

# NEW BUSINESS OPPORTUNITIES

## DSM AND ENERGY EFFICIENCY INITIATIVES

EDP GROUP 2023

## CONTENTS

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|   |    |
|---|----|
| 1. Framework                                | 3  |
| 2. Business Units                           | 5  |
| EDP Brasil                                  | 5  |
| EDP Comercial                               | 6  |
| E-REDES                                     | 8  |
| EDP España                                  | 8  |
| EDP Inovação                                | 9  |
| SU ELETRICIDADE                             | 10 |
| 3. Client-focused products and services     | 14 |
| 3. Products and Services                    | 14 |
| 3.1.1. Energy Analysis and Audits           | 15 |
| 3.1.2. Project Design and Implementation    | 15 |
| 3.1.3. Energy Management                    | 16 |
| 3.1.4. Monitoring and evaluation of savings | 16 |
| 3.1.5. Maintenance and Operation            | 16 |
| 3.1.6. Property/Facility Management         | 18 |
| 3.1.7. Energy and/or Equipment Supply       | 18 |
| 3.1.8. Provision of Service                 | 20 |
| 3.1.9. Integrated Energy Services           | 21 |
| 3.1.10. Other Energy Services               | 21 |
| 3.2 Distributed Generation                  | 21 |
| 3.2.1 Portugal                              | 21 |
| 3.2.2 Spain                                 | 22 |
| 3.2.3 Brasil                                | 24 |
| 3.3 Electric Mobility                       | 25 |
| 3.3.1 EDP Comercial                         | 26 |
| 3.3.2 EDP Brasil                            | 27 |
| 3.3.3 E-REDES                               | 28 |
| 3.3.4 EDP Spain                             | 28 |
| 3.4 Smart Grid Paradigm                     | 29 |
| 3.4.1 Inovgrid/Smartgrids (Portugal)        | 29 |
| 3.4.2 <i>InovGrid (Spain)</i>               | 30 |
| 3.5 Energy Storage and Flexibility          | 33 |
| 3.6 Other Innovation projects               | 35 |

# 1. FRAMEWORK

Energy Policies worldwide have reinforced the need to promote the improvement of energy efficiency as one of the main drivers to decarbonising all sectors of activity. In Europe, the New Green Deal is the current framework establishing a set of policy initiatives aiming at making the EU climate neutral by 2050. The ambitious goals set introduce new challenges/opportunities for the business sector.

In July and in December 2021, the European Commission released the “Fit for 55” package, which comprises a set of legislative proposals (including revision of current legislation and proposal of new laws), setting the base to reach the decarbonization target for 2030 - reduction of greenhouse gas (GHG) emissions by at least 55% by 2030 vs. 1990 levels, which places the UE on the pathway of carbon neutrality by 2050. The current framework includes EU legislation (Directives) on Energy Efficiency, Renewable Energies and Energy Performance of Buildings and envisages to achieve the 2030 36%-39% target on energy efficiency, bidding for Member States.

Under this framework, Portugal set the ambitious target of 35% minimum reduction of primary energy consumption in 2030 vs. 2007 and Spain 39,5%, supported on the National Energy and Climate Plans (NECPs) - [https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans\\_en](https://ec.europa.eu/energy/topics/energy-strategy/national-energy-climate-plans_en), currently under revision.

These ambitious goals, combined with the market opportunities they induce, have led to the development of demand-side management initiatives by the EDP Group, for instance in the areas of energy efficiency improvement, fuel switching, load optimization, distributed generation and sustainable mobility.

Indeed, active promotion of demand side management is part of our climate strategy and is one of the top commitments of the EDP Group, along with the anticipation of customer needs. In this context, EDP adapted its organizational structures, business models and operational plans in order to strengthen its leading position and benchmark in the global energy market, by developing and offering their customers innovative and sustainable products and services related to energy efficiency, supported on communication campaigns and partnerships with other operators in the industry.

Innovation is also a key element to the energy transition and, in particular, to energy efficiency improvement. Under this framework, seven domains were identified in accordance with EDP’s business strategy, which positions itself at all stages of the energy industry value chain, particularly in the main pillars of growth (renewable energies, networks), new domains of growth (distributed energy systems, green hydrogen, energy storage and flexibility, and sustainable mobility) and main trends in the sector (decarbonization).

In order to promote the deployment of energy efficiency, EDP also created synergies for increasing energy efficiency through the management of the distributed generation/ storage/consumers.

In this respect, EDP assumed the following commitments:

| Generate Economic Value   |  |  |
|---|--|--|
| Provide customers with continuous access to low carbon, energy efficiency products and services allowing significant savings and avoiding about 15 MtCO <sub>2</sub> accumulated in the period 2015-2025. | Provide electricity customers with sustainable services by 2025, such as: mobility services (180 k clients); green electricity and/or gas offset (100% of the new clients); decentralised solar (3.7 GW); electric vehicles charging points (>40k) . | Expand the installation of smart meters to 100% of EDP’s low voltage power network delivery points worldwide by 2030 (by 2025 in Iberia), through new smart grid technology. |

In 2023, 46% of B2C customers on the liberalised market had sustainable services, such as energy efficiency, electric mobility or decentralised solar solutions. The target set for 2025 (25%) has already been reached and is fast approaching the goal of 50% of B2B customers with sustainable services by 2030.

Anticipating the new energy paradigm, where production, distribution and consumption will be increasingly decentralized, EDP provides a range of energy solutions oriented to the specific needs of the different customers' segments, through a diversified offer of competitive products and services that contribute to the electrification of energy consumption and energy efficiency improvement.

Among these services, sustainable mobility is a key issue for society and one of the areas that will most affect the energy sector. It will be key for the decarbonization of transport, which currently accounts for about 25% of global CO<sub>2</sub> emissions. For EDP, the decarbonization of the economy involves a significant increase in the penetration of production from renewable sources, followed by strong energy consumption electrification, in particular in the transport sector and industry.

In the following chapters, we present the main business units involved in energy efficiency services (chapter 2) as well as the initiatives related to energy service provision (chapter 3), namely those that allow customers to change the amount and/or timing of use of electricity in response to supply conditions: distributed generation, smart grid paradigm, electric storage and flexibility and other services.

## 2. BUSINESS UNITS

This chapter presents the Business Units that are involved in energy efficiency services.

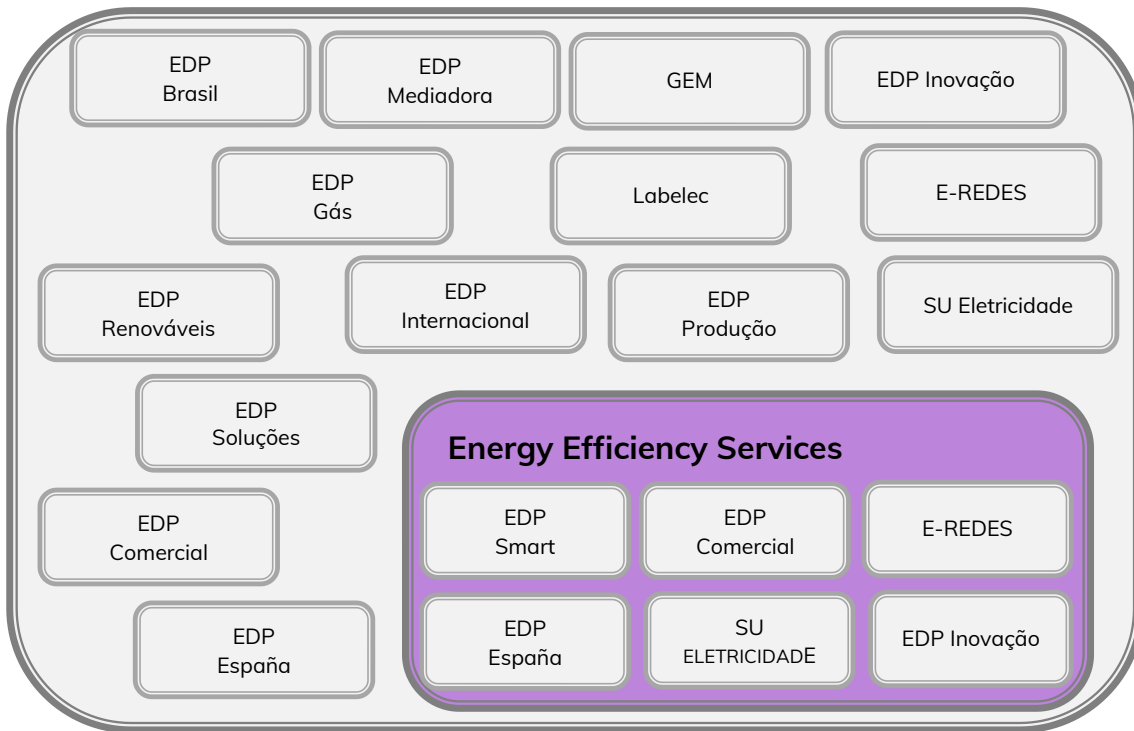


Figure 1- EDP Companies involved in energy services initiatives

### **EDP Brasil**

EDP Brasil plays a key-role in consolidating new energy services businesses, strengthening the development of both energy efficiency and distributed photovoltaic generation projects, as well as investments towards transmission, which ensures EDP Brasil's operations in all segments of the electric sector.

EDP Brasil believes that the opening of the free market will be a reality in the medium term. Accordingly, in line with its strategy and future vision, in 2019 the company created the B2B services and solutions segment, previously called EDP Smart, comprising a full portfolio of products and services for business and residential free market customers. The focus is on offering integrated solutions in the areas of free market commercialization, retail commercialization, energy efficiency, solar energy, electric mobility and end consumer services.

For the business market, EDP B2B offers solutions such as biomass-based steam co-generation, energy consumption management, smart monitoring, distributed generation and auto-generated solar production, lighting, refrigeration and air conditioning retrofits, among others.

Throughout the year, EDP B2B main highlight was the high execution of Capex in solar energy, which is directly related to sustainability in a scenario where customers have increasingly sought clean energy. Currently, EDP offers solar products to all business customer segments, including SMEs and large customers, demonstrating our ambition to cover the entire solar energy chain.

Throughout 2023, we carried out projects for large companies in distributed solar generation. In addition, we also worked in Shared Generation, modality that is already allowing compensation of cleaner and cheaper energy for several SMEs (small and medium-sized companies) in the states of Rio de Janeiro, Minas

Gerais, São Paulo, Espírito Santo, Goiás e Rio Grande do Sul. In 2023, we sold 5,128 MWh/month of energy to 1,795 costumers in seven distribution areas. By 2025, another 467 MWac will be added to the installed capacity of the farms, thanks to the operation of two projects carried out in partnership with EDP Renováveis in the Solar Utility Scale segment: the Monte Verde Solar and Novo Oriente solar farms. With an expected start of operation in 2024, the Monte Verde Solar Farm will have an installed capacity of 212 MWac and will be located in the state of Rio Grande do Norte, in the municipalities of Pedro Avelino, Lajes and Jandaíra. The Novo Oriente farm, in turn, will be built in Ilha Solteira (SP) and will have 254 MW of installed capacity. Just like in the case of Monte Verde Solar, the Novo Oriente power plant has already been granted and should start operating in 2024, with a 120 MWac PPA.

Since May 2016, distributors have to allocate 0.4% of their net operational revenue to energy efficiency programs, on a yearly basis. Prior to that, the mandatory allocation percentage was 0.5%, according to the national regulatory entity requirements (ANEEL - National Agency for Electrical Energy). In 2023, the Company invested R\$29,20 million in energy efficiency initiatives with Distribution customers, which led to energy savings of 16.7 GWh/year in São Paulo and 13.8 GWh/year in Espírito Santo, resulting in approximately 1,111.44tCO<sub>2</sub> of avoided emissions.

Our energy transition plan is supported by our transmission asset rotation strategy. In 2023, Transmission's segment in Brazil was marked by asset rotation, lines delivery and significant investments to improve electricity system. In Transmission, EDP has been deliver the works ahead of the deadlines established in the regulatory schedules, which reaffirm the Company's recognition of the excellence and execution of the works for which it is responsible. In the last quarter of 2023, the sales of Transmissão SP-MG (Lote 18) e da Mata Grande, lots delivered in 2022, were concluded. In addition, EDP won three new lots to be built starting in 2024, which will total 1,388 kilometers of transmission networks and two substations in the states of Bahia, Maranhão, Piauí and Tocantins.

## **EDP Comercial**

Since 2009, the organizational structure of the Commercial area went through reorganization steps to become a more competitive company, innovative and agile enough to take less time to lead the energy and service markets in the new energy transitions to the new energy paradigm, in the retail market of new downstream, while also becoming the preferred company of customers.

During this period, from 2012 to 2022, EDPC has promoted several protocols with sectorial and business associations to promote energy efficiency opportunities covering some of the more intensive processing industries as plastic, ceramic, chemistry, melting, textile and metallurgical, as well as the fast-growing tourism sector.

In the Business Plan for 2021-2025, EDPC has defined a set of strategic objectives for the B2C and B2B segments, regarding not only electricity but also new products and services aligned with smart grid solutions and reinforced the commitment to develop the energy solutions offer as an important differentiator and additional source of revenues and profitability.

The 2022 targets have also been declined in annual targets and specific action plans and commitments. Some of the EDPC strategic priorities for 2022 are:

- Extract value from the traditional core through a proactive market management and the penetration of new products/services.
- Innovate with new products/services, capturing blue ocean dynamics;
- Focus on efficiency optimizing the Client experience and the Talent attraction;
- Restructuration of the business in Spain with Solar/Mobility B2C and Energy/Services B2B;
- Diversification to new geographies coping business models applied on the Iberian Peninsula.

In 2022, EDP Comercial continued to invest in the international expansion of its activity through the companies created in Poland, Italy and France. Additionally, EDP maintained its position as a company more connected to people with the reinforcement of its brand and values: diversity, inclusion, sustainability and innovation are some of the values reflected in EDP Comercial, reflecting a company even closer to its customers, innovative and enthusiastic - and who is committed to being “the energy of people”. Finally, it is important to highlight the company's efforts to expand to new business models that are essential for energy transition, namely with the development of new products and offers in Solar Energy and Intelligent Mobility.

In 2022, numerous macro initiatives were maintained to boost the business, residential and innovative energy services offer.

In B2B segment, 2022 was the year that recorded an additional growth and consolidation of the solar distributed generation. We were able to successfully complete our product portfolio that is now available for all business segments from the smallest company to the largest. The SOHO is the fastest growing segment with more than 19MWp contracted in 2022.

Solar distributed, Mobility, Technical and energy efficiency solutions are the four main product families, surpassing 200 M€ of contracted value during 2022.

In the B2C segment, considering the leadership role it aims to assume in the energy market, EDP Comercial invested once again in the continuous development of innovative and differentiated products, as well as in a greater proximity and service quality to its clients.

In B2C, main achievements in solar energy worth emphasize with the installation of around 90.000 solar energy systems, we managed to lead this emerging market with an estimated 74% market share in solar.

Taking into account the leadership of EDP in the electricity supply market in Portugal, as well as the growing market's appetite for Energy Efficiency solutions, EDP remains in an excellent position to lead this market for energy services (as the main Demand Side Manager enabler) and maintain at the forefront of business models innovation, continually developed in pilot tests, with the support of EDP Inovação and external suppliers for further dissemination in the market.

In addition, EDP has focused on the area of electric mobility, being a priority in the group's strategic agenda. Not only motivated by the responsibility of responding to customers' needs, but also by believing that, in the long term, mobility will be an important business growth vector. EDP also argues that a collective effort is needed to ensure that transport makes the necessary contribution to the decarbonization, through a growing electrification of the fleets. EDP is at the forefront of EV charging infrastructure deployment in Portugal and 2022 was the year with the highest use of the public charging network operated by EDP.

- In 2023, following the trend of recent years, EDP led the CEME market with around over 8050k clients and 65k cards issued, due to: benefiting from one of the most attractive tariffs in the market for public charging; simplest solution for the customer: he pays the same for the energy regardless of the time and day to which it charges with 100% green energy;
- for customers with an EDP energy contract at home, the CEME tariff has a discount of 20%;
- charging an EV also became available through the new app EDP Charge with the integration of the CEME card on the app.

In addition, and for customers with an EDP Charger (home charging solution), we offered a flat rate plan for the house with a 20% discount in the off peak period.

In 2023, EDPC has generated EUR 464 million (vs. EUR 256 million in 2022) in energy efficiency services, including electric mobility, distributed generation, energy audits and certifications, and other initiatives. Please see EDPC's website with all offered products and services (<https://www.edp.pt/>).

## **E-REDES**

In what concerns energy efficiency and energy transition, E-REDES, as the main Portuguese Distribution System Operator, has a public obligation and a mission to foster energy efficiency and act as a market facilitator to accelerate the energy transition, contributing to worldwide decarbonisation efforts, a more rational use of electricity, endogenous resources and reinforcing its position in terms of innovation and sustainability.

Focused on these goals, E-REDES has established an active coworking involving Universities, Manufactures, Research Centres, etc., to develop the smart grid concept, an essential axis of the European energy policy with demanding goals on emission reductions, energy efficiency, integration of renewable energies and a more proactive role of the final customers. Furthermore, E-REDES also participates in R&D programmes, under the European Commission's Horizon 2020, promoting research and innovation fostering Energy Transition.

In April 2020, E-REDES concluded the Sustainable Berlenga Project. This project aimed to replace 3 diesel generators with renewable energy production. The solution is composed of 70 kWp of photovoltaic panels, 150 kWh of batteries, 1 emergency generator and inverters, remote control and monitoring system. In 2022, the system secured 95% of fully renewable energy supply to the island, avoiding 67 tons of CO<sub>2</sub>.

The FlexIP Pilot Project is another example of energy service, as part of the integration of intelligent solutions in street light network. This pilot allows the remote control of the public lighting system, with light flux adjustment reducing energy consumption by up to 70% without jeopardizing safety, comfort and functionality.

In accordance with the recent Decree-Law 15/2022, in 2022 E-REDES delivered to the Portuguese Government and to the Portuguese Regulator an update to the Development and Investment Plan on the National Distribution Network (High Voltage and Medium Voltage network) for 2021-2025, covering the 2023-2025 period. The updated plan, still to be approved by the Portuguese Government, presents a similar investment amount for the total 2021-2025 period fostering the access to new services as the previously approved plan for the 2021 – 2025 presented in 2020, amounting to 7,9 million EUR per year (considering only materials and labour).

In 2022 E-REDES installed more than 703 thousand smart meters in end-user's facilities, reaching more than 4.5 million smart meters (around 72% of LV installations).

As for European research and innovation initiatives, E-REDES actively participate in several European projects and energy policies to promote Citizen/Consumer and Customer engagement, Energy efficiency and Flexibility, including through DSM, in order to obtain a more inclusive and sustainable energy system. Several Projects, described in chapter 3.6, have been contributing to these aims, namely: InterrFace and XL Connect, EUniversal, Onenet and InterConnect.

## **EDP España**

The European Commission's "Fit for 55" legislative package sets out a commitment to reduce net greenhouse gas emissions by at least 55% by 2030, as a target to make Europe the first carbon-neutral continent by 2050.

As a whole, and expanding on other objectives defined in the European Climate Law, the package defines legislative proposals and interconnected actions that align climate, energy and transport policies. Among them, increased use of renewable energies and greater energy efficiency is highlighted as one of the key drivers.

In the Customer Platform in Spain, EDP offers companies different projects to help improve their competitiveness and their involvement in sustainability, where the customer is put at the center, allowing



them to actively participate in the transition to clean energy and its decarbonization, making their own decisions about their energy use. For this purpose, the products and services offered are:

- Green electricity as electricity with guarantees of origin (certificates)
- Standard projects, where customers are offered a portfolio of "packaged" projects for solar self-consumption, electric mobility services, efficient lighting, energy audits, transformation centers, integral maintenance services or value-added services that include corrective work, optimization or capacitor banks, fuel switching and other projects .
- Customized projects, such as ad hoc projects defined according to the specific needs of each customer.

In figures, in 2023, 1.622GWh of green electricity were sold, and 33MWp (B2C segment) and 22MWp (B2B segment) were installed (6.847 clients), and 1.713 new charging points (private and public) with 24.669 clients.

## **EDP Inovação**

EDP Innovation is the key enabler for innovation within the EDP Group. It's an autonomous entity dedicated to innovation activities as well as fostering stronger links with the entrepreneurial ecosystem.

EDP Innovation aims to integrate in its business activities new technologies, processes, products, and innovative business models, in order to enhance competitiveness and create value for stakeholders. EDP Inovação follows an Open Innovation philosophy that engages and promotes adoption both from within and without.

The EDP Group's strategy update, recently public communicated, reinforced an ambitious growth plan, which foresees an unprecedented acceleration in the adoption of renewable energies, one goal being becoming a 100% green company by 2030.

This is a challenge of great magnitude that depends on a strong investment in innovation, directed towards a substantial increase in the capacity of development and rapid adoption of innovative solutions. This urgency was the basis to set an investment target of 1 billion euros in innovation by 2026, reinforcing resources allocated to this area and prioritizing the focus on innovation opportunities.

A revised innovation model was materialized in 2021 and addressed opportunities for improvement in terms of sharing knowledge about innovation in the Group, leveraged the potential for capturing synergies between projects and boosted the alignment of processes and best practices between countries.

EDP's innovation operating model is based on a fast adopter logic with a well-defined purpose of accelerating new businesses with impact and promoting the rapid adoption of innovative solutions to lead the energy transition. EDPI follows an Open Innovation philosophy that engages and promotes adoption through three innovation paths that act in parallel and complementary to one another, fed by a transversal sourcing process, namely: internal delivery (innovation portfolio developed internally), external partnerships through the open innovation ecosystem (start-ups, corporates, universities, among others), and external investments through EDP Ventures. Since its implementation, this revised innovation model, and its teams, already produced some notable accomplishments:

1. In terms of priorities and innovation strategy definition:
  - Execution of the Megatrends projects in which we structured and defined the hunting zones of the domains, which helped us to organize and define our focus in the coming years
  - Production of the EDP Business Plan Innovation Development in 2022
  - During 2023, we will review our priorities as our hunting zones

2. Major achievements, in the three pathways described above, involving a set of different global teams to make it happen
  - Successful EBOs/ Projects along the innovation funnel (described in chapters 3.5 and 3.6):  
**Auto PV Installation, Going net Zero, Scale up O&M**
  - High Quality open ecosystem programs and pilots launched:
    - **Granular Energy**
      - Granular Energy is a software provider that specialises in clean energy management solutions for utilities, energy managers, traders, and large energy buyers worldwide. The pilot focuses on testing Granular's platform for Renewable Energy Certificates (REC) hourly matching and evaluate historic REC matching percentages
    - **Rondo Energy**
      - The pilot with Rondo Energy aims to demonstrate their Heat Battery that converts intermittent wind and solar power into efficient and affordable supply of continuous industrial heat and power. The goal is to promote Rondo's technology to EDP's industrial customers and provide a bundle of renewable energy and thermal storage.
  - Venture Portfolio strengthening, with investments on the companies Terabase; Mixergy; Captura; Splight and we successfully completed the divestment of 4 companies from our portfolio, achieving a total of 9 successful divestments
  - Strengthening of EDP's technical knowledge and foresight capacity (production of technology primers, trends insights, engagement with partners and suppliers to support future venturing opportunities)
  - "The Spiral" program, an intrapreneurship innovation culture-driven instrument, with 60+ applications and 10 strong finalists and a high level of engagement from the organization
  - Remarkable Web Summit (in Lisbon and Rio de Janeiro) and two Immersion Program editions, fostering the innovation culture cross the organization
  - "Somos Play" intrapreneurship program launch, with 7 final projects implemented across the organization
  - Significant ongoing improvement of the innovation governance model fast forwarding decision making supported by the Global Innovation Steering and Global Venture Platform bodies, also based on constant feedback and best practice benchmarking
  - Deployment of tools that improve innovation process and knowledge and ways of working (e.g., InnovHub innovation platform, Knowledge Center, JIRA activity planning)
  - Growth and reinforcement of the Global Innovation Platform fostering the global innovation platform along the several geographies where the innovation team is represented.

## SU ELETRICIDADE

SU ELETRICIDADE, the Portuguese Supplier of Last Resort, assumes two main functions:

- 1) Supplier of Last Resort: supplies electricity to final customers, under regulated or suppletive tariffs.
- 2) Aggregator of Last Resort: the electricity acquisition from producers with guaranteed remuneration, from market renewable energy producers and self-consumers, with an assigned connection power not exceeding 1 MW, from producers in suppletive regime and in organized markets. The energy acquired from producers is then sailed in the organized markets.

In this mission, SU ELETRICIDADE will purchase energy from photovoltaic power plants in which the connection point to the grid have been assigned under the 3 solar capacity auctions held since 2019 and expects to keep grow the aggregation of energy producers.

Since 2021 SU ELETRICIDADE also participates in the regular auctions for the sale of guarantees of origin, and 19 auctions have already been held, having an important role in the development of this important market for the energy transition.

**As the Supplier of Last Resort:**

According to its business principles, and regarding the 2nd main activity of last resort supplier the company assumes as a fundamental pillar of its relationship with the customer the delivery of an exemplary commercial service in accordance with the standards set by the quality of service regulation, and the ability to advise the client about the efficient use of electric power, as well as facilitating the transition to a cleaner and decentralized energy production and consumption communities. This will empower much more Demand Side Initiatives to be developed in the market or imposed by regulation, which are expected to increase significantly in the coming years.

SU ELETRICIDADE has also to provide information about market liberalization in Portugal, which is expected to be concluded by the end of 2025. The previous deadline of December 2020 was postponed to 2025 to ensure enough time for a smooth transition to liberalize players, as the regulated tariff still has around 1 million customers (5% of the market in energy volume) and will be maintained as a business commitment in alignment with the objective of a liberalized European Energy Market.

Also, since 2022, an easier-to-use tool was launched allowing consumers to choose and adapt behaviours to a more clean and efficient energy pricing tariff, and in 2023 a list of more than 150 Energy Efficiency practical, useful and ease actionable tips was made available in the website as well as sent via emails to regular clients, and in each invoice, to boost the client role on improving its efficiency and its increasing role on the DSM goals..

Through the presence and remote of digital contacts, which were reinforced since 2020 and throughout the years, SU ELETRICIDADE, as a supplier of last resort, migrated since 2021 the clients of commercial players that did not cope with the energy rising prices in the markets and went bankrupt.

Participation on the PPEC – National Program to promote Efficiency on Consumption (PPEC): during 2022, SU ELETRICIDADE, with its long experience of participation in this program since 2008 with tangible and intangible measures, participated in the public consultation of the new edition managed by the Portuguese Energy Services Regulatory Authority (ERSE) and won the execution of a new edition of the Educational Program - TWIST project – aimed at students, schools and its communities. The main goals of this project are:

- Spread and demystify the broad topic of energy efficiency and promote rational saving behaviours in the short and medium term using different approaches, thus contributing to the reduction of energy illiteracy and energy poverty.
- Give notoriety and simplify access to more complex issues such as energy sufficiency, energy transition, carbon neutrality, circular economy, and other sustainable development goals, placing them in the day-to-day agenda of young people by highlighting the importance of these subjects for the future of the quality of life of our society.
- Play an active role in empowering and involving young people as drivers of change in the population's behaviour, to achieve the country's energy and environmental goals and commitments.

The project has two different phases, and has been on track both in timetable, costs and results promised in the 2022 tender awarded by ERSE:

- development of a digital platform for engagement and communication, named *Energia Letiva*, a central tool for this phase of the project which started in the last quarter of 2022 and will be active until July

2024. Aimed at teachers and all secondary school students (1º/12º year), it will disseminate knowledge and activities, practices to be developed in a learning context, encouraging the student's motivation and emotional connection to these subjects;

- a competition with a set of actions taking place in the academic year 2023/2024, for teams with teachers and students at high school (10º, 11º e 12º anos). The project aims to enhance a greater civic participation by young people, his focus relies on creating individual and group skills so that students organize themselves consistently, create solid social relationships and generate actions with a real impact on their school and/or local communities.

As the **Aggregator of Last Resort**:

In accordance with the EU Directive 2018/2001, from 11 December, which was transposed into the Portuguese legal system through Decree-Law 15/2022, from January 14th, the concepts of renewable energy individual self-consumption and collective communities was regulated, allowing them to produce, consume, store, share and sell energy without increasing disproportional costs. SU ELETRICIDADE participated in the following initiatives:

- Solar Capacity Auctions: SU ELETRICIDADE assumed a new role in the 1st Solar Capacity Auction.
- This 1st auction for the allocation of solar capacity was held in July 2019, in which there was a very high number of competitors. The total capacity of 1004 MW was allocated within the scope of the guaranteed remuneration. Extensive work was carried out to establish the model for the energy purchase contract. Procedures for the sale of energy on the market and the sharing of charges, including deviations from programming, were also approved. The first photovoltaic plants awarded in the July auction are expected to establish the power purchase contract with SU ELETRICIDADE by 2024.
- The 2nd solar auction took place in 2020, with 12 lots being auctioned, with a total power of 700 MW.
- The 3rd solar auction took place in 2021, with 7 lots being auctioned, with a total power of 183 MVA. There were very significant discounts based on the tender's bidding basis. The photovoltaic plants are expected to be completed by 2024. Energy storage capacity has also been tendered, which competitors may or may not submit.

Last Resort Aggregator: according to Decree-Law 76/2019, from June 3rd, that was replaced by Decree-Law 15/2022, from January 14th, the last resort supplier was assigned the role of market aggregator for power plants whose power is less than 1 MW. This set includes conventional plants, as well as production units for self-consumption. The purchase price of energy is the hourly closing prices of the daily market, allocated to the Portuguese area of the Iberian Electricity Market. A charge will be billed to the producers, which include deviations from the schedule programming and a fixed tariff of 0.0267 €/kW of installed power. During 2023 SU ELETRICIDADE was the aggregator of around 3 849 producers, with total installed capacity of 110 MVA and acquired about 44 GWh, representing roughly 2,6 M€, almost doubling the number of producers and 61% increase in power capacity.

Guarantees of Origin, which are electronic documents that prove to the final consumer that a certain amount of energy was produced from renewable sources, were implemented in 2021.

- The development of the Guarantees of Origin (GoOs) market promotes transparency and encourages renewable energy adoption from the Demand Side of the market.
- SU ELETRICIDADE was designated as the entity responsible for placing these guarantees on the market through auctions.

- These auctions provide a competitive platform where energy suppliers bid for GoOs, ensuring that their customers receive energy produced in Portugal from renewable sources..
- Since 2021, Portugal has continued to hold successful GoO auctions, contributing to the growth of the market ensuring transparency and competitive pricing, GoOs contribute to a sustainable energy transition.

From 2021 to the end of 2023, 19 auctions took place and contributed till 2023 with net income of EUR 176,1 million to the National Electric System, allowing the reduction of access costs and thus slightly mitigating the total energy cost. Since the beginning of this mechanism in July 2021, a total of 63,4 million GoOs have been auctioned off, including 18.4 million in 2021, 25.1 million in 2022, and 19,9 million in 2023.

#### **Coming Prospects:**

The progressive use of solar energy, either through conventional power plants subject to auction, or through small production units or production units for self-consumption will occur. It will be a challenge for distribution networks to operate in an active way and increase grid smartness to provide added value to consumers. The excess production of renewable energy and the development of new and dedicated renewable power plants may support the production of green hydrogen, taking advantage of the high renewable resources of the country, promoting economic growth, and reducing the country's energy dependence.

About wind farms, namely floating, the expansion will involve the sea and the implementation of offshore power plants, of which there is already a prototype of 25 MVA.

Regarding new technologies, SU ELETRICIDADE will also play a role in the growing market of the implementation of hybrid power plants associated with photovoltaic solar plants resulting from the first auction. SU ELECTRICITY will be responsible for monitoring the equivalent hours of use of those solar plants and the application of penalties in case of non-compliance.

Regarding Portugal's GoOs market, it is active and expected to grow, with successful auctions driving renewable energy adoption and providing consumers with transparent information about the origin of their electricity, and SU ELETRICIDADE plays its part on this emergent market.

### 3. CLIENT-FOCUSED PRODUCTS AND SERVICES

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Throughout its value chain, EDP offers a wide variety of Energy Services related to its electricity and gas activities, ranging from the ashes and gypsum resulted from the electricity generation, to the decentralized solar solutions offered by the supply companies.

Energy services are classified into ten categories, which were established within the EDP Group by taking into account the comprehensive concept proposed and developed by Bertoldi & Rezessy of the European Commission (Energy Services Guide for the EDP Group):

1. Energy analysis and audits.
2. Project design and implementation.
3. Energy management.
4. Monitoring and evaluation of savings.
5. Maintenance and operation.
6. Property/facility management.
7. Energy and/or equipment supply).
8. Provision of service (space heating/cooling, lighting, etc.).
9. Integrated energy systems<sup>1</sup>.
10. Other energy services.

The set of measures envisaged in the European Commission's policy framework "Energy Clean For All European", in the downstream segment, retail and services, where Europe wants to strengthen customer protection, renewable energy penetration and energy efficiency targets and consequent reduction in emissions, are in total alignment with EDP's vision in the commercial business and business targets. Since 2009, EDP has been developing a strategy and enabling the company to leverage the energy transition, the technological change and access in the energy retail market to develop and supply innovative offers of decentralized generation, distributed storage and electric mobility with increasingly scale in the retail market.

In terms of business alignment via KPI's, EDP Group has implemented sustainability indicators for all companies, areas and employees since 2017, which in case of the supply companies, enables the development and achievement of the DSM and EE strategy and targets.

### 3. PRODUCTS AND SERVICES

In 2023, the EDP Group generated around EUR 571 million revenues from energy efficiency products and services (up 16% vs. 2022) and invested EUR 279.4 million (up 46% vs. 2022), which represents 4.6% of EDP's gross CAPEX. It is expected this % to increase to 8.9% by 2026 based on projections from the 2023-2026 Business Plan.

Some of these products and services are described in the following subchapters by energy services category, and main improvements during 2023 are highlighted.

For each category, a brief description of the type of products and services covered is provided, based not only on the comprehensive concept proposed and developed by Bertoldi & Rezessy of the European Commission, but also on EDP's reality in terms of services provided throughout its value chain (Energy Services Guide for the EDP Group).

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<sup>1</sup> New category, introduced by the EDP Working Group, when services cover more than one category.

### 3.1.1. Energy Analysis and Audits

The company acts as a consultant in energy rehabilitation, provides energy analyses for identification of actions with improved profitability to obtain the desired reduction in energy consumption.

#### 3.1.1.1 Energy audits (Portugal | B2C and B2B segments; Spain | B2B segment)

Energy audits are made available by EDPC both for B2C and B2B segments. In Spain this services is carried out only for B2B customers. A remote auditing was launched to fasten penetration of this basic initial service.

#### 3.1.1.2 Energy certification (Portugal | B2C and B2B segments; Spain | B2B segment)

Energy certification are available for both B2C and B2B segments in Portugal and Spain, with EDP quality assurance, which is mandatory when buying/selling real estate.

In Portugal, EDP is the market reference since 2012, with over 110.000 Energy Certificates issued to date.

A gas certification service, which is legally required to new contracts, in order to confirm that the client's gas facility complies with safety standards, is also provided by EDP. In 2023, around 34k EDP B2C contracts required a Gas Certification Service, with ~70% of the certificates being provided for free to Packs EDP's clients (clients who subscribed a technical assistance service).

#### 3.1.1.3 Improvement in power quality (Spain | B2B segment)

EDP identifies energy supply anomalies and alternatives to a better service supply, adjusting it to the requirements of the productive processes.

Also, EDP acts as a legal advisor to occurrences that affect the quality of supply.

### 3.1.2. Project Design and Implementation

This category includes the design of a project including demand management measures as a priority. Energy needs are covered by more efficient energy supply / equipment whenever economically feasible.

#### 3.1.2.1 Efficient Lighting (Portugal and Spain | B2B Segment)

EDP Comercial has developed an efficient lighting offer for B2B customers that guarantees companies the reduction of their costs, ensuring the maintenance of the luminous comfort levels of the installations.

#### 3.1.2.2 Advisory Energy Service (Portugal and Spain | B2B segment)

EDP acts as an energy advisor, allowing industrial and commercials customers to have a more rational use of energy, minimizing energy costs.

An on-site study is performed to understand the processes' requirements and to maximize fuel use efficiency. Improving areas such as lighting, motors and variable speed drivers, climatization, heating and cooling processes are identified. A detailed report is developed regarding the actual situation and the proposed measures. Assistance on measure implementation is provided.



In Portugal, during 2023, more than 300 Projects were contracted for a total amount of more than 250 M€. In Spain, the main projects have been solar self-consumption projects. Further details are presented in section 3.2.

### 3.1.2.3 B.O.T (Portugal and Brazil | B2B segment)

This service (Build, Operate and Transfer) includes the design, operation and maintenance of measures to achieve the final energy use defined in the energy contract.

### 3.1.3. Energy Management

The company acts as a consultant, providing energy demand management measures.

#### 3.1.3.1 Energy management systems (Portugal, Spain and Brazil| B2B Segment)

In Portugal, there is a regulatory framework, the SGCIE (Sistemas de Gestão dos Consumos Intensivos de Energia - Intensive Energy Consumption Management System) that aims to certify and promote energy efficiency in the industry segment. This framework sets a compulsory certification for installations with consumption equal or higher than 500 tep/year. The “Gestão de Consumo” (an energy management system) is an energy service developed in-house that aims to simplify energy management for Industry and Commerce/Services sectors. Two innovative packs are available covering a set of services that simplifies regulatory, administrative and operational requirements on energy management for customers. Companies may obtain online and in real time their electricity, gas and water consumption, perform historic analysis, consumption trends and benchmark analysis (<https://www.edp.pt/empresas/servicos/gestao-de-consumos/>). This programme proposes 3 levels of services:

- **Light:** innovative, low cost service including electricity consumption (main electric meter);
- **Standard:** innovative service performing real time analysis of consumptions (electricity, gas, water and others), aiming at controlling, analysing, predicting and comparing partial inter-site consumptions within the company and carrying out national/international benchmarks;
- **Premium:** Similar to the standard service, but customized to the client's business, with detailed models of analysis and advanced forecast of consumption, tariff simulation and personalised alerts in real time.

An equivalent system is available in Brazil - SGE (Sistema de Gestão Energética – Energy Management (GE) System: control of the entire energy consumption (electricity, gas, water and others) aimed at reducing energy losses).

#### 3.1.3.2 TRE (Portugal | B2B Segment)

EDP Comercial makes available an Operational Technician responsible for the facilities (TRE - Técnico Responsável de Exploração), as well as for facilities well-functioning and energy decision making.

### 3.1.4. Monitoring and evaluation of savings

The company acts as a consultant as part of an energy services contract.

### 3.1.5. Maintenance and Operation

The company acts as a consultant as part of an energy performance maintenance



### 3.1.5.1 Funciona (Portugal | B2C and B2B segments)

For the residential and business segments, EDP's B2C portfolio includes Funciona, a value added service that provides technical assistance to the main kitchen appliances and urgent repairment services, contributing to the increase of the customers' safety, savings and comfort.

In 2019, in order to increase the penetration of value-added services in the energy portfolio, EDP started to commercialize Funciona in a bundle of services named Packs Living EDP. These solution beyond the offer of technical assistance, brings also some other value-added services, such as 100% green energy, an health plan, energy management equipment and advantages in exclusive partners, providing EDP customers with a higher quality of life and more sustainable consumption habits.

The energy management functionality launched in October 2021 provides simple and detailed information about each customers electricity consumption, gives forecasts of the invoice values in the middle of the month, provides a breakdown of energy consumption between different appliances, has the ability to send out alerts about excessive consumptions and guarantees the automatic sent readings, avoiding estimates in the invoices.

In the year 2023, Funciona and EDP Packs marked a significant milestone by surpassing our primary target of subscribed costumers, with a staggering 598,000 subscribed customers by the end of the year, a feat made possible by our robust sales performance, which saw over 200,000 sales. This success was further bolstered by our efforts to reduce our churn rate, demonstrating our commitment to customer satisfaction and retention. Following this achievement, we continued to innovate and expand our service offerings. We launched two new services - technical assistance for plumbing and solar panels. These new services not only diversified our portfolio but also reinforced our position in the home care and technical assistance market. The successful launch and positive reception of these services solidified our dedication to meeting the evolving needs of our customers and the energy sector as a whole.

In B2B, EDP Packs Negócio, implemented in 2022, have been a testament to EDP's commitment to sustainable business practices. This innovative product offers small businesses a comprehensive package of benefits, including discounts on 100% green energy. This initiative aligns with EDP's dedication to promoting renewable energy sources, contributing to a more sustainable future.

The EDP Packs Negócio also provide robust technical assistance, ensuring secure energy installation, normal equipment functionality, gas certification and urgent technical services. Furthermore, it includes a health plan for the business owner and their employees, demonstrating EDP's holistic approach to sustainability that extends beyond environmental considerations to include the wellbeing of the people involved in these businesses.

The product has been well received, with the number of subscribed customers growing from more than 4.500 at the end of 2022 to ~20.000 by the end of 2023. Despite the challenges posed by the volatile energy sector, EDP's Packs Negócio have been instrumental in supporting small businesses, reinforcing EDP's position as a leader in sustainable energy solutions.

### 3.1.5.2 Integra (Spain | B2B segment)

Energy service developed to provide facilities maintenance and technical assistance to customers, available in two levels of services:

- **base**, that includes planned maintenance and access to online systems for real time control of electricity consumption;
- **premium**, that includes planned maintenance, technical assistance, access to electric generator if necessary and the online system for real time electric consumption control.

### **3.1.5.3 Energy Performance of Buildings (Portugal | B2B Segment)**

EDP offers an integrated solution for building certification under the Regulation on Energy Performance of Buildings (RECS - Regulamento de Desempenho Energético dos Edifícios).

In a first phase, an energy audit is conducted to identify improvement opportunities. The management of the HVAC systems is done in order to guarantee an efficient operation of the systems and to issue the energy certificate.

### **3.1.6. Property/Facility Management**

The company acts as a consultant, increasing the knowledge of end customers as owners/managers of facilities.

### **3.1.6.1 Facilities refurbishment (Portugal | B2B Segment)**

EDP conducts construction and refurbishment projects of electric or natural gas installations to adjust to customers' business needs.

### **3.1.7. Energy and/or Equipment Supply**

The company provides power (green) under specific schemes and/or installs equipment and/or replaces obsolete equipment with more efficient devices.

#### **3.1.7.1 PPEC (Portugal | B2C and B2B Segments)**

EDP participates in the Plan for Promoting Efficiency in Electricity Consumption (PPEC) since 2007, promoted by the Portuguese Energy Services Regulatory Authority (ERSE - [www.erse.pt](http://www.erse.pt)). Launched every two years, PPEC is a voluntary programme based on a national tender in which all electricity related entities may participate, encouraging the implementation of measures for the adoption of more efficient habits and equipment by the different segments - residential, commercial and services, industry and agriculture. The programme considers either tangible measures (e.g. variable speed drivers, high efficiency motors, CFL and LED bulbs, etc.) or intangible ones (e.g., awareness of good practice in energy use, education projects in schools, etc.). EDP is participating actively in PPEC through EDP Comercial and SU Eletricidade.

In the last call launched in 2021, the following measures submitted by EDP were approved:

- "Energy Footprint" - carbon footprint calculation game
- TWIST – Educate and raise awareness on energy efficiency
- Energy Storage Solution - Industry and Agriculture
- Energy Storage Solution - Commerce and Services.

#### **3.1.7.2 Heat pumps and water heating systems (Portugal and Spain | B2C and B2B segment)**

In B2C segment, EDPC sells heat pumps and Intelligent Water Heaters which are the most efficient in the market. Part of this services were leveraged in PPEC initiatives. In 2023, EDPC sold and installed over approximately 1.000 efficient water heating solutions. In EDPC website, detail information and a simulator are provided, where customers can assess the best solution for their specific needs and the potential generated savings.

In 2023, EDPC also launched the smart solar water heater, an innovative product for the Portuguese B2C Market. The EDP Solar water heater is an offer from EDP Comercial that combines solar panels with a water heater that uses surplus solar production to heat the water. The water heater not only optimizes the

solar system, but also includes a tank management system that allows our customers to have only the amount of hot water they need, when they need it.

Water heating integrated systems for companies focus on boilers, heat pumps and thermal solar systems. All B2B solutions include the following steps: design the system; replacement of the equipment; optimization of the system use; and periodic maintenance.

### **3.1.7.3 Compressed air system (Portugal | B2B Segment)**

The optimization of compressed air systems includes integrated solutions in the several process phases: production, storage, treatment, distribution and use.

### **3.1.7.4 HVAC System (Portugal and Spain | B2C and B2B segments)**

Integrated solution for HVAC systems optimization, from the design to the system installation and maintenance.

In 2018, EDPC launched HVAC Systems for the B2C segment. In 2023, EDPC sold and installed around 1.100 HVAC systems.

HVAC systems may have a high impact on energy costs of companies, typically between 30 and 40% of the electrical consumption of commerce and services buildings. All B2B HVAC integrated solutions are composed by the following steps: design the system; replacement of the equipment's; optimization of the system use; and, periodic maintenance. These optimization systems allow savings until 30% of the energy consumption and ensure comfort and safety for building users.

### **3.1.7.5 High Efficient Motors and Variable speed Drivers (Portugal and Spain | B2B Segment)**

About 77% of the industry's electricity consumption is used in electric motors. The motors are used in a wide range of applications, such as pumps, compressors and fans. The high percentage of electric power they consume makes them one of the main potentials for saving electricity. High-performance engines are thus an important technology in reducing power consumption. EDP Comercial installs more efficient motors, replacing obsolete ones.

### **3.1.7.6 Green Electricity (Portugal and Spain| B2C and B2B Segment)**

EDP Group invests in the decarbonisation of electricity generation, through organic growth focused on renewable energies and electrification of consumption, promoting energy efficiency, smart grids, distributed production from renewable sources and electric mobility .

Electricity production has an impact on the environment according to the primary energy source used. The use of renewable energies has less environmental impacts when compared to the use of non-renewable energies.

By December 2023, EDP had 907,727 B2C electricity customers with an electricity offer 100% from renewable sources, and 1,258 B2B customers, representing a total annual consumption of 2154GWh and 366 GWh respectively.

Regarding the B2C market, since 2022 EDP's green electricity customers increased 1,2 times, representing in 2023 around 27% of EDP's total electricity residential clients.

To diversity the portfolio of B2C offers and reach new customer segments, EDP Comercial launched in 2023 new electricity and natural gas indexed prices offers. In these offers, energy prices vary according with the average prices recorded in the Iberian electricity market in Portugal (OMIE PT) and in the Iberian natural gas market (MIBGAS). The introduction of indexed prices offers enables the development of dynamic price offers, with hourly consumption being priced according to the hourly price recorded in the

gross markets, to be released in 2024, which will allow EDP Comercial to design an integrated energy management strategy in the domestic space.

In Spain, 1.622 GWh were certified as “green” electricity, as they were marketed under the Guarantees of Origine scheme .

### **3.1.7.7 EDP Solar Energy (Portugal, Spain and Brazil | B2C and B2B segments)**

All activities under this service are detailed in chapter 3.2

### **3.1.7.8 Voltage Level Increase (Portugal and Spain | B2B Segment)**

The voltage level increase involves the installation of a voltage transformation station and its connection to the existing electric facility. EDP offers this service, so customers have access to appropriate electricity supply, in accordance to their energy needs.

### **3.1.7.9 Efficient Lighting (Portugal, Spain and Brazil | B2C and B2B Segment)**

Efficient lighting solutions for small and medium-sized enterprises, allowing them to reduce costs and, at the same time, ensuring the maintenance of lighting comfort levels. Costumers may opt for the following two solutions: replacing light bulbs with more efficient ones and replacing the entire lighting system.

## **3.1.8. Provision of Service**

The company guarantees the supply of an energy service that will generate lower cost to the customer.

### **3.1.8.1 Re:dy (Portugal | B2C segment)**

This domestic electricity consumption monitoring and active management service was first launched in Portugal in 2013.

When initially launched, the service allowed customers to monitor, control and manage household consumption in real-time, namely remotely turn on and off appliances, schedule tasks, automate the working and control the consumptions of electric appliances from anywhere, via an internet portal and smartphone (iOS and Android) – <https://www.edp.pt/particulares/servicos/rody-en/>.

To make it possible, the service relied on a set of hardware – re:dy Box, re:dy Plug, re:dy Meter, re:dy Switch and re:dy plug A/C – a platform developed and deployed on EDP’s cloud where the service is configured, and a set of native mobile applications plus web portal for remote access.

Some of the energy efficiency features available are:

- Scenario programing according with the users needs habits and away periods.
- Individual equipment control and energy consumption analysis.
- Alert that helps the client to eliminate waste of energy.
- Advice on the best tariff and optimized contracted power.
- Reception of monthly personalized consumption analysis reports.
- Air conditioning remote IR control

As the service and solar offer evolved, EDP Comercial decided to refocus the service making it the default Iberian B2C solar monitoring solution to be jointly offered with every solar panel sold by EDP Comercial in Portugal and EDP Solar in Spain. That approach implied a reshape of the hardware and software features: the re:dy box and re:dy plugs were discontinued and a new re:dy meter, wi-fi based, was developed

allowing the customers to monitor their solar production, self-consumption (and thus, savings) and grid consumption / injection. With this, the customer is able to understand exactly how to optimize his consumptions to extract the most of his solar installation and reduce the consumption from the grid.

By the end of 2023, more than 80k customers were benefiting from the EDP Re:dy service.

### 3.1.8.2 Set of energy services for B2B segment

| Power factor correction*   | Thermal-Heat recovery | Variable speed drivers     | Solar Hot water production | Public Lighting (LED)   |
|----------------------------|-----------------------|----------------------------|----------------------------|-------------------------|
| Portugal, Spain and Brazil | Portugal              | Portugal, Spain and Brazil | B2B segment in Brazil      | B2B Portugal and Brazil |

\* inclusion of a new approach which consisted in the rental of the Battery to EDP Comercial that managed the consumption of the installation and guarantees the exemption of the reactive payment during the contract period.

### 3.1.9. Integrated Energy Services

The company acts as a consultant in areas related to energy supply and the installation of more efficient equipment and/or the rehabilitation/refurbishment of buildings, including the integration of all the above energy services categories.

#### 3.1.9.1 Cuota Ahorro (Spain | B2B segment) and E:cient (Brazil | B2B segment)

In line with the Save to Compete concept, through Cuota Ahorro in Spain and E:cient in Brazil EDP makes a complete facilities' assesment, implements the energy efficiency projects and invests on customers' facilities. A part of the generated savigns is used to pay EDP's invesments.

#### 3.1.9.2 Energy Efficiency Programme – PEE (Brazil | B2C and B2B segment)

Since May 2016, distributors have to allocate 0.4% of their net operational revenue to energy efficiency programs, on a yearly basis. Prior to that, the mandatory allocation percentage was 0.5%, according to the national regulatory entity requirements (ANEEL - National Agency for Electrical Energy). In 2023, the Company invested R\$29,20 million in energy efficiency initiatives with Distribution customers, which led to energy savings of 16.7 GWh/year in São Paulo and 13.8 GWh/year in Espírito Santo, resulting in approximately 1,111.44 tCO2 of avoided emissions.

### 3.1.10. Other Energy Services

The company acts as a consultant in areas related to energy supply and the installation of more efficient equipment and/or rehabilitation/refurbishment of buildings not covered by the above categories.

## 3.2 DISTRIBUTED GENERATION

### 3.2.1 Portugal

In 2023, EDP Comercial launched a new solar energy ATL campaign with the aim to increase the access to electricity production by self-consumption and reducing the energy consumption form the grid until 70% with EDP Solar system. Customers who subscribe to EDP's solar energy are also entitled to an exclusive

energy tariff, that provides 10% discount on the electricity consumed from the grid, and to EDP's Solar service, which allows customers to monitor the production of their solar system, know how much they are saving and manage their home energy consumption.

2023 was also marked by the overcoming of the commercial objective, with around 30.000 installations of which approximately 15% were "premium" range with monocrystalline solar panels. In order to improve the solar customer experience, during 2023 the new solar simulator was optimized, and several communications were launched.

During 2023, solar energy storage solutions, as part of the EDP solar system, has grown at an accelerated rate reaching around 1.500 total installations.

In 2023 EDPC also launched two disruptive products that integrate the residential solar ecosystem:

- The EDP Solar water heater: an offer from EDP Comercial that combines solar panels with a water heater that uses surplus solar production to heat the water. The water heater not only optimizes the solar system, but also includes a tank management system that allows our customers to have only the amount of hot water they need, when they need it;
- Solar solutions for apartments: by placing the panels on our customers' balconies and increasing the target audience for decentralized solar.

EDP Solar Energy Solutions enable companies to produce and consume their own electricity and reduce bills. Solar Energy is captured by a set of photovoltaic panels that transform it into energy power. When there is extreme production, it is sold to the grid.

Regarding the dynamic B2B segment, our commitment to sustainability remains solid, as EDPC recognizes its broad impact on both the environment and society at large.

The products that EDPC launched in 2023 prioritize sustainability at every touchpoint. Among those products, the launch of a new storage offer and an offer uniformization up to 30kWp of solar plant dimension to ease the access of more clients to distributed generation solutions, stands out as exemplars of innovation and sustainability. These products leverage state-of-the-art solar technology, providing businesses with reliable and efficient energy solutions that contribute to both cost savings and environmental preservation.

By integrating distributed generation products into our commercial strategy, we aim to show that sustainable energy practices are not just a choice for responsible businesses but a strategic imperative for long term success. In 2023, EDPC contracted more than 200 MWp in the B2B segment, in Portugal.

Our dedication to sustainability within the B2B segment, particularly through our distributed generation solutions, paves a path towards a better future, namely with solar solutions that will continue harnessing the power of the sun.

### **3.2.2 Spain**

EDP has a commercial portfolio with 21,352 contracts among electricity, gas and services.

Self-consumption of energy alone is one of the company's priorities. It is an energy solution that boosts savings, sustainability and the competitiveness of companies. In the B2B segment, during 2023, self-consumption projects executed amounted a total equivalent of 21,5MWp.

As an example, Decathlon, the sports retail company, has signed an agreement with EDP to commit to greater sustainability in its processes, launching an innovative self-consumption project through photovoltaic canopies in 4 of its centers in Spain, with a total power of nearly 1 MWp and more than 270 parking spaces.

This pioneering project, which may be continued in other centers of the sports retail company, starts in the centers of Albacete, Badajoz, Mérida and Tamaraceite, in Gran Canaria. It will result in an annual production of more than 875,000 kWh/year, with 56% self-consumption for these centers.

Between 2024 and 2026, 21MWp will be installed at approximately 80 locations at Decathlon stores and offices in six European markets. In total, 42,000 solar panels with a capacity of around 21MWp will be installed.

This alliance includes decentralized generation plants in Portugal, where most of the projects are already installed and in operation, as well as in Spain, Belgium, Italy, France and Germany. The contracts signed in the latter two countries represent an important milestone in the expansion of EDP's commercial activity and contribute to consolidating its position as a European leader in distributed generation.

Other example is Supermercados Masymas (Hijos de Luis Rodríguez), who has developed eight new self-consumption installations and one innovative solar canopy or photovoltaic parking lot project in Cudillero (Asturias). This new project consists of the installation, carried out by EDP, of metal structures that protect vehicles in an open-air parking lot and have solar panels installed on top.

The Masymas supermarket in Cudillero is the first to make this kind of installations. It consists of 180 solar panels, has a power of 81 kWp and will have an estimated annual production of 103 MWh/year.

In 2023, a strategic collaboration has also been signed with Draxton, a global company dedicated to the manufacture and marketing of highly engineered cast iron and aluminum machined components for passenger and commercial vehicles.

This alliance is initially focused on driving sustainability and innovation through the implementation of photovoltaic energy projects at Draxton's various plants located in Europe & Asia.

The estimated annual production at Draxton's four Spanish plants will be equivalent to the average annual electricity consumption of more than 2,980 homes. By using renewable energy for a significant part of its consumption, this electricity-intensive company will avoid the annual emission of 3,069 tons of carbon dioxide (CO<sub>2</sub>).

Arciresa, Arcillas Refractarias, a company dedicated to the extraction, calcination and processing of refractory minerals for all types of industries located in the north of Spain, has joined forces with EDP to commit to greater sustainability in its processes, starting up a photovoltaic plant at its factory in Lugo de Llanera (Asturias).

This installation will consist of 999 photovoltaic modules and will have a total power of 549.3 kWp. This means a reduction in emissions of around 72 tons of CO<sub>2</sub> per year, with an annual production of 512 MWh.

### **EDP Solar - Spain**

The B2C segment is experiencing a real explosion in Spain. EDP Solar has added a total of 7.900 new contracts, with 33MWp installed.

This deployment responds to a customer who is increasingly convinced of the need to opt for clean, sustainable energy that generates substantial savings from the outset.

One of the key levers of the business has been the signing of collaboration agreements with business partners, including CaixaBank, with whom EDP Solar has created a commercial alliance. With this alliance, EDP and CaixaBank have the aim of driving the energy transition by promoting the installation of energy saving and sustainability solutions based on photovoltaic self-consumption. This solid collaboration between the two companies took its first steps in 2021 with the launch of a "turnkey" commercial package aimed at residential customers with single-family homes that included the solar photovoltaic installation by EDP Solar together with financing under advantageous conditions through CaixaBank. All of this was



marketed through Wivai, CaixaBank's e-commerce select place specializing in the latest technology, home and mobility products.

In 2022, the alliance between EDP Solar and CaixaBank has been consolidated and the lines and segments of collaboration have been progressively expanded. New energy efficiency solutions have been added to the initial offer of products and services, such as the offer of storage batteries. In addition, this collaboration between the two companies has been extended to the business segment, where there is enormous potential for energy savings and where different commercial packages adapted to the energy needs of companies are already available.

These commercial launches have been accompanied by numerous joint external communication actions in different channels, which has helped to position this alliance as one of the benchmarks in the self-consumption sector.

The good reception in the market of CaixaBank and EDP's proposal, in a context in which energy efficiency has become a key issue, has contributed to the decision of both companies to strengthen their alliance during 2023 and the following years. The collaboration is reflected, on the one hand, in the reinforcement of commercial activity, within the framework of the relaunch of CaixaBank's 'MyHome' range of home solutions, and, on the other hand, in the expansion of the range of products linked to sustainability for private homes, with new complementary proposals to solar panels.

Thanks to this agreement, CaixaBank and EDP aim to add 100,000 self-consumption photovoltaic installations by 2025. This figure is equivalent to the planting of 9 million trees and would avoid the emission of 150,000 tons of CO<sub>2</sub>. It would also facilitate an estimated saving of 80 million euros on the electricity bills of people who install this equipment (annual savings can reach up to 50%). In addition, customers can benefit from further advantages, such as surplus compensation, whereby they receive a discount on their bill for energy that is generated and not consumed.

This EDP-CaixaBank alliance is a clear example of sustainable business development oriented towards innovative solutions for customers, with benefits for both entities and for society as a whole, promoting energy transition and savings.

This alliance has served as an example for many others, such as those signed between EDP and commercial companies like AhorraMás, MásyMas, Makro, BigMat, Decathlon and PetroPrix, among others, for the deployment of energy efficiency, self-consumption and sustainable mobility solutions.

### 3.2.3 Brasil

Focused on meeting the growing demand for energy consumption in Brazil, EDP have been engaged in the search for new end customers in the regulated and non-regulated market, through large investments in distributed and centralized solar generation. EDP's strategy is to provide cheaper and cleaner energy. The solar energy front has many business models:

- Regulated market:
  - Local self-consumption: The plant is in the same location as the consumer unit, which aims to produce solar energy on roofs and in garages. In this case, the energy is generated and consumed at the same time;
  - Remote self-consumption: The plant is leased exclusively to a single company, preferred by customers who do not have the physical space for power plant. In this case, we generate energy in the same concession area where the customer is located, which is injected into the grid and compensates for their location consumption;
  - Shared Remote Generation: Model consolidated in 2022, mainly due to the regulation of Law 14,300, which allowed greater legal certainty for the solar business (Micro and Mini energy from photovoltaic generation).



Shared Remote GD is one of the distributed generation models and saw its growth in 2022, due to its financial and environmental appeal and without the need for effort by the customer, becoming the focus of EDP's B2B solar growth strategy. The modality makes it possible to share mini or micro-generation energy between two or more consumers, as long as all the participants are in the same concession area and can be used by a group of individuals or legal entities, through a consortium or cooperative, in locations served by the same power distribution network. Through the initiative, it is possible, for example, to share photovoltaic energy between SMEs (Small and Medium Enterprises), helping them with their financial structure and providing renewable energy for all of them.

The Shared Generation also offers a number of advantages, as this model does not require initial investment by the customer and does not require installation or construction at the consumption's area, nor does it provide for time-consuming contractual obligations, moreover this business model can offer a range of discounts 10-15% off retail tariff (currently regulated tariff) for lifetime.

- Non-regulated market:
  - Large customers: For customers searching for predictability and guarantee that the source of the energy purchased is renewable, EDP offer the solution of traditional PPA or a self-consumption modality in large remote solar plants. In this last segment, we have focused on long-term contracts, where we develop the plant and lease the plant for a pre-established period, or we enter a partnership with the client, both with energy cost predictability over time and many advantages. The solar plant does not need to be in the same region as the consumer, EDP is responsible for managing the plant, and, in most cases, no investment will be required by the client.

Throughout 2023, we carried out projects for large companies in distributed solar generation. In addition, we also worked with shared generation, a modality that is already allowing the compensation of cleaner and cheaper energy for several small and medium-sized companies in the states of Rio de Janeiro, Minas Gerais, São Paulo, Espírito Santo, Goiás and Rio Grande do Sul. In 2023, we sold 5,128 MWh/month of energy to 1,795 customers in 7 distribution areas.

By 2025, another 467 MWac will be added to the installed capacity of the farms, thanks to the operation of two projects carried out in partnership with EDP Renováveis in the Solar Utility Scale segment: the Monte Verde Solar and Novo Oriente solar farms.

### 3.3 ELECTRIC MOBILITY

EDP committed, in a pioneering way, to promote electric mobility over the next few years. The objectives now outlined are in line with the conviction that combating climate change and decarbonizing the economy will involve greater penetration of renewables and the electrification of consumption, particularly in the transport, heating and cooling sectors.

Along with the strategic objectives of achieving 100% renewable installed capacity in 2030 and reducing its specific emissions of CO<sub>2</sub> by 90% in 2030 vs. 2015 levels, we are actively contributing to accelerating the transition to sustainable mobility. EDP is now committed to achieving a 100% electric fleet (light-duty vehicles) by 2030, which will require a strong investment in the renewal of its car fleet. This transition will now be accelerated and will allow a 70% reduction of the CO<sub>2</sub> emissions of the overall fleet, consisting of close to 4000 service vehicles. EDP is also targeting the installation of 40,000 public and private charging points by 2025 in the different geographies with supply activity (Portugal Spain and Brasil).

### 3.3.1 EDP Comercial

EDP Group - particularly EDP Comercial - is committed to keep on developing new commercial offers and innovative solutions that promote the electrification of transport and improve the customer experience of EV users, both on the road and at home / work.

Since 2022, EDP has a renewed website with relevant information to help customers overcome the initial barriers of this new paradigm of sustainable transportation and with a simulator to help costumers choose the best solution for their electric veichule accordingly with their mobility profile and their home electric installation (<https://www.edp.pt/particulares/servicos/electric-mobility>).

In 2022, EDP Comercial started a significant digital transformation in Emobility ecosystem, which resulted in the launch of a new mobile application (EDP Charge App) and web portals focused on condominiuns and B2B clients. During 2023, EDP Comercial invested in improving the user experience of EDP Charge through the integration of new features, and the launch of EDP Charge Frota, an innovative solution specifically to corporate fleets.

The EDP Charge ecosystem consists of two pivotal components:

- EDP Charge app: a mobile app that integrates several Emobility uses cases, allowing clients to charge at public network, home and workplace. Using this application, clients are able to check the availability of chargers, make cost simulations of charging session, start and stop digitally, efficient trip planning with the route planner, etc.. This innovative solution, lanched in 2022, was finalist at the Portugal Digital Awards for 'Futuro do Consumidor' category.
- EDP Charge Portals: specifically tailored for Condominiuns and fleet managers in companies, these portals offer an array of tools and services like consumption dashboards, charger monitoring, energy tariff customization, automatic billing settlement and smart charging technology ensuring the optimal power distribution.

In terms of charging solutions for B2B segment, the offer available on the Save to Compete, a platform of EDP Comercial that allows access to customized energy efficiency recommendations and technical services adapted to the business, has been updated with charging solutions suited to the real needs of business customers, both for proven access spaces and public access spaces, with different levels of customization and, also, available as-a-service.

For B2C segment, the offer of charging solutions includes the installation of renewed solutions for electric vehicles (EV) charging stations, both homes and condominiuns:

- Premium Charger EDP - up to 22kW of charging power, with online charger management through EDP Charge app;
- Standard Charger EDP – up to 22kW of charging power, with dynamic smart charging which manages peak energy consumption between costumers home and the car;
- Light Charger EDP – up to 22kW of charging power, a simple plug & charge solution with possibility to configure the charging power which best suits the home electric installation;
- Plug-In EDP – up to 3,7kW of charging power, a safe outlet, suitable for Plug-In hybrid vehicles, electric motorcycles or 100% electric vehicles that travel few kilometers each day;

Following the trend in recent years, in 2023, EDP led the CEME market - the market of public charging - with over 80k cards issued, due to:

- simplest solution for the customer: he pays the same for the energy regardless of the time and day to which it charges with 100% green energy;
- for customers with an EDP energy contract at home, the CEME tariff has a discount of 20%;

- Charging an EV also became available through the new app EDP Charge with the integration of the CEME card on the app;

EDP has been positively contributing to the creation of a wide public charging network, by increasing the number of charging points in key locations in Portugal with strategic partners (Brisa, McDonalds, Burger King, etc). In 2023, EDP grew +55% in charging points in operation and has a significant number of locations in pipeline to install charging points in next years. At the end of 2023, EDP had charging points in operation in more than 185 Municipalities in Portugal. EDP's growing network of partners, who provide space in their facilities for the deployment of charging points, continues to be crucial to EV users, ensuring greater capillarity of the public charging infrastructure. In 2023, there was a strong bet on public charging's growth via SMEs. It is important to note that 2023 was the year with the highest use of the public charging network operated by EDP with over 650k charging sessions in Portugal.

Focusing on fleet electrification, EDP is creating strong partnerships with key stakeholders also playing in the mobility arena such as automotive brands (Jaguar Land Rover, Volvo, Stellantis, Dacia), leasing companies (Kinto, Locarent, Arval, Leaseplan, Leasys) and UVE (Portuguese Association of EV Users).

To create the best possible offers, we invest in R&D projects and we are also partnering with national organizations and entities from other sectors, with innovative and potentially scalable pilots:

- We continue working in smart charging solutions that allows customers that live in condominiums and shared garages to balance the available power between all the electric vehicles that want to charge at a given time;
- EDP is creating a partnership ecosystem: i) for public charging with strategic locations and ii) promoting fleet electrification through the offer of charging solutions integrated in the vehicle sale;
- We strongly believe in the potential of this market, both in the B2C segment and in the B2B segment, for example in support of fleet electrification with integrated fleet solutions, charging infrastructure and power supply, by partnering with OEM's, Auto Retailers, Leasing Companies that try to simplify the adoption of electric cars and fleets;
- Presence in Be.Neutral agenda – work package of electric mobility - that aims to accelerate the development and industrialization, by 2025, of various mobility products, connectivity devices, and a new generation of interoperable service platforms geared to promote carbon neutrality.

In order to streamline and give visibility to electric mobility, EDP continues to promote “Portugal Mobi Summit”, the largest urban mobility event in Portugal for the sixth consecutive year.

EDP is present in some of the most important European Associations:

- EDP is an active participant in Eurelectric – where it is chairing the E-Mobility Working Group from 2023, contributing to the ongoing discussions within such organizations for the development of business oriented regulations and frameworks to support the transition to clean mobility;
- EDP is a board member in ChargeUp Europe, an association from companies of the EV charging infrastructure industry, that works actively on the advocacy for policies to promote expeditious and effortless rollout of EV charging infrastructure in Europe. EDP was the first Portuguese company to join this association;

### 3.3.2 EDP Brasil

EDP Brasil aims to be a reference for electric vehicle charging in public spaces, especially along highways with fast charging, with higher power. We invest in and operate chargers installed at strategic points that have a large number of vehicles and allow connection with other chargers in a loop or corridor format. This expands the travel range of an electric vehicle user.

After the implementation in 2021 of two more charging stations at Guarulhos International Airport and nine ultra-fast charging points (one of them being 350 kW, the most powerful in Latin America), in 2022 EDP Brasil began installing an ultra-fast charging network covering the entire state of São Paulo and connecting the main electric corridors in the country. This project, which is expected to be completed in early 2023, is part of EDP B2B's electric mobility initiatives presented through Research & Development to ANEEL, entailing an investment of nearly R\$ 50 million.

EDP Brasil intends to continue monitoring this market, as it believes demand will rise for EV charging infrastructure by companies that wish, for example, to replace their vehicle fleets with their own or rented electric versions (as is the case with EDP Brasil itself, which has pledged to electrify 100% of its fleet by 2030). That's why we are designing a business model to serve this segment, with packages that can be marketed through long-term leases and that will include both the infrastructure and energy.

### **3.3.3 E-REDES**

In recent years, electric mobility has demonstrated a growing tendency both in Portugal and worldwide and will likely be maintained in the forthcoming years. To sustain this growth and promote electric mobility, legislative changes have been made in Portugal and in the EU.

Electric mobility represents, in a strategic point of view, a reinforcement on the role of the Distribution System Operator (DSO) and on the distribution grid itself. It is a new segment of demand in direct contrast with energy efficiency measures and autoconsumption.

In order to foster the integration of electric mobility charging infrastructure, E-REDES is committed to reach 25 thousand charging points by 2025, accumulated from 2018. In 2022, there were almost 3 thousand charging points already integrated, more 72% when compared to the previous year.

Electric mobility also comes with a set of challenges for the DSO, such as the increase on peak demand, specially at low voltage level. Along with these difficulties comes new solutions, being smart charging the greatest asset on a more intelligent management of the grid. Smart Charging solutions have the possibility to increase the flexibility potential of the EV, through optimized charging profiles.

E-REDES has been studying the use of the smart charging technology in their office buildings, using a the Smart Charging Platform provided by Dutch company GreenFlux. This platform controls every Electrical Vehicle Chargers installed using a dynamic load balancing, which is implemented locally between the building consumption and the electric vehicle charging, taking also in account the production of the PV installed in the building.

This project started at E-REDES office build of São Sebastião in Setúbal, which has a total of 20 charging points and were it was possible to validate the operation of the platform and his algorithm. Since this building didn't faced significant constraints, E-REDES decided to move forward and expand this pilot project to other buildings. Currently, the Greenflux Smart Charging Platform is installed in a total of 5 (Setúbal, Amial, Vila Nova de Gaia, Roligo e Coimbra - Alto de S.João) with the goal to further test the algorithm and try to demonstrate the benefits of Smart Charging in terms of a smarter investment and future grid stability.

### **3.3.4 EDP Spain**

Electric mobility is one of EDP's commitments, which continues to expand its infrastructure network of electric recharging points in different parts of Spain, demonstrating its firm commitment to continue increasing this network. EDP currently has almost 3,500 charging points contracted in Spain, including both public access spaces and private recharging points.

In 2023, the energy company has registered almost 115,700 electric vehicle recharges, 9% more than in 2022. Between all EDP's operational recharging points, including both public access spaces and private

recharging points, managed by EDP through the “Move on” platform, nearly 1,700,000 kWh of energy have been supplied. This is 9% more than in 2022, equivalent to traveling around 11,400,000 km and avoiding the emission of 1,117 tons of CO<sub>2</sub>.

The accumulated recharging time is equivalent to more than 15,265 days, with December, with 11,400 recharges, being the month with the highest number of recharges and also the month with the most energy recharged, 164,000 kWh.

To set up these points, the energy company has reached agreements with different entities, such as city councils and service stations, with the aim of promoting electric mobility. In addition, the company has implemented convenience infrastructures in supermarkets or shopping centers, such as Ahorramas, which allow recharging by taking advantage of downtime in everyday life.

It has also established partnerships with companies such as Decathlon, a chain of sports equipment stores with more than 400 charging points in Spain, and Petroprix, a company with which it will deploy the largest network of ultra-fast charging points for electric vehicles through the installation of 88 double charging points, which allow two cars to be powered at the same time with a total power of up to 250 kW to be shared between the two vehicles. This is a project funded by the European Union - NextGenerationEU, Ministry for Ecological Transition and the Demographic Challenge (Recovery, Transformation and Resilience Plan).

EDP's points are managed through the Move on platform, an innovative application that makes it possible to manage the use of recharging facilities easily and quickly.

Sustainable mobility is key for EDP, which aims to reach 7,000 public charging points on the Iberian Peninsula by 2026. This is one of the areas that will have the greatest impact on the energy sector and will be essential for the decarbonization of transport.

### **3.4 SMART GRID PARADIGM**

The traditional electrical system architecture is characterized by a unidirectional flow of energy from few centralized production sites to many users, which it is not suitable for a massive integration of distributed small/medium power renewable generation plants.

With the commitment to achieve 100% of renewable installed capacity by 2030 and the goal of reduce CO<sub>2</sub> specific emissions by 90% in 2030 (vs. 2015), EDP is facing the challenge of balancing energy production and consumption in real time. Consequently, EDP is preparing to advance into a new power model, where electrical grids are expected to radically change their behavior, becoming “smarter”.

These new smart grids will have to cope with the integration of unpredictable and intermittent renewable sources, as well as the increasing penetration of electric vehicles and storage.

In the following sections we include some details of initiatives that EDP set-up.

#### **3.4.1 Inovgrid/Smartgrids (Portugal)**

InovGrid is an innovative project aiming at the implementation of a new set of technologies fostering the transition for a new operation paradigm of distribution networks. This approach will contribute for the improvement of service quality, losses reduction, efficient operations and the integration of new resources into distribution network. Besides, it is a key enabler for an increase in energy efficiency by customers, which is the most important value driver. It also contributes for the green footprint by reducing the carbon emissions avoiding travel.

The first pilot was carried out in Évora between 2009 and 2012, with the installation of about 30,000 smart meters, enabling a more active behaviour of customers towards a reduction of energy consumption. In this

project it was achieved a reduction of consumption of 3.9% in customers with smart meters when compared with a control group.

After having installed about 868 thousand in 2021, E-REDES installed more than 703 thousand smart meters in 2022 in several Portuguese municipalities. By the end of 2022, a total of more than 4.5 million customers have smart meters installed.

For most of these customers, billing is based on actual consumption and they have access to detailed information that allows greater control over their consumption's habits. In addition, it enhanced the capacity for implementation of energy efficiency services by market agents, with potential impact on their energy bills and in developing of new business models.

With the publication of the Smart Grids Services Regulation, network operators are now better able to develop the Smart Grids infrastructure in order to provide services to customers and market agents, with emphasis on the following: daily load curve; consumption alerts; daily readings; etc. At the end of 2021, more than 3.4 million customers had these services available.

E-REDES has an important contribution to make in the modernization and automation of the electric grid, essential factors for the energy transition. To stimulate this innovation effort and the implementation of new technologies, E-REDES launched the Inovgrid20-30 project. The Inovgrid20.30 is based on three cornerstones:

- Technology Roadmap for Energy Transition: Coordinate innovation and technological development efforts to support the energy transition;
- Smart Grids Accelerator: Accelerate the implementation of the roadmap through pilots with stakeholder involvement;
- Digital Energy Center: Integrate supervision and control of the distribution network into a single digital platform.

The implementation of other innovative systems in 2021, such as 7,037 DTC (distribution transformer controller), and the remote metering in 100% of both secondary substations and public lighting circuits contribute respectively for the improvement of network supervision, the reducing of technical and commercial losses and the improvement of service provided to municipalities, giving them more information and performance tools for improving energy efficiency.

### **3.4.2 InovGrid (Spain)**

EDP Redes España is the electricity distribution company of the EDP Group in Spain, which integrates E-Redes and Grupo Viesgo (Viesgo and BEGASA).

For many years in a row, it stands out as a leading company in security and quality of supply, as a result of the investment made mainly in the digitalization of the network to achieve a truly intelligent network, and operational efficiency, articulated through the Vega project.

Security and quality of supply are key aspects for customers. The TIEPI (interruption time equivalent to installed power) of EDP Redes España in 2023 maintains its leading position in the historical series, with 18,9<sup>2</sup> minutes, reflecting the high level of supply quality.

EDP Redes España's total investment during 2023 amounts to 196 million euros as a result of an ambitious medium-term strategic plan of the company, endowed with 864,5 million euros for the period 2024-2028.

According to the strategic purpose of the investments, they are segregated into:

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<sup>2</sup> Provisional data (figures still under construction in accordance with the declaration of force majeure scenarios)



- 17% in "Electrification and decarbonization". These are the investments facilitating the energy transition made in new grid capacity, including new customers/connections, new power lines, reinforcements and additional transformer capacity.
- 4% in "Resilience and Environment". This includes investments related to improving the quality of service and the environment. For example: new connections between lines; transformers and mobile substations and reinforcement of conductors.
- 42% in "Modernization". Investments in renewal and modernization of assets; replacement of obsolete assets (e.g. assets that have reached the end of their useful life -technical and accounting-, obsolete technology or harmonization of network voltage).
- 35% in "Digital transformation". These are the investments made in:
  - Network automation, communications and digitization. Specific network automation and monitoring projects.
  - IT systems
  - Smart meters, including remote control meter deployment programs, equipment and metering systems.
- 1% in "Specific losses". Included in this classification are specific investments to reduce non-technical losses: metering, investments in telemetering, investment in anti-theft cables, replacement of old meters and other projects.
- 1% in "Support". These are investments related to facility management and others, e.g. equipment, fleet, etc.

#### Key projects

- Business Continuity Acceleration Project

The project started at the end of 2022 has been successfully completed with the aim of obtaining the Business Continuity Certificate according to the UNE-EN ISO 22301:2020 Standard.

This certificate has been obtained for the 3 Distributors (Hidrocantábrico Distribución Eléctrica SAU, Viesgo Distribución Eléctrica SL and Barras Eléctricas Galaico-Asturianas SA) with the scope: "Operation and maintenance processes of the network and fault communications management with customers in the field of electricity distribution".

The main objective is to prepare the organization to face those risks that may cause the interruption of the organization's activity as a consequence of a disaster or serious incident.

- Systems Plan Project

Systems Integration is progressing according to plan. During the year 2023, applications have been developed that allow an operational improvement of the company's operations.

The main systems put into service during the year, which represent an operational improvement in management, are:

- Private WEB Portal, public WEB and APPs. In order to improve the customer experience and increase the digitalization of customer service channels, the websites of the three distributors have been completely renewed. More information for the customer is included, with special sections on self-consumption and electric vehicles. The tasks that can be performed digitally have been expanded, as demanded by an increasing number of our customers, while maintaining the traditional telephone channel for domestic customers. They consist of a public and a private part and the information and procedures that can be carried out in each of them have been clearly separated. More general information and transactions requiring customer identification in the

public part and customer information or transactions requiring customer identification in the private part. Several user profiles have also been defined to offer the services they need (customers, installers, suppliers and retailers). In addition, new APPs have been developed for each of the distributors with the most appropriate functionalities for these devices.

- WhatsApp. A new communication channel with customers based on WhatsApp messaging has been built. The first simple functionalities have been used to gain experience with this new channel and it is planned to increase the number of available transactions during 2024.
- AMI. The second phase of the AMI project, oriented to the management of low voltage equipment, was completed. The new AMI communicates with the elements of the Telemangement System, collecting information on readings, load curves and other information relevant to the business or operation of the telemanaged equipment. It also allows the execution of service orders by modifying the configuration of the equipment (changes in contracted power, registrations and cancellations, etc).
- Copperleaf Portfolio. This application is launched in e-networks, allowing the optimization of the company's investment project portfolio according to different criteria: criticality, economic, ESG...
- Data Lake and IOT. Both platforms continue the development of functionality/use cases of value for the company. We can highlight the failure reports and the typification of warnings received in the Contact Center (in the case of Datalake) and the projects for monitoring WEBCAMS in the IoT area.

Work has begun on several multi-year integration projects that continue into 2024, including:

- ADMS. The project to unify the advanced Distribution Management Systems has begun. This is a strategic project that will be completed in 2025 and will enable the integration of the management operations of the distribution networks. This is a platform project in which the e-redes Portugal team and the EDP Group's network business in Brazil are also involved. The project is progressing according to plan and the requirements development phase has been completed. It is scheduled for completion in 2025.
- Commercial Systems. The integration process of Geiser (E-Redes' commercial system) into DUOS (Viesgo's commercial system) has begun and is expected to be completed in 2025. A study of the best practices among distributors has been carried out and it was decided to implement them on the most modern system (Duos). In this way, the commercial systems are unified on the platform. It affects the processes of New Supplies, Invoicing, collections and ATR management.
- EDM. The unification of the metering treatment systems has also begun, integrating the current SLB e-grid system into the VIESGO/BEGASA EDM, which is called CSA. As in other processes, best practices have been identified and new operational requirements have been generated to face the growth of self-consumption or distributed generation.
- AMI. In 2024, work will be done on connectivity and improving the operation of telemetered metering equipment, and work will begin on requirements for the construction of advanced system operation functionalities.

In addition, projects are expected to start in 2024 to unify the mobility systems and integrate the INFORED and SGA Asset Management systems, which will evolve towards the SAP S4/HANA platform.

- Technological renewal of the remote management system.

Following the obligation to replace all meters of less than 15 kW (domestic customers and small businesses) by 2018, a process that distributors began around 2011, it has been decided to carry out a complete technological renovation of all components of the remote management system.

It should be recalled that the remote management system consists of the following parts: smart meters, data concentrators and other communications equipment, and a computer system (AMI) that manages the equipment and obtains readings.



- Smart meters

A new version of the communications protocol (PRIME 1.4) has been developed within the PRIME Alliance, which improves the previous one in two fundamental aspects: more robust communications with more stable messages and extension of the communication bands, which allows solving what has been one of the biggest problems in the operation: the electronic noise that complicated and in some cases even prevented communication through the electric cables.

The suppliers have developed new equipment in accordance with the new protocols and in 2023 some of the suppliers started to manufacture it. A significant number of suppliers are expected to appear by 2024. Distributors have conducted pilots with this new technology and equipment during 2023, having started the deployment of the new meters at the end of the year.

- Concentrators and other communications equipment.

To control the new PRIME 1.4 smart meters, it is necessary to previously install the concentrators and other communications equipment that control the meters, also with the new PRIME 1.4 protocol. In mid-2023, the distributors started the deployment of this equipment.

Therefore, the physical deployment of the new remote management equipment began in 2023 and is planned to last until 2028 for the distributors Viesgo and Begasa and until 2032 for E-redes. This schedule may be subject to variations depending on the experience of the first years of deployment.

- Network automation Project.

This year we have continued with the work we have been carrying out on the automation of the network, which in addition to allowing an improvement in its operation by detecting and isolating faulty sections quickly, reduces the displacements of field teams and the performance of maneuvers on site.

A total of 443 Transformer Substations have been remote-controlled and 108 new IATs (Remote Overhead Switches) have been installed on overhead lines.

- In addition, the LV Flash system has been installed in 1,104 low-voltage switchboards, which allows us to have real-time voltage and current data for each of the low-voltage lines.

### 3.5 ENERGY STORAGE AND FLEXIBILITY

This is one of the main strategic areas of innovation EDP is focused on. The following projects are being developed by EDP:

#### **Klugit Energy / Shifted Energy**

Usage of energy for heat is the biggest consumption in a household. One key factor for decarbonization is electrifying water heating. Usually these systems do not take into consideration consumption patterns increasing energy lost due to stand-by inefficiencies, while also being assets that can become heat storage devices if used smartly. During 2021 EDP Inovação tested several solutions to analyze the impact of smart management of electric water boilers for residential. We were able to conclude on efficiency gains but also constrains from the technology and will leverage on this knowledge to develop opportunities for usage decarbonization.

#### **Energy Storage for residential sector (PT, ES)**

Technical storage pilot solution testing with commercial batteries in residential settings to identify performance deviations against those reported by manufacturers and implement control strategies for batteries linked to photovoltaic panels.

### **Redox 2025 (ES)**

Development of a 250 kW / 1,05 MWh Vanadium redox low battery with Spanish technology, for commercial and industrial use, and testing in real an environment at the location of the Soto de Ribera (Asturias) power plant. The project is funded by the Ministry for Ecological Transition and the Demographic Challenge of the Government of Spain under the call for grants for innovative energy storage R&D projects in the framework of the Recovery, Transformation and Resilience Plan.

### **Projeto XFLEX Hydro - Hydropower Extending Power System Flexibility (PT)**

To demonstrate how to increase the potential of the hydroelectric technologies in providing flexibility to the electric power system while achieving an improved average annual overall efficiency of the hydroelectric machinery, providing high availability of the hydroelectric power plants and further maximizing their performances. To demonstrate the system integration methodology of hydroelectric technology solutions such as fixed and variable speed, pump power regulation, battery hybridization, advanced monitoring and digitalization, and to draw the road-map for the deployment of this system integration to the all kinds of European hydroelectric power plants, run of river, storage and pumped storage of all sizes; being existing, uprated or new. Solutions were demonstrated in 3 hydropower plants that EDP Produção owns in Portugal, namely Alqueva, Alto Lindoso and Frades II.

### **Alqueva Park (PT)**

Alqueva Park is a hybrid project unlike anything seen to date in Europe, composed of integrated hydropower, floating solar, and battery storage resources, and uses a single access point to the energy grid. Located in the largest artificial lake in Europe, in the South region of Portugal, this Park includes Europe's largest floating solar energy production facility in a dam reservoir. The resulting hybrid energy produced from hydro and solar power marries together innovative scalable technologies while reducing energy emissions and protecting the surrounding environment for generations to come.

The facility features 12,000 solar panels supported by 25,000 floats spanning four hectares, which is equivalent to around 0.016% of the total area of the Alqueva Reservoir, the largest artificial lake in Europe. The facility generates about 7.5 GWh annually, providing enough energy to power 1,500 families in the region, which is equivalent to 30% of the energy usage of households in the region.

### **Projeto LOLABAT - Long Lasting Battery System (PT)**

Increase the cycle life of NiZn batteries – at least 4000 cycles at 100% Depth of Discharge by the end of the project. Development of a NiZn BESS for grid applications and its preparation for a production in Europe, increasing its TRL via capacity upscaling. Testing and demonstration of stationary energy storage applications via 6 use-cases, to be implemented in relevant utility grid and industrial sites. Demonstrating a NiZn BESS prototype in relevant operational environments emulated by the Smart Grid Lab

### **Projeto Air4NRG - Air isothermal compression technology for long term energy storage (PT)**

Development of an innovative, efficient (over 70% RTE), long-term, and sustainable Compressed Air Energy Storage (CAES) prototype, which can enhance renewable energy availability and offers robustness and safety while increasing cost effectiveness and improving the environmental footprint. Promote innovation and competitiveness in the European energy storage industry, while prioritizing the principles of circular economy and environmental sustainability. The project will result in a plug and play prototype, fitting into a standard 40ft container with an over ten-hours storage duration. Demonstrating the CAES prototype in relevant operational environments emulated by the Smart Grid Lab

### **Projeto SCO2OP-TES - sCO2 Operating Pumped Thermal Energy Storage for grid/industry cooperation (PT)**

Pioneers the next generation of power-to-heat-to-power (P2H2P) energy storage, aiming to validate a groundbreaking sCO<sub>2</sub> PTES pilot plant. Pioneers 'sCO<sub>2</sub> BASED CARNOT BATTERIES' through Molten Salt TES and sCO<sub>2</sub> HEXs. Seeks to revolutionise the role of industrial waste heat in optimising round-trip efficiency and fostering grid flexibility. Carry a replicability study for thermoelectric power plant of Ribatejo (Portugal)

#### **Plug-n-play storage systems (PT)**

Evaluation and testing of plug-and-play energy storage solutions, allowing to reduce the acquisition costs of these systems.

#### **Flexible management of systems with thermal storage (PT)**

Testing the use of decentralized thermal systems in order to optimize their use and increase their efficiency.

#### **Storage in renewable plants (ES)**

New methods for the design, planning and operation of storage systems based on Li-Ion batteries in renewable plants, considering degradation models.

#### **Smart4RES (PT)**

Development of methods and tools to optimize renewable production integrated into the market and when accompanied by energy storage systems

#### **2nd life batteries (PT)**

The project aims at evaluating the potential to re-use batteries from electric vehicles for stationary applications. Among the several project objectives, it is critical to analyse and validate its technical performance in different stationary use cases, its economical viability and understand the supply value chain. The project is using used car modules from Nissan Leaf and it is being tested at EDP's laboratories in Labelec.

#### **Energy storage E-REDES (ES)**

To improve the quality of supply, especially in rural areas, following the start-up in 2020 and 2021 of two energy storage projects in San Vicente del Monte (Valdáliga, Cantabria) and in the area of Ribeira de Piquín (Lugo), several new project were deployed in 2023:

- Asturias: Installation of a battery in Campo Caso and another in Ibias to maintain the power supply in case of power line failure.
- Cantabria: Installation of a battery in Bejes to maintain the power supply in case of failure of the power lines between Bejes and Treviso.
- Lugo: Installation of batteries to maintain the power supply in case of power line failure. Two have been installed, one in Lousada and the other in Bolgueiro.

### **3.6 OTHER INNOVATION PROJECTS**

#### **InterrFace**

The aim of the INTERRFACE Project was to establish an European architecture where services would be developed and made available in a coordinated manner between Electricity System Operators and other stakeholders.

Although the objectives of the INTERRFACE Project were established about 5 years ago, and since then the energy context has changed considerably, much motivated by the Russian invasion of Ukraine, the work resulting from INTERRFACE has allowed the development of a base architecture of services to be made available to various stakeholders, This will serve as a basis for improvement and development of existing or new services for the European Project ONENET which has, among others, the participation of several Distribution and Transmission System Operators, among which we highlight E-REDES as well as the associations E. DSO and ENTSOE.

## **XL CONNECT**

XL-Connect brings together 24 partners from 10 different countries and has as its main research focus the optimization of electric charging - a real challenge for the European energy system, considering that, by 2030, the European Union (EU) aims to reach 30 million electric vehicles (EVs). This challenge is also an opportunity for the use of technologies such as V1G (intelligent vehicle charging), V2G (Vehicle to Grid), and V2X (Vehicle to Everything).

The overall goal of the XL-Connect project is the optimizing of the entire EV charging chain - from the energy supply to the end user - creating benefits for all stakeholders. To this end, a charging-on-demand solution will be developed, based on an optimized charging network considering human, technical, and economic factors.

The study of user behavior and the energy system and grid analysis will serve as a basis for forecasting the future behavior of EV owners and fleet operators, as well as possible vulnerabilities in the grid and system.

## **EUniversal**

H2020 Project, coordinated by E-REDES, started in February 2020, aims at enable the transformation of the energy system into a new multi-energy and multi-consumer concept guaranteeing a sustainable, secure and stable manner of electricity supply by bringing forward an universal, adaptable and modular and open and interoperable approach through a Universal Market Enabling Interface (UMEI) to interlink active system management with electricity markets and the provision of flexibility services, taking also into consideration the activation needs and the coordination requirements with both commercial parties and TSOs, promoting energy efficiency at local levels among all stakeholders of the energy systems (<https://euniversal.eu/>).

## **InterConnect**

H2020 Project envisages to contribute for the democratization of efficient energy management, through a flexible and interoperable ecosystem where demand side flexibility can be soundly integrated with effective benefits to end-users. In order to pursue this objective, 7 large scale pilots in different countries (Greece, France, Portugal, Netherlands, Germany, Belgium and Italy) will be engaged. The solutions developed will allow the digitalisation of homes, buildings and electric grids based on an Internet of Things (IoT) architecture by including digital technologies (Artificial Intelligence, Blockchain, Cloud and Big Data) based on open standards, such as SAREF, it will guarantee the interoperability between equipment, systems and privacy/cybersecurity of user data promoting Citizen empowerment in a Flexible, Efficient energy ecosystem.

## **OneNet**

The project "OneNet" (One Network for Europe) is funded through the EU's eighth Framework Programme Horizon 2020 titled "TSO – DSO Consumer: Large-scale demonstrations of innovative grid services through demand response, storage and small-scale (RES) generation" and responds to the call "Building a low-carbon, climate-resilient future (LC)".

The scope of OneNet is to create a fully replicable and scalable architecture that enables the whole European electrical system to operate as a single system in which a variety of markets allows the universal participation of stakeholders regardless of their physical location – at every level from small consumer to large producers (<https://onenet-project.eu/>).

### **BEYHOND**

While energy produced from offshore wind farms may provide significant contributions to the decarbonization of the European energy system, the inherent variability of these sources inevitably leads to a temporal mismatch between supply and demand. In this context, green hydrogen offers a solution to balance out and store variable renewable electricity and carry energy from renewables over long distances to onshore consumption centers. If hydrogen is to become a clean energy carrier in the future energy system, the scale of renewable hydrogen production must increase immensely while the production costs continuously decrease. The BEHYOND project aims to address these key challenges by developing a conceptual engineering solution with technological and economic feasibility, able to produce offshore green hydrogen from wind power at large-scale and suitable to several off-takers.

### **Electric Dots**

This project aims to develop an artificial intelligence algorithm that identifies the best locations to install new electric vehicle charging points, considering the historical occupation rates of existing points and their geographic surroundings that can justify the demand at each point.

### **HARDY**

This initiative reviews and evolves the technology that ensures data flows and data modeling in a database that, together with other practices, support decisions in the energy market. The data have the characteristic of coming from different sources, with different schemes and in time series format. The project ensures the architectural qualities of flexibility, scalability, atomicity and consistency using various custom components and PaaS.

### **Flexigrid**

Flexigrid (Interoperable solutions for implementing holistic FLEXibility services in the distribution GRID) is a project funded by the European Union's Horizon 2020 Research & Innovation programme. It brings together 18 from 6 european countries. FLEXIGRID project is developing solutions that will protect the security and reliability of the electricity grid as it incorporates growing amounts of renewable energy. It aims to make the distribution grid operation more flexible and cost efficient through the development of four hardware and four software solutions. A single, open-source platform will integrate the different solutions and make them interoperable with the IT systems used by energy stakeholders. The project has defined eight use cases that will be demonstrated in four countries. The demonstration sites will be operated by three distribution system operators and two large companies.

### **Accept**

Accept (ACTIVE Communities & Energy Prosumers for the energy Transition) is a project funded by the European Union's Horizon 2020 Research & Innovation programme. It brings together 17 from 10 european countries. The project intends to develop and deliver such a digital toolbox that allows energy communities to offer innovative digital services and access revenue streams that can financially support their functions and secure their sustainability and effectiveness. The ACCEPT framework will be demonstrated and validated in four pilot sites in Greece, the Netherlands, Spain and Switzerland involving more than 3 000 people and 750 residences.

## R2D2

R2D2 (Reliability, Resilience and Defense technology for the grid) is a project funded by the European Union's Horizon Europe Research & Innovation programme. It brings together 17 participants and 1 partner from 10 European countries. R2D2's strategic goal is to improve the resilience and reliability of current EPES (Electrical Power and Energy Systems) against a growing number of threats and vulnerabilities that may affect such critical infrastructure, exposing weaknesses with harmful and damaging effects on different stakeholders and final customers.

This will be done through the deployment of four tools dedicated to the prevention, protection and restoration of EPES in two different independent but complementary scenarios in the energy value-chain – from regional coordination between TSOs, to privacy of LV customers. The project will build on top of strong energy coordination actions in South-East Europe (SEE), following EU legislation and in alignment with the recent activities promoted by ENTSO-E about cyber-security in transmission systems.

## InCube

InCube W (An INCIUsive toolBox for accElerating and smartening deep renovation) brings together 23 high-level partners and 2 affiliated entities from 7 European countries. The project is funded by the European Union's Horizon Europe Research & Innovation programme. InCUBE envisages unlocking the EU wave of renewal through standardised state-of-the-art processes, integrated industrialisation-based processes, innovative technologies for electricity production and storage, digitalisation and new market entrants. InCUBE solutions will be validated in 3 large-scale demonstration sites: Zaragoza (ES), Trento (IT) and Groningen (NL).

## OmegaX

OmegaX (Orchestrating an interoperable sovereign federated Multi-vector Energy data space built on open standards and ready for GAia-X) is a project funded by the European Union's Horizon Europe Research & Innovation programme. It brings together 29 participants and 3 partners from 11 European countries. OMEGA-X project aims to implement an energy data space. This will include federated infrastructure, data marketplace and service marketplace, involving data sharing between different stakeholders and demonstrating its value for concrete energy use cases while guaranteeing scalability and interoperability with other data space initiatives.

## Hy2Market

Hy2Market is a project funded by the Interregional Innovation Investment Funding Instrument I3 which aims to support the commercialization and scaling up of interregional European innovation projects and investments through the development of European hydrogen value chains. Hy2Market is a multi-regional project led by the New Energy Coalition to research and produce hydrogen on an accelerated timeframe.

## Auto PV Installation

Focuses on technological solutions for automation in the construction of solar plants, contributing to increased efficiency, speed in time to market, increased quality and safety, while at the same time contributing to cost reduction by reducing the manpower required. The technologies under analysis thus greatly contribute to EDP's commitment and global goals of accelerating the deployment of solar and investing in energy transition.



## Going net Zero

Early feedback from EDP stakeholders including C&I clients, strongly indicates the need for an IT solution supporting the transition to net zero. In the Validate phase we worked to understand which of the key building blocks to reach net zero are of most interest for EDP to enter in this new business



## Ubiquitous Charging

Solution has the potential to solve the charging infrastructure problem and democratize the use of electric vehicles



## Flexible Connections

Aim to provide more power for EV charging in garages minimizing the grid reinforcement typically needed. Creating flexible connections of power will be possible by increasing the available for garages when it is not being used by the building. Flexible Connections will, thus, reduce E-Redes pipeline jobs for grid reinforcements and will accelerate energy transition by reducing the EV charger's installation time.

