuisance, and injunctive relief against Avangrid Renewables, LLC, El Cabo Wind, LLC and their contractor Blattner Energy, Inc. alleging that they improperly used the north access road and placed grounding wires on a fence near their transmission facilities that was on Kaywal property. Avangrid Renewables, LLC and El Cabo Wind, LLC dispute these claims and have filed a motion to dismiss due to improper venue. They have also prepared a motion for temporary restraining order and a quiet title action since a survey of the area confirms that the fence is not the property line and is actually on property that Avangrid Renewables, LLC and El Cabo Wind, LLC have site control over.
