

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): September 28, 2018

PATTERN ENERGY GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36087
(Commission
File Number)

90-0893251
(IRS Employer
Identification Number)

Pier 1, Bay 3
San Francisco, CA 94111
(Address and zip code of principal executive offices)

(415) 283-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Exchange Act (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On September 28, 2018, Pattern Gulf Wind Holdings LLC (“Gulf Wind Holdings”), a 100% owned indirect subsidiary of Pattern Energy Group Inc., (the “Company”), exercised an option (the “Gulf Wind Option”) to purchase SWT-2.3-108 turbines (the “Western Development Turbines”) from Pattern Western Development LLC (“Western Development”) pursuant to a memorandum of understanding previously entered into between the parties (the “MOU”). Western Development is a 100% owned indirect subsidiary of Pattern Energy Group 2 LP. Pursuant to such MOU, Western Development has until August 30, 2019 to determine the number of Western Development Turbines, between 10 and 60, it will sell to Gulf Wind Holdings or its designated affiliate. The purchase price for each such Western Development Turbine will be equal to the cost paid for such turbine by Western Development in 2016. Separately, as consideration for Gulf Wind Holdings providing Western Development flexibility with respect to the number and timing for delivery of the Western Development Turbines, Western Development has agreed to pay the Company a repowering reservation charge with respect to the Western Development Turbines.

The parties intend to enter into a definitive agreement with respect to the matters set forth in the MOU.

The Company intends to use the Western Development Turbines, together with additional turbines to be purchased directly from Siemens Gamesa Renewable Energy, Inc., to repower the Gulf Wind facility, a 283MW wind farm located in Kenedy County, Texas that is expected to qualify for federal production tax credits.

The transactions contemplated by the MOU were reviewed and recommended by the Conflicts Committee of the Company’s Board of Directors, which is comprised solely of independent directors, for approval by the Board of Directors, and was subsequently approved by the Board of Directors.

Item 9.01. Financial Statements and Exhibits.

d. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	<u>Memorandum of Understanding dated as of August 16, 2018 entered into by Pattern Gulf Wind Holdings LLC and Pattern Western Development LLC</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Pattern Energy Group Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 1, 2018

PATTERN ENERGY GROUP INC.

By: /s/ Kim H. Liou

Name: Kim H. Liou

Title: General Counsel and Secretary

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (this “MOU”), dated as of August 16, 2018 (the “Execution Date”), sets forth the agreement of Pattern Gulf Wind Holdings LLC (“PGWH”) and Pattern Western Development LLC (“PWD”) and, together with PGWH, the “Parties”) with respect to PGWH’s option for it or its designated affiliate to acquire PTC qualifying turbines (as further described in Exhibit A, the “2016 Turbines”) from PWD (the “Transaction”).

1. **Term Sheet**. The Transaction will be made in accordance with this MOU and the Term Sheet attached hereto as Exhibit A, which is incorporated into and made a part of this MOU. If there is any conflict between the Term Sheet portion of the MOU and the body of the MOU, the body of the MOU controls.
 2. **Option; Definitive Agreement**. PWD hereby grants PGWH an option for PGWH or its designated affiliate to purchase at least 10 and, at PWD’s election, up to 60 2016 Turbines from PWD, all on the terms set forth on Exhibit A. On or before September 30, 2018, PGWH may notify PWD that it is exercising such option. If PGWH exercises such option, PGWH and/or its designated affiliate and PWD will incorporate the terms and conditions expressed in this MOU and the Term Sheet into a mutually acceptable definitive written agreement or agreements (the “Definitive Agreement”) as soon as practicable.
 3. **Expenses**. Each Party will be responsible for its own legal, consulting and advisory fees and other out-of-pocket expenses relating to the due diligence, negotiation and documentation of the Transaction.
 4. **Amendments**. This MOU may be amended or modified only by a written agreement executed by each of the Parties hereto.
 5. **No Other Agreements**. This MOU sets out the Parties’ understanding as of the date hereof, and there are no other written or oral agreements or understandings among the Parties with respect to the subject matter hereof.
 6. **Governing Law**. This MOU shall be governed by the laws of the State of New York without regard to the conflict of laws principles of such state.
 7. **Counterparts**. This MOU may be executed in any number of counterparts (including by exchange of .pdf signatures), which, taken together, shall constitute one and the same instrument.
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8. **Termination**. This MOU shall terminate on the earliest to occur of (a) the date of execution of the Definitive Agreement, (b) the date on which the Parties mutually agree to terminate this MOU and (c) if PGWH does not exercise the option described in paragraph 2 above on or before 11:59 pm pacific time on September 30, 2018 and the parties do not mutually agree in writing to extend such option, immediately after 11:59 pm pacific time on September 30, 2018.
9. **Binding Nature**. This MOU is intended to create a duty to negotiate in good faith towards a Definitive Agreement, and is intended to create a binding and enforceable contract between the Parties and may be relied upon by any Party as the basis for a contract by estoppel or otherwise.
10. **Confidentiality**. The Parties shall keep this MOU and its terms confidential, but any Party may make such disclosures as it reasonably considers are required by applicable law or rules or regulation of any national securities exchange, or necessary to obtain financing.

[Signature Page Follows.]

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date first set forth above.

PATTERN GULF WIND HOLDINGS LLC

By: /s/ Dyann Blaine

Name: Dyann Blaine

Title: Authorized Signatory

PATTERN WESTERN DEVELOPMENT LLC

By: /s/ Amy Smolen

Name: Amy Smolen

Title: Vice President

EXHIBIT A**TERM SHEET FOR TURBINE PURCHASE AND SALE AGREEMENT**

Transaction	If option exercised by PGWH on or before September 30, 2018 or such later date as mutually agreed in writing, purchase by PGWH or its designated affiliate of 2016 Turbines from PWD.
2016 Turbines	Certain SWT-2.3-108 wind turbine generators acquired by PWD from Siemens Energy, Inc. pursuant to that certain Master Wind Turbine Generator and Tower Supply and Commissioning Agreement dated as of September 30, 2016 ("2016 MTSA") to be specifically identified by PWD.
Number of 2016 Turbines	At the election of PWD, at least 10 and up to 60 2016 Turbines (" <u>PWD Units Election</u> ").
Timing of PWD Units Election	On or before August 30, 2019.
Purchase Price for each 2016 Turbine	Cost paid by PWD in 2016 under the 2016 MTSA for each 2016 Turbine.
Timing of Payment	Payment shall be due in full at the time of shipment of the 2016 Turbines or, if earlier, closing of construction financing, as agreed by the parties.
Repowering Reservation Charge	PWD will or will cause its affiliate to pay to PGWH or its designated affiliate an amount in consideration for providing PWD the flexibility with respect to the number and timing for delivery of the 2016 Turbines (such amount, the "Repowering Reservation Charge"). The Repowering Reservation Charge will be between approximately \$650,000 and \$725,000 per 2016 Turbine, depending on the timing of the PWD Units Election and the corresponding accrued monthly storage and idle maintenance costs. The Repowering Reservation Charge will accrue upon exercise by PGWH of its option and be payable upon payment for the 2016 Turbines.
Risk of Loss	PWD shall bear the risk of loss and damage to the 2016 Turbines until closing of the sale and PGWH will bear the risk of loss and damage to the 2016 Turbines from and after the closing of the sale.
Governing Law	New York