

PURCHASING

06/01/2021

AVANGRID GROUP

PURCHASING PROCEDURE

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Effective Date July, 2021

AMC shall file with the New York Public Service Commission (NY PSC) any change in these procedures at least 30 days before they are to be effective, unless otherwise authorized by the NY PSC.

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Annex 1

1. PURPOSE AND CONTENT

The Purchasing Risk Policy for the AVANGRID Group establishes a global framework for monitoring and managing the inherent risk from the Purchasing or contracting of equipment, materials, works and services throughout the Group.

This Purchasing Procedure provides guidance to comply with the Avangrid Purchasing Risk Policy for the AVANGRID Group which establishes a global framework for monitoring and managing the risk resulting from the purchasing activities undertaken for the procurement or contracting of equipment, materials, works and services throughout the Group.

The procedure detailed in this document, does not apply to any fuel, energy, raw material purchases, real estate, contracts with municipalities, government agencies, legal services, financial services and Payment Authorization Orders (PAO).

2. DEFINITIONS

AMC - Avangrid Management Company, LLC

ASC - Avangrid Service Company

Affiliate - A person or entity that owns or controls, is owned or controlled by, or is under common ownership or control by another person or entity. For example, all entities owned directly or indirectly by AVANGRID, Inc.

Bid Evaluation Technical Report (ITEO) - Document produced by the Requesting Organization containing a technical evaluation of the bids. Document contains a clear, objective analysis and appraisal of the technical, environmental, quality and cybersecurity aspects of the offers, with impartial conclusions on the list of the valid Suppliers.

Call-Off Purchase Order - Purchase Order released under the scope of a Framework Agreement by the Requesting Organization. Such a Purchase Order is governed by the conditions established under the Framework Agreement.

Centralized Purchase - Acquisition of EMWS where the Purchasing Department is responsible for managing the Tendering process.

Consultancy - The provision of any advice, guidance, or recommendation by a third party which a business or function utilizes or relies upon for the purpose of improving the performance of the business, its people, its assets or its systems.

Contract or Agreement - Document authorized by any of the AVANGRID Group companies and accepted by the Supplier or Contractor that legally binds both parties concerning the EMWS.

Contractor - A supplier who provides services such as, but not limited to, construction, installation, utility, field, power plant, and labor. Contractors provide both skilled and/or unskilled labor, including laborers, craftspeople, technicians, security, construction workers, etc.

Control Organization - Department of Avangrid responsible for the verification of budgets.

DPU - Massachusetts Department of Public Utilities

Delegated Purchase - is the purchase process managed by an authorized Delegated Purchaser within a Requesting Organization, in order to satisfy one-off, non-recurring purchasing needs for such Requesting Organization, where (i) the amount does not exceed the agreed delegated limit established by the Purchasing Department, and (ii) the purchase is not included on an EMWS that has a related Framework Agreement, or an EMWS that does not have a specific purchasing procedure.

Delegated Purchaser - Representative of the Requesting Organization to whom the task of managing the Purchasing Procedure for acquisition of EMWS has been delegated.

Direct Purchase - Direct acquisition of non-strategic low value EMWS by the Requesting Organization. A direct purchase is permitted when the purchase amount does not exceed the limit established by the Purchasing Department and, where the purchase is not for an EMWS that has a related Framework Agreement, or for an EMWS that does not have a specific purchasing procedure.

EMWS - Equipment, Materials, Works and Services.

Expenditure Plan - Plan submitted to the Purchasing Department by the Requesting Organization outlining the major purchases identified for the foreseeable future.

Framework Agreement - Contractual relationship with a Supplier, including the terms and conditions agreed upon, which identifies the EMWS to be acquired. Requesting Organization can directly release Purchase Orders (Call-off Orders) against the Framework Agreement for their specific requirements. Call-off Orders may be released up to the approved value of the Framework Agreement.

Group - AVANGRID, Inc. and its direct and indirect subsidiaries.

Iberdrola Competitive Service Company - Prospective Supplier under an RFX that is an Affiliate of the Requesting Organization.

Legal Counsel - Internal or External attorneys who are responsible for assisting the Requesting Organization and/or the Purchasing Department in a variety of matters, including (i) reviewing and drafting complex or high-risk commercial agreements, and (ii) defending or prosecuting claims made by or against Suppliers or Contractors.

Letter of intent - Document issued by the Purchasing Department, detailing the basic conditions that will define the contractual relationship with a Supplier and allow the commencement of an urgent purchase until the signature and/or the Contract is signed or Purchase Order is finally issued.

Non-Stock - An item which does not have a stock ID assigned. It may or may not have been pre-approved and requires the requestor to ensure proper approvals are obtained prior to issuance of a purchase order.

NY PSC - New York Public Service Commission

One-Off Purchase - A one-time purchase that does not require a Framework Agreement.

Payment Authorization Order ("PAO") - An internal purchase document generated for the purpose of facilitating and documenting payment for certain categories of EMWS which do not require Purchasing Department involvement. Payment obligation where there is no

possibility for negotiation and the concept has been previously agreed by the Purchasing Department.

Proposed Award (“PA”) - Document which contains a summary of the analysis of the bids received in a specific Tender with conclusions on which Supplier is being recommended for the award.

PURA - Connecticut Public Utilities Regulatory Authority

Purchasing Administration Organization - Organization within the Administration group, responsible for the administrative support of the Purchasing Department. Tasks may include, but not be limited to: PO creation for Centralized Purchases, Supplier and EMWS master data maintenance, etc.

Purchase/Purchasing Management - Activity aimed at achieving and reaching agreement with a Supplier on price, and terms & conditions, with respect to the EMWS, that Supplier could provide to the Group.

Purchase Order (“PO”) - Binding document issued by ASC, AMC and/or by any of the companies in the Group and accepted by the Supplier, establishing the rights and obligations for each party related to a defined Supply.

Purchasing Department - Department of AMC or ASC providing purchasing services to the Affiliate companies (Requesting Organizations). Where authorized, ASC and/or AMC has full agency for the Affiliate companies and acts as the Affiliates’ representative.

Avangrid Purchasing Risk Policy – The policy issued by AMC, ASC and/or by any of the companies in the Group that provides the overall framework for risks derived from the purchase of materials and equipment as well as from contracting for products and services, with emphasis on adherence to the ethical commitments of the Avangrid Group and of its suppliers.

Purchasing Buyer or Analyst (Purchasing Buyer or Lead Buyer or Purchasing Manager) - Member of the Purchasing Department, who performs functions on behalf of the Purchasing Department.

Purchasing Plan - Plan developed by the Purchasing Department which incorporates Requesting Organization’s Expenditure Plan. The Purchasing Plan is developed after the analysis of the Expenditure Plan and the Purchasing Department can also include any additional anticipated requirements in the plan.

Purchase Requisition - Mechanism used by the Requesting Organization to indicate the existence of a specific contracting requirement, containing all the relevant information to ensure that it can be subsequently processed by the Purchasing Department or by the Requesting Organization.

Recurrent Purchase - A type of purchase undertaken by the Requesting Organization under the terms of an established Framework Agreement through the issue of a Call-Off Purchase Order.

Request for Information (“RFI”) - Prior to preparing a formal request for bid, the Purchasing Analyst may issue a request for information (“RFI”) to prospective Suppliers soliciting preliminary information, technical information, product or service offerings, availability, and/or any other information from the marketplace with respect to an upcoming project or potential need.

Request for Proposal (“RFP”) - The Request for Proposal is issued when specialized, technical product, complex goods and/or services are involved that will require evaluation by the Purchasing Department and the Requesting Organization.

Request for Quotation (“RFQ”) - The request for quotation is used when non-specialized (usually routine) and non-complex EMWS is needed.

Requesting Organization - User groups and/or individuals at the Affiliate companies which have an EMWS expenditure need.

RFx - An RFI, RFP and/or RFQ.

Sealed Bid - A competitive Tender in which the offers submitted in the final round of that Tender cannot be opened prior to the due date and time for all offers.

Sourcing Request - The mechanism used by the Requesting Organization to comply with all the requirements of AMC, ASC and/or by any of the companies in the Group in terms of cybersecurity and to provide all the relevant technical documentation for the purchasing process to the Purchasing Department.

Stock - An item which has been assigned a Material ID (Stock number). A stock Material ID is created after proper approvals have been obtained and the item has been evaluated/qualified by the appropriate departments.

Strategic EMWS - EMWS that have been determined to always require Purchasing Department involvement and to be purchased as a Centralized Purchase, regardless of value.

Supplier - Person or legal entity with whom a contractual relationship is established to provide EMWS. This term includes Contractors.

Supply - EMWS from a defined Supplier with established conditions in a previous Purchasing Management process and agreed between the parties through a Contract or Purchase Order.

System - IT system established by the Group for purchasing management.

Tender - The process of making a purchase. It can involve various stages which may include preparing the RFx, receiving responses, obtaining clarifications, negotiating, evaluating offers, proposing an award, seeking approvals, and making an award.

Transparency - The effort of sending consistent messages to the market. Making an effort to obtain multiple bids and allowing all invited bidders equal opportunities.

UIL - UIL Holdings Corporation and its subsidiaries.

3. RESPONSIBILITIES

This section pertains to defining roles and responsibilities for the Purchasing Department, or Delegated Purchaser as appropriate, to evaluate commercial and economic matters, while the Requesting Organization evaluates technical matters. The procedure includes a division of roles for the Purchasing Department, or Delegated Purchaser as appropriate, and the Requesting Organization.

3.1 Purchasing Department

Purchasing Management will be performed under a common corporate model with the main objective of minimizing the costs and risks associated with the purchase of EMWS, taking advantage of synergies, aligned with the strategic decisions and with an efficient management of resources.

The Purchasing Department is responsible for providing services to the AVANGRID Group. In addition, some support services will be provided by Iberdrola Group based on the Corporate service level agreement.

Roles & Responsibilities of the Purchasing Department or Delegated Purchaser as appropriate, may include, but are not limited to:

- Understand Business Partner's needs/requirements by reviewing Purchase Requisitions
- Review Scope of Work (SOW) and participate in planning activities, particularly on complex or major purchases
- Request and review non-competitive justification, as appropriate
- Finalize bid list, consult with Requesting Organization about list as appropriate
- Apply the appropriate terms and conditions. Coordinate review between Legal Counsel and the Requesting Organization when necessary.
- Prepare and issue RFx to Suppliers on bidders list
- Arrange and attend pre-bid, post-bid and bid-clarification meetings as appropriate
- Receive, handle, open and distribute technical bids submitted to the Requesting Organization when necessary
- Maintain quotations on file as appropriate
- Interview representatives of Suppliers and potential Suppliers
- Evaluate commercial and economical aspects of bids - price, labor rates, payments, etc.
- Conduct negotiations
- Propose Supplier to be awarded
- Coordinate review of any commercial and legal aspects with Legal Counsel and the Requesting Organization, as appropriate
- Coordinate execution of contracts
- Monitor the marketplace for changes in pricing and availability of EMWS (benchmarking)
- Maintain compliant records of purchases and contracts managed by the Purchasing Department

- Develop alternate sources of Supply
- Cost reduction activities
- Administration of Supplier Diversity, as applicable

In order to promote Transparency and control in the process, the Purchasing Procedure is allocated exclusively to the Purchasing Department or, in case of Delegated Purchasing, to the authorized Requesting Organization procurement representative. The Purchasing Department will lead the Centralized Purchasing Management process from Tendering until the signature of the contractual relationship with the Supplier.

Although the above statements comprise the fundamental Purchasing Management activities, prior completion of certain processes are needed to support the procurement phase. This may include codification, identification, classification, standardization or qualification of suppliers. The contribution of the Requesting Organization to the success of these processes is of great importance to the achievement of a satisfactory purchasing process.

Once Purchase Order issuance, Framework Agreement or Contract establishment, the Requesting Organization will be responsible to oversee the EMWS. The Purchasing Department may continue to serve as a liaison and to represent the Requesting Organization in commercial and contractual interests. The Purchasing Department may also provide support if there are Supplier issues or if a Supplier's performance is deficient. Should an issue require legal review and Legal Counsel has not yet been notified, the Purchasing Department should contact Legal Counsel early in the process for the most effective assistance.

3.2 Requesting Organization

The responsibility of the Requesting Organization in this process involves the following activities:

3.2.1 Support and collaboration of the Purchasing Management process; the Roles & Responsibilities may include, but are not limited to:

- Expenditure plan (Annual, based on budget and targets and multi-year plan based on the strategic plan)
- Communicate known or anticipated purchases and needs to the Purchasing Department through proper planning and communications
- Create and approve the Purchase Requisition based on budget requirements and cost estimates
- Stipulate design requirements, specifications and scope of work, paying special attention to the Cybersecurity requirements as well as to confidential personal data

Note - The Requesting Organization must pay special attention to cybersecurity and personal data confidentiality requirements, which must be included, when applicable, in the specification and scope of works, and in the agreed contractual terms and conditions with the Supplier following the rules provided by the Cybersecurity Department. This analysis should be done prior to submitting a bid package to Purchasing Department.

In case of any doubt or needed clarity contact Cybersecurity Department.

- Write technical specifications, bill of materials, prepare drawings
- Being clear and objective in promoting competition, and equal opportunities
- Monitor the marketplace for technical and other developments affecting operations
- Identify or recommend list of potential bidders, if no possibility of open competition then provide Single Source justification
- Provide change order documentation and justification when required
- Recommend bid due date (based on complexity of request and recommended time that bidders will need to review request)
- Request and participate in pre-bid, post-bid and bid-clarification meetings
- Determine scheduling requirements, delivery due dates and project completion dates
- Answer technical questions during the Tendering process.
- Evaluate bids for technical merit and send a written evaluation (ITEO) to the Purchasing Department. The report will evaluate clear and objectively each bid based on the technical specification and must conclude on their technical validity of each received bid
- If award value exceeds the budget/cost estimate of the Purchase Requisition, then work with Control to resolve the budget before award is made

The Requesting Organization should not issue or approve pre-payment of EMWS not yet completed.

3.2.2 Purchasing Management¹

The responsibility of the Requesting Organization may also include the following tasks:

- Budgetary control and review of budgetary reports, by the Planning and Control department of the Requesting Organization, related to the commitment undertaken.
- Day-to-day administration of purchase orders and contracts
- Perform factory inspection and tests when necessary
- Receipt and certification of EMWS. Under no circumstances will services not performed be certified or materials not received be acknowledged.
- Evaluate Suppliers' performance and their compliance with the terms and conditions agreed with the Supplier. Report possible deviation to the Purchasing Department.
- Monitoring of any operational disputes which may occur with the Supplier, involving the Purchasing Department if needed.
- Anticipate any possible extension or variation of Contract, informing Purchasing Department in advance in order to negotiate the new conditions with the Supplier

¹ Activities out of the scope of the Quality Management System or ISO

- Ensure full compliance to the Scope of Work/Specifications of the Purchase Order / Contract. Any non-conformance by the Supplier may be reported to the Purchasing Department and/or Legal Counsel for assistance in resolving the matter.
- Validate all applicable standards and material codes included in the bid package with the Standards Group

3.3 Filing Requirements (New York regulated Companies only, unless otherwise noted)

- AMC shall file with the New York Public Service Commission (the NY PSC) any change in these procedures at least 30 days before they are to be effective, unless otherwise authorized by the NY PSC. (Reference Title 16, Chapter II, Subchapter G, Part 215.2, and Chapter III, subchapter G, Part 350.2)
- AMC shall file, in accordance with the requirement of section 3.5 of the Title (reference Title 16, Chapter 1 of the NYCRR), with the NY PSC one copy of every proposed cost-plus contract or agreement, including those contracts or agreements in which the payment to be made by the utility is based on time and material consumed regardless of the number of units completed, for the construction, improvement or extension of its plant, works or system exceeding in amount \$100,000 in any calendar year, and a list of any other offers received, and such contract or agreement shall not become effective until it has been on file with the NY PSC for 30 days, or until the NY PSC has notified the utility that such contract or agreement may be made effective immediately. If during the 30 day period, the NY PSC determines that it is in the public interest for the contract or agreement for the work proposed to be performed shall be let after public bidding, the NY PSC will notify the public utility company, and the filed contract or agreement will not become effective. In such circumstances the utility shall proceed to make a public offering of the proposed work in accordance with the direction of the NY PSC. (Reference Title 16, Chapter II, Subchapter G, Part 216.1, and Chapter III, Subchapter G, Part 351.1)

When the accumulated amount of all other such cost plus contracts or agreements awarded to a single Contractor in any calendar year has exceeded \$100,000, a list of such contracts, including any other offers received, shall be filed, in accordance with section 3.5 of the Title, with the NY PSC by March 1st of the succeeding year.

- A utility shall file with NY PSC quarterly, one copy of every contract or agreement for the construction, improvement, extension or maintenance of its plant, works or system exceeding in amount \$1,000,000 in any calendar year, and a list of any other offers received. (Reference Title 16, Chapter II, Subchapter G, Part 216.4, and Chapter III, Subchapter G, Part 351.4)
- Where a so-called subcontract covering any part of the work to be performed under a cost-plus contract or agreement entered into by a utility is, in effect, the contract or agreement of the utility within the meaning of section 115 of the Public Service Law, every such subcontract on a cost-plus basis, proposed to be let under a principal contract or agreement which is subject to section 216.1 hereof, shall be filed, in accordance with the requirements of section 3.5 of this Title, with the NY PSC in

accordance with the requirements of provisions of such section. The contracts or agreements shall contain suitable provisions to give effect to the provisions of this Part. This section shall not apply to a subcontract where in the maximum payment shall not exceed \$5,000. (Reference Title 16, Chapter II, Subchapter G, Part 216.2, and Chapter III, Subchapter G, Part 351.2)

- Procedures have been established to address purchases during a storm event. Where a storm, flood, accident or similar emergency requires that a contract or agreement be made without complying with the foregoing provisions of this Part in order to maintain or restore a utility's service, the NY PSC shall be notified immediately by telephone about the contract or agreement. A copy of the contract or agreement entered into in such an emergency, shall be filed, in accordance with the requirements of section 3.5 of the Title, as soon as possible, but not later than 10 days after the making thereof, and such contract or agreement shall be exempted from the other provisions of this Part. The Requesting Organization shall provide immediate notice to the Purchasing Organization or the NY PSC during a storm event as described above.
- In case a storm, flood, accident or similar emergency requires that a cost-plus contract or agreement be made in order to maintain or restore the company's service, the Requesting Organization shall provide immediate notice to the Purchasing Organization or the NY PSC by telephone of the making of such contract or agreement, and a copy thereof shall be filed, as soon as possible, but not later than 10 days after the making thereof.
- All applicable Contracts between regulated utilities in New York and their affiliates must be filed with the NY PSC before they become effective.
- All applicable Contracts between regulated utilities in Maine and their affiliates require approval of the Maine Public Utilities Commission before they become effective.
- Pursuant to CT General Statute 16-32a and the Public Utilities Regulatory Authority Regulation 16-32a-1, no later than three months following the close of its fiscal year, each public service company shall file statements of their procurement policies and practices whenever there is a material change to such policies or practices.
- An executed written contract or agreement is required for any Affiliate transaction involving non-tariffed goods or services between The Southern Connecticut Gas Company ("SCG") or Connecticut Natural Gas Corporation ("CNG") and an Affiliate, including a transaction with ASC or AMC, that: (1) is over \$100,000; (2) involves any cost allocation between CNG or SCG and any Affiliate; or (3) materially impacts the operation of SCG or CNG, provided, however, that such executed written contract or agreement is not required of any transaction with ASC or AMC which is already covered under a master service agreement. (Reference to PURA Gas Code of Conduct Regulation 16-47a-8(a))

Such contracts or agreements shall be filed with the Connecticut Public Utilities Regulatory Authority ("PURA") no later than 10 days after the execution of the contract or agreement.

- The Berkshire Gas Company ("BGC") may not, without the approval of the Massachusetts Department of Public Utilities ("DPU"), enter into a contract with an Affiliate covering a period of more than one year, by virtue of which any compensation is to be paid by BGC for services rendered by such Affiliate, unless such contract contains a provision subjecting the amount of compensation to be paid thereunder to review and determination by the DPU ("In the case of The Berkshire Gas Company ("Berkshire"), any compensation paid hereunder by Berkshire shall be subject to review and determination by the Massachusetts Department of Public Utilities pursuant to G.L. c. 164, §§ 93, 94.").

4. PROCEDURE

The procedure is divided in two main parts depending on the organization managing the purchase:

- Purchases managed by the Purchasing Department.
- Purchases managed by the Requesting Organization.

4.1 PURCHASES MANAGED BY THE PURCHASING DEPARTMENT

4.1.1 PURCHASES INCLUDED IN THE EXPENDITURE PLAN:

In order to manage purchases in a timely and efficient manner, Requesting Organizations must communicate their plans for purchases to the Purchasing Department. Requesting Organizations must send to the Purchasing Department an Expenditure Plan according to the operating plans and approved budgets.

Once the Requesting Organization provides the Purchasing Department an Expenditure Plan, a Purchasing Plan will be created to optimize their departmental resources. The procurement process involves the following steps:

4.1.1.1 TENDERING

4.1.1.1.1 PREPARING FOR A TENDER

The Purchasing Department will begin the Tendering process upon:

- a) Receipt of the request from the Requesting Organization, either by way of:

- An approved Purchase Requisition or Sourcing Request from the Requesting Organization (for non-Framework Agreement requests ²), unless another procedure has been approved

OR

- A request from the Requesting Organization communicating the need for a Framework Agreement (Purchase Requisition or Sourcing Request is not required)

The Requesting Organization needs to supply all requirements to the Purchasing Department to begin the tender process as outlined in the Roles and Responsibilities section.

- b) Preparing the invitation to tender documentation consists of the invitation, terms and conditions, AVANGRID Supplier Code of Ethics, bid due date, technical specifications and other standards applicable to the EMWS, and the specific procurement conditions for each individual contract involved.

- c) Selecting the suppliers to be invited to submit a bid. [REDACTED]

[REDACTED]
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In general and depending on the nature of the purchase as well as current market conditions, the bid list should be developed, keeping in mind the effort to promote Transparency and competition. [REDACTED]

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- d) Making the Tender documentation available to the selected Suppliers and indicating the opening and submission deadline for the bid(s), managing the process for receiving Tender clarification questions from the Suppliers, and any site visit dates as may be required. Changes to the tenders opening and submission deadline needs to be communicated to all tendering Suppliers.
 - e) For every work or service contract over [REDACTED] in value, request the Supplier to provide information with respect to works that may be subcontracted to third parties and where the subcontracted value represents more than [REDACTED] of the total contract value they must identify the list of possible subcontractors.
 - f) Monitor the Tender and coordinate relevant communications regarding clarifications, managing any commercial clarifications and forwarding requests for technical clarifications, if any, to the Requesting Organization.
When clarifications provided may affect the Tender conditions, they should be communicated to all Suppliers.
 - g) Receiving the bids and forwarding them, as applicable, to the Technical Evaluator (ITEO) who has been assigned. The invitation to Tender issued to suppliers must indicate that they need to submit their economic offer separate from the technical and scope content.

If the Technical Evaluator or Requesting Organization needs to assess the economic offer, they need to complete the "Request for Access to Economic Information" form.

The Requesting Organization must determine if any special requirements, not already included in the standard general terms and conditions, need to apply to the award or purchase (background check, data security requirements, cybersecurity requirements, cyber insurance, DOE requirements, regulatory restrictions, prohibited contractors/countries, etc...). If the Requesting Organization is uncertain, it must work directly with the Organization that owns the requirement.

4.1.1.2 EVALUATION OF THE BIDS AND PROPOSED AWARD (PA)

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4.1.2 Unplanned Purchases

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[REDACTED]

4.2 PURCHASES MANAGED BY THE REQUESTING ORGANIZATION

Purchases managed by the Requesting Organization are permitted [REDACTED]

The management of these Purchases are performed by [REDACTED]

4.2.1. Use of Frameworks

[REDACTED]

[REDACTED]

4.2.2. Delegated Purchase

[REDACTED]

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4.2.3 Direct Purchase

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4.3 OTHER PURCHASES AND SPECIAL PROCEDURES

4.3.1 Contracts between Group Companies

Purchasing and the regulated utilities of the Group shall adhere to the Avangrid Procurement Affiliate Transaction Standards of Conduct Policy (see Annex 1) which governs the relationships between the regulated utilities and other Affiliates of AVANGRID.

The price offered must accurately reflect the costs for the provision of services in accordance with the applicable law.

Where the services between regulated and deregulated companies of the Group are contracted, the processes and the Agreements or Contracts will comply with the various requirements and conditions of the applicable law and regulations.

In the case of the regulated activities, or when the applicable legislation requires that a Tender must be performed in order to comply with the relevant requirements, other Group companies may participate in that Tender with external companies, ensuring that the procurement process is carried out with Transparency and equality. In these cases, the award process will follow all of the previous defined steps of this document.

4.3.2 Urgent Purchases

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.3.2.1 Storm or Emergency Purchases

These are purchases that must be made immediately to secure the safety of customers, employees, and the general public and to provide efficient restoration of services to

customers in the event of storm emergencies. Purchases for storms are usually initiated informally and the purchase is formalized after the event. These types of purchases should only occur when acting under the Requesting Organization's emergency plan in place at the time of the event.

Purchase Requisition

In the event of a storm or critical emergency the Requesting Organization will follow the emergency plan in place by the company. In the event of a storm or a critical emergency situation, the company's primary responsibility is the safety of its employees, customers, suppliers, and the general public and to restore reliability to the infrastructure. Therefore, there may be a need for the Requesting Organization to verbally direct suppliers to provide goods and services. During the event or after the event occurs, the goods or services are provided, and if payment is required through a Purchase Order, Purchasing Department (or the Delegated Purchaser as appropriate) may make an effort to obtain a Single Source justification (COMPR-GECOM-FO-0006) to document the reasons for the purchase.

At the same time, the corresponding Purchase Requisition will be created in SAP by the Requesting Organization.

Award

The Purchasing Department will review the information submitted by the Requesting Organization to ensure it provides sufficient documentation. If necessary, the Purchasing Analyst or Delegated Purchaser will follow up with the Supplier if a quotation or other documentation is needed.

Once all requirements have been satisfied, the Purchase Order will be created by the appropriate department depending on the EMWS and the type of purchase.

4.3.2.2 Immediate and Short Notices Purchases

Immediate Purchases are purchases that must be undertaken immediately as soon as the need is known. These normally relate to breakdowns or damage and may be formalized in a letter of intent.

[REDACTED]

[REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED]

4.3.3 Purchasing of Advisory/Consulting.

Consultancy is defined as the provision of any advice, guidance, or recommendation by a third party which a business or function utilizes or relies upon for the purpose of improving the performance of the business, its people, its assets or its systems.

The general procedure for these services must be completed as follows:

- a) [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

[REDACTED]

4.3.4 Change Order or Variation

Whenever it is necessary to complete a change order or variation to a previous formalized purchase, the request should follow the detailed procedure in clause 4.1.1.2 (B.1 Purchase Requisition). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

AVANGRID GROUP PURCHASING PROCEDURE

ANNEX 1

1. AMOUNT LIMITS BY TYPE OF PURCHASE:

1.1 Direct Purchases

[REDACTED]

[REDACTED]

[REDACTED]

1.2 Delegated Purchases

[REDACTED]

[REDACTED]

1.3 Centralized Purchases

[REDACTED]

[REDACTED]

[REDACTED]

2. LEGAL COUNSEL ASSISTANCE

Legal Counsel and the Purchasing Department share the goal of ensuring that the Requesting Organization receives the maximum benefit from purchases without assuming unnecessary risk. Any assumed risk is the responsibility of the Requesting Organization, since it is ultimately the group making the purchase.

Adhering to the following principles will result in the most productive and effective use of Legal services:

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
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3. AUTHORITY

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

4. SUPPLIER RELATIONS & ETHICS

4.1 SUPPLIER DIVERSITY

The purpose of this section is to set forth a guide that pertains to the purchase of EMWS from diversely-owned businesses. There are two components to Supplier Diversity: Corporate and Government which is based on that of the United States Small Business Administration (SBA) and United States General Services Administration (GSA).

As an Affiliate of regulated companies that value their diverse customer base, the Group and its regulated Affiliates find it imperative to have a supplier base that mirrors the makeup of their customers. In a market that is ever changing with new technology and open competition, it is important that the Group tap into the most inventive and agile businesses. The Group's overall objective is to enable it and its Affiliates to add value to its organization and communities by creating relationships with diverse enterprises.

The Group has three primary goals for its supplier diversity program:

1. To purchase EMWS from quality, cost-competitive diversely-held Suppliers.
2. To assist the following businesses in becoming competitive sources of Supply through strategies such as mentoring, joint ventures, and supplier sub-contracting:
Small, minority-owned, woman-owned, small disadvantaged (SDB), Historically Underutilized Business Zone (HUBzone), veteran-owned, Alaskan native corporation, Indian tribes, and service disabled veteran-owned businesses.
3. To bring value to the Group's customers and shareholders.

Reference Avangrid Business Classification Form.

4.2 ETHICS

Most transactions relating to purchasing are of a confidential nature, especially regarding the Suppliers, their competitors, and the competitive bidding process. It is considered unethical to allow company-proprietary information about Supplier's bids or quotations to pass to another Supplier. Sharing of pricing information may also be in violation of one or more antitrust laws and should be carefully avoided. At the Purchasing Analyst's discretion, the Purchasing Analyst may forward bids to the Requesting Organization with the pricing removed.

Conflicts of Interest and any other unethical business practices must also be avoided. The Code of Business Conduct and Ethics must be followed by AVANGRID personnel at all times. Suppliers must also follow the AVANGRID Supplier's Code of Ethics. The below language is standard on all Purchase Orders and Contracts issued to Suppliers:

Supplier shall comply with the AVANGRID Suppliers' Code of Ethics ("Suppliers' Code of Ethics") in connection with its performance under this Agreement. The Suppliers' Code of Ethics can be found at the AVANGRID website (www.avangrid.com).

Every person in receipt of the information contained in the bidders' proposals must abide by the AVANGRID Code of Business Conduct and Ethics.

Internal cost estimates associated with specific Tenders or awards should never be shared with suppliers.

5. RECORDS RETENTION

The Purchasing Department or Delegated Purchaser will acquire, maintain and supply purchasing records required to document and substantiate purchasing activity.

Procurement records may include qualification records, contracts, Framework Agreements, bid evaluations, quotes and any other pertinent information relative to Purchase Orders, contracts or awards made.

Purchasing documents referenced above may be stored physically or electronically or may be scanned and stored in the SAP or System.

The Purchasing Department's records retention requirements are identified on the department Record Retention Schedule.

6. PROCUREMENT AFFILIATE TRANSACTION STANDARDS OF CONDUCT POLICY

All applicable Contracts between regulated utilities in New York and their Affiliates must be filed with the NY PSC before they become effective.

All applicable Contracts between regulated utilities in Maine and their Affiliates require approval of the Maine Public Utilities Commission before they become effective.

All applicable Contracts between regulated gas utilities in Connecticut and their Affiliates must be filed with PURA no later than 10 days after the execution of the Contract.

All applicable Contracts with a period of more than one year between BGC and its Affiliates, under which any compensation is to be paid by BGC for services rendered by such Affiliate, require approval of the DPU, unless such contract contains a provision subjecting the amount of compensation to be paid thereunder to review and determination by the DPU in rate proceedings. ("In the case of The Berkshire Gas Company ("Berkshire"), any compensation paid hereunder by Berkshire shall be subject to review and determination by the Massachusetts Department of Public Utilities pursuant to G.L. c. 164, §§ 93, 94.").

AVANGRID maintains a strict policy of non-discrimination and non-preferential treatment of Affiliates with respect to Purchasing Procedures and provides appropriate training on such non-discrimination and non-preferential treatment policy to relevant employees.

Reference Exhibit A for the Avangrid Procurement Affiliate Transaction Standards of Conduct Policy.

7. DISBARRED SUPPLIERS

This section outlines the steps to determine if potential contractors are debarred or suspended utilizing website www.sam.gov for Department of Energy (DOE) funded purchases only. The Requesting Organization will alert the Purchasing Department if the purchase is DOE funded by utilizing the Header Note field on the Purchaser Requisition or in written communication.

Requesting Organization Responsibility:

- When selecting Contractors for solicitation, the Requesting Organization will determine if potential Contractors are debarred or suspended by utilizing website www.sam.gov (see below). NO debarred or suspended Contractor will be included on the bid list.
- At time of creating a Purchase Requisition, the Requesting Organization will state in the Header Note field, that the purchase is DOE funded and Contractor verification is required.

Procurement Responsibility:

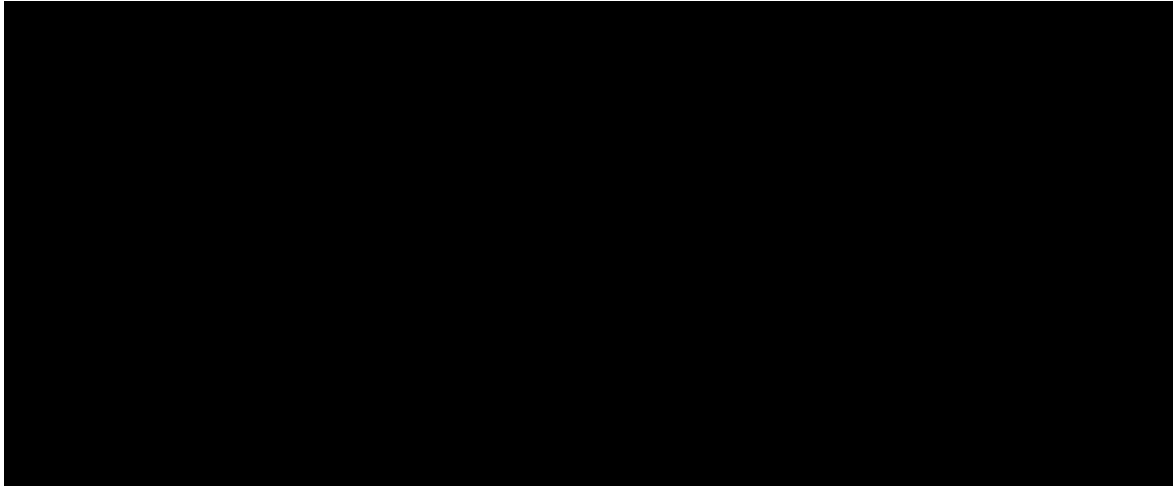
The Purchasing Department is responsible to review the Header Note field of the Purchase Requisition valued greater than [REDACTED]. When the Purchasing Analyst is alerted that the Purchase Requisition is DOE funded, the following step will occur:

Go to the www.sam.gov website.

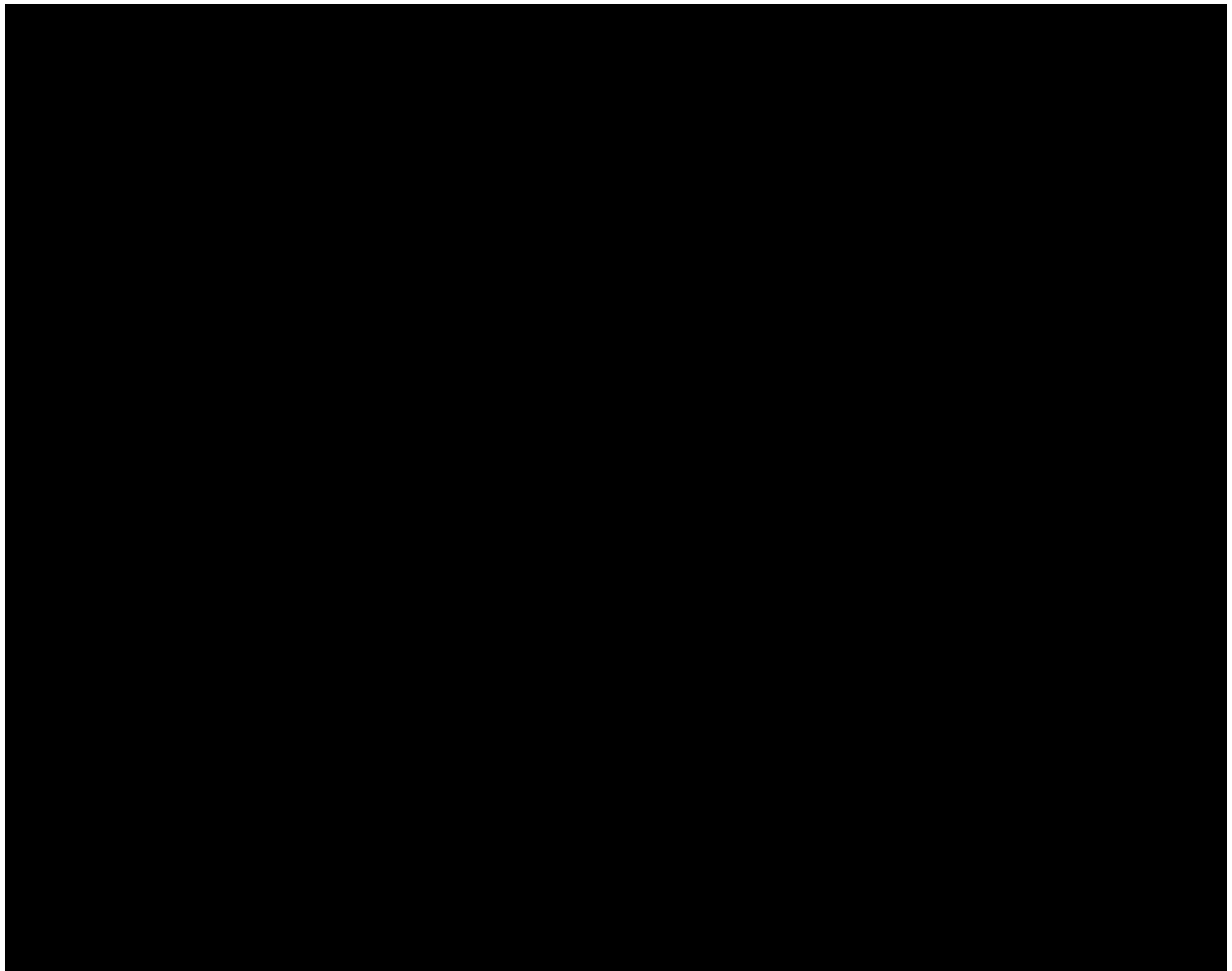
Under the **Search Records tab** - type the Contractor's name or DUNS number in the search bar and click on the Search icon. (IMPORTANT NOTE: Individuals are not assigned DUNS numbers. If you are checking for an exclusion for an individual, search by typing in the name.)

- If no exclusion record is found for the entity, the entity does not have an active exclusion submitted in SAM by a federal agency.
- If an exclusion record is found, it will display in a box marked "Exclusion" in purple; check the status in the top-right corner of the box. If the status indicates "Active", there is an active exclusion for that entity.

Here's an example. Note that the search result with the green box marked "Entity" is an Entity Management search result. The result with the purple box marked "Exclusion" is a Performance Information (Exclusion) search result:



Example if a Contractor has an exclusion:



If the output search returned no results (see above), the Purchasing Analyst will enter the following statement in the Internal Note field of the Purchase Order:

Date- Verified that the Contractor is not debarred or suspended. Verification scanned to the order (Purchasing Analyst Initial).

In addition, Print the above Output, note the tender number on the output document, and attach the document against the tender in the System.



8. SYSTEM AND FACILITY ACCESS BY CONTRACTORS' EMPLOYEES

Any Supplier or subcontractor/partner employee who will be granted on-site or remote access to the Group's computer systems, or unescorted access to the Group's facilities, must be subject to a valid background check within the prior two years. Conducting the background checks is the Supplier's responsibility. The Requesting Organization is responsible for notifying Purchasing when the background check rider should be included with the terms and conditions of a tender or award managed by Centralized Purchasing, and for including the rider with a contract or PO managed by the Requesting Organization. The Requesting Organization is responsible for ensuring that Suppliers comply with their background check obligations. Waivers or modifications of this requirement must be approved by the Requesting Organization's BAL using the risk acceptance and waiver process developed by Corporate Security.

9. OTHER CORPORATE POLICIES, PROCEDURES, AND GUIDELINES

This Procedure was designed for the Purchasing Department and does not address all corporate policies, procedures, guidelines, or processes that exist for the Group Affiliate companies. As appropriate, these additional policies must be adhered to by the responsible organization. Examples of these policies, procedures, guidelines, or processes include, but are not limited to:

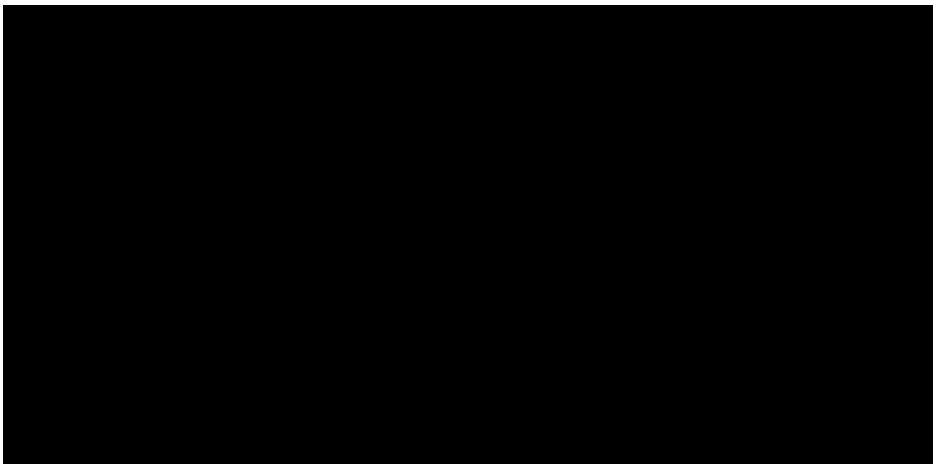


Exhibit A – Avangrid Procurement Affiliate Transaction Standards of Conduct Policy

CONFIDENTIAL

**Avangrid Procurement Affiliate Transaction
Standards of Conduct Policy**

August 30, 2016

I. INTRODUCTION

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]

- [REDACTED]
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