



## Investors & Analysts' Briefing

Reuters: EDP.LS  
Bloomberg: EDP.PL

## EDP BRASIL ANNOUNCES ITS DECISION REGARDING THE PROPOSAL FOR THE HYDRO RISK RENEGOTIATION

**Lisbon, December 28<sup>th</sup>, 2015:** Pursuant to the terms and for the purposes of article 248 of the Portuguese Securities code, EDP - Energias de Portugal, S.A. (“EDP”) provides the following information to the market and general public:

EDP – Energias do Brasil, S.A. (“EDP Brasil”), 51% owned by EDP, announced today its decisions regarding the set of alternatives recently offered by the Brazilian regulator, Aneel, to hydro generators, regarding the re-profile of hydrological risk in contracts for energy sales associated with concessions:

- For a portion of the contracts established under the regulated environment, representing c.40% of the “physical guarantee” volume of EDP Brasil’s hydro generation portfolio, EDP Brasil will adhere to the hydrological risk renegotiation proposal at a level of 92% (equivalent to an 8% deficit) for most of the plants. Accordingly, for this portion of EDP Brasil’s portfolio, hydrological volume risk will no longer be borne for levels of “*Generation Scaling Factor*” within 0% and c.92%;
- For the remainder contracts established under the regulated environment, representing c.7% of the “physical guarantee” volume of EDP Brasil’s hydro generation portfolio, EDP Brasil is currently studying which decision to adopt concerning the hydrological volume risk renegotiation;
- For contracts established under the non-regulated environment, representing the remainder of the “physical guarantee” of EDP Brasil’s hydro generation portfolio, EDP Brasil will not adhere to the hydro risk renegotiation proposal.

The above-mentioned decisions are subject to a comprehensive and long-term oriented analysis of hydrological scenarios, considering possible pay-offs and the cost of adhesion to each level of protection on the hydrological volume risk. This analysis is developed for each plant individually.

It is worth noting, in this regard, that the decision will have an effect as of 1<sup>st</sup> of January, 2015, thus impacting the hydro generation volumes deficit occurred during the year, due to a “*Generation Scaling Factor*” lower than 100%.

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For further detail on a plant by plant basis, please consider EDP Brasil's release on this matter.

**EDP – Energias de Portugal, S.A**