

AVANGRID, Inc. and subsidiaries
Litigation and disputes relating to the purchase or sale of energy, capacity or renewable energy certificates or products

In addition to the litigation disclosed in Exhibit 5.10, the disputes described below relate to the purchase or sale of energy, capacity or renewable energy certificates or products by Avangrid, Inc. or any of its subsidiaries. The disputes involve the United Illuminating Company (“UI”).

UI along with The Connecticut Light & Power Company, d/b/a Eversource and Waterbury Generation, LLC (WatGen) are parties to a PURA-approved capacity Master Agreement for Generation Projects, dated May 21, 2007 (the Master Agreement). There are two disputes pending between the parties under the Master Agreement, for which settlement has been reached and is pending approval from the Connecticut Public Utilities Regulatory Authority (PURA): (1) a nearly six-year old, complex dispute involving how the parties determine the “Capacity Clearing Price” under the Master Agreement, and (2) a more recent dispute that arose under the Master Agreement resulting from a June 1, 2016 FERC-approved market rule change to the Locational Forward Reserve Market (LFRM).

(i) Capacity Clearing Price Dispute

UI (and Eversource) claimed that “Capacity Clearing Price” meant the actual capacity clearing price published by ISO New England Inc. (ISO-NE) for each Forward Capacity Auction (FCA). In contrast, WatGen claimed that “Capacity Clearing Price” meant the prorated payment rate that ISO-NE also published and actually paid to WatGen (and the other generators) for its participation in each FCA.

(ii) LFRM Dispute

An additional dispute between UI and WatGen concerned the impact on the Master Agreement of a market rule change that arose out of the approval by FERC of a February 10, 2016 filing by ISO-NE and the New England Power Pool Participants Committee in FERC Docket No. ER16-921-000. That filing sought approval of revisions to ISO-NE’s Transmission, Markets and Services Tariff to adjust the offer cap in the LFRM and to eliminate provisions that subtract capacity clearing prices from forward reserve clearing prices to determine payments for providing forward reserves.

The new LFRM rule change took effect on June 1, 2016. UI sent a notice to WatGen that explained how UI would implement this market rule change. WatGen disagreed with UI and asserted that UI had not demonstrated that the LFRM market rule change was the type of market rule change that required an amendment to the Master Agreement pursuant to its terms.

On February 27, 2017, after substantial negotiations, Eversource, UI and WatGen reached a mutually acceptable settlement in principle of the Capacity Clearing Price Dispute and the LFRM Dispute. That settlement is documented in the Settlement Agreement that was executed as of February 27, 2017 and approved by PURA on June 21, 2017.
