



R. Scott Mahoney
Senior Vice President – General Counsel &
Secretary

July 18, 2018

Via E-mail (rule-comments@sec.gov)

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

Re: Transaction Fee Pilot for NMS Stocks, Securities Exchange Act Release
No. 82873 (March 14, 2018), 83 FR 13008 (March 26, 2018) (File No. S7-05-18)

Dear Mr. Fields:

AVANGRID, Inc. (“**Avangrid**”) (NYSE:AGR) appreciates the opportunity to submit comments to the Securities and Exchange Commission (the “**Commission**”) regarding the Commission’s proposal (the “**Proposal**”) ¹ to adopt a transaction fee pilot program for National Market System stocks under proposed Rule 610T of Regulation NMS (the “**Pilot**”). For the reasons set forth below, Avangrid believes the Proposal, as currently designed, will create a market disadvantage for issuers that are part of the Pilot and harm investors. Accordingly, Avangrid opposes the Proposal in its current form and, if implemented, respectfully requests that Avangrid be excluded from the Pilot.

The Commission’s mission “is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.” ² Avangrid is a mid-sized utility holding company listed on the New York Stock Exchange, with a market capitalization of more than \$16 billion. Iberdrola, S.A. (MAD:IBE), a corporation (*sociedad anónima*) organized under the laws of the Kingdom of Spain, a worldwide leader in the energy industry, directly owns 81.5% of the outstanding shares of Avangrid’s common stock. As such, of Avangrid’s approximately 300 million shares of common stock outstanding, only 56 million are publicly traded on the New York Stock Exchange. The continued existence of a fair, liquid and transparent market for these investors is critically important to Avangrid.

The implementation of the Pilot, consisting of three test groups of publicly-listed stocks with varying degrees of access fees and rebates, would result in economic inequality for investors investing in these test groups versus the control group. Issuers that are placed in the test groups will face a disadvantage in the market for the duration of the Pilot because the test group

¹ Securities Exchange Act Release No. 82873 (Mar. 14, 2018), 83 FR 13008 (Mar. 26, 2018) (File No. S7-05-18).

² See <https://www.sec.gov/Article/whatwedo.html>.

protocols require reduced or eliminated access fees and rebates, while the control group stocks will remain subject to the existing regulatory structure and maintain full access fees and rebates.

The reduced or eliminated fees and rebates will result in higher transaction costs for investors of test group stocks leading to wider bid-ask spreads. Accordingly, for the duration of the Pilot, test group issuers will be a less attractive investment than control group issuers and less liquid. This could also impact test group issuers that wish to conduct secondary offerings and share repurchase programs.

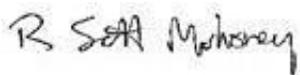
The market disadvantage caused by the Pilot could be even more apparent when comparing a Pilot stock with the stock of its non-Pilot peers. The Commission has stated that stocks would be grouped into the control group and test groups based on stratified sampling by market capitalization, share price, and liquidity. This makes it likely that Avangrid, if included in the Pilot, would be separated from a peer group of companies that market participants and investors compare to assess Avangrid's financial performance. This separation could distort peer group metrics and complicate the comparison of peers by investors.

The impact of the Pilot on peer metrics could be magnified on companies such as Avangrid, an investor-owned utility, that are in industries that have experienced considerable consolidation. Twenty years ago, there were nearly 100 investor-owned utilities. Today, there are approximately 40. For the reasons outlined above (i.e., wider bid-ask spreads, increased transaction costs, reduced liquidity, etc.), including Avangrid in the Pilot would put Avangrid at a competitive disadvantage to raise capital in what is already a consolidating utility sector.

In addition to the comment letter provided to you by Elizabeth King, General Counsel and Corporate Secretary, NYSE Group, Inc., on May 31, 2018, on behalf of the New York Stock Exchange, LLC and other affiliates, we understand that the Commission has received a number of additional comment letters in opposition to the implementation of the Pilot as it is currently designed. If the Commission commences the Pilot despite this opposition, we believe that the Commission should reduce the size and duration of the Pilot.

Due to these concerns, if the Pilot commences despite the comment letters submitted by various issuers in opposition, Avangrid respectfully requests that the Commission exclude Avangrid from the Pilot as currently designed and reconsider the Proposal and redesign the Pilot to limit the impact on the issuers and investors the Commission serves.

Respectfully submitted,



R. Scott Mahoney
Senior Vice President – General Counsel & Secretary
Avangrid, Inc.

cc: James P. Torgerson, Chief Executive Officer, Avangrid, Inc.
Douglas K. Stuver, Senior Vice President – Chief Financial Officer, Avangrid, Inc.