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Investors & Analysts' Briefing

INVESTOR RELATIONS DEPARTMENT

Pedro Pires, Head of IR
Gonçalo Santos
Elisabete Ferreira
Cristina Requicha
Rui Antunes
Catarina Mello

Phone +351 210012834
Fax: +351 210012899

Email: ir@edp.pt

DGGE APPROVES EDP'S PREVIOUS INFORMATION REQUEST ON NETWORK CAPACITY FOR THE CONNECTION OF NEW HIDRO POWER PLANTS

EDP received clearance from Direcção-Geral de Geologia e Energia ("DGGE") regarding the *previous information request on network capacity* ("PIPs") for the connection, to the Public Electricity System ("PES"), of the hydro power plants of Baixo Sabor and Foz Tua, as well as the repowering of the hydro power plants of Picote and Bemposta.

DGGE's clearance confirms that it will be possible to connect these projects to the electricity grid, as it anticipates the existence of sufficient connection capacity to the transmission network (Rede Nacional de Transporte), by the time they are expected to start industrial service. Additionally, DGGE has also defined the technical connection conditions required for these projects.

Following the approval of the abovementioned PIPs, EDP will request DGGE the attribution of the respective network connection points, which will take into consideration the development stage of each project: (i) Baixo Sabor project is at its conclusion stage, following the Environmental Impact Statement issued on June, 15th 2004. The beginning of the construction of the Baixo Sabor power plant is dependent on the overruling of a complaint regarding environment matters, currently being analysed by the competent authorities of the European Commission; (ii) regarding the repowering of Picote and Bemposta and the construction of the Foz Tua hydro power plant, the respective Environmental Impact Studies will start and be submitted to the competent authorities in 2006 and 2007.

The aforementioned projects, which total investment amounts to approximately €822 million, are characterized as follows:

Hydro power plant	River	Capacity to be installed (MW)	Investment (Eur. million)	Entry into industrial service
Baixo Sabor	Sabor	170 ⁽¹⁾	322 ⁽²⁾	2011
Picote ⁽³⁾	Douro	231	132	2011
Bemposta ⁽³⁾	Douro	178	131	2012
Foz Tua	Tua	208 ⁽⁴⁾	237	2014

(1) two power plants with pumping capability; (2) reflects total investment, although part is expected to be subsidized, because of the multi-purpose characteristics of this power plant; (3) repowering of the existing installed capacity; (4) with pumping capability.

The development of these four hydroelectric power plants will allow to increase Portugal's generation capacity through renewable and endogenous energy sources, both directly, because it is foreseen that the electricity generation resulting from these projects could amount, in an average hydro year, to approximately 1,000 GWh/year, corresponding to avoided CO₂ emissions of 500 thousand ton/year, and also indirectly, by increasing the attractiveness of additional wind capacity.

EDP – Energias de Portugal, S.A.