

Avangrid, Inc.



EEI and AGA



ESG/Sustainability Reporting



LETTER FROM OUR CEO

AVANGRID, investing in a smarter, cleaner and more sustainable future



AVANGRID is leading the transformation to a competitive clean energy future. This goes hand in hand with our commitment to safeguard the environment, reduce our generation carbon footprint and grow as a sustainable company in our investments, actions and culture.

As a member of Edison Electric Institute (EEI) and American Gas Association (AGA), AVANGRID is pleased to provide investors voluntary information about our environmental, social and governance (ESG) and Sustainability for 2017 using the EEI and AGA reporting templates, which provides investors and other stakeholders ESG and sustainability information that is consistent across the electric and gas utilities sectors.

With one of the lowest generation carbon emissions intensities among energy companies in the United States, we look to occupy a leadership position in an industry that is rapidly transforming, while adhering to key environmental principles. At AVANGRID, our efforts go beyond stewardship for the environment and management of natural resources. We also view sustainability as a commitment to help our communities thrive and foster strong partnerships to develop forward-thinking initiatives. Above all, we are committed to the highest standards of safety, ethics and corporate governance to ensure the long-term sustainability of our business and value creation for all of our stakeholders.

We will continue to execute on our growth strategy and deliver on our commitments by making investments that will result in a smarter, cleaner and more sustainable energy system for our customers. Thank you for your interest in AVANGRID's sustainable development efforts. We look forward to continuing our conversations with communities, customers, employees, investors and other stakeholders on ESG topics that are important to all of us. For additional information about AVANGRID and our economic, social, environmental goals and achievements during 2017, we encourage you to read our Sustainability Report for 2017 available at www.avangrid.com.

Sincerely,

James P. Torgerson
Chief Executive Officer

SUSTAINABILITY GOVERNANCE

Sustainability is firmly entrenched in the values and principles that guide our board of directors, and respect for people, safety, communities and the environment are key priorities driving our business success. AVANGRID has incorporated the Sustainable Development Goals (SDGs) approved by the member states of the United Nations into the company's strategy and governance system. In line with this principle, AVANGRID focuses its efforts on affordable, clean energy while nurturing sustainable communities through investments in research, development and innovation. This is aligned with the company's continued stewardship for action on climate. AVANGRID is fully committed to contributing to the social and economic development of communities in which it operates and the protection of the environment through its sustainable energy business model.

AVANGRID has adopted a management approach to sustainability that engages all levels of the company from the board of directors to our employees and embeds a commitment to sustainable development and sustainability in all aspects of our business.

Board of Directors

The board of directors sets the company's sustainable development strategy and oversees sustainability issues and AVANGRID's commitment to contribute to the achievement of the Sustainable Development Goals (SDGs) approved by the member states of the United States.

Chief Executive Officer

Responsible for overseeing execution of the company's overall sustainable development strategy and the long-term performance.

Senior Vice President – Chief of Staff | CEO's Office

Responsible for coordinating the company's sustainable development strategy across business areas and overseeing investments and initiatives in our communities. The CEO's Office, under the direction of the Senior Vice President – Chief of Staff, is responsible for facilitating partnerships among business areas to develop sustainability goals, integrating sustainable business practices across the company, and sustainability reporting.

Management Team

Accountable for implementing specific elements of company's sustainable development strategy and integrating sustainability and the Sustainable Development Goals (SDGs) approved by the member states of the United Nations into their respective areas.

Employees

Implement departmental initiatives and identify local sustainability opportunities.

QUALITATIVE DATA

Electricity Generated

	2015	2016	2017
Total Net Generation for the data year (<i>net megawatt hours</i>)	17,418,000	17,912,000	18,104,000
Coal	--	--	--
Natural Gas	2,790,000	2,583,000	2,366,000
Nuclear	--	--	--
Petroleum	--	--	--
Total Renewable Energy Resources	14,628,000	15,329,000	15,738,000
Biomass/Biogas	--	--	--
Geothermal	--	--	--
Hydroelectric	366,000	327,000	385,000
Solar	126,000	199,000	164,000
Wind	14,136,000	14,803,000	15,103,000
Other renewables	--	--	86,000

All data based on AVANGRID's ownership of generating assets as of December 31, 2017. 2015 was selected as the baseline for this and other tables to align with AVANGRID's commitments to increase installed renewables capacity of more than 30% by the year 2020 compared to a year 2015 baseline and reduce the intensity of greenhouse gas emissions of our generation capacity by 25% by the year 2020 compared to a year 2015 baseline and be carbon neutral by the year 2035. Please see AVANGRID's Sustainability Report for 2017 available at www.avangrid.com for additional information about these commitments.

Generation Capacity

	2015	2016	2017
Total Owned Nameplate Generation Capacity at end of year (<i>megawatt</i>)	6,458	6,879	7,472
Coal	--	--	--
Natural Gas	645	845	848
Nuclear	--	--	--
Petroleum	--	--	--
Total Renewable Energy Resources	5,813	6,034	6,624
Biomass/Biogas	--	--	--
Geothermal	--	--	--
Hydroelectric	118	118	118
Solar	50	50	106
Wind	5,645	5,853	6,387
Other renewables	--	13	13

All data based on AVANGRID's ownership of generating assets as of December 31, 2017. AVANGRID's renewables division is among the top three wind operators in the United States and is at the forefront of transforming the way the country produces and uses energy. Avangrid Renewables has approximately 6.5 GW of renewable generation across the country, as well as 636 MW of natural gas-fired generation.

Investing in the Future: Capital Expenditures, Energy Efficiencies (EE) and Smart Meters

	2015	2016	2017
Total Annual Capital Expenditures (<i>nominal dollars</i>)	1,168,000,000	1,923,000,000	2,276,000,000
Incremental Annual Electricity Savings from EE Measures (megawatt hours)	204,254	175,680	167,723
Cumulative Investment in Electric Energy Efficiency Programs (<i>nominal dollars</i>)	66,553,179	57,040,787	56,880,876
Percent of Total Electric Customers with Smart Meters (<i>at end of year</i>)	44%	44%	44%

During 2017, Avangrid Networks invested \$1.3 billion and completed several significant transmission projects, including the Auburn and Ginna transmission projects (~\$103M and ~\$145M, respectively). In Maine, we successfully completed a new Customer Smart Care Data System at Central Maine Power Company. The company continuously invests in its energy system to meet the needs of our customers for today the future through enabling technological advances such as smart metering, smart usage rewards and enhanced outage reporting, to name a few. We are actively replacing aging infrastructure with modern solutions, as well as using new technologies for enhanced resilience and to enable smarter customer energy management. One such example is automated meter infrastructure, which allows AVANGRID to read meter devices remotely, eliminating the need for travel and empowering the customer through the deployment of smart meters. We have more than 1.2 million electric and gas smart meters currently installed, covering approximately 100% of our customers in Maine and 75% of our customers in Connecticut. In 2017, Avangrid Renewables invested almost \$1 billion and completed the installation of 590 MW, including four wind projects in California, Colorado, New Mexico and Vermont (534 MW) and one solar project in Oregon (56 MW). With these additions, the company owns and operates 6,387 MW of wind and 106 MW of solar in 58 projects across nearly two dozen states. In 2017, Renewables produced approximately 15,737 GWh of clean, renewable energy.

Number of Customers

	2015	2016	2017
Total number of customers	3,192,362	3,210,847	3,229,812
Electricity customers	2,208,195	2,218,480	2,231,576
Gas customers	984,167	992,367	998,236

GHG Emissions: Carbon Dioxide (CO₂) and Carbon Dioxide Equivalent (CO₂e)

	2015	2016	2017
Carbon Dioxide (CO ₂)			
Total owned generation CO ₂ emissions (<i>metric tons</i>)	1,111,020	1,040,335	965,570
Total owned generation CO ₂ emissions intensity (<i>metric tons/net megawatt hours</i>)	0.063	0.058	0.053

To nearest thousand metric tons. AVANGRID is committed to providing clean, low emission energy. 89% of our generation capacity in 2017 was emission free and we seek to minimize emissions where possible. AVANGRID has pledged to be carbon neutral by 2035 with a focus on increasing our renewables installed generation capacity by more than 30% by the year 2020, compared to a 2015 baseline. Our objective is to reduce emissions intensity by 25% by 2020. Please see AVANGRID's Sustainability Report for 2017 available at www.avangrid.com for additional information about AVANGRID's pledge to be carbon neutral and emissions intensity.

The environmental and green attributes attributable to the electric generation from the Avangrid Renewables' facilities have been or likely will be sold or transferred to third parties, who are solely entitled to the reporting and other rights to all renewable energy credits, emissions reductions, offsets, allowances and the avoided emissions of greenhouse gas pollutants, collectively environmental attributes. Avangrid Renewables is not claiming ownership of any environmental attributes from its renewable generation fleet for any purpose, including compliance with any federal or state law or reporting to any federal or state agency, or any other present or future federal, state, local, international, foreign, or voluntary renewable energy, emission reduction, or emissions trading program.

Non-Generation CO₂e Emissions

	2015	2016	2017
Fugitive CO ₂ e emissions of sulfur hexafluoride (<i>metric tons</i>)	6,736	7,432	9,366
Fugitive CO ₂ e emissions from natural gas distribution (<i>metric tons</i>)	257,465	236,168	232,371

To nearest thousand metric tons. CO₂e emissions from natural gas distribution owned by Avangrid utilities that are required to report to EPA under 40 CFR 98, Subpart W.

Nitrogen Oxide (NO_x)

	2015	2016	2017
Total NO _x emissions (<i>metric tons</i>)	146	152	129
Total NO _x emissions intensity (<i>metric tons/net megawatt hours</i>)	0.000008	0.000008	0.000007

To nearest thousand metric tons.

Sulfur Dioxide (SO₂)

	2015	2016	2017
Total SO ₂ emissions (<i>metric tons</i>)	5	6	5
Total SO ₂ emissions intensity (<i>metric tons/net megawatt hours</i>)	0.0000003	0.0000003	0.0000003

To nearest thousand metric tons.

Mercury (Hg)

	2015	2016	2017
Total Hg emissions (<i>kilograms</i>)	0	0	0
Total Hg emissions intensity (<i>kilograms / net megawatt hours</i>)	0	0	0

Human Resources

	2015	2016	2017
Total number of employees	6,809	6,801	6,570
Total number on board of directors	12	14	14
Total women on board of directors	1	2	2
Total minorities on board of directors	0	0	0
Employee safety metrics			
Recording incident rate	2.41	2.83	3.42
Lost-time case rate	0.75	0.70	0.64
Days away, restricted, and transfer (DART) rate	n/a	n/a	2.08
Work-related employee fatalities	0	0	0
Work-related contractor fatalities	0	0	1

Tracking of DART rate at AVANGRID consolidate has changed since 2017, so 2015 and 2016 data are not available

Fresh Water Resources

	2015	2016	2017
Water consumption (billions of liters/net megawatt hours)	0.000000	0.000000	0.000000
Water withdrawals – non-consumptive (billions of liters/net megawatt hours)	0.000000	0.000000	0.000000

Waste Products

	2015	2016	2017
Percent of non-hazardous municipal solid waste diverted	21%	68%	26%
Percent of coal combustion production beneficially used	0	0	0

Waste recovered, recycled or reused.
AVANGRID does not own coal power generating facilities.

Natural Gas Distribution Data

Customer Count and Distribution Mains in Services

	2017
Number of gas distribution customers	998,236
Distribution mains in service (<i>miles</i>)	
Plastic (<i>miles</i>)	7,166
Cathodically protected steel – bare & coated (<i>miles</i>)	6,726
Unprotected steel – bare & coated (<i>miles</i>)	348
Cast iron / wrought iron – without update (<i>miles</i>)	975
Plan / commitment to replace / upgrade remaining miles of distribution mains (<i># years to complete</i>)	
Unprotected steel – bare & coated (<i># years to complete</i>)	20
Cast iron / wrought iron – without update (<i># years to complete</i>)	20

These metrics include all local distribution companies (LDCs) held by AVANGRID that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule.

Distribution CO₂e Fugitive Emissions

	2017
CO ₂ e fugitive methane emissions from gas distribution operations ¹ (<i>metric tons</i>)	231,212
Fugitive methane emissions from gas distribution operations ² (<i>metric tons</i>)	9,248
Natural gas throughput from gas distribution operations ³ (<i>thousands of scf</i>)	215,383,005
CO ₂ e fugitive methane emissions rate (<i>metric tons per thousand scf of Throughput</i>)	0.0011
Fugitive methane emissions rate (<i>metric tons methane per methane content of the above mscf of Throughput</i>)	0.0021

¹ Fugitive methane emissions (not CO₂ combustion emissions) stated as CO₂e, as reported to EPA under 40 CFR 98, Subpart W, sections 98.236(q)(3)(ix)(C) and (D), 98.236(r)(1)(iv) and (v), and 98.236(r)(2)(v)(A) and (B). This metric should include fugitive methane emissions above the reporting threshold for all natural gas local distribution companies (LDCs) held by the AVANGRID that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule.

² Fugitive methane emissions (not CO₂ combustion emissions) stated as metric tons of methane, as reported to EPA under 40 CFR 98, Subpart W, sections 98.236(q)(3)(ix)(C) and (D), 98.236(r)(1)(iv) and (v), and 98.236(r)(2)(v)(A) and (B). This metric should include fugitive methane emissions above the reporting threshold for all natural gas local distribution companies (LDCs) held by AVANGRID that are above the LDC Facility reporting threshold for EPA's 40 C.F.R. 98, Subpart W reporting rule.

³ This metric provides gas distribution throughput reported under Subpart W, 40 C.F.R. 98.236(aa)(9)(i) through (iii), as reported on the Subpart W e-GRRT integrated reporting form in the "Facility Overview" worksheet Excel form, gas received (column 1) plus the gas withdrawn (column 2) minus the gas injected into storage (column 3), in thousands of standard cubic feet (scf).