EDP Renováveis, S.A.

Annual Accounts
31 December 2015

Directors' Report
Year 2015

(With Auditors' Report Thereon)

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Independent Auditor's Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the annual accounts

We have audited the annual accounts of EDP Renováveis, S.A. (the "Company"), which comprise the balance sheet at 31 December 2015, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

Directors' responsibility for the annual accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they present fairly the equity, financial position and financial performance of EDP Renováveis, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of EDP Renováveis, S.A. at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on other legal and regulatory requirements

The accompanying directors' report for 2015 contains such explanations as the Directors consider relevant to the situation of EDP Renováveis, S.A., its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2015. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2016

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ENERGY WITH INTELLIGENCE

EDP RENOVÁVEIS, S.A.

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BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

ASSETS	NOTE	2015	2014
Intangible assets	5	934	1,428
Property, plant and equipment	6	816	1,075
Non-current investments in Group companies and associates:		7,216,863	6,812,236
Equity instruments	8	7,202,187	6,804,791
Derivatives	11	14,676	7,445
Non-current investments		412	328
Deferred tax assets	18	23,108	17,007
Total non-current assets		**7,242,133**	**6,832,074**
Trade and other receivables:		37,252	36,497
Trade receivables from Group companies and associates – current	9	22,718	16,852
Other receivables	9	14,531	19,644
Personnel	9	3	1
Current investments in Group companies and associates:	10.a	635	57,918
Derivatives	11	554	12,566
Other investments		81	45,352
Prepayments for current assets		78	114
Cash and cash equivalents	12	100,431	486
Cash		100,431	486
Total current assets		**138,396**	**95,015**
Total assets		**7,380,529**	**6,927,089**

The accompanying notes form an integral part of the annual accounts for 2015.

BALANCE SHEETS AT 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

EQUITY AND LIABILITIES	NOTE	2015	2014
Capital and reserves:			
Capital	13.a	4,361,541	4,361,541
Share premium		1,228,451	1,228,451
Reserves		427,252	249,441
Profit for the year		31,597	212,704
Total equity		**6,048,841**	**6,052,137**
Non-current provisions:		570	450
Long-term employee benefits	14	570	450
Non-current payables:		674,970	223,870
Derivatives arranged with Group companies	11	674,970	223,870
Group companies and associates, non-current	16.a	410,952	368,506
Deferred tax liabilities	18	29,263	27,805
Total non-current liabilities		**1,115,755**	**620,631**
Current payables:		146,601	213,080
Derivatives arranged with Group companies	11	146,001	212,210
Other financial liabilities	16.b	600	870
Group companies and associates, current	16.a	49.123	26,498
Trade and other payables:		20,209	14,743
Suppliers, Group companies and associates, current	16.d	9,412	9,757
Other payables	16.d	7,431	2,073
Personnel (salaries payable)	16.d	2,993	2,540
Public entities, other	18	373	373
Total current liabilities		**215,933**	**254,321**
Total equity and liabilities		**7,380,529**	**6,927,089**

The accompanying notes form an integral part of the annual accounts for 2015.

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

CONTINUING OPERATIONS	NOTE	2015	2014
Revenues	21.a	107,050	264,474
Self-constructed assets		-	-
Other operating income:		1.128	251
Non-trading and other operating income		1.128	251
Personnel expenses:		(14,482)	(13,327)
Salaries and wages		(11,792)	(10,851)
Employee benefits expense	21.c	(2,690)	(2,476)
Other operating expenses:		(23,563)	(14,304)
External services	21.d	(20,015)	(14,061)
Taxes		(204)	(8)
Other expenses		(3,344)	(235)
Amortisation and depreciation	5 and 6	(779)	(1,096)
Results from operating activities		**69,354**	**235,998**
Finance income:	9	1,452	667
Marketable securities and other financial instruments:		1,452	667
Group companies and associates		1,449	664
Other		3	3
Finance costs:	15	(55,501)	(40,185)
Group companies and associates		(55,459)	(40,178)
Other		(42)	(7)
Change in fair value of financial instruments	9 and 15	32,784	29,735
Exchange losses	10.e and 16.f	(32,153)	(32,558)
Impairment and losses on disposal of financial instruments	8	(2,782)	-
Net finance cost		**(56,200)**	**(42,341)**
Profit before income tax		**13,154**	**193,657**
Income tax	18	18,443	19,047
Profit from continuing operations		**31,597**	**212,704**
DISCONTINUED OPERATIONS			
Profit for the year		**31.597**	**212.704**

The accompanying notes form an integral part of the annual accounts for 2015.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	NOTE	2015	2014
Profit for the year		31,597	212,704
Total income and expense recognised directly in equity		-	-
Total amounts transferred to the income statement		-	-
Total adjustments to non-financial assets and non-financial liabilities		-	-
Total recognised income and expense		**31,597**	**212,704**

B) STATEMENTS OF TOTAL CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

ENTITY	CAPITAL	SHARE PREMIUM	RESERVES	SHARE CAPITAL INCREASE COSTS	PROFIT OF THE YEAR	TOTAL
Balance at 31 December 2014	**4,361,541**	**1,228,451**	**284,011**	**(34,570)**	**212,704**	**6,052,137**
Recognised income and expense	-	-	-	-	31,597	31,597
Distribution of profit:						
Reserves	-	-	177,811	-	(177,811)	-
Dividends	-	-	-	-	(34,893)	(34,893)
Balance at 31 December 2015	**4,361,541**	**1,228,451**	**461,822**	**(34,570)**	**31,597**	**6,048,841**

THOUSANDS OF EUROS

ENTITY	CAPITAL	SHARE PREMIUM	RESERVES	SHARE CAPITAL INCREASE COSTS	PROFIT OF THE YEAR	TOTAL
Balance at 31 December 2013	**4,361,541**	**1,228,451**	**261,905**	**(34,570)**	**56,999**	**5,874,326**
Recognised income and expense	-	-	-	-	212,704	212,704
Distribution of profit:						
Reserves	-	-	22,106	-	(22,106)	-
Dividends	-	-	-	-	(34,893)	(34,893)
Balance at 31 December 2014	**4,361,541**	**1,228,451**	**284,011**	**(34,570)**	**212,704**	**6,052,137**

The accompanying notes form an integral part of the annual accounts for 2015.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	NOTE	2015	2014
Cash flows from operating activities:			
Profit for the year before tax		13,154	193,657
Adjustments for:		3,050	4,369
Amortisation and depreciation (+)	5 and 6	779	1,096
Change in provisions (+/-)	14	120	450
Exchange differences (+/-)	10.d and 16.f	32,153	32,558
Change in fair value of financial instruments (+/-)	15	(32,784)	(29,735)
Impairment and losses on disposal of financial instruments (+/-)		2,782	-
Changes in operating assets and liabilities:		(2,629)	(3,330)
Trade and other receivables (+/-)		(5,911)	(4,188)
Other current assets		(41)	(44)
Trade and other payables (+/-)		4,259	2,104
Other current liabilities (+/-)		(936)	(1,201)
Other cash flows from operating activities:		19,574	8,939
Income tax paid (received) (+/-)	18	19,574	8,939
Cash flows from operating activities		**33,149**	**203,635**
Cash flows from investing activities:			
Payments for investments: (-)		(90,550)	(57,233)
Group companies and associates		(90,524)	(57,053)
Intangible assets		(3)	(77)
Property, plant and equipment		(23)	(103)
Proceeds from sale of investments: (+)		161,797	107,465
Group companies and associates		116,043	87,016
Other financial assets		45,754	20,449
Cash flows from investing activities		**71,247**	**50,232**
Cash flows from financing activities:			
Proceeds from and payments for financial liability instruments:		27,192	(219,078)
Debt issuance to Group companies (+)		29,703	-
Redemption and repayment of payables to Group companies (-)		(2,511)	(219,078)
Dividends and interest on other equity instruments paid:		(34,893)	(34,893)
Dividends (-)		(34,893)	(34,893)
Cash flows used in financing activities		**(7,701)**	**(253,971)**
Effect of exchange rate fluctuations		3,250	28
Net decrease in cash and cash equivalents		**99,945**	**(76)**
Cash and cash equivalents at beginning of year	12	486	562
Cash and cash equivalents at year end	12	100,431	486

NOTES TO THE ANNUAL ACCOUNTS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

1. NATURE AND ACTIVITIES OF THE COMPANY

EDP Renováveis, S.A. (hereinafter, "the Company") was incorporated by public deed under Spanish law on 4 December 2007 and commenced operations on the same date. Its registered office is at Plaza de la Gesta, 2, Oviedo.

On 18 March 2008, the shareholders agreed to change the corporate status of the Company from EDP Renováveis, S.L. to EDP Renováveis, S.A.

According to the Company's articles of association, the statutory activity of EDP Renováveis, S.A. comprises activities related to the electricity sector, specifically the planning, construction, maintenance and management of electricity production facilities, in particular those eligible for the special regime for electricity generation. The Company promotes and develops projects relating to energy resources and electricity production activities as well as managing and administering other companies' equity securities.

The Company can engage in its statutory activities directly or indirectly through ownership of shares or investments in companies or entities with identical or similar statutory activities.

On 28 January 2008, EDP-Energías de Portugal, S.A. informed the market and the general public that its directors had decided to launch a public share offering in EDP Renováveis, S.L. The Company completed its initial flotation in June 2008, with 22.5% of shares in the Company quoted on the Lisbon stock exchange.

As explained in note 8 the Company holds investments in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to give a true and fair view of the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies are provided in Appendix I.

The operating activity of the Group headed by the Company is carried out in Europe, the USA and Brazil through three subgroups headed by EDP Renewables Europe, S.L.U. (EDPR EU) in Europe, EDP Renewables North America, LLC (EDPR NA, formerly Horizon Wind Energy, LLC) in the USA and EDP Renováveis Brasil in Brazil. In 2010 the Group incorporated the subsidiary EDP Renewables Canada, Ltd. to provide a base for carrying out projects in Canada.

The Company belongs to the EDP Group, of which the parent is EDP Energías de Portugal, S.A., with registered office at Avenida 24 de julho, 12, Lisbon.

In 2012, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública – Participações Públicas (S.G.P.S.), S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., the majority shareholder of the Company.

Under the agreements for its entry into the share capital of the EDP Group, CTG undertook to make minority investments totalling Euros 2,000 million in EDP Renováveis Group assets representing an installed capacity of 1.5 GW (900 MW in service and 600 MW under construction). A part of these investments was completed in 2013 through the sale to CTG of 49% of the shares in EDP Renováveis Portugal, S.A. for an amount of Euros 257.9 million.

Additional investments were completed in 2015 through the sale to CTG of non-controlling interests in wind farms in Brazil. To attain a 49% interest in the Brazilian wind farms, CTG will carry out investments totalling Brazilian Reais 385 million, including contributions of capital that have already been made and future contributions amounting to Brazilian Reais 86.8 million for construction projects. This transaction, carried out in the framework of the agreement entered into between CTG and EDP, encompasses a total of 84 MW in operation and 237 MW under construction.

The EDP Renováveis Group carried out a number of operations effective from 1 January 2013 as part of the Group's financial restructuring, aimed at maximising the efficiency of financing between Group companies by concentrating the Group's financial activities in EDP Renováveis Servicios Financieros, S.L. and transferring the financial activities carried out by the Company prior to that date to this company.

Within the framework of this restructuring, EDP Renováveis, S.A. made a non-monetary contribution of Euros 12 million to EDP Renováveis Servicios Financieros, S.L., consisting of loans extended to the subsidiaries of the EDP Renewables Europe S.L. subgroup and the loans obtained from EDP Finance BV. As part of this operation, the EDP Renováveis Group also transferred its Finances department to the new financial entity.

On 23 February 2016 the directors authorised the issue of the consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for 2015 under International Financial Reporting Standards (IFRS) (24 February 2015 for 2014), which show consolidated profit of Euros 245,491 thousand and consolidated equity of Euros 6,834,110 thousand (Euros 177,887 thousand and Euros 6,330,759 thousand in 2014). The consolidated annual accounts will be filed at the Asturias Mercantile Registry.

2. BASIS OF PRESENTATION

A. TRUE AND FAIR VIEW

The annual accounts for 2015 have been prepared on the basis of the accounting records of EDP Renováveis, S.A., in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 31 December 2015 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the accompanying individual annual accounts for 2015, authorised for issue on 23 February 2016, will be approved with no changes by the shareholders at their annual general meeting.

B. COMPARATIVE INFORMATION

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2015 include comparative figures for 2014, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 9 April 2015.

However, as permitted by the resolution issued on 29 January 2016 by the Spanish Accounting and Auditing Institute on the information to be included in the notes to annual accounts regarding average payment periods for suppliers, note 17 does not include comparative information for 2014.

C. FUNCTIONAL AND PRESENTATION CURRENCY

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

D. CRITICAL ISSUES REGARDING THE VALUATION AND ESTIMATION OF RELEVANT UNCERTAINTIES AND JUDGEMENTS USED WHEN APPLYING ACCOUNTING PRINCIPLES

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment in circumstances where there are indications of impairment. An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on projections in the budgets approved by management. The flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates in accordance with best estimates of rises in electricity prices in each country, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

The fair value of financial instruments is based on market quotations when available. Otherwise, fair value is based on prices applied in recent, similar transactions in market conditions or on evaluation methodologies using discounted future cash flow techniques, considering market conditions, time value, the profitability curve and volatility factors. These methods may require assumptions or judgements in estimating fair value.

Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2015, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

E. FINANCIAL POSITION AND EQUITY

The balance sheet at 31 December 2015 shows that the Company has negative working capital of Euros 77.5 million (Euros 159.3 million in 2014). However, the Company has current liabilities totalling Euros 204 million with Group companies, of which Euros 56 million relates to current account contracts that are automatically renewable for one-year periods and Euros 139.2 million reflects the fair value of one of the derivatives arranged with EDP Energías de Portugal Sucursal en España S.A., which is used to apply hedge accounting to the investment in EDP Renewables North America, LLC. Moreover, the Company is the parent of a group of companies that generate positive operating cash flows, and as such, the directors consider that the Group will generate sufficient cash flows to meet its obligations in the short term.

Consequently, the directors have prepared these annual accounts on a going concern basis.

3. DISTRIBUTION OF PROFIT

The proposed distribution of 2015 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	EUROS
Basis of allocation:	
Profit for the year	31,596,861.64
Retained earnings from previous years	15,178,232.62
Distribution:	
Legal reserve	3,159,686.16
Dividends	43,615,408.10
Total	**46,775,094.26**

The distribution of profit and reserves of the Company for the year ended 31 December 2014, approved by the shareholders at their annual general meeting held on 9 April 2015, is as follows:

	EUROS
Basis of allocation	
Profit for the year	212.703.502,15
Distribution:	
Legal reserve	21.270.350,22
Dividends	34.892.326,48
Voluntary reserve	156.540.825,46
Total	**212.703.502,15**

At 31 December non-distributable reserves are as follows:

	THOUSANDS OF EUROS	
	2015	**2014**
Non-distributable reserves:		
Legal reserve	56,646	35,375
	56,646	35,375

Profit recognized directly in equity cannot be distributed, either directly or indirectly.

4. SIGNIFICANT ACCOUNTING POLICIES

A. FOREIGN CURRENCY TRANSACTIONS, BALANCES AND CASH FLOWS

Foreign currency transactions have been translated into Euros using the spot exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

B. INTANGIBLE ASSETS

Computer software is measured at purchase price and carried at cost, less any accumulated amortisation and impairment. Computer software is amortised by allocating the depreciable amount on a systematic basis over its useful life, which has been estimated at five years from the asset entering normal use.

Capitalised personnel expenses of employees who install computer software are recognised as self-constructed assets in the income statement.

Computer software acquired and produced by the Company, including website costs, is recognised when it meets the following conditions:

- Payments attributable to the performance of the project can be measured reliably.
- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

Computer software maintenance costs are charged as expenses when incurred.

C. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost of acquisition. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	DEPRECIATION METHOD	ESTIMATED YEARS OF USEFUL LIFE
Other installations	Straight-line	10
Furniture	Straight-line	10
Information technology equipment	Straight-line	4

D. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities at fair value through profit or loss

This category also includes the derivative financial instruments described in note 11, which are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Investments in Group companies

Investments in Group companies are initially recognised at cost, which is equivalent to the fair value of the consideration given, excluding transaction costs, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

Investments in Group companies denominated in foreign currency included in hedges of net investments in foreign operations are updated for exchange rate fluctuations (see note 4 l).

Investments in Group companies acquired through a non-monetary contribution from another Group company are measured at the pre-transaction value in the individual annual accounts of the contributing company.

Non-monetary contributions in exchange for investments in the equity of other companies

In non-monetary contributions of businesses (including investments in Group companies) to other Group companies, equity investments received are measured at the transaction date at the higher of the carrying amount of the assets and liabilities transferred in the individual annual accounts of the contributing company and the amount representative of the percentage of interest in the equity of the business contributed. Gains or losses deferred in recognised income and expense associated with the assets and liabilities conveyed continue to be recognised in equity but are linked to the investment received.

Interest and dividends

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

Pursuant to requested ruling number 2 issued by the Spanish Accounting and Auditing Institute, published in its Official Gazette number 78, for entities whose ordinary activity is the holding of shares in group companies and the financing of investees, the dividends and other income – coupons, interest – earned on financing extended to investees, as well as profits obtained from the disposal of investments, constitute revenue in the income statement.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

- Impairment of financial assets carried at amortised cost

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised

- Investments in Group companies

An asset is impaired when its carrying amount exceeds its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the final disposal of the asset.

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is recorded in the income statement.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies

Financial liabilities

Financial liabilities, including trade and other payables, are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

Fair value

The fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If available, quoted prices in an active market are used to determine fair value. Otherwise, the Company calculates fair value using recent transaction prices or, if insufficient information is available, generally accepted valuation techniques such as discounting expected cash flows.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company classifies cash pooling current accounts with Group companies under this heading.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

F. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in the income statement.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

G. INCOME TAX

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

The Company files consolidated tax returns as part of the 385/08 group headed by EDP Energías de Portugal, S.A. Sucursal en España.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carried forward are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies and associates.

Taxable temporary differences

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

Offset and classification

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement

H. CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the annual accounts are authorised for issue.

I. ENVIRONMENTAL ISSUES

Environmental assets

Non-current assets acquired by the Company to minimise the environmental impact of its activity and to protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as property, plant and equipment in the balance sheet at purchase price or cost of production and depreciated over their estimated useful lives.

Environmental expenses

Environmental expenses are the costs derived from managing the environmental effects of the Company's operations and existing environmental commitments. These include expenses relating to the prevention of pollution caused by ordinary activities, waste treatment and disposal, decontamination, restoration, environmental management or environmental audit.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are incurred.

Environmental provisions

The Company makes an environmental provision when expenses are probable or certain to arise but the amount or timing is unknown. Where necessary, provision is also made for environmental work arising from any legal or contractual commitments and for those commitments acquired for the prevention and repair of environmental damage.

J. RELATED PARTY TRANSACTIONS

Transactions between Group companies are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

K. HEDGE ACCOUNTING

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Company undertakes fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Company has also opted to record hedges of foreign currency risk of a firm commitment as a cash flow hedge.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

The Company hedges net investments in foreign operations in relation to its investment in the Group companies EDP Renewables North America, LLC, EDP Renováveis Brasil S.A. and EDP Renewables Canada, Ltd.

L. HEDGES OF A NET INVESTMENT IN A FOREIGN OPERATION

The Company hedges the foreign currency risk arising from investments in Group companies denominated in foreign currency. The portion of gains or losses on the hedging instrument or on the changes in the exchange of the monetary item used as the hedging instrument is recognised as exchange gains or losses in income statement. Gains or losses on investments related to the foreign currency amount of the underlying in the annual accounts are recognised as exchange gains or losses in profit and loss with a valuation adjustment for the effective part of the hedge.

M. LONG- AND SHORT-TERM EMPLOYEE BENEFITS

The Company recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

5. INTANGIBLE ASSETS

Details of intangible assets and movement are as follows:

THOUSANDS OF EUROS

	BALANCE AT 31.12.14	ADDITIONS	TRANSFERS	BALANCE AT 31.12.15
Cost:				
Computer software	5,182	3	-	5,185
	5,182	**3**	**-**	**5,185**
Amortisation:				
Computer software	(3,754)	(497)	-	(4,251)
	(3,754)	**(497)**	**-**	**(4,251)**
Carrying amount	**1,428**	**(494)**	**-**	**934**

THOUSANDS OF EUROS

	BALANCE AT 31.12.13	ADDITIONS	TRANSFERS	BALANCE AT 31.12.14
Cost:				
Computer software	4,419	-	763	5,182
Computer software under development	686	77	(763)	-
	5,105	**77**	**-**	**5,182**
Amortisation:				
Computer software	(2,947)	(807)	-	(3,754)
	(2,947)	**(807)**	**-**	**(3,754)**
Carrying amount	**2,158**	**(730)**	**-**	**1,428**

Additions in 2015 and 2014 reflect accounting management applications purchased or developed and completed during the year and that are currently in use.

At the 2015 reporting date, the Company had fully amortised intangible assets in use amounting to Euros 2,709 thousand (Euros 2,702 thousand in 2014).

At 31 December 2015 and 2014 the Company has no commitments to purchase intangible assets.

6. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movement are as follows:

THOUSANDS OF EUROS

	BALANCE AT 31.12.13	ADDITIONS	BALANCE AT 31.12.14	ADDITIONS	BALANCE AT 31.12.15
Cost:					
Others Installations	1,648	4	1,652	-	1,652
Furniture	59	19	78	2	80
Information technology equipment	596	-	596		596
Vehicles	-	-	-	21	21
	2,303	**23**	**2,326**	**23**	**2,349**
Depreciation:					
Others Installations	(580)	(165)	(745)	(165)	(910)
Furniture	(11)	(7)	(18)	(8)	(26)
Information technology equipment	(371)	(117)	(488)	(108)	(596)
Vehicles	-	-	-	(1)	(1)
	(962)	**(289)**	**(1,251)**	**(282)**	**(1,533)**
Carrying amount	**1,341**	**(266)**	**1,075**	**(259)**	**816**

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

Fully depreciated property, plant and equipment amount to Euros 596 thousand at the 2015 reporting date (Euros 161 thousand in 2014) and comprise information technology equipment.

At 31 December 2015 and 2014 the Company has no commitments to purchase property, plant and equipment.

7. RISK MANAGEMENT POLICY

A. FINANCIAL RISK FACTORS

The Company's activities are exposed to various financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

The directors of the Company are responsible for defining general risk management principles and establishing exposure limits. The Company's financial risk management is subcontracted to the Finance Department of EDP-Energías de Portugal, S.A. in accordance with the policies approved by the board of directors. The subcontracted service includes the identification and evaluation of hedging instruments.

All operations involving derivative financial instruments are subject to prior approval from the board of directors, which sets the parameters of each operation and approves the formal documents describing the objectives of the operation.

Currency Risk

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar, the Brazilian Real, the Canadian Dollar and the Polish Zloty. Currency risk is associated with recognised assets and liabilities, and net investments in foreign operations.

The Company holds investments in Group companies denominated in a foreign currency, which are exposed to currency risk. Currency risk affecting these investments is mitigated primarily through derivative financial instruments and borrowings in the corresponding foreign currencies.

Details of hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 8, 10, 16 and 21.

At 31 December 2014 and 2013, had the Euro risen/fallen by 10% against the US Dollar, with the other variables remaining constant, the effect on pre-tax profit would have been as follows:

THOUSANDS OF EUROS

	2015	2014
EUR/USD exchange rate rose by 10%	(1,019)	84
EUR/USD exchange rate fell by 10%	1,246	(103)

This effect essentially derives from the translation of debt in foreign currencies.

Credit Risk

The Company is not significantly exposed to credit risk as the majority of its balances and transactions are with Group companies. As the counterparties of derivative financial instruments are Group companies, and the counterparties of their derivative financial instruments are highly solvent banks, the Company is not subject to significant counterparty default risk. Guarantees or other derivatives are therefore not requested in this type of operation.

The Company has documented its financial operations in accordance with international standards. The majority of its operations with derivative financial instruments are therefore contracted under "ISDA Master Agreements", which facilitate the transfer of instruments in the market.

Details of financial assets exposed to credit risk are provided in note 10.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to comply with its financial commitments on maturity. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation.

Compliance with the liquidity policy ensures that contracted commitments are paid, maintaining sufficient credit facilities. The EDP Renováveis Group manages liquidity risk by arranging and maintaining credit facilities with its majority shareholder, or directly with domestic and international entities in the market, under optimal conditions, to ensure access to the financing required to continue its activities.

Details of financial assets and financial liabilities by contractual maturity date are provided in notes 10 and 16.

Cash flow and fair value interest rate risks

In light of the non-monetary contribution mentioned in notes 8.a, in 2015 and 2014 the Company does not have a considerable amount of remunerated assets and as a result, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk arises from non-current borrowings, which are extended by Group companies. The loans have fixed interest rates, exposing the Company to fair value risks.

Details of hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

8. INVESTMENTS IN EQUITY INSTRUMENTS OF GROUP COMPANIES

Details of direct investments in equity instruments of Group companies are as follows:

THOUSANDS OF EUROS

	2015	2014
EDP Renováveis Brasil S.A.	113,301	40,586
EDP Renewables Europe, S.L.U.	3,079,340	3,079,340
EDP Renewables North America, LLC	3,714,906	3,389,682
EDP Renewables Canada, Ltd	18,670	16,445
EDP Renováveis Servicios Financieros S.A	274,892	274,892
EDPR PRO V S.L.R	25	11
South Africa Wind & Solar Power S.L	1,046	3,828
Greenwind S.A	7	7
	7,202,187	**6,804,791**
	(Note 10a)	(Note 10a)

Movement in Group equity instruments during 2015 and 2014 was as follows:

THOUSANDS OF EUROS

2015						
	31.12.2014	ADDITIONS	DISPOSALS	CHANGES IN EXCHANGE RATES	IMPAIR-MENTS	31.12.2015
EDP Renováveis Brasil S.A.	40,586	82,105	-	(9,390)	-	113,301
EDP Renewables Europe, S.L	3.079,340	-	-	-	-	3,079,340
EDP Renewables North America, LLC	3.389,682	-	(70,695)	395,919	-	3,714,906
EDP Renewables Canada, Ltd	16,445	3,032	-	(807)	-	18,670
EDP Renováveis Servicios Financieros S.A	274,892	-	-	-	-	274,892
EDPR PRO V S.L.R	11	14	-	-	-	25
South Africa Wind & Solar Power S.L	3,828	-	-	-	(2,782)	1,046
Greenwind S.A	7	-	-	-	-	7
Total equity instruments	**6,804,791**	**85,151**	**(70,695)**	**385,722**	**(2,782)**	**7,202,187**

THOUSANDS OF EUROS

	2014					
	31.12.2013	ADDITIONS	DISPOSALS	CHANGES IN EXCHANGE RATES	IMPAIR-MENTS	31.12.2014
EDP Renováveis Brasil S.A.	36,690	3,475	-	421	-	40,586
EDP Renewables Europe, S.L	3,079,340	-	-	-	-	3,079,340
EDP Renewables North America, LLC	3,048,360	-	(73,572)	414,894	-	3,389,682
EDP Renewables Canada, Ltd	28,799	-	(13,445)	1,091	-	16,445
EDP Renováveis Servicios Financieros S.A	274,892	-	-	-	-	274,892
EDPR PRO V S.L.R	11	-	-	-	-	11
South Africa Wind & Solar Power S.L.	2,278	1,550	-	-	-	3,828
Greenwind S.A	7	-	-	-	-	7
Total equity instruments	**6,470,377**	**5,025**	**(87,017)**	**416,406**	**-**	**6,804,791**

In 2015 the Company recognised impairment of Euros 2,782 thousand as a result of the impairment test performed on the investment in South Africa Wind & Solar Power S.L. No impairment has been recognised as a result of the tests performed on the remaining investments.

A. INVESTMENTS IN GROUP COMPANIES

Details of direct and indirect investments in Group companies are provided in Appendix I.

In 2015 and 2014 the Company financed its subsidiary EDP Renewables North America, LLC (EDPR NA) by subscribing successive share capital increases/reductions representing net share capital reductions of Euros 70,695 thousand and Euros 73,571 thousand (US Dollars 69,400 thousand and US Dollars 86,480 thousand) in 2015 and 2014.

During 2015 the Company carried out a share capital increase in EDP Renováveis Brasil S.A. amounting to Euros 41,382 thousand (Brazilian Reais 132,519 thousand). In addition to this share capital increase, in 2015 the Company acquired EDP Energías do Brasil, S.A.'s investment in EDP Renováveis Brasil S.A. for Euros 40,722 thousand (Brazilian Reais 176,000 thousand), thereby raising its interest to 100%. In 2014 the Company subscribed a share capital increase by its subsidiary EDP Renováveis Brasil S.A. totalling Euros 3,475 thousand (Brazilian Reais 11,231 thousand).

In 2015 the Company subscribed a share capital increase by EDP Renewables Canada, Ltd., totalling Euros 3,032 thousand (Canadian Dollars 4,600 thousand). In 2014 the Company reduced the share capital of EDP Renewables Canada by Euros 13,445 thousand (Canadian Dollars 19,000 thousand).

During 2014 the Company subscribed a share capital increase by South Africa Wind & Solar Power, S.L. of Euros 1,550 thousand. During 2015 the Company recognised impairment of Euros 2,782 thousand as a result of the impairment test performed on the investment in South Africa Wind & Solar Power S.L.

Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled. The net investment in these operations coincides with the carrying amount of the investment.

Hedged investments

Details of investments, the fair value of which is hedged against currency risk, at 31 December 2015 and 2014 are as follows:

THOUSANDS OF EUROS

	2015	2014
EDP Renováveis Brasil S.A.	27,720	37,111
EDP Renewables North America, LLC. (EDPR NA)	3,714,906	3,389,682
EDP Renewables Canada, Ltd	15,638	-
	3,758,264	**3,426,793**

Management hedges foreign currency risk arising from the Company's equity investments denominated in foreign currency.

The changes in value due to exchange rate fluctuations of equity instruments and the changes in fair value of hedging instruments are recognised in exchange gains/losses in the income statement. Details for 2015 and 2014 are as follows:

THOUSANDS OF EUROS

GAINS / (LOSSES) 2015	EDPR NA	EDPR BR	EDPR CA	TOTAL
Investments in Group companies (note 11)	395,919	(9,390)	(807)	385,722
Hedging instruments				
Foreign currency derivatives (note 11)	(381,491)	8,701	554	(372,236)
Fixed rate debt in foreign currency (note 11)	(42,446)	-	-	(42,446)
	(28,018)	**(689)**	**(253)**	**(28,960)**

THOUSANDS OF EUROS

GAINS / (LOSSES) 2014	EDPR NA	EDPR BR	EDPR CA	TOTAL
Investments in Group companies (note 11)	414,894	420	1,091	416,405
Hedging instruments				
Foreign currency derivatives (note 11)	(396,338)	(280)	(1,292)	(397,910)
Fixed rate debt in foreign currency (note 11)	(44,089)	-	-	(44,089)
	(25,533)	**140**	**(201)**	**(25,594)**

The hedging instruments used by the Company to hedge foreign currency risk arising from the investments in EDP Renewables North America, LLC comprise:

- This hedging instrument comprises three C.I.R.S. (cross interest rate swaps) EUR/USD swaps arranged with EDP Sucursal en España, S.A. for a notional amount of US Dollars 2,619,281 thousand (US Dollars 2,632,613 thousand in 2014). The fair value of the hedging instrument at 31 December 2015 totals Euros 588,953 thousand (Euros 342,191 thousand at 31 December 2014), and this has been recognised in non-current payables under non-current liabilities and current payables under current liabilities in the accompanying balance sheet (see note 11). At 31 December 2015 the loss relating to the aforementioned net investment hedging operation totalled Euros 21,382 thousand (loss of Euros 7,550 at 31 December 2014) and recognised under finance costs on payables to Group companies and associates in the accompanying income statement.

- Hedging instrument comprising three EUR/USD cross interest rate swaps arranged with EDPR Servicios Financieros, S.L. for a notional amount of US Dollars 1,389,297 thousand The fair value of the hedging instrument amounts to Euros 223,130 thousand at 31 December 2015 (Euros 91,326 thousand at 31 December 2014) and has been recognised in non-current payables under non-current liabilities. At 31 December 2015 the net finance cost incurred on hedging instruments on net investments totalled Euros 9,724 thousand (Euros 5,604 thousand in 2014) and has been recognised under finance costs on payables to Group companies and associates in the accompanying income statement

- Hedging instruments consisting of a US Dollar-denominated loan, granted by EDP Finance, for a notional amount of US Dollars 447,403 thousand. This loan has generated exchange differences of Euros 42,446 thousand in 2015 (Euros 44,089 thousand in 2014).

To hedge the currency risk arising from the exposure of the investment in EDP Renováveis Brasil S.A., denominated in Brazilian Reais, Company management designated a hedging instrument comprising two EUR/BRL cross interest rate swaps for a total notional amount of Brazilian Reais 118,000 thousand, equivalent to Euros 45,403 thousand using the exchange rate at the contract date.

In 2015 Company management arranged a hedging instrument to cover the currency risk associated with its Canadian Dollar-denominated investment in EDP Renewables Canada, Ltd. This hedging instrument comprises a future arranged for a notional amount of Euros 15,812 thousand (Canadian Dollars 22,950 thousand).

9. FINANCIAL ASSETS BY CATEGORY

The classification of financial assets, other than investments in group companies, by category and class, as well as a comparison of the fair value and the carrying amount is as follows:

THOUSANDS OF EUROS

2015								
	NON-CURRENT				CURRENT			
	AT AMORTISED COST OR COST				AT AMORTISED COST OR COST			
	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL
Assets held for trading								
Derivative financial instruments	-	-	2,134	2,134	-	-	-	-
Total	-	-	2,134	2,134	-	-	-	-
Loans and receivables								
Deposits and guarantees	4	4	-	4	-	-	-	-
Other financial assets	408	408	-	408	81	81	-	81
Trade and other receivables	-	-	-	-	37,252	37,252	-	37,252
Total	412	412	-	412	37,333	37,333	-	37,333
Hedging derivatives								
Traded on OTC markets	-	-	12,542	12,542	-	-	554	554
Total	-	-	12,542	12,542	-	-	554	554
Total financial assets	**412**	**412**	**14,676**	**15,088**	**37,333**	**37,333**	**554**	**37,887**

THOUSANDS OF EUROS

2014								
	NON-CURRENT				CURRENT			
	AT AMORTISED COST OR COST				AT AMORTISED COST OR COST			
	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL
Assets held for trading								
Derivative financial instruments	-	-	2,563	2,563	-	-	8,139	8,139
Total	-	-	2,563	2,563	-	-	8,139	8,139
Loans and receivables								
Deposits and guarantees	6	6	-	6	-	-	-	-
Other financial assets	322	322	-	322	45,352	45,352	-	45,352
Trade and other receivables	-	-	-	-	36,497	36,497	-	36,497
Total	328	328	-	328	81,849	81,849	-	81,849
Hedging derivatives								
Traded on OTC markets	-	-	4,882	4,882	-	-	4,427	4,427
Total	-	-	4,882	4,882	-	-	4,427	4,427
Total financial assets	**328**	**328**	**7,445**	**7,773**	**81,849**	**81,849**	**12,566**	**94,415**

Net losses and gains by category of financial asset are as follows:

THOUSANDS OF EUROS

2015				
	LOANS AND RECEIVABLES GROUP COMPANIES	LOANS AND RECEIVABLES THIRD PARTIES	ASSETS HELD FOR TRADING	TOTAL
Finance income at amortised cost	2,659	3	-	2,662
Dividends	89,091	-	-	89,091
Change in fair value	-	-	32,784	32,784
Net gains in profit and loss	**91,750**	**3**	**32,784**	**124,537**

THOUSANDS OF EUROS

2014				
	LOANS AND RECEIVABLES GROUP COMPANIES	LOANS AND RECEIVABLES THIRD PARTIES	ASSETS HELD FOR TRADING	TOTAL
Finance income at amortised cost	1,489	667	-	2,156
Dividends	249,812	-	-	249,812
Change in fair value	-	-	31,851	31,851
Net gains in profit and loss	**251,301**	**667**	**31,851**	**283,819**

10. INVESTMENTS AND TRADE RECEIVABLES

A. INVESTMENTS IN GROUP COMPANIES

Details of investments in Group companies are as follows:

THOUSANDS OF EUROS

	2015		2014	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Group				
Equity instruments (note 8)	7,202,187	-	6,804,791	-
Derivative financial instruments (note 11)	14,676	554	7,445	12,566
Other financial assets	-	81	-	45,352
	7,216,863	**635**	**6,812,236**	**57,918**

In 2014, other financial assets comprised current accounts with the Group, which earned daily interest settled on a monthly basis. The rate applicable to interest receivable ranged from the one-month Euribor to the six-month Euribor, plus a spread of between 0.35% and 0.50%, whilst the rate applicable to interest payable is the one-month Euribor, plus a spread of between 1.5% and 2.5%.

The contractual terms have been modified in 2015 to convert this current account into a cash pooling account, which now meets the conditions to be recognised as cash and cash equivalents in the balance sheet (see note 12).

B. CLASSIFICATION BY MATURITY

The classification of financial assets by maturity is as follows:

THOUSANDS OF EUROS

2015	2016	2017	2018	2019	2020	SUB-SEQUENT EVENTS	LESS CURRENT PORTION	TOTAL NON-CURRENT
Deposits and guarantees	-	-	-	-	-	4	-	4
Other financial assets	81	-	-	-	-	408	(81)	408
Derivative financial instruments	554	12,467	2,209	-	-	-	(554)	14,676
Trade receivables from Group companies and associates	22,718	-	-	-	-	-	(22,718)	-
Other receivables	14,534	-	-	-	-	-	(14,534)	-
Total	**37,887**	**12,467**	**2,209**	**-**	**-**	**412**	**(37,887)**	**15,088**

THOUSANDS OF EUROS

2014	2016	2017	2018	2019	2020	SUB-SEQUENT EVENTS	LESS CURRENT PORTION	TOTAL NON-CURRENT
Deposits and guarantees	-	-	-	-	-	6	-	6
Other financial assets	45,352	-	-	-	-	322	(45,352)	322
Derivative financial instruments	12,566	-	7,445	-	-	-	(12,566)	7,445
Trade receivables from Group companies and associates	16,852	-	-	-	-	-	(16,852)	-
Other receivables	19,645	-	-	-	-	-	(19,645)	-
Total	**94,415**	**-**	**7,445**	**-**	**-**	**328**	**(94,415)**	**7,773**

C. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables are as follows:

THOUSANDS OF EUROS

	CURRENT	
	2015	2014
Group:	37,142	36,431
Trade receivables	22,718	16,852
Other receivables	14,424	19,579
Unrelated parties:	110	66
Other receivables	110	66
Total	**37,252**	**36,497**

Trade receivables from Group companies in 2015 and 2014 essentially reflect the balance receivable under management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC during 2013 (see note 20 (b)).

Other receivables from Group companies in 2015 comprise balances receivable from the Parent, EDP Energias de Portugal, S.A., Sucursal en España, for income tax amounting to Euros 14,424 thousand (Euros 19,579 thousand in 2014), as the Company files consolidated tax returns (see note 18).

D. EXCHANGE DIFFERENCES RECOGNISED IN PROFIT OR LOSS IN RELATION TO FINANCIAL ASSETS

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

THOUSANDS OF EUROS

	2015		2014	
	SETTLED	OUTSTANDING	SETTLED	OUTSTANDING
Hedged investments in Group companies	(4,800)	385,722	-	416,405
Hedging derivatives of net investments in foreign operations	1,043	8,213	-	(1,572)
Other financial assets	(329)	(3,228)	622	(7,674)
Trade and other receivables	(67)	(47)	(38)	(35)
Cash and cash equivalents	-	(21)	-	(28)
Total financial assets	**(4,153)**	**390,637**	**584**	**407,096**

11. DERIVATIVE FINANCIAL INSTRUMENTS

Details of derivative financial instruments are as follows:

THOUSANDS OF EUROS

	2015			
	ASSETS		LIABILITIES	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	12,542	554	672,836	139,247
Total	12,542	554	672,836	139,247
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	2,134	-	2,134	6,754
Total	2,134	-	2,134	6,754
Total derivatives	**14,676**	**554**	**674,970**	**146,001**

THOUSANDS OF EUROS

2014				
	ASSETS		LIABILITIES	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	4,882	4,427	221,307	212,210
Total	4,882	4,427	221,307	212,210
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	2,563	8,139	2,563	-
Total	2,563	8,139	2,563	-
Total derivatives	**7,445**	**12,566**	**223,870**	**212,210**

A. FAIR VALUE HEDGES

The total amount of gains and losses on hedging instruments and on items hedged under fair value hedges of net investments in Group companies is as follows:

THOUSANDS OF EUROS

	GAINS/ (LOSSES)	
	2015	2014
Forward exchange contracts:		
Net investment hedging swaps (note 8)	(372,236)	(397,910)
Fixed rate debt (note 8)	(42,446)	(44,089)
Investments in Group companies (note 8)	385,722	416,405
	(28,960)	**(25,594)**

B. FORWARD EXCHANGE CONTRACTS AND SWAPS

In 2015 and 2014, the Company had arranged two cross interest rate swaps with EDP R Polska S.P Z.O.O and Relax Wind Park III S.P Z.O.O for a total notional amount of Polish Zloty 235,069 thousand, equivalent to Euros 57,000 thousand, and two further cross interest rate swaps with EDP Energías de Portugal, S.A. that are inverse to the former swaps, for the same amount. The fair value of these instruments is recognised as an asset under non-current investments in Group companies and associates for an amount of Euros 2,134 thousand (Euros 2,563 thousand in 2014), and as a liability under non-current payables for an amount of Euros 2,134 thousand (Euros 2,563 thousand in 2014), as presented in notes 10 (a) and 16 (a).

In 2015 and 2014 the Company has futures contracts on the US Dollar exchange rate for a notional amount of US Dollars 329,000 thousand in both years, equivalent to Euros 308,949 thousand (Euros 262,885 thousand in 2014). The fair value of this instrument, which amounts to Euros 6,754 thousand, is recognised as a liability under current payables (Euros 8,098 thousand under assets in 2014), as presented in note 16 (a).

The Company arranged a futures contract on Romanian Leu for a notional amount of Euros 14,081 thousand in 2014. The fair value of this instrument, which amounts to Euros 41 thousand, is recognised under current investments in Group companies and associates, as presented in note 10 (a). In 2015 these futures contracts have been settled at a loss of Euros 112 thousand which has been recognised in the income statement under change in fair value of equity instruments.

12. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents are as follows:

THOUSANDS OF EUROS

	2015	2014
Cash in hand and at banks	660	486
Cash equivalents	99,771	-
	100,431	**486**

In accordance with the terms of the contract signed by the parties on 1 June 2015, cash and cash equivalents at 31 December 2015 include the balance of the US Dollar current account with EDPR Servicios Financieros S.A. of Euros 99,771 thousand.

13. EQUITY

Details of equity and movement during 2015 and 2014 are shown in the statement of changes in equity.

A. SUBSCRIBED CAPITAL

At 31 December 2015 and 2014, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights, and are freely transferable.

Companies that hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2015 and 2014 are as follows:

		2015
COMPANY	**NUMBER OF SHARES**	**PERCENTAGE OWNERSHIP**
EDP - Energías de Portugal, S.A. Sucursal en España	676,283,856	77,53%
Others (shares quoted on the Lisbon stock exchange)	196,024,306	22,47%
	872,308,162	**100,00%**

		2014
COMPANY	**NUMBER OF SHARES**	**PERCENTAGE OWNERSHIP**
EDP - Energías de Portugal, S.A. Sucursal en España	541,027,156	62,02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15,51%
Others (shares quoted on the Lisbon stock exchange)	196,024,306	22,47%
	872,308,162	**100,00%**

In 2007 and 2008 the Company carried out several share capital increases that were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDP Renewables Europe, S.L.U.

These contributions availed of the special tax treatment for mergers, spin-offs, transfers of assets and exchanges of securities foreseen in Section VII, Chapter VIII of Royal Legislative Decree 4/2004 of 5 March 2004 which approved the Revised Spanish Income Tax Law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

In 2015 Hidroeléctrica del Cantábrico S.A. sold its shares in the Company (135,256,700 ordinary shares amounting to 15.51% of total shares), to EDP – Energías de Portugal S.A., Sucursal en España.

B. SHARE PREMIUM

This reserve is freely distributable.

C. RESERVES

Details of reserves and movement during the year reflect the proposed distribution of profit approved by the shareholders at their Annual General Meeting (see note 3).

Legal reserve

Pursuant to the revised Spanish Companies Act, in force since 1 September 2010, companies are required to transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve may be used to increase share capital. Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available. At 31 December 2015 and 2014, the Company has not appropriated to this reserve the minimum amount required by law.

Voluntary reserve

These reserves are freely distributable.

Negative reserve for costs of the public share offering

As a result of the public share offering, the Company has incurred a number of expenses associated with the share capital increase, which have been recognised in this item net of the tax effect.

14. PROVISIONS

Movement in provisions in 2015 and 2014 reflect allowances of Euros 120 and 450, respectively, made with a charge to personnel expenses

In 2015 and 2014, the amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the present obligation.

15. FINANCIAL LIABILITIES BY CATEGORY

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are as follows:

THOUSANDS OF EUROS

2015								
	NON-CURRENT				CURRENT			
	AT AMORTISED COST OR COST				AT AMORTISED COST OR COST			
	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL
Liabilities held for trading:								
Derivative financial instruments	-	-	2,134	2,134	-	-	6,754	6,754
Total	-	-	2,134	2,134	-	-	6,754	6,754
Debts and payables:								
Group companies:								
Fixed rate	410,952	417,499	-	410,952	-	-	-	-
Variable rate	-	-	-	-	49,123	49,123	-	49,123
Other financial liabilities	-	-	-	-	600	600	-	600
Trade and other payables	-	-		-	20,209	20,209	-	20,209
Total	410,952	417,499	-	410,952	69,932	69,932	-	69,932
Hedging derivatives:								
Traded on OTC markets	-	-	672,836	672,836	-	-	139,247	139,247
Total	-	-	672,836	672,836	-	-	139,247	139,247
Total financial Liabilities	**410,952**	**417,499**	**674,970**	**1,085,922**	**69,932**	**69,932**	**146,001**	**215,933**

In 2015 the Company obtained two loans from EDP Renováveis Brasil S.A. for a total amount of Brazilian Reais 106,756 thousand, equivalent to Euros 24,760 thousand at 31 December 2015 (see note 16 (c).

THOUSANDS OF EUROS

2014								
	NON-CURRENT				CURRENT			
	AT AMORTISED COST OR COST				AT AMORTISED COST OR COST			
	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL	CARRYING AMOUNT	FAIR VALUE	AT FAIR VALUE	TOTAL
Liabilities held for trading:								
Derivative financial instruments	-	-	2,563	2,563	-	-	-	-
Total	-	-	2,563	2,563	-	-	-	-
Debts and payables:								
Group companies:								
Fixed rate	368,506	383,121	-	368,506	-	-	-	-
Variable rate	-	-	-	-	26,498	26,498	-	26,498
Other financial liabilities	-	-	-	-	870	870	-	870
Trade and other payables	-	-	-		14,370	14,370	-	14,370
Total	368,506	383,121	-	368,506	41,738	41,738	-	41,738
Hedging derivatives:								
Traded on OTC markets	-	-	221,307	221,307	-	-	212,210	212,210
Total	-	-	221,307	221,307	-	-	212,210	212,210
Total financial Liabilities	368,506	383,121	223,870	592,376	41,738	41,738	212,210	253,948

Net losses and gains by financial liability category are as follows:

THOUSANDS OF EUROS

2015				
	DEBTS AND PAYABLES GROUP COMPANIES	DEBTS AND PAYABLES THIRD PARTIES	LIABILITIES HELD FOR TRADING	TOTAL
Finance costs at amortised cost	55,459	42	-	55,501
Change in fair value	-	-	428	428
Total	**55,459**	**42**	**428**	**55,929**

THOUSANDS OF EUROS

	2014			
	DEBTS AND PAYABLES GROUP COMPANIES	DEBTS AND PAYABLES THIRD PARTIES	LIABILITIES HELD FOR TRADING	TOTAL
Finance costs at amortised cost	40,178	7	-	40,185
Change in fair value	-	-	2,116	2,116
Total	**40,178**	**7**	**2,116**	**42,301**

16. PAYABLES AND TRADE PAYABLES

A. GROUP COMPANIES

Details of Group companies are as follows:

THOUSANDS OF EUROS

	2015		2014	
	NON- CURRENT	CURRENT	NON-CURRENT	CURRENT
Group				
Group companies	410,952	24,760	368,506	-
Interest	-	471	-	94
Derivative financial instruments (note 11)	674,970	146,001	223,870	212,210
Current account with Group companies	-	23,892	-	26,404
Total	**1,085,922**	**195,124**	**592,376**	**238,708**

Other financial liabilities comprise current accounts with the Group, which accrue daily interest that is settled on a monthly basis. The rate applicable to interest receivable ranges from the one-month Euribor to the six-month Euribor, plus a spread of between 0.1% and 0.35%, whilst the rate applicable to interest payable is the one-month Euribor, plus a spread of between 1.4% and 1.8%.

At 31 December 2015 and 2014, the non-current payables included in Group companies reflect fixed-interest loans obtained from EDP Finance BV amounting to US Dollars 447,403 thousand (see note 8).

Current account with Group companies at 31 December 2015 reflects two floating-rate loans from EDP Renováveis Brasil S.A. amounting to Brazilian Reais 106,756 thousand.

B. MAIN CHARACTERISTICS OF PAYABLES

The terms and conditions of loans and payables are as follows:

THOUSANDS OF EUROS

					2015		
						CARRYING AMOUNT	
TYPE	CURRENCY	EFFECTIVE RATE	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CURRENT	NON- CURRENT
Group	Brazilian Real	6m Libor +3%	6m Libor +3%	2016	24,760	24,760	-
Group	US Dollars	4,57%	4,57%	2018	410,952	-	410,952
Total					**435,712**	**24,760**	**410,952**

THOUSANDS OF EUROS

					2014		
						CARRYING AMOUNT	
TYPE	CURRENCY	EFFECTIVE RATE	NOMINAL RATE	MATURITY	NOMINAL AMOUNT	CURRENT	NON- CURRENT
Group	US Dollars	4,57%	4,57%	2018	368,506	-	368,506
Total					368,506	-	368,506

C. TRADE AND OTHER PAYABLES

Details of trade and other payables are as follows:

THOUSANDS OF EUROS

	CURRENT	
	2015	2014
Group		
Suppliers	9,412	9,757
Payables	1,663	1,106
Total	**11,075**	**10,863**
Unrelated parties		
Trade payables	5,768	967
Salaries payable	2,993	2,540
Public entities, other (note 18)	373	373
Total	**9,134**	**3,880**
Total	**20,209**	**14,743**

Suppliers, Group companies in 2015 and 2014 mainly comprise expenses invoiced by EDP Energías de Portugal, S.A. and EDP Energías de Portugal, S.A. (Sucursal en España), primarily for management and IT services.

Payables, Group companies include balances payable to the Parent, EDP Energías de Portugal S.A., Sucursal en España, for consolidated value added tax amounting to Euros 1,663 thousand in 2015 (Euros 1,106 thousand in 2014) (see note 18).

D. CLASSIFICATION BY MATURITY

The classification of financial liabilities by maturity is as follows:

THOUSANDS OF EUROS

	2015							
	2016	2017	2018	2019	2020	SUBSEQUENT EVENTS	LESS CURRENT PORTION	TOTAL NON-CURRENT
Derivative financial instruments	139,247	2,134	614,389	58,447	-	-	(139,247)	674,970
Group companies and associates	49,123	-	410,952		-	-	(49,123)	410,952
Other financial liabilities	600	-	-	-	-	-	(600)	-
Trade and other payables	19,836	-	-	-	-	-	(19,836)	-
Total financial liabilities	**208,806**	**2,134**	**1,025,341**	**58,447**	**-**	**-**	**(208,806)**	**1,085,922**

THOUSANDS OF EUROS

	2014							
	2015	2016	2017	2018	2019	SUBSEQUENT EVENTS	LESS CURRENT PORTION	TOTAL NON-CURRENT
Derivative financial instruments	212,210	-	2,563	197,385	23,922	-	(212,210)	223,870
Group companies and associates	26,498	-	-	368,506	-	-	(26,498)	368,506
Other financial liabilities	870	-	-	-	-	-	(870)	-
Trade and other payables	14,370	-	-	-	-	-	(14,370)	-
Total financial liabilities	253,948	-	2,563	565,891	23,922	-	(253,948)	592,376

E. EXCHANGE DIFFERENCES RECOGNISED IN PROFIT OR LOSS IN RELATION TO FINANCIAL LIABILITIES

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

THOUSANDS OF EUROS

	2015		2014	
	SETTLED	OUTSTANDING	SETTLED	OUTSTANDING
Group companies and associates, non-current	-	(37,503)	-	(44,089)
Hedging derivatives of net investments in foreign operations	(2,925)	(378,566)	-	(396,338)
Trade and other payables	357	-	190	-
Total financial liabilities	**(2,568)**	**(416,069)**	**190**	**(440,427)**

17. LATE PAYMENTS TO SUPPLIERS. "REPORTING REQUIREMENT"

Law 3/2004 of 29 December 2004 established measures to combat late payment in commercial transactions. It was amended by additional provision three of Law 15/2010 of 5 July 2010, which was itself amended by the Spanish Companies Act (SCA) on the improvement of corporate governance. On 3 December 2014, the SCA was amended by final provision two of Law 31/2014 of 3 December 2014, which requires all commercial companies to expressly disclose payment terms to suppliers in the notes to the annual accounts.

The following table shows the average payment period for suppliers, payment period for settled transactions, payment period for outstanding transactions, total amount paid and total amount outstanding at the reporting date:

	2015
	DAYS
Average payment period for suppliers	47
Payment period for settled transactions	65
Payment period for outstanding transactions	12
	AMOUNT
Total amount paid	18,108
Total amount outstanding	9,467

18. TAXATION

Details of balances with public entities are as follows:

THOUSANDS OF EUROS

	2015		2014	
	NON- CURRENT	CURRENT	NON- CURRENT	CURRENT
Assets				
Deferred tax assets	23,108	-	17,007	-
Total	**23,108**	**-**	**17,007**	**-**
Liabilities				
Deferred tax liabilities	29,263	-	27,805	-
Social Security	-	185	-	192
Withholdings	-	188	-	181
Total	**29,263**	**373**	**27,805**	**373**

The Company files consolidated income tax and value added tax returns. The parent of this consolidated tax group is EDP-Energías de Portugal, S.A. Sucursal en España. At 31 December 2015 the Company has recognised income tax receivable of Euros 14,424 thousand (Euros 19,579 thousand in 2014) and VAT payable of Euros 1,663 thousand (Euros 1,106 thousand receivable in 2014). These amounts have been recognised under other receivables and other payables in the balance sheet (see notes 10 (d) and 16 (d)).

At the date of preparation of these annual accounts, the consolidated tax group's income taxes for 2009 to 2011 are being inspected by the taxation authorities. The VAT returns for June 2010 to December 2011 are also being inspected. The directors of the Company do not expect that this tax inspection will have any impact on the equity of the Company.

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or the inspection period has elapsed. Taking into account the aforementioned inspection period, and the tax inspections currently underway, at 31 December 2015 the Company has the following main applicable taxes open to inspection:

TAX	YEARS OPEN TO INSPECTION
Income tax	2009-2014
Value added tax	2010-2015
Personal income tax	2012-2015
Capital gains tax	2012-2015
Tax on Economic Activities	2012-2015
Social Security	2012-2015
Non-residents	2012-2015

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Parent's directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

A. INCOME TAX

The Company files consolidated tax returns as part of the group headed by EDP Energías de Portugal, S.A. Sucursal en España.

A reconciliation of net income and expenses for the year with the taxable income/tax loss is as follows:

THOUSANDS OF EUROS

			2015
			INCOME STATEMENT
	INCREASES	DECREASES	NET
Profit for the year			31,597
Income tax			(18,443)
Profit before income tax			13,154
Permanent differences			
Individual company	5,840	(16,730)	(10,890)
Consolidation adjustments	-	(72,361)	(72,361)
Temporary differences:			
originating in current year	-	-	-
originating in prior years	-	(5,902)	(5,902)
Tax loss			**(75,999)**

THOUSANDS OF EUROS

			2014
			INCOME STATEMENT
	INCREASES	DECREASES	NET
Profit for the year			212,704
Income tax			(19,047)
Profit before income tax			193,657
Permanent differences			
Individual company	2	-	2
Consolidation adjustments	-	(249,812)	(249,812)
Temporary differences:			
originating in current year	329	-	329
originating in prior years	-	(9,440)	(9,440)
Tax loss			**(65,264)**

Decreases in permanent differences in 2015 mainly reflect dividends of Euros 21,884 thousand (Euros 249,812 thousand in 2014) received from EDP Renewables Europe S.L.U., Euros 50,477 thousand from EDP Renováveis Servicios Financieros S.A. and Euros 16,730 thousand from EDP Renováveis Brasil S.A. Increases in permanent differences in 2015 reflect impairment of the investment held in South Africa Wind & Solar Power S.L. and other provisions.

Decreases due to temporary differences in 2015 and 2014 mainly reflect the tax amortisation of the financial goodwill of EDPR NA.

The relationship between the tax expense and accounting profit for the year is as follows:

THOUSANDS OF EUROS

			2015
	PROFIT AND LOSS	EQUITY	TOTAL
Profit for the year before tax	13,154	-	13,154
Tax at 28%	3,683	-	3,683
Non-deductible expenses			
Provisions	1,635	-	1,635
Non-taxable income			
Dividends	(24,945)	-	(24,945)
Withholdings at source (dividends in Brazil)	620		620
Prior years' adjustments	5		5
Effect of tax rate reduction under Law 27/2014	559	-	559
Income tax expense	**(18,443)**	**-**	**(18,443)**

THOUSANDS OF EUROS

	2014		
	PROFIT AND LOSS	EQUITY	TOTAL
Profit for the year before tax	193,657	-	193,657
Tax at 28%	58,097	-	58,097
Non-deductible expenses			
Provisions	1	-	1
Non-taxable income			
Dividends	(74,943)	-	(74,943)
Effect of tax rate reduction under Law 27/2014	(2,202)	-	(2,202)
Income tax expense	**(19,047)**	**-**	**(19,047)**

Details of the income tax expense are as follows:

THOUSANDS OF EUROS

	2015	2014
Current tax		
Present year	(21,280)	(19,579)
Prior years' adjustments	5	-
Withholdings at source (dividends in Brazil)	620	-
Total	(20,655)	(19,579)
Deferred tax		
Source and reversal of temporary differences		
Tax amortization of EDPR NA goodwill	1,633	1,750
Salaries payable and other items	20	984
Effect of tax rate reduction under Law 27/2014	559	(2,202)
Total	2,212	532
Total	**(18,443)**	**(19,047)**

Details of deferred tax assets and liabilities by type of asset and liability are as follows

THOUSANDS OF EUROS

	ASSETS		LIABILITIES		NET	
	2015	2014	2015	2014	2015	2014
Tax losses carry-forward	6,121				6,121	
Tax amortisation of EDPR NA goodwill		-	(29,263)	(27,805)	(29,263)	(27,805)
Salaries payable and other items	188	208		-	188	208
Limited deductibility of finance costs under RD 12/2012	16,799	16,799		-	16,799	16,799
Total assets/liabilities	23,108	17,007	(29,263)	(27,805)	(6,155)	(10,798)

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

THOUSANDS OF EUROS

	2015	2014
Tax losses carry-forward	6,121	(26,172)
Tax amortisation of EDPR NA goodwill	(29,263)	16,799
Limited deductibility of finance costs under RD 12/2012	16,799	9,373
Net	**(6,343)**	**9,373**

19. ENVIRONMENTAL INFORMATION

Given that the Company's activities to develop, construct and operate energy production facilities are carried out through Group companies rather than directly, the Company does not consider it necessary to make investments to prevent or correct any impact on the environment or make any environmental provisions.

However, on behalf of Group companies, the Company has invested in a number of environmental studies required by prevailing legislation during the development of new facilities and taken the appropriate preventative, corrective and supplementary measures, which have been recognised as an increase in property, plant and equipment under construction.

These annual accounts do not include any environmental costs.

The directors consider that no significant environmental contingencies exist.

20. RELATED PARTY BALANCES AND TRANSACTIONS

A. RELATED PARTY BALANCES

Balances receivable from and payable to Group companies and related parties, including key management personnel and directors, and the main details of these balances, are disclosed in notes 10 and 16.

Details of balances by category are as follows:

THOUSANDS OF EUROS

				2015
	PARENT	GROUP COMPANIES	DIRECTORS	TOTAL
Non-current investments in Group companies	-	7,202,187	-	7,202,187
Derivatives	14,676	-	-	14,676
Total non-current assets	14,676	7,202,187	-	7,216,863
Trade and other receivables	14,424	22,718	-	37,142
Current investments	-	81	-	81
Derivatives	554	-	-	554
Cash	-	99,771	-	99,771
Total current assets	14,978	122,570	-	137,548
Total assets	29,654	7,324,757	-	7,354,411
Non-current payables (derivatives)	451,840	223,130	-	674,970
Group companies and associates, non-current	-	410,952	-	410,952
Total non-current liabilities	451,840	634,082	-	1,085,922
Current accounts with Group companies	-	49,123	-	49,123
Current payables	146,083	518	-	146,601
Trade and other payables	7,978	1,434	-	9,412
Total current liabilities	154,061	51,075	-	205,136
Total liabilities	605,901	685,157	-	1,291,058

THOUSANDS OF EUROS

				2014
	PARENT	GROUP COMPANIES	DIRECTORS	TOTAL
Non-current investments in Group companies	-	6,804,791	-	6,804,791
Derivatives	7,445	-	-	7,445
Total non-current assets	7,445	6,804,791	-	6,812,236
Trade and other receivables	19,644	16,852	-	36,496
Current investments	-	45,352	-	45,352
Derivatives	4,467	8,063	-	12,566
Total current assets	24,111	70,303	-	94,414
Total assets	31,556	6,875,094	-	6,906,650
Non-current payables (derivatives)	129,982	93,888	-	223,870
Group companies and associates, non-current	-	368,506	-	368,506
Total non-current liabilities	129,982	462,394	-	592,376
Current accounts with Group companies	-	26,498	-	26,498
Current payables	213,058	22	-	213,080
Trade and other payables	7,403	2,354	-	9,757
Total current liabilities	220,461	28,874	-	249,335
Total liabilities	**350,443**	**491,268**	**-**	**841,711**

At 31 December 2015 and 2014 all derivative financial instruments held by the Company have been arranged with Group companies.

B. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties are as follows:

THOUSANDS OF EUROS

			2015
	GROUP COMPANIES	DIRECTORS	TOTAL
Income			
Other services rendered	16,747	-	16,747
Finance income (notes 9 and 21 (a))	1,212	-	1,212
Dividends (notes 9 and 21 (a))	89,091	-	89,091
Total	**107,050**	**-**	**107,050**
Expenses			
Operating lease expenses and royalties	(638)	-	(638)
Other services received	(8,800)	-	(8,800)
Personnel expenses			
Salaries	-	(1,300)	(1,300)
Finance costs (note 15)	(55,459)	-	(55,459)
Total	**(64,897)**	**(1,300)**	**(66,197)**

THOUSANDS OF EUROS

			2014
	GROUP COMPANIES	DIRECTORS	TOTAL
Income			
Other services rendered	13,173	-	13,173
Finance income (notes 9 and 21 (a))	1,489	-	1,489
Dividends (notes 9 and 21 (a))	249,812	-	249,812
Total	**264,474**	**-**	**264,474**
Expenses			
Operating lease expenses and royalties	**(780)**	**-**	**(780)**
Other services received	**(6,670)**	**-**	**(6,670)**
Personnel expenses			
Salaries	**-**	**(1,750)**	**(1,750)**
Finance costs (note 15)	**(40,178)**	**-**	**(40,178)**
Total	**(47,628)**	**(1,750)**	**(49,378)**

Other services rendered basically derive from two management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC in 2013.

Dividends reflect dividends distributed by EDP Renewables Europe S.L.U., EDP Renováveis Servicios Financieros, S.L. and EDP Renováveis Brasil S.A.

Operating lease expenses and royalties essentially reflect the lease payments for the Company's offices.

Other services received comprise various management services, specifically for loan of personnel and other items.

C. INFORMATION ON THE COMPANY'S DIRECTORS AND KEY MANAGEMENT PERSONNEL

In 2015 the directors of the Company have accrued remuneration of Euros 689 thousand (Euros 674 thousand in 2014) in respect of their position as directors.

On 4 May 2011 an executive management services contract was entered into between EDP Energías de Portugal, S.A. and the Company, effective from 18 March 2011. This contract stipulates the conditions under which EDP Energías de Portugal, S.A. renders executive management services to the Company, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energías de Portugal, S.A. appoints three members of the Company's executive committee, for which the Company pays an amount determined by the remuneration committee.

Pursuant to this contract, the Company has recognised payments for management services provided totalling Euros 1,089 thousand in 2015 and Euros 1,107 thousand in 2014 (fixed and variable remuneration) as other services, under external services in the accompanying income statement.

Due to the expiry of their secondment contracts, the members of the executive committee who are also directors (Rui Teixeira, Finance Director in 2014 up to April 2015, Miguel Amaro, Finance Director since May 2015, and João Paulo Costeira, Director of Operations for EU, Brazil and South Africa) signed new employment contracts with EDP Energias de Portugal SA Sucursal en España. In 2015 the monetary remuneration received under these contracts was Euros 610 thousand (Euros 1,076 thousand in 2014), for which the Company was invoiced by EDP Energías de Portugal, S.A. Sucursal en España for executive duties carried out at the Company. No significant non-monetary remuneration was paid in 2015 or 2014. Pension plan contributions made on behalf of members of the executive committee (except for the managing director) range from 3% to 6% of their annual salary.

The directors and key management personnel have not received any loans or advances nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors in 2015 or 2014.

D. TRANSACTIONS OTHER THAN ORDINARY BUSINESS OR UNDER TERMS DIFFERING FROM MARKET CONDITIONS CARRIED OUT BY THE DIRECTORS OF THE COMPANY

In 2015 and 2014 the directors of the Company have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

E. INVESTMENTS AND POSITIONS HELD BY DIRECTORS

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

21. INCOME AND EXPENSES

A. REVENUES

Details of revenues by category of activity and geographical market are as follows:

THOUSANDS OF EUROS

	DOMESTIC		REST OF EUROPE		USA		BRAZIL		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Other Services	13,153	9,799	-	-	3,594	3,374	-	-	16,747	13,173
Financial Income	72,737	249,812	836	1,489	-	-	16,730	-	90,303	251,301
Total	**85,890**	**259,611**	**836**	**1,489**	**3,594**	**3,374**	**16,730**	**-**	**107,050**	**264,474**

B. FOREIGN CURRENCY TRANSACTIONS

Details of income and expenses denominated in foreign currencies are as follows:

THOUSANDS OF EUROS

	2015	2014
Expenses		
Financial instruments	(18,770)	(16,134)
Finance costs	(18,770)	(16,134)
Net	**(18,770)**	**(16,134)**

The Company's main foreign currency transactions are carried out in US Dollars

C. EMPLOYEE BENEFITS EXPENSE

Details of employee benefits expense are as follows:

THOUSANDS OF EUROS

	2015	2014
Employee benefits expense		
Social Security payable by the Company	1,835	1,694
Other employee benefits expenses	855	782
Total	2,690	2,476

D. EXTERNAL SERVICES

Details of external services are as follows:

THOUSANDS OF EUROS

	2015	2014
Leases	815	974
Independent professional services	6,421	2,753
Advertising and publicity	1,313	515
Other services	11,466	9,819
Total	20,015	14,061

Leases mainly include the rental of the Company's offices. There are no non-cancellable payments at 31 December 2015 and 2014.

Other services primarily include management support, communications and maintenance expenses, as well as travel costs.

At 31 December 2015 the Company has commitments to purchase external services amounting to Euros 1,351 thousand within one year (Euros 2,024 thousand in 2014). It has no commitments to purchase any external services within two years (Euros 127 thousand in 2014).

22. EMPLOYEE INFORMATION

The average headcount of the Company in 2015 and 2014, distributed by category, is as follows.

NUMBER

	2015	2014
Management	20	16
Senior technicians	104	96
Technicians	10	11
Administrative staff	10	8
Total	**144**	**131**

At year end the distribution by gender of Company personnel is as follows:

NUMBER

	2015		2014	
	MALE	FEMALE	MALE	FEMALE
Management	14	8	11	6
Senior technicians	64	38	62	33
Technicians	9	2	8	3
Administrative staff	5	5	5	2
Total	92	53	86	44

In 2015 sixteen members of the board of directors are male and one is female (seventeen male in 2014).

23. AUDIT FEES

KPMG Auditores, S.L., the auditors of the individual and consolidated annual accounts of the Company, and other individuals and companies related to the auditors as defined by Royal Legislative Decree 1/2011 of 1 July 2011 which approved the revised Audit Law, have invoiced the Company the following net fees for professional services during the years ended 31 December 2015 and 2014:

THOUSANDS OF EUROS

	2015	2014
Audit services, individual and consolidated annual accounts	64	38
Audit-related services	787	73
Assurance services	3	3
Review services for internal control over financial reporting	157	162
Other services	338	61
Total	1,349	337

The amounts detailed in the above table include the total fees for services rendered in 2015 and 2014

Audit-related services include quarterly limited review services and services relating to the held off establishment of a YieldCo that would be listed on the Spanish stock exchange and composed by a number of European subsidiaries of the Company.

Other companies related to KPMG International have invoiced the Company as follows:

THOUSANDS OF EUROS

	2015	2014
Audit services, consolidated annual accounts	-	54
Other services	10	10
Total	10	64

24. COMMITMENTS

At 31 December 2015 the Company has deposited guarantees with financial institutions on behalf of Group companies amounting to Euros 552 million (Euros 301 million in 2014), including guarantees of US Dollars 198 million (US Dollars 183 million in 2014).

The Company's directors do not expect any significant liabilities to arise from these guarantees.

25. EVENTS AFTER THE REPORTING PERIOD

No economic or financial events have taken place since the reporting date that have affected the financial statements or position of the Company.

EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
31 DECEMBER 2015

GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	TaHOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
EDP Renewables Europe, S.L.U	Oviedo, Spain	100%	-	KPMG	Holding company	249,499	2,106,911	1,470	85,856	85,856	2,443,736
EDP Renovables España, S.L.	Spain	-	100%	KPMG	Holding company, construction and wind energy production	36,861	640,387	-	13,351	13,351	690,599
EDPR Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Holding company and wind energy production	215,499	(6,152)	-	(14,645)	(14,645)	194,702
Tarcan, B.V	Netherlands	-	100%	KPMG	Holding company	20	14,647	-	5,088	5,088	19,755
Greenwind, S.A.	Belgium	0.02%	99.98%	KPMG	Wind energy production	24,924	12,079	(498)	6,182	6,182	42,687
EDPR France Holding SAS	France	-	100%	KPMG	Holding company	8,500	(5,495)	-	(5,254)	(5,254)	(2,249)
EDP Renewables SGPS, S.A.	Portugal	-	100%	KPMG	Holding company	50	30,363	-	123,900	123,900	154,313
EDP Renewables Belgium, S.A	Belgium	-	100%	KPMG	Holding company	62	(723)	-	(105)	(105)	(766)
EDPR Portugal , S.A.	Portugal	-	51%	KPMG	Holding company and wind energy production	7,500	29,192	6,116	50,593	50,593	93,401
EDPR PT - Promoção e Operação, S.A	Portugal	-	100%	KPMG	Wind power: Wind farm development	50	157	-	(540)	(540)	(333)
EDP Renewables France, SAS	France	-	51%	KPMG	Holding company	151,704	(30,106)	-	2,317	2,317	123,915
EDPR Romania S.R.L	Romania	-	85%	KPMG	Wind energy production	-	(3,702)	-	(5,216)	(5,216)	(8,918)
EDPR Ro Pv, SRL	Romania	0.03%	99.97%	KPMG	Wind energy production	55,935	(1,905)	-	(549)	(549)	53,481
Cernavoda Power, SRL	Romania	-	85%	KPMG	Wind energy production	83,454	(19,494)	(6,876)	688	688	57,772
VS Wind Farm S.A.	Romania	-	85%	KPMG	Wind energy production	4,998	(2,308)	-	(5,197)	(5,197)	(2,507)
Pestera Wind Farm, S.A.	Romania	-	85%	KPMG	Wind energy production	67,111	(24,568)	(4,438)	(126)	(126)	37,979
S. C. Ialomita Power SRL	Romania	-	99.99%	KPMG	Wind energy production	191,219	(23,738)	-	(1,647)	(1,647)	165,834
Sibioara Wind Farm	Romania	-	85%	KPMG	Wind energy production	20,361	(4,969)	-	(7,726)	(7,726)	7,666
Vanju Mare Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	9,611	235	-	857	857	10,703
Studina Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	7,988	1,384	-	904	904	10,276
Cujmir Solar, SRL.	Romania	-	100%	KPMG	Photovoltaic energy production	10,393	1,270	-	1,215	1,215	12,878
Potelu Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	7,574	1,153	-	827	827	9,554
Foton Delta, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	3,556	823	-	261	261	4,640
Foton Epsilon, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	4,302	2,165	-	696	696	7,163
Gravitangle-Fotovoltaica Unipessoal, Lda	Portugal	-	100%	KPMG	Photovoltaic energy production	5	1,550	-	453	453	2,008
EDP Renewables Italia, S.r.l	Italy	-	100%	KPMG	Holding company and wind energy production	34,439	968	-	(4,631)	(4,631)	30,776
EDPR UK Limited	United Kingdom	-	100%	KPMG	Holding company	6,394	54,372	-	(2,479)	(2,479)	58,287
EDP Renováveis Servicios Financieros. S.A	Spain	70.01%	29.99%	KPMG	Other economic activities	84,691	315,780	-	19,327	19,327	419,798
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	6,202	433	(113)	(113)	12,652
Desarrollos Eólicos de Tarifa, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	5,800	6,120	-	140	140	12,060
Desarrollos Eólicos de Corme, S.A.	Seville, Spain	-	100%	KPMG	Wind energy production	3,666	5,651	-	94	94	9,411
Desarrollos Eólicos Buenavista, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,613	471	29	29	5,825
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	15,186	-	2,762	2,762	25,709
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	7,561	9,029	-	1,184	1,184	17,774
Desarrollos Eólicos Almarchal S.A.U.	Seville, Spain	-	100%	KPMG	Wind energy production	2,061	3,960	(86)	214	214	6,149
Desarrollos Eólicos Dumbria S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	2,814	2,814	17,080
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83.96%	KPMG	Wind energy production	63	19,237	-	590	590	19,890

The accompanying notes form an integral part of the annual accounts for 2015.

EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
31 DECEMBER 2015

GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	TaHOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,802	-	8,046	8,046	23,373
Eólica Guadalteba, S.L.	Seville, Spain	-	100%	KPMG	Wind energy production	1,460	6,091	-	9,165	9,165	16,716
Eólica Muxía, S.L.	La Coruña, Spain	-	100%	Unaudited	Wind energy production	23,480	11	-	39	39	23,530
Eólica Fontesilva, S.L.	La Coruña, Spain	-	100%	KPMG	Wind energy production	6,860	4,579	-	1,114	1,114	12,553
EDPR Yield S.A	Seville, Spain	-	100%	Unaudited	Wind energy production	116,641	1,047,043	-	(35,720)	(35,720)	1,127,964
Eólica Curiscao Pumar, S.A.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	2,875	2,875	3,048
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	92.50%	KPMG	Wind energy production	6,434	16,027	83	45	45	22,589
Eólica La Brújula, S.A	Madrid, Spain	-	84.90%	KPMG	Wind energy production	3,294	13,468	-	1,691	1,691	18,453
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy production	4,509	8,365	(6)	260	260	13,128
Eólica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	18,130	(52)	372	372	25,010
Parque Eólico Belchite S.L.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	3,409	-	267	267	7,276
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	69.84%	KPMG	Wind energy production	2,000	5,705	-	292	292	7,997
Korsze Wind Farm, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	10,832	(1,711)	-	7,014	7,014	16,135
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	259	-	1,318	1,318	1,580
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	938	938	1,119
Eólica Sierra de Ávila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,272	-	(184)	(184)	33,065
Eólica de Radona, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	17	-	960	960	23,065
Eólica Alfoz, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	8,480	17,002	-	5,638	5,638	31,120
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,419	-	1,460	1,460	2,889
Investigación y Desarrollo de Energías Renovables, S.L.	León, Spain	-	100%	KPMG	Wind energy production	29,451	(3,635)	-	2,690	2,690	28,506
Radzeijów wind farm Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	7,696	(1,354)	-	(520)	(520)	5,822
MFW Neptun Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	61	(43)	-	(3)	(3)	15
MFW Gryf Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	61	(43)	-	(3)	(3)	15
MFW Pomorze Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	61	(43)	-	(3)	(3)	15
J&Z Wind Farms Sp.z.o.o.	Poland	-	60%	KPMG	Wind energy production	4,048	5,748	18,554	542	542	28,892
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	27,966	-	(1,604)	(1,604)	35,442
Wincap, S.r.l	Italy	-	100%	KPMG	Wind energy production	2,550	1,234	-	(38)	(38)	3,746
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	741	741	1,796
Eólica La Manchuela, S.l.U	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,369	-	(114)	(114)	2,397
Monts de la Madeleine Energie, SAS	France	-	100%	KPMG	Wind energy production	37	(5)	-	(4)	(4)	28
Monts du Forez Energie, SAS	France	-	100%	KPMG	Wind energy production	37	(9)	-	(5)	(5)	23
Pietragalla Eólico, S.R.L.	Italy	-	100%	KPMG	Wind energy production	15	4,205	-	1,899	1,899	6,119
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	-	-	(3)	(3)	(2)
Parc Eolien de Montagne Fayel S.A.S	France	-	100%	KPMG	Wind energy production	37	(98)	-	367	367	306
Molen Wind II Sp.z.o.o.	Poland	-	65.07%	KPMG	Wind energy production	4	9,463	1,081	46	46	10,594
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	17	(13)	-	(4)	(4)	-

The accompanying notes form an integral part of the annual accounts for 2015

EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
31 DECEMBER 2015

GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	TaHOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Acampo Arias, SL	Spain	-	100%	KPMG	Wind energy production	3,314	152	-	740	740	4,206
SOCPE Sauvageons, SARL	France	-	75.99%	KPMG	Wind energy production	1	(149)	-	175	175	27
SOCPE Le Mee, SARL	France	-	75.99%	KPMG	Wind energy production	1	7	-	165	165	173
SOCPE Petite Piece, SARL	France	-	75.99%	KPMG	Wind energy production	1	83	-	42	42	126
NEO Plouvien, S.A.S.	France	-	51%	KPMG	Wind energy production	5,040	(3,069)	-	190	190	2,161
CE Patay, SAS	France	-	26.01%	KPMG	Wind energy production	140	4,799	(267)	1,107	1,107	5,779
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	(9,566)	-	(3,242)	(3,242)	3,808
Relax Wind Park I, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	12,975	(1,795)	(4,510)	5,738	5,738	12,408
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1,252	(1,142)	-	1	1	111
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	973	(797)	-	(16)	(16)	160
EDPR Renovaveis Cantabria,S.L	Madrid, Spain	-	100%	Unaudited	Wind energy production	300	(54)	-	(1,360)	(1,360)	(1,114)
Neo Energia Aragon, S.L	Spain	-	100%	Unaudited	Wind energy production	10	(3)	-	(1)	(1)	6
Eólica Garcimuñoz SL	Spain	-	100%	KPMG	Wind energy production	4,060	10,565	-	(682)	(682)	13,943
Compañía Eólica Campo de Borja, SA	Spain	-	100%	KPMG	Wind energy production	858	305	-	46	46	1,209
Desarrollos Catalanes del Viento, SL	Spain	-	100%	KPMG	Wind energy production	10,993	19,725	-	(360)	(360)	30,358
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,352	-	1,066	1,066	4,381
Castellaneta Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	16	(13)	-	(4)	(4)	(1)
Parques de Generación Eólica, SL	Spain	-	100%	KPMG	Wind energy production	1,924	1,815	(2,595)	804	804	1,948
CE Saint Barnabé, SAS	France	-	26.01%	KPMG	Wind energy production	100	2,757	(306)	759	759	3,310
E Segur, SAS	France	-	26.01%	KPMG	Wind energy production	115	3,136	(311)	689	689	3,629
Eolienne D´Etalondes, SARL	France	-	100%	Unaudited	Wind energy production	1	(41)	-	(3)	(3)	(43)
Eolienne de Saugueuse, SARL	France	-	26.01%	KPMG	Wind energy production	1	492	-	492	492	985
Parc Eolien Dammarie, SARL	France	-	100%	KPMG	Wind energy production	1	(165)	-	(53)	(53)	(217)
Parc Éoline de Tarzy, S.A.R.L	France	-	51%	KPMG	Wind energy production	1,505	229	-	360	360	2,094
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(79)	-	(4)	(4)	(82)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(51)	-	(3)	(3)	(53)
Parc Eolien de Roman, SARL	France	-	51%	KPMG	Wind energy production	1	(594)	-	808	808	215
Parc Eolien des Vatines, SAS	France	-	26.01%	KPMG	Wind energy production	841	(2,197)	(571)	526	526	(1,401)
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(40)	-	(3)	(3)	(6)
Eolienne de Callengeville, SAS	France	-	100%	KPMG	Wind energy production	37	(35)	-	(2)	(2)	-
Parc Eolien de Varimpre, SAS	France	-	26.01%	KPMG	Wind energy production	37	(993)	(645)	573	573	(1,028)
Parc Eolien du Clos Bataille, SAS	France	-	26.01%	KPMG	Wind energy production	410	(1,531)	(501)	300	300	(1,322)
Eólica de Serra das Alturas, SA	Portugal	-	25.55%	KPMG	Wind energy production	50	3,893	-	1,126	1,126	5,069
Malhadizes- Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	1,134	-	1,622	1,622	2,806
Eólica de Montenegrelo, Lda	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,134	2,134	9,162

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Eólica da Alagoa, SA	Portugal	-	30.60%	KPMG	Wind energy production	50	2,520	782	1,934	1,934	5,286
Aplica. Indust de Energias Limpias S.L	Spain	-	61.50%	Unaudited	Wind energy production	131	1,235	-	-	-	1,366
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	60.63%	Unaudited	Wind energy production	1,994	(1,092)	-	3	3	905
Bon Vent de L´Ebre S.L.U	Spain	-	100%	KPMG	Wind energy production	12,600	2,298	-	2,188	2,188	17,086
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	10,856	-	(1,228)	(1,228)	15,646
Parc Eólic Serra Voltorera S.L.	Spain	-	100%	KPMG	Wind energy production	3,458	6,481	-	2	2	9,941
Elektrownia Wiatrowa Kresy I Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	20	17,678	-	(763)	(763)	16,935
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	1,305	1,561	(5,460)	(5,460)	7,337
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	25.98%	KPMG	Wind energy production	125	1,237	(512)	469	469	1,319
Centrale Eolienne de Gueltas Noyal Pontiv y S.A.S	France	-	26.01%	KPMG	Wind energy production	761	2,844	-	557	557	4,162
Villa Castelli Wind, S.r.l.	Italy	-	100%	KPMG	Wind energy production	100	10,295	-	2,406	2,406	12,801
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	51%	KPMG	Wind energy production	3,831	(203)	-	(369)	(369)	3,259
Vallee de Moulin SARL	France	-	51%	KPMG	Wind energy production	8,001	(419)	-	465	465	8,047
Mardelle SARL	France	-	51%	KPMG	Wind energy production	3,001	(412)	-	203	203	2,792
Quinze Mines SARL	France	-	24.99%	KPMG	Wind energy production	1	(2,123)	-	(369)	(369)	(2,491)
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	100%	KPMG	Wind energy production	7,809	3,230	(4,239)	(507)	(507)	6,293
Par Eólic de Torre Madrina S.L.	Spain	-	100%	KPMG	Wind energy production	7,755	6,671	(3,906)	17	17	10,537
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	100%	KPMG	Wind energy production	3,066	4,703	(1,807)	464	464	6,426
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,600	341	-	1,479	1,479	5,420
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	11,903	-	1,803	1,803	20,961
Masovia Wind Farm I Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	351	14,102	-	18	18	14,471
Farma wiaStarozbery Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	130	4,057	-	(15)	(15)	4,172
Rowy-Karpacka mala Energetyka, Sp.z.o.o.	Poland	-	85%	Unaudited	Wind energy production	14	(262)	-	(27)	(27)	(275)
EDPR Italia holding	Italy	-	100%	KPMG	Wind energy production	347	101	-	(4,104)	(4,104)	(3,656)
Re plus, S.r.l.	Italy	-	80%	Unaudited	Wind energy production	100	(236)	-	(2,970)	(2,970)	(3,106)
EDPR RO Trading SRL	Romania	0.01%	99.99%	Unaudited	Energy supply	1,678	(191)	-	(20)	(20)	1,467
Telford Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien de Preuseville S.A.R.L	France	-	100%	KPMG	Wind energy production	1	(194)	-	439	439	246
Iberia Aprovechamientos Eólicos, SAU	Spain	-	94%	KPMG	Wind energy production	1,919	359	-	420	420	2,698
Parc Éolien de Boqueho-Pouagat SAS	France	-	100%	KPMG	Wind energy production	1	-	-	(1)	(1)	-
Parc Éolien de Francourville SAS	France	-	100%	KPMG	Wind energy production	1	(1)	-	(40)	(40)	(40)
Parc Eolien d´Escardes SAS	France	-	100%	KPMG	Wind energy production	1	-	-	(47)	(47)	(46)
Molino de Caragüeyes, S.L.	Spain	-	100%	KPMG	Wind energy production	180	49	-	38	38	267

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Stirlingpower, Unipessoal Lda.	Portugal	-	100%	Unaudited	Photovoltaic energy production	-	-	-	-	-	-
EDPR PT - Parques Eólicos, S.A.	Portugal	-	100%	KPMG	Holding company and wind energy production	9,079	48,497	(28,366)	(2)	(2)	29,208
Eólica do Alto da Lagoa, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	4,249	(1,246)	935	935	3,988
Eólica das Serras das Beiras, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	12,889	(7,300)	2,426	2,426	8,065
Eólica do Cachopo, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	3,388	-	969	969	4,407
Eólica do Castelo, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	1,170	-	174	174	1,394
Eólica da Coutada, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	19,276	(7,767)	3,283	3,283	14,842
Eólica do Espigão, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	7,391	(1,701)	1,448	1,448	7,188
Eólica da Lajeira, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	583	-	752	752	1,385
Eólica do Alto do Mourisco, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	2,794	(1,113)	508	508	2,239
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Portugal	-	100	Mazars	Wind energy production	50	1,174	(466)	94	94	852
Eólica do Alto da Teixosa, S.A.	Portugal	-	100	Mazars	Wind energy production	50	3,563	(1,764)	251	251	2,100
Eólica da Terra do Mato, S.A.	Portugal	-	100	Mazars	Wind energy production	50	3,621	(2,440)	301	301	1,532
Eólica do Velão, S.A.	Portugal	-	100	Mazars	Wind energy production	50	1,135	-	733	733	1,918
EDPR Yield Portugal Services, Unipessoal Lda.	Portugal	-	100	KPMG	Rendering of services	5	-	-	(5)	(5)	-
TACA Wind, S.r.l.	Italy	-	100	KPMG	Wind energy production	1,160	-	-	(13)	(13)	1,147
Vientos de Coahuila, S.A. de C.V.	Mexico	0.01	99.99	Unaudited	Wind energy production	-	-	-	8	8	8
EDPR Yield Spain Services, S.L.U.	Spain	-	100	Unaudited	Rendering of services	3	-	-	(55)	(55)	(52)
EDPR Yield France Services, S.A.S.	France	-	100	KPMG	Rendering of services	-	-	-	-	-	-
						-	-	-	-	-	-
EDP Renewables North America, LLC	Texas	100%		KPMG	Holding company	3,702,190	(85,519)	5,790	(85,228)	3,537,233	3,537,233
Wind Turbine Prometheus, LP	California	-	100%	Unaudited	Wind energy production	6	(6)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100%	KPMG	Wind energy production	150,380	(10,177)	-	81	140,284	140,284
Quilt Block Wind Farm, LLC	Minnesota	-	100%	Unaudited	Wind energy production	6,604	(18)	-	-	6,586	6,586
Whitestone Wind Purchasing, LLC	Texas	-	100%	Unaudited	Wind energy production	2,513	(1,116)	-	41	1,438	1,438
Blue Canyon Windpower V, LLC	Oklahoma	-	100%	KPMG	Wind energy production	90,647	40,824	-	3,849	135,320	135,320
Sagebrush Power Partners, LLC	Washington	-	100%	KPMG	Wind energy production	168,482	(29,551)	-	1,553	140,484	140,484
Marble River, LLC	New York	-	100%	Unaudited	Wind energy production	253,292	16,145	-	5,115	274,552	274,552
Blackstone Wind Farm, LLC	Illinois	-	100%	Unaudited	Wind energy production	112,425	(3,450)	-	424	109,399	109,399
Aroostook Wind Energy LLC	Maine	-	100%	Unaudited	Wind energy production	28,964	(139)	-	(4,789)	24,036	24,036
Jericho Rise Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	8,632	(42)	-	(1)	8,589	8,589
Martinsdale Wind Farm LLC	Colorado	-	100%	Unaudited	Wind energy production	3,193	(29)	-	-	3,164	3,164
Signal Hill Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Stinson Mills Wind Farm, LLC	Colorado	-	100%	Unaudited	Wind energy production	3,633	(91)	-	-	3,542	3,542

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OPQ Property LLC	Illinois	-	100%	Unaudited	Wind energy production	-	160	-	-	160	160
Meadow Lake Wind Farm, LLC	Indiana	-	100%	Unaudited	Wind energy production	225,180	(13,107)	-	465	212,538	212,538
Wheatfield Wind Power Project, LLC	Oregon	-	100%	KPMG	Wind energy production	43,932	34,077	-	3,947	81,956	81,956
High Trail Wind Farm, LLC	Illinois	-	100%	KPMG	Wind energy production	237,412	32,877	-	9,121	279,410	279,410
Madison Windpower LLC	New York	-	100%	KPMG	Wind energy production	12,616	(6,664)	-	(1,012)	4,940	4,940
Mesquite Wind, LLC	Texas	-	100%	KPMG	Wind energy production	156,875	53,514	-	3,042	213,431	213,431
BC2 Maple Ridge Wind LLC	Texas	-	100%	KPMG	Wind energy production	260,366	4,564	-	(4,503)	260,427	260,427
Blue Canyon Windpower II LLC	Oklahoma	-	100%	KPMG	Wind energy production	109,663	23,751	-	930	134,344	134,344
Telocaset Wind Power Partners, LLC	Oregon	-	100%	KPMG	Wind energy production	74,420	38,386	326	3,986	117,118	117,118
Post Oak Wind, LLC	Texas	-	100%	KPMG	Wind energy production	186,825	56,840	-	5,054	248,719	248,719
High Prairie Wind Farm II, LLC	Minnesota	-	100%	KPMG	Wind energy production	95,814	7,272	412	3,467	106,965	106,965
Old Trail Wind Farm, LLC	Illinois	-	100%	KPMG	Wind energy production	258,652	17,285	2,575	10,253	288,765	288,765
Cloud County Wind Farm, LLC	Kansas	-	100%	KPMG	Wind energy production	220,363	12,287	-	2,230	234,880	234,880
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100%	KPMG	Wind energy production	368,323	27,256	8,032	15,382	418,993	418,993
Arlington Wind Power Project LLC	Oregon	-	100%	KPMG	Wind energy production	114,623	11,725	-	(441)	125,907	125,907
Rail Splitter	Illinois	-	100%	KPMG	Wind energy production	197,481	(29,534)	-	(5,123)	162,824	162,824
Meadow Lake Wind Farm II LLC	Texas	-	100%	KPMG	Wind energy production	161,049	(11,612)	-	(1,966)	147,471	147,471
Meadow Lake Wind Farm IV LLC	Indiana	-	100%	Unaudited	Wind energy production	105,615	(4,780)	-	(1,440)	99,395	99,395
Lexington Chenoa Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	242,993	(11,993)	-	3,555	234,555	234,555
Saddleback Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	2,182	(394)	-	(1)	1,787	1,787
Meadow Lake Windfarm III LLC	Indiana	-	100%	Unaudited	Wind energy production	119,409	(3,326)	-	672	116,755	116,755
Lexington Chenoa Wind Farm LLC	Illinois	-	100%	Unaudited	Wind energy production	10,916	(38)	-	-	10,878	10,878
Lexington Chenoa Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	551	(551)	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	3	(6)	-	-	(3)	(3)
Paulding Wind Farm II LLC	Ohio	-	100%	KPMG	Wind energy production	132,524	19,185	-	4,305	156,014	156,014
Antelope Ridge Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	11,773	(106)	-	(11,669)	(2)	(2)
Blackstone Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	5,725	(116)	-	(5,634)	(25)	(25)
Meadow Lake Wind Farm V, LLC	Indiana	-	100%	Unaudited	Wind energy production	3,777	(10)	-	-	3,767	3,767
Waverly Wind Farm LLC	Kansas	-	100%	Unaudited	Wind energy production	78,432	(49)	-	330	78,713	78,713
Blue Canyon Windpower VI LLC	Texas	-	100%	KPMG	Wind energy production	123,617	5,286	-	602	129,505	129,505
Paulding Wind Farm III LLC	Ohio	-	100%	Unaudited	Wind energy production	19,351	(222)	-	(70)	19,059	19,059
Sustaining Power Solutions, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	3,997	(1,151)	-	(3,396)	(550)	(550)
Headwaters Wind Farm LLC	Indiana	-	100%	Unaudited	Wind energy production	307,017	1,247	-	8,272	316,536	316,536
Green Power Offsets, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	12	(9)	-	(2)	1	1
Rising Tree Wind Farm, L.L.C.	California	-	100%	KPMG	Wind energy production	133,031	(26)	-	3,218	136,223	136,223
Arbuckle Mountain, L.L.C.	Oklahoma	-	100%	KPMG	Wind energy production	64,484	(10)	-	318	64,792	64,792
Hidalgo Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	9,320	(14)	-	-	9,306	9,306

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Rising Tree Wind Farm II, L.L.C.	Texas	-	100%	KPMG	Wind energy production	31,825	(8)	-	17	31,834	31,834
Rising Tree Wind Farm III, L.L.C.	California	-	100%	KPMG	Wind energy production	143,678	(19)	-	3,007	146,666	146,666
Wheatfield Wind Power Project, LLC	Oregon	-	51%	KPMG	Wind energy production	43,960	(14)	-	(14)	43,932	43,932
Arkwright Summit Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	12,315	-	-	(9)	12,306	12,306
Lone Valley Solar Park I, L.L.C.	California	-	100%	Unaudited	Wind energy production	27,381	282	-	518	28,181	28,181
Lone Valley Solar Park II, L.L.C.	California	-	100%	Unaudited	Wind energy production	49,996	639	-	1,551	52,186	52,186
2007 Vento I, LLC	Texas	-	100%	KPMG	Wind energy production	721,535	12,524	-	3,666	737,725	737,725
2007 Vento II, LLC	Texas	-	100%	KPMG	Wind energy production	629,777	(4,091)	-	(170)	625,516	625,516
2008 Vento III, LLC	Texas	-	100%	KPMG	Wind energy production	719,964	(4,286)	-	(558)	715,120	715,120
2009 Vento IV, LLC	Texas	-	100%	KPMG	Wind energy production	199,334	(659)	-	(128)	198,547	198,547
2009 Vento V, LLC	Texas	-	100%	KPMG	Wind energy production	93,318	(654)	-	(128)	92,536	92,536
2009 Vento VI, LLC	Texas	-	100%	KPMG	Wind energy production	151,291	(523)	-	(114)	150,654	150,654
2010 Vento VII, LLC	Texas	-	100%	KPMG	Wind energy production	162,736	(448)	-	(113)	162,175	162,175
2010 Vento VIII, LLC	Texas	-	100%	KPMG	Wind energy production	169,787	(613)	-	(113)	169,061	169,061
2011 Vento IX, LLC	Texas	-	100%	KPMG	Wind energy production	135,265	(369)	-	(112)	134,784	134,784
2011 Vento X, LLC	Texas	-	100%	KPMG	Wind energy production	125,144	(330)	-	(112)	124,702	124,702
2014 Vento XI, LLC	Texas	-	100%	KPMG	Wind energy production	310,470	-	-	(14)	310,456	310,456
2014 Vento XII, LLC	Texas	-	100%	KPMG	Wind energy production	167,690	-	-	(15)	167,675	167,675
2014 Sol I, LLC	Texas	-	100%	KPMG	Wind energy production	77,729	(25)	-	(74)	77,630	77,630
2015 Vento XIII, LLC	Texas	-	100%	KPMG	Wind energy production	210,192	-	-	(230)	209,962	209,962
Horizon Wind Ventures I LLC	Texas	-	100%	Unaudited	Wind energy production	461,967	369,547	-	48,011	879,525	879,525
Horizon Wind Ventures IB, LLC	Texas	-	51%	Unaudited	Wind energy production	93,613	139,026	-	26,976	259,615	259,615
Horizon Wind Ventures IC, LLC	Texas	-	75%	Unaudited	Wind energy production	345,528	57,337	-	30,688	433,553	433,553
Horizon Wind Ventures II, LLC	Texas	-	100%	Unaudited	Wind energy production	127,827	6,697	-	2,499	137,023	137,023
Horizon Wind Ventures III, LLC	Texas	-	51%	Unaudited	Wind energy production	39,409	13,846	-	3,494	56,749	56,749
Horizon Wind Ventures VI, LLC	Texas	-	100%	Unaudited	Wind energy production	99,008	(687)	-	1,211	99,532	99,532
Horizon Wind Ventures VII, LLC	Texas	-	100%	Unaudited	Wind energy production	97,937	1,865	-	726	100,528	100,528
Horizon Wind Ventures VIII, LLC	Texas	-	100%	Unaudited	Wind energy production	103,666	159	-	1,437	105,262	105,262
Horizon Wind Ventures IX, LLC	Texas	-	51%	Unaudited	Wind energy production	48,142	(7,014)	-	(1,004)	40,124	40,124
EDPR Wind Ventures X	Texas	-	100%	Unaudited	Wind energy production	60,544	13,975	-	2,269	76,788	76,788
EDPR Wind Ventures XI	Texas	-	51%	Unaudited	Wind energy production	135,056	68	-	2,220	137,344	137,344
EDPR Wind Ventures XII	Texas	-	51%	Unaudited	Wind energy production	68,367	(1)	-	(2,201)	66,165	66,165
EDPR Solar Ventures I	Texas	-	51%	Unaudited	Wind energy production	49,320	(45)	-	77	49,352	49,352
EDPR Wind Ventures XIV	Texas	-	100%	Unaudited	Wind energy production	1,864	-	-	-	1,864	1,864
EDPR Wind Ventures XIII	Texas	-	100%	Unaudited	Wind energy production	-	-	-	(287)	(287)	(287)

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EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
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GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	TaHOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Clinton County Wind Farm, LLC	New York	-	100%	Unaudited	Wind energy production	253,299	(7)	-	-	253,292	253,292
EDPR Servicios de México, S. de R.L. de C.V.	Mexico City	-	100%	Unaudited	Wind energy production	477	-	-	(444)	33	33
EDP Renewables Canada, Ltd.		100%	-	Unaudited	Holding company	18,226	(3,617)	137	(998)	13,748	13,748
EDP Renewables Canada LP Ltd.	Canada	-	100%	Unaudited	Wind energy production	7,681	15,240	-	(634)	22,287	22,287
SBWFI GP Inc.	Canada	-	51%	Unaudited	Wind energy production	1	1	-	-	2	2
South Dundas Wind Farm LP	Canada	-	51%	KPMG	Wind energy production	21,351	2,442	(1,015)	2,583	25,361	25,361
Nation Rise Wind Farm LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	(1)	(1)	(1)
South Branch Wind Farm II GP LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	(2)	(2)	(2)
EDP Renewables Sharp Hills Project LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	(10)	(10)	(10)
EDP Renováveis Brasil, S.A.	São Paulo	100%	-	KPMG	Wind energy production	85,877	(3,866)	-	6,327	88,338	88,338
Central Eólica Aventura, S. A.	Natal	-	51%	Unaudited	Wind energy production	-	-	-	(44)	(44)	(44)
Central Eólica Aventura II, S.A.	Natal	-	100%	Unaudited	Wind energy production	28	(5)	-	-	23	23
Central Nacional de Energia Eólica, S.A.	Santa Catarina	-	51%	KPMG	Wind energy production	2,875	263	-	585	3,723	3,723
Elebrás Projectos, Ltda	Rio Grande do Sul	-	51%	KPMG	Wind energy production	24,069	2,482	-	7,815	34,366	34,366
Central Eólica Feijão I, S.A.	Natal	-	51%	KPMG	Wind energy production	6,915	(158)	-	24	6,781	6,781
Central Eólica Feijão II, S.A.	Natal	-	51%	KPMG	Wind energy production	8,825	(116)	-	202	8,911	8,911
Central Eólica Feijão III, S.A.	Natal	-	51%	KPMG	Wind energy production	12,644	(126)	-	241	12,759	12,759
Central Eólica Feijão IV, S.A.	Natal	-	51%	KPMG	Wind energy production	8,983	(127)	-	133	8,989	8,989
Central Eólica Jau, S.A.	Natal	-	51%	KPMG	Wind energy production	7,272	76	-	101	7,449	7,449
South Africa Wind & Solar Power, S.L.U	Oviedo, Spain	100%	-	Unaudited	Other economic activities	386	4,479	-	(3,819)	(3,819)	1,046
Dejann Trading and Investments Proprietary, Ltd	Cape Town	100%	-	Mazars	Wind energy production	-	(798)	-	(21)	(819)	-
EDP Renewables South Africa, Proprietary, Ltd	Cape Town	-	100%	Mazars	Wind energy production	3,340	(173)	-	(388)	2,779	(1)
Jouren Trading and Investments Pty, Ltd	Cape Town	-	100%	Mazars	Wind energy production	-	(1,250)	-	(11)	(1,261)	-
South Africa Wind & Solar Power, S.L.U.	Oviedo, Spain	-	100%	Unaudited	Wind energy production	386	4,479	-	(3,818)	1,047	(1)

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EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
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ASSOCIATES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Aprofitament D´Energies Renovables de l´Ebre S.I	Spain	-	23.62%	PWC	Infrastructure management	3,869	(2,918)	-	(996)	(996)	(45)
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	(217)	-	-	-	238
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	30%	Unaudited	Biomass: electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst & Young	Wind energy production	7,194	14,714	-	1,623	1,623	23,531
Desarrollos Eólicos de Canarios, S.A.	Las Palmas de Gran Canaria, Spain	-	44.75%	KPMG	Wind power: Wind farm development	2,392	639	23	824	824	3,878
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Photovoltaic energy production	80	(12)	-	-	-	62
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	Centium	Wind energy production	120	4,099	-	275	275	4,494
Inch Cape Offshore Limited	Edinburgh	-	49%	Deloitte	Wind energy production						
Eoliennes en Mer Dieppe - Le Tréport, S.A.S.	France	-	43%	Ernst & Young	Wind energy production	14,471	(14,471)	-	13,423	13,423	13,423
Les Eoliennes en Mer de Vendee, SAS	France	-	43%	Ernst & Young	Wind energy production	17,187	(437)	-	(625)	(625)	16,125
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric electricity production	361	35	-	(7)	(7)	389
Eólica de Coahuila, S. de R.L. de C.V.	Mexico City	0.03%	99.97%	Unaudited	Wind energy production	105	(107)	-	(53)	(53)	(55)
Tebar Eólica, S.A	Spain	-	50%	Abante Audit Auditores, SL	Wind energy production	4,720	1,978	-	-	-	6,698
Evolución 2000,S.L	Spain	-	49.15%	KPMG	Wind energy production	118	12,501	(475)	1,149	1,149	13,293
Desarrollos energéticos Canarias, S.A	Spain	-	49.90%	Unaudited	Wind power: Wind farm development	60	(25)	-	-	-	35
Compañía Eólica Aragonesa	Spain	-	50%	Deloitte	Wind energy production	6,701	59,059	-	6,905	6,905	72,665
Flat Rock Windpower LLC	New York		50%	Ernst & Young	Wind energy production	-	-	-	-	-	-
Flat Rock Windpower II LLC	New York		50%	Ernst & Young	Wind energy production	-	-	-	-	-	-
Modderfontein Wind Energy Project	Cape Town		43%	Mazars	Wind energy production		-	-	-	-	-

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EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
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GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
EDP Renewables Europe, S.L.U	Oviedo, Spain	100	-	KPMG	Holding company	249,499	2,103,213	-	67,178	67,178	2,419,890
South Africa Wind & Solar Power, S.L.U.	Oviedo, Spain	100	-	Unaudited	Other economic activities	386	3,089	-	1,390	1,390	4,865
EDP Renovables España, S.L.	Spain	-	100%	KPMG	Holding, Building and Wind energy production	36,861	730,096	-	42,167	42,167	809,124
EDPR Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Holding and Wind energy production	121,228	4,036	-	(1,511)	(1,511)	123,753
Tarcan, B.V	Netherlands	-	100%	KPMG	Holding company	20	12,179	-	2,467	2,467	14,666
Greenwind, S.A.	Belgium	-	99.98%	KPMG	Wind energy production	24,924	9,543	(589)	4,665	4,665	38,543
EDPR France Holding SAS	France	-	100%	KPMG	Holding company	8,500	(1,336)	-	(4,159)	(4,159)	3,005
EDP Renewables SGPS, S.A.	Portugal	-	100%	KPMG	Holding company	50	24,361	-	387	387	24,798
EDP Renewables Belgium, S.A	Belgium	-	100%	KPMG	Holding company	62	(162)	-	(561)	(561)	(661)
EDPR Portugal , S.A.	Portugal	-	51%	KPMG	Holding and Wind energy production	7,500	41,266	6,811	55,774	55,774	111,351
EDPR PT - Promoção e Operação, S.A.	Portugal	-	100%	KPMG	Wind farm development	50	(143)	-	299	299	206
EDP Renewables France, SAS	France	-	51%	KPMG	Holding company	151,704	(52,661)	-	22,555	22,555	121,598
EDPR Romania S.R.L	Romania	-	85%	KPMG	Wind energy production	497	4,608	-	(5,716)	(5,716)	(611)
EDPR Ro Pv, SRL	Romania	-	99.97%	KPMG	Wind energy production	41,120	(1,385)	-	(379)	(379)	39,356
Cernavoda Power, SRL	Romania	-	85%	KPMG	Wind energy production	83,454	(15,781)	(8,116)	(3,049)	(3,049)	56,508
VS Wind Farm S.A.	Romania	-	85%	KPMG	Wind energy production	26	(134)	(1,380)	(343)	(343)	1,831
Pestera Wind Farm, S.A.	Romania	-	85%	KPMG	Wind energy production	67,111	(19,757)	(5,248)	(4,379)	(4,379)	37,727
S. C. Ialomita Power SRL	Romania	-	99.99%	KPMG	Wind energy production	76,582	(9,725)	-	(732)	(732)	66,125
Sibioara Wind Farm	Romania	-	85%	KPMG	Wind energy production	20,361	(2,880)	-	(2,083)	(2,083)	15,398
Vanju Mare Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	4,671	750	-	98	98	5,519
Studina Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	5,158	1,097	-	679	679	6,934
Cujmir Solar, SRL.	Romania	-	100%	KPMG	Photovoltaic energy production	5,896	988	-	872	872	7,756
Potelu Solar, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	7,295	708	-	568	568	8,571
Foton Delta, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	298	1,248	-	(46)	(46)	1,500
Foton Epsilon, SRL	Romania	-	100%	KPMG	Photovoltaic energy production	434	2,296	-	338	338	3,068
Gravitangle-Fotovoltaica Unipessoal, Lda	Portugal	-	100%	KPMG	Photovoltaic energy production	5	(29)	-	248	248	224
EDP Renewables Italia, S.r.l	Italy	-	100%	KPMG	Holding and Wind energy production	34,439	1,266	-	(297)	(297)	35,408
EDPR UK Limited	United Kingdom	-	100%	KPMG	Holding company	6,394	54,521	-	(2,502)	(2,502)	58,413
EDP Renováveis Servicios Financieros. S.L	Spain	70,01%	29.99%	KPMG	Other economic activities	84,691	349,424	-	(38,453)	(38,453)	395,662
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	6,946	487	(744)	(744)	12,819
Desarrollos Eólicos de Tarifa, S.A.U	Cádiz, Spain	-	100%	KPMG	Wind energy production	5,800	6,340	-	(219)	(219)	11,921
Desarrollos Eólicos de Corme, S.A.	Sevilla, Spain	-	100%	KPMG	Wind energy production	3,666	6,101	-	(450)	(450)	9,317
Desarrollos Eólicos Buenavista, S.A.U	Cádiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,777	515	(164)	(164)	5,840
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	14,360	(171)	826	826	22,776
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	95.08%	KPMG	Wind energy production	7,561	8,626	-	403	403	16,590
Desarrollos Eólicos Almarchal S.A.U.	Sevilla, Spain	-	100%	KPMG	Wind energy production	2,061	4,028	(263)	(68)	(68)	5,758
Desarrollos Eólicos Dumbria S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	1,060	1,060	15,326
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83,96%	KPMG	Wind energy production	63	18,892	-	346	346	19,301
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,765	-	3,260	3,260	18,550

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GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Eólica Guadalteba, S.L.	Sevilla, Spain	-	100%	KPMG	Wind energy production	1,460	6,091	-	3,667	3,667	11,218
Eólica Muxía, S.L.	La Coruña, Spain	-	100%	Unaudited	Wind energy production	23,480	8	-	28	28	23,516
Eólica Fontesilva, S.L.	La Coruña, Spain	-	100%	KPMG	Wind energy production	6,860	4,591	-	(12)	(12)	11,439
EDPR España Promoción y Operación SLU	Sevilla, Spain	-	100%	Unaudited	Wind energy production	307	37	-	(5)	(5)	339
Eólica Curiscao Pumar, S.A.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	1,687	1,687	1,860
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	61%	KPMG	Wind energy production	6,434	16,259	100	(232)	(232)	22,561
Eólica La Brújula, S.A (antigua Sierra de la Peña S.A.)	Madrid, Spain	-	84.90%	KPMG	Wind energy production	3,294	12,524	-	945	945	16,763
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy production	4,509	8,502	-	(137)	(137)	12,874
Eólica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	18,906	-	(776)	(776)	24,690
Parque Eólico Belchite S.L.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	4,190	-	(781)	(781)	7,009
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	64.84%	KPMG	Wind energy production	2,000	5,601	-	104	104	7,705
Korsze Wind Farm, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	10,832	(1,715)	-	5,498	5,498	14,615
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	259	-	741	741	1,003
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	303	303	484
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,312	-	(40)	(40)	33,249
Eólica de Radona, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	(629))	-	646	646	22,105
Eólica Alfoz, S.L.	Madrid, Spain	-	83.73%	KPMG	Wind energy production	8,480	8,573	-	8,629	8,629	25,682
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,419	-	954	954	2,383
Investigación y Desarrollo de Energías Renovables, S.L.	León, Spain	-	59.59%	KPMG	Wind energy production	29,451	(6,130)	-	2,495	2,495	25,816
Radzeijów wind farm Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	4,741	(761)	-	(142)	(142)	3,838
MFW Neptun Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1	(29)	-	(5)	(5)	(33)
MFW Gryf Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1	(28)	-	(5)	(5)	(32)
MFW Pomorze Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1	(28)	-	(5)	(5)	(32)
J&Z Wind Farms Sp.z.o.o.	Poland	-	60%	KPMG	Wind energy production	4,048	6,559	18,943	(759)	(759)	28,791
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	30,005	-	(2,039)	(2,039)	37,046
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	90%	Unaudited	Waste: Livestock waste treatment	60	(610)	-	-	-	(550)
Tratamientos Medioambientales del Norte, S.A.	Madrid, Spain	-	80%	Unaudited	Waste: Livestock waste treatment	60	(50)	-	-	-	10
Wincap, S.r.l	Italy	-	100%	KPMG	Wind energy production	2,550	1,336	-	(102)	(102)	3,784
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	292	292	1,347
Eólica La Manchuela, S.l.U	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,545	-	(176)	(176)	2,511
Monts de la Madeleine Energie, SA.S	France	-	100%	KPMG	Wind energy production	37	(3)	-	(1)	(1)	33
Monts du Forez Energie, SAS	France	-	100%	KPMG	Wind energy production	37	(3)	-	(6)	(6)	28
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric energy prod.	361	39	-	(4)	(4)	396
Pietragalla Eólico, S.r.l	Italy	-	100%	KPMG	Wind energy production	15	1,741	-	2,464	2,464	4,220
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Eolien de Montagne Fayel S.A.S	France	-	100%	KPMG	Wind energy production	37	(97)	-	-	-	(60)
Molen Wind II Sp.z.o.o.	Poland	-	65.07%	KPMG	Wind energy production	4	9,519	(1,757)	(171)	(171)	7,595
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	17	(7)	-	(6)	(6)	4
Acampo Arias, SL	Spain	-	98.19%	KPMG	Wind energy production	3,314	104	-	48	48	3,466

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GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
SOCPE Sauvageons, SARL	France	-	75.99%	KPMG	Wind energy production	1	(215)	-	66	66	(148)
SOCPE Le Mee, SARL	France	-	75.99%	KPMG	Wind energy production	1	125	-	(118)	(118)	8
SOCPE Petite Piece, SARL	France	-	75.99%	KPMG	Wind energy production	1	13	-	70	70	84
NEO Plouvien, S.A.S	France	-	51%	KPMG	Wind energy production	5,040	(1,955)	-	(1,114)	(1,114)	1,971
CE Patay, SAS	France	-	26.01%	KPMG	Wind energy production	1,640	4,005	(406)	793	793	6,032
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	(5,485)	-	(4,156)	(4,156)	6,975
Relax Wind Park I, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	597	887	(6,346)	(267)	(267)	(5,129)
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	109	(882)	-	(78)	(78)	(851)
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	123	(599)	-	(61)	(61)	(537)
EDPR Renováveis Cantabria, S.L.	Madrid, Spain	-	100%	Unaudited	Wind energy production	300	(53)	-	(1)	(1)	246
Neo Energia Aragon, S.L	Spain	-	100%	Unaudited	Wind energy production	10	(3)	-	-	-	7
Eolica.Garcimuñoz SL	Spain	-	100%	KPMG	Wind energy production	4,060	11,375	-	(810)	(810)	14,625
Compañía Eólica Campo de Borja, SA	Spain	-	75.83%	KPMG	Wind energy production	858	830	-	(32)	(32)	1,656
Desarrollos Catalanes del Viento, SL	Spain	-	60%	KPMG	Wind energy production	10,993	19,729	-	(5)	(5)	30,704
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,352	-	737	737	4,052
Castellaneta Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	16	(7)	-	(6)	(6)	3
Parques de Generación Eólica, SL	Spain	-	60%	KPMG	Wind energy production	1,924	4,195	-	265	265	6,384
CE Saint Barnabé, SAS	France	-	26.01%	KPMG	Wind energy production	1,600	2,281	(463)	476	476	3,894
E Segur, SAS	France	-	26.01%	KPMG	Wind energy production	1,615	2,573	(470)	563	563	4,281
Eolienne D´Etalondes, SARl	France	-	100%	Unaudited	Wind energy production	1	(40)	-	(2)	(2)	(41)
Eolienne de Saugueuse, SARL	France	-	26.01%	KPMG	Wind energy production	1	249	-	608	608	858
Parc Eolien Dammarie, SARL	France	-	100%	Unaudited	Wind energy production	1	(158)	-	(7)	(7)	(164)
Parc Éoline de Tarzy, S.A.R.L	France	-	51%	Unaudited	Wind energy production	1,505	(47)	-	275	275	1,733
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(80)	-	1	1	(78)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(48)	-	(2)	(2)	(49)
Parc Eolien de Roman, SARL	France	-	51%	KPMG	Wind energy production	1	1,163	-	(1,757)	(1,757)	(593)
Parc Eolien des Vatines, SAS	France	-	26.01%	KPMG	Wind energy production	841	(778)	(729)	(1,419)	(1,419)	(2,085)
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(43)	-	3	3	(3)
Eolienne de Callengeville, SAS	France	-	100%	EXCO	Wind energy production	37	(39)	-	4	4	2
Parc Eolien de Varimpre, SAS	France	-	26.01%	KPMG	Wind energy production	37	115	(823)	(1,109)	(1,109)	(1,780)
Parc Eolien du Clos Bataille, SAS	France	-	26.01%	KPMG	Wind energy production	410	(433)	(640)	(1,098)	(1,098)	(1,761)
Eólica de Serra das Alturas, SA	Portugal	-	25.55%	KPMG	Wind energy production	50	3,593	-	1,200	1,200	4,843
Malhadizes - Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	100	-	1,984	1,984	2,134
Eólica de Montenegrelo, LDA	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,248	2,248	9,276
Eólica da Alagoa,SA	Portugal	-	30.60%	KPMG	Wind energy production	50	1,732	837	1,830	1,830	4,449
Aplica. Indust de Energias Limpias S.L	Spain	-	61,5%	Unaudited	Wind energy production	131	1,235	-	-	-	1,366
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	48.70%	Unaudited	Wind energy production	1,994	(1,129)	-	37	37	902
Bon Vent de L´Ebre S..L.U	Spain	-	100%	KPMG	Wind energy production	12,600	2,117	-	1,806	1,806	16,523
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	11,156	-	(300)	(300)	16,874
Parc Eólic Serra Voltorera S.L	Spain	-	100%	KPMG	Wind energy production	3,458	6,315	-	166	166	9,939
Elektrownia Wiatrowa Kresy I Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	20	(678)	-	(54)	(54)	712
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	809	1,471	(208)	(208)	12,003

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Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	25.98%	KPMG	Wind energy production	125	966	(667)	271	271	695
Centrale Eolienne de Gueltas Noyal–Pontiv y S.A.S	France	-	26.01%	KPMG	Wind energy production	2,261	2,634	-	459	459	5,354
Villa Castelli Wind srl	Italy	-	100%	KPMG	Wind energy production	100	8,692	-	1,603	1,603	10,395
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	51%	KPMG	Wind energy production	3,831	(99)	-	(104)	(104)	3,628
Vallee de Moulin SARL	France	-	51%	KPMG	Wind energy production	8,001	(633)	-	214	214	7,582
Mardelle SARL	France	-	51%	KPMG	Wind energy production	3,001	(418)	-	6	6	2,589
Quinze Mines SARL	France	-	24.99%	KPMG	Wind energy production	1	(509)	-	(1,614)	(1,614)	(2,122)
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	60%	KPMG	Wind energy production	7,809	3,079	(4,944)	152	152	6,096
Par Eólic de Torre Madrina S.L.	Spain	-	60%	KPMG	Wind energy production	7,755	5,933	(4,547)	739	739	9,880
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	60%	KPMG	Wind energy production	3,066	3,938	(2,074)	765	765	5,695
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,600	274	-	669	669	4,543
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	11,214	-	1,277	1,277	19,746
Masovia Wind Farm I Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	351	4,777	-	(149)	(149)	4,979
Farma wiaStarozbery Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	130	(143)	-	(45)	(45)	(58)
Rowy-Karpacka mala Energetyka, Sp.z.o.o.	Poland	-	85%	Unaudited	Wind energy production	14	(231)	-	(30)	(30)	(247)
Repano wind, S.r.l.	Italy	-	100%	Unaudited	Wind energy production	11	114	-	(12)	(12)	113
Re plus, S.r.l.	Italy	-	80%	Unaudited	Wind energy production	100	(210)	-	(26)	(26)	(136)
EDPR RO Trading SRL	Romania	-	99.97%	Unaudited	Energy trading	1,678	(172)	-	(5)	(5)	1,501
Telfford Offsore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll Offshore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson Offshore Windfarm limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien de Preuseville S.A.R.L	France	-	100%	Unaudited	Wind energy production	1	(161)	-	(33)	(33)	(193)
Iberia Aprovechamientos Eólicos, SAU	Spain	-	100%	KPMG	Wind energy production	1,919	514	-	(154)	(154)	2,279
Parc Éolien de Boqueho-Pouagat SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de Francourville SAS	France	-	100%	KPMG	Wind energy production	1	-	-	(1)	(1)	-
Parc Eolien d´Escardes SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Molino de Caragüeyes, S.L.	Spain	-	80%	KPMG	Wind energy production	180	281	-	15	15	476
Eólica de Coahuila, S. de R.L. de C.V.	México City	-	99,97%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP Renewables North America, LLC	Texas	100%		KPMG	Holding company	3,376,965	(297,973)	3,848	(84,432)	(84,432)	2,998,408
Wind Turbine Prometheus, LP	California	-	100%	Unaudited	Wind energy production	5	(5)	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100%	KPMG	Wind energy production	148,257	(12,755)	-	3,629	3,629	139,131
Quilt Block Wind Farm, LLC	Minnesota	-	100%	Unaudited	Wind energy production	5,078	(16)	-	-	-	5,062
Whitestone Wind Purchasing, LLC	Texas	-	100%	Unaudited	Wind energy production	2,117	(894)	-	(106)	(106)	1,117
Blue Canyon Windpower V, LLC	Oklahoma	-	100%	KPMG	Wind energy production	94,362	28,110	-	8,498	8,498	130,970
Sagebrush Power Partners, LLC	Washington	-	100%	KPMG	Wind energy production	160,774	(29,098)	-	2,599	2,599	134,275
Marble River, LLC	New York	-	100%	Unaudited	Wind energy production	243,024	4,809	(1,342)	9,668	9,668	256,159
Blackstone Wind Farm, LLC	Illionois	-	100%	Unaudited	Wind energy production	104,985	(7,588)	-	4,494	4,494	101,891
Aroostook Wind Energy LLC	Maine	-	100%	Unaudited	Wind energy production	11,968	(104)	-	(21)	(21)	11,843

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Jericho Rise Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	4,790	(37)	-	-	-	4,753
Martinsdale Wind Farm LLC	Colorado	-	100%	Unaudited	Wind energy production	2,864	(26)	-	-	-	2,838
Signal Hill Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	3	(3)	-	-	-	-
Stinson Mills Wind Farm, LLC	Colorado	-	100%	Unaudited	Wind energy production	3,182	(81)	-	-	-	3,101
OPQ Property LLC	Illionois	-	100%	Unaudited	Wind energy production	-	136	-	8	8	144
Meadow Lake Wind Farm, LLC	Indiana	-	100%	Unaudited	Wind energy production	211,984	(14,834)	-	3,080	3,080	200,230
Wheatfield Wind Power Project, LLC	Oregon	-	100%	Unaudited	Wind energy production	47,631	24,227	-	6,331	6,331	78,189
High Trail Wind Farm, LLC	Illionois	-	100%	KPMG	Wind energy production	234,720	21,956	-	7,525	7,525	264,201
Madison Windpower LLC	New York	-	100%	KPMG	Wind energy production	10,746	(5,550)	-	(427)	(427)	4,769
Mesquite Wind, LLC	Texas	-	100%	KPMG	Wind energy production	152,891	44,893	-	3,094	3,094	200,878
BC2 Maple Ridge Wind LLC	Texas	-	100%	KPMG	Wind energy production	249,004	2,777	-	1,315	1,315	253,096
Blue Canyon Windpower II LLC	Oklahoma	-	100%	KPMG	Wind energy production	108,072	16,990	-	4,308	4,308	129,370
Telocaset Wind Power Partners, LLC	Oregon	-	100%	KPMG	Wind energy production	75,666	30,396	310	4,025	4,025	110,397
Post Oak Wind, LLC	Texas	-	100%	KPMG	Wind energy production	180,386	44,911	-	6,059	6,059	231,356
High Prairie Wind Farm II, LLC	Minnesota	-	100%	KPMG	Wind energy production	94,721	3,218	400	3,303	3,303	101,642
Old Trail Wind Farm, LLC	Illionois	-	100%	KPMG	Wind energy production	254,754	8,248	2,445	7,252	7,252	272,699
Cloud County Wind Farm, LLC	Kansas	-	100%	KPMG	Wind energy production	210,631	6,519	-	4,499	4,499	221,649
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100%	KPMG	Wind energy production	368,499	11,026	7,604	13,415	13,415	400,544
Arlington Wind Power Project LLC	Oregon	-	100%	KPMG	Wind energy production	109,708	7,782	-	2,732	2,732	120,222
Rail Splitter	Illionois	-	100%	KPMG	Wind energy production	180,913	(23,709)	-	(2,774)	(2,774)	154,430
Meadow Lake Wind Farm II LLC	Texas	-	100%	KPMG	Wind energy production	152,089	(6,519)	-	(3,446)	(3,446)	142,124
Black Prairie Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	5,271	(2)	-	-	-	5,269
Meadow Lake Wind Farm IV LLC	Indiana	-	100%	Unaudited	Wind energy production	97,744	(2,203)	-	(2,083)	(2,083)	93,458
Blackstone Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	230,345	(12,794)	-	2,039	2,039	219,590
Saddleback Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	1,940	(325)	-	(28)	(28)	1,587
Meadow Lake Windfarm III LLC	Indiana	-	100%	KPMG	Wind energy production	111,855	(2,701)	-	(282)	(282)	108,872
Lexington Chenoa Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	9,641	(34)	-	-	-	9,607
Lexington Chenoa Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	494	(494)	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	4,817	(4)	-	(1)	(1)	4,812
Paulding Wind Farm II LLC	Ohio	-	100%	KPMG	Wind energy production	131,910	13,642	-	3,562	3,562	149,114
Antelope Ridge Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	10,505	(125)	-	30	30	10,410
Blackstone Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	5,123	(100)	-	(4)	(4)	5,019
Meadow Lake Wind Farm V, LLC	Indiana	-	100%	Unaudited	Wind energy production	2,723	(9)	-	-	-	2,714
Waverly Wind Farm LLC	Kansas	-	100%	Unaudited	Wind energy production	7,593	(21)	-	(23)	(23)	7,549
Blue Canyon Windpower VI LLC	Texas	-	100%	KPMG	Wind energy production	118,082	2,970	-	1,770	1,770	122,822
Paulding Wind Farm III LLC	Ohio	-	100%	Unaudited	Wind energy production	3,855	(146)	-	(53)	(53)	3,656
Sustaining Power Solutions, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	760	(345)	-	(688)	(688)	(273)
Headwaters Wind Farm LLC	Indiana	-	100%	Unaudited	Wind energy production	133,706	(2)	-	1,121	1,121	134,825
Green Power Offsets, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	8	(1)	-	(8)	(8)	(1)
Rising Tree Wind Farm, L.L.C.	California	-	100%	Unaudited	Wind energy production	70,455	(23)	-	-	-	70,432
Arbuckle Mountain, L.L.C.	Oklahoma	-	100%	Unaudited	Wind energy production	3,951	(2)	-	(6)	(6)	3,943
Hidalgo Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	4,883	-	-	(13)	(13)	4,870

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Rising Tree Wind Farm II, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	8,113	-	-	(7)	(7)	8,106
Rising Tree Wind Farm III, L.L.C.	California	-	100%	Unaudited	Wind energy production	62,016	-	-	(17)	(17)	61,999
Wheatfield Holding, L.L.C.	Oregon	-	51%	Unaudited	Wind energy production	47,643	-	-	(12)	(12)	47,631
Lone Valley Solar Park I, L.L.C.	California	-	100%	Unaudited	Wind energy production	13,506	(1)	-	254	254	13,759
Lone Valley Solar Park II, L.L.C.	California	-	100%	Unaudited	Wind energy production	24,950	(1)	-	574	574	25,523
2007 Vento I, LLC	Texas	-	100%	KPMG	Wind energy production	702,789	7,341	-	3,890	3,890	714,020
2007 Vento II, LLC	Texas	-	100%	KPMG	Wind energy production	618,127	(3,500)	-	(168)	(168)	614,459
2008 Vento III, LLC	Texas	-	100%	KPMG	Wind energy production	699,080	(3,349)	-	(495)	(495)	695,236
2009 Vento IV, LLC	Texas	-	100%	KPMG	Wind energy production	181,504	(477)	-	(113)	(113)	180,914
2009 Vento V, LLC	Texas	-	100%	KPMG	Wind energy production	94,948	(473)	-	(113)	(113)	94,362
2009 Vento VI, LLC	Texas	-	100%	KPMG	Wind energy production	148,725	(368)	-	(101)	(101)	148,256
2010 Vento VII, LLC	Texas	-	100%	KPMG	Wind energy production	152,491	(301)	-	(100)	(100)	152,090
2010 Vento VIII, LLC	Texas	-	100%	KPMG	Wind energy production	160,919	(450)	-	(100)	(100)	160,369
2011 Vento IX, LLC	Texas	-	100%	KPMG	Wind energy production	132,241	(232)	-	(99)	(99)	131,910
2011 Vento X, LLC	Texas	-	100%	KPMG	Wind energy production	118,378	(196)	-	(99)	(99)	118,083
2012 Vento XI, LLC	Texas	-	100%	KPMG	Wind energy production	133,706	-	-	-	-	133,706
2014 Vento XII, LLC	Texas	-	100%	KPMG	Wind energy production	97,034	-	-	-	-	97,034
2014 Sol I, LLC	Texas	-	100%	KPMG	Wind energy production	47,942	-	-	(22)	(22)	47,920
Horizon Wind Ventures I LLC	Texas	-	100%	Unaudited	Wind energy production	441,651	309,498	-	21,880	21,880	773,029
Horizon Wind Ventures IB, LLC	Texas	-	51%	Unaudited	Wind energy production	137,342	99,855	-	24,811	24,811	262,008
Horizon Wind Ventures IC, LLC	Texas	-	100%	Unaudited	Wind energy production	28,459	36,367	-	15,048	15,048	79,874
Horizon Wind Ventures II, LLC	Texas	-	100%	Unaudited	Wind energy production	115,371	4,531	-	1,474	1,474	121,376
Horizon Wind Ventures III, LLC	Texas	-	100%	Unaudited	Wind energy production	39,846	7,492	-	4,924	4,924	52,262
Horizon Wind Ventures VI, LLC	Texas	-	100%	Unaudited	Wind energy production	92,651	(1,085)	-	469	469	92,035
Horizon Wind Ventures VII, LLC	Texas	-	100%	Unaudited	Wind energy production	89,876	1,499	-	174	174	91,549
Horizon Wind Ventures VIII, LLC	Texas	-	100%	Unaudited	Wind energy production	92,961	(124)	-	266	266	93,103
Horizon Wind Ventures IX, LLC	Texas	-	100%	Unaudited	Wind energy production	43,169	(4,978)	-	(1,311)	(1,311)	36,880
EDPR Wind Ventures X	Texas	-	100%	Unaudited	Wind energy production	54,365	7,518	-	5,013	5,013	66,896
EDPR Wind Ventures XI	Texas	-	100%	Unaudited	Wind energy production	-	-	-	61	61	61
EDPR Wind Ventures XII	Texas	-	100%	Unaudited	Wind energy production	43,513	-	-	(1)	(1)	43,512
EDPR Solar Ventures I	Texas	-	100%	Unaudited	Wind energy production	21,864	-	-	(40)	(40)	21,824
Clinton County Wind Farm, LLC	New York	-	100%	Unaudited	Wind energy production	243,030	(6)	-	-	-	243,024
17th Star Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2012 Vento XI, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Arkwright Summit Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II, LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	Arizona	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
BC2 Maple Ridge Holdings LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

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Black Prairie Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Wind Power VII LLC	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	Washington	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Eastern Nebraska Wind Farm, LLC	Nebraska	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Franklin Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Green Country Wind Farm LLC	Oklahoma	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	Oregon	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

The accompanying notes form an integral part of the annual accounts for 2015

EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
31 DECEMBER 2014

GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Machias Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
New Trail Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm IV, LLC	Ohio	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rio Blanco Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm, LLC	Kansas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Sardinia Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm II LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	Wyoming	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Stone Wind Power LLC	New York	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
The Nook Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Verde Wind Power LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP Renewables Canada, Ltd.	Canada	100%		Unaudited	Holding company	16,319	(3,578)	89	(1,359)	(1,359)	11,471
EDP Renewables Canada LP Ltd.	Canada		100%	Unaudited	Wind energy production	7,931	17,207	-	(535)	(535)	24,603
EDP Renewables Canada GP Ltd.	Canada		100%	Unaudited	Wind energy production	-	-	-	-	-	-
SBWFI GP Inc	Canada		100%	Unaudited	Wind energy production	1	1	-	-	-	2
South Dundas Wind Farm LP	Canada		51%	Unaudited	Wind energy production	25,141	(249)	(659)	2,874	2,874	27,107
EDP Renováveis Brasil, S.A.	Sao Paulo	55%		KPMG	Wind energy production	73,821	(5,403)	-	5,688	5,688	74,106
Central Nacional de Energia Eólica, S.A.	Sao Paulo		55%	KPMG	Wind energy production	3,849	297	-	1,110	1,110	5,256
Elebrás Projectos, Ltda	Sao Paulo		55%	KPMG	Wind energy production	32,223	7,066	-	10,215	10,215	49,504
Central Eólica Feijão I, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	4,663	(134)	-	(77)	(77)	4,452
Central Eólica Feijão II, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(117)	-	(37)	(37)	3,111
Central Eólica Feijão III, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(127)	-	(41)	(41)	3,097

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EDP RENOVAVEIS, S.A.
INFORMATION ON INVESTMENTS IN GROUP COMPANIES
31 DECEMBER 2014

GROUP COMPANIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSANDS OF EUROS					
						CAPITAL	RESERVES	OTHER EQUITY ITEMS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Central Eólica Feijão IV, S.A.	Sao Paulo		55%	Unaudited	Wind energy production	3,265	(128)	-	(42)	(42)	3,095
Central Eólica Aventura, S. A.	Sao Paulo		55%	Unaudited	Wind energy production	-	-	-	-	-	-
Central Eólica Jau, S.A.	Sao Paulo		55%	KPMG	Wind energy production	9,735	-	-	102	102	9,837
EDP Renewables South Africa, Proprietary, Ltd	Cape Town	100%		Mazars	Wind energy production	4,034	(248)	-	39	39	3,825
Dejann Trading and Investments Proprietary, Ltd	Cape Town		100%	Mazars	Wind energy production	-	(782)	-	(181)	(181)	(963)
Jouren Trading and Investments Pty, Ltd	Cape Town		100%	Mazars	Wind energy production	-	(1,319)	-	(190)	(190)	(1,509)
Modderfontein Wind Energy Project	Cape Town		43%	Unaudited	Wind energy production	-	-	-	-	-	-

EDP RENOVAVEIS, S.A.
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31 DECEMBER 2014

ASSOCIATES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSAND EUROS					
						CAPITAL	RESERVES	OTHER EQUITY COMPONENTS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Aprofitament D´Energies Renovables de l´Ebre S.l	Spain	-	18.97%	PWC	Infrastructure management	3,869	(886)	-	(2,032)	(2,032)	951
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	217	-	-	-	672
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	30%	Unaudited	Biomass: electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst & Young	Wind energy production	7,194	14,325	654	390	390	22,563
Desarrollos Eólicos de Canários, S.A.	Las Palmas de Gran Canaria, Spain	-	44.75%	KPMG	Wind energy: project development	3,192	858	24	207	207	4,281
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Solar energy	80	(18)	-	-	-	62
Eólicas de Portugal, SA	Portugal	-	35.96%	Mazars	Wind energy production	25,248	77,838	(41,197)	36,167	36,167	98,056
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	Centium	Wind energy production	120	4,126	-	(28)	(28)	4,218
Inch Cape Offshore Limited	Edinburg	-	49%	Deloitte	Wind energy production	-	(1,984)	-	(1,244)	(1,244)	(3,228)
Les Eoliennes en Mer de Dieppe-Le Trépot, SAS	France	-	43%	Ernest & Young	Wind energy production	4,368	-	-	(1,008)	(1,008)	3,360
Les Eoliennes en Mer de Vendee, SAS	France	-	43%	Ernest & Young	Wind energy production	4,805	-	-	(1,052)	(1,052)	3,753

JOINT CONTROLLED ENTITIES	REGISTERED OFFICE	% DIRECT INTEREST	% INDIRECT INTEREST	AUDITOR	ACTIVITY	THOUSAND EUROS					
						CAPITAL	RESERVES	OTHER EQUITY COMPONENTS	NET PROFIT		TOTAL EQUITY
									CONTINUING OPERATIONS	TOTAL	
Tebar Eólica, S.A	Spain	-	50%	Abante Audit Auditores SL	Wind energy production	4,720	2,908	-	(930)	(930)	6,698
Evolución 2000,S.L	Spain	-	49.15%	KPMG	Wind energy production	118	11630	(951)	790	790	11,587
Desarrollos energéticos Canarias, S.A	Spain	-	49.90%	Unaudited	Wind energy: project development	60	-25	-	-	-	35
Compañía Eólica Aragonesa	Spain	-	50%	Deloitte	Wind energy production	6,701	99,047	-	1,724	1,724	107,472
Flat Rock Windpower LLC	New York		50%	Ernst & Young	Wind energy production	-	-	-	-	-	-
Flat Rock Windpower II LLC	New York		50%	Ernst & Young	Wind energy production	-	-	-	-	-	-

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edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT
2015

edp renováveis

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MANAGEMENT REPORT 2015

Castillo Garcimuñoz Wind Farm, Spain

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1. THE COMPANY

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Facaeni Wind Farm, Romania

ENERGY
WITH
INTELLIGENCE

**MANAGEMENT
REPORT
2015**

01. THE COMPANY

1. EDP RENOVÁVEIS IN BRIEF

1.1. VISION, VALUES AND COMMITMENTS

VISION

A GLOBAL ENERGY RENEWABLE COMPANY, LEADER IN VALUE CREATION, INNOVATION AND SUSTAINABILITY

MISSION:

AIM TO BE A LONG-TERM MARKET LEADER IN THE RENEWABLE ENERGY SECTOR, PURSUING CREDIBILITY THROUGH SAFETY, VALUE CREATION, SOCIAL RESPONSIBILITY, INNOVATION, AND RESPECT FOR THE ENVIRONMENT

VALUES

INITIATIVE	TRUST	EXCELLENCE	INNOVATION	SUSTAINABILITY
THROUGH BEHAVIOUR AND ATTITUDE OF OUR PEOPLE	OF SHAREHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS	IN THE WAY WE PERFORM	TO CREATE VALUE IN OUR AREAS OF OPERATION	AIMED AT THE QUALITY OF LIFE FOR CURRENT AND FUTURE GENERATIONS
We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work We listen to our stakeholders and answer in a simple and clear manner We surprise our stakeholders by anticipating their needs	We ensure the participatory, competent and honest governance of our business We believe that the balance between private and professional live is fundamental in order to be successful	We fulfil the commitments that we embraced in the presence of our shareholders We place ourselves in our stakeholder's shoes whenever a decision has to be made We promote the development of skills and merit	We are leaders due to our capacity of anticipating and implementing We avoid specific greenhouse gas emissions with the energy we produce We demand excellence in everything that we do	We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operatin

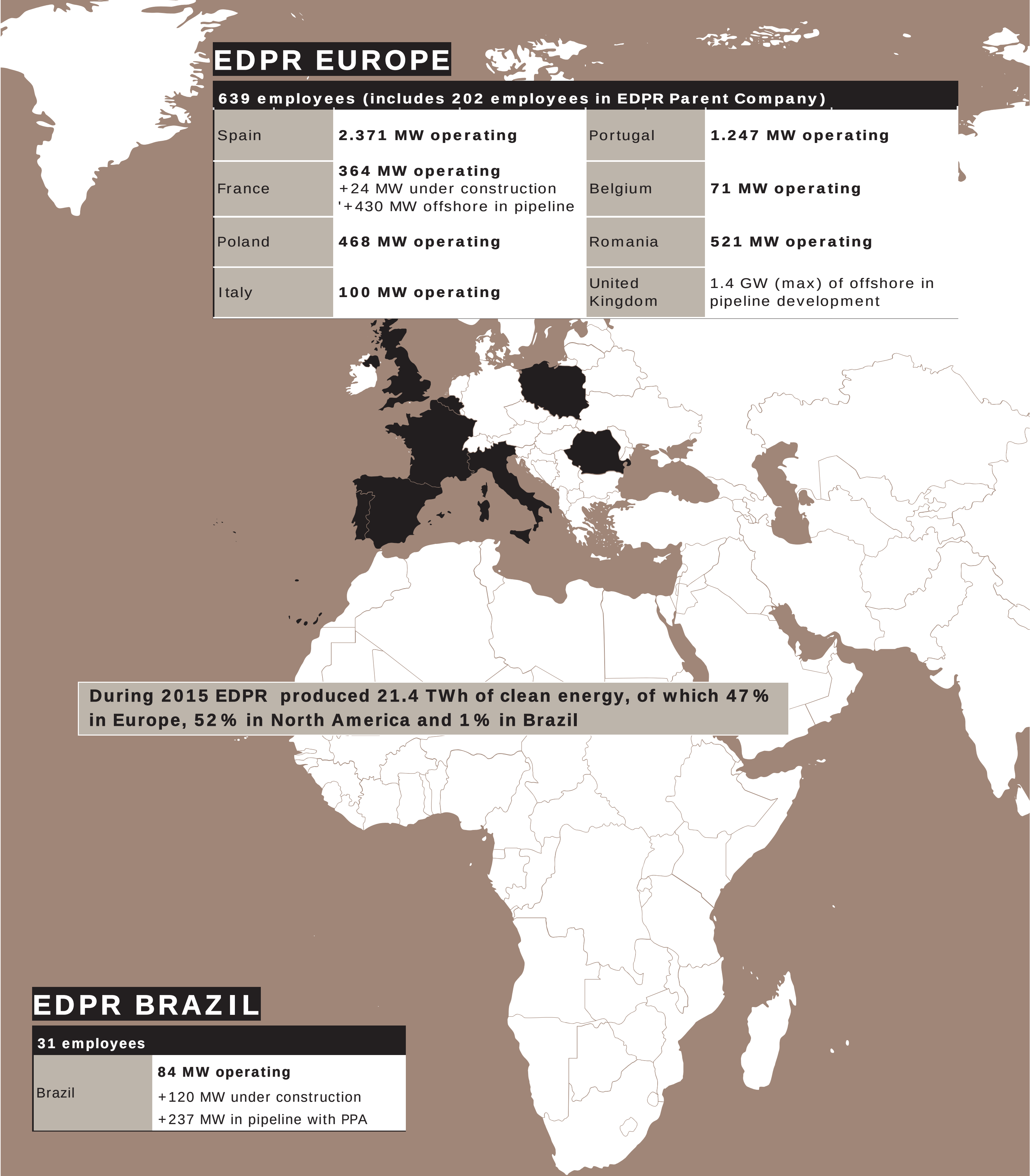
COMMITMENTS

1.2. WORLD PRESENCE

EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 9.6 GW of installed capacity, 344 MW under construction and much more in pipeline development, employing more than 1,000 employees

EDPR NORTH AMERICA

348 employees	
United States	**4.382 MW operating** +755 MW in pipeline with PPA
Canada	**30 MW operating**
Mexico	200 MW under construction



EDPR EUROPE

639 employees (includes 202 employees in EDPR Parent Company)			
Spain	**2.371 MW operating**	Portugal	**1.247 MW operating**
France	**364 MW operating** +24 MW under construction '+430 MW offshore in pipeline	Belgium	**71 MW operating**
Poland	**468 MW operating**	Romania	**521 MW operating**
Italy	**100 MW operating**	United Kingdom	1.4 GW (max) of offshore in pipeline development

During 2015 EDPR produced 21.4 TWh of clean energy, of which 47% in Europe, 52% in North America and 1% in Brazil

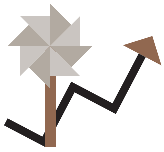
EDPR BRAZIL

31 employees	
Brazil	**84 MW operating** +120 MW under construction +237 MW in pipeline with PPA

1.3. BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.





DEVELOPMENT

SITE IDENTIFICATION

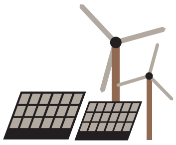
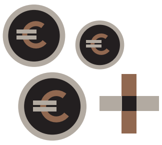
Search for sites with top-class wind conditions or irradiance resource and analyse grid connection feasibility.

LANDOWNER AGREEMENT

Contact local landowners and negotiate leasing agreement.

RENEWABLE RESOURCE ANALYSIS

Install meteorogical equipment to collect and study wind profile and solar radiance.


CONSTRUCTION

DEVELOPMENT

LAYOUT DESIGN AND EQUIPMENT CHOICE

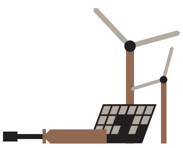
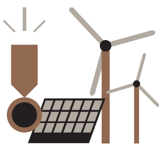
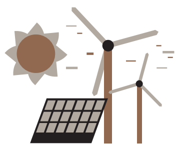
Optimize the layout of the farm and select the best fit of equipment model based on the site characteristics.

PROJECT EVALUATION AND FUNDING

Evaluate potential operational and financial risks and find appropriate finance to the project.

OBTAIN CONSENTS AND PERMITS

Engage with local public authorities to secure environmental, construction, operating and other licenses.

CONSTRUCTION

OPERATION

CONSTRUCTION

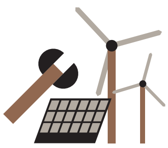
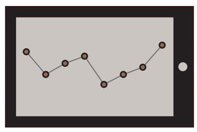
Build access roads, prepare foundations, assemble wind turbines or solar panels, construct substation.

OPENING CEREMONY

Celebrate the benefits of renewable energy with local communities, authorities and other stakeholders.

WIND AND SOLAR PLANT OPERATION

Complete grid connection and start to generate renewable electricity.

OPERATION

GENERATE AND DELIVER CLEAN ENERGY

Build access roads, prepare foundations, assemble wind turbines or solar panels, construct substation.

ONGOING MAINTENANCE SERVICE

Keep availability figures at the highest level possible and minimise failure rates.

DATA ANALYSIS

Monitor real-time operational data, analyse performance and identify opportunities for improvement.

1.4. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability – namely the economic, the environmental and the social – defining a strategy of best practices. Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2014-2017 Business Plan. This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: 1) Operational growth, 2) Risk controlling, 3) Economic value creation, 4) Environment, 5) Value circle, 6) People, 7) Governance, 8) Stakeholder Engagement, 9) Innovation and 10) Society. Defined goals make performance measurable to help drive the company as a growing leader in value creation, innovation and sustainability.

As of today, EDPR is successfully executing its sustainability roadmap creating solid foundations to outperform its 2014-2017 goals.

	Sustainability Roadmap (2014-17)	Execution 2015	
Maintain leadership position in RENEWABLE ENERGY PRODUCTION	Installed capacity: > 2,000 MWs additions Avoided CO2: +7% (CAGR vs. 2013) < 1% emitted / avoided CO2	Added +1.1 GW in 2014-15 Avoided CO2: +7% (CAGR vs. 2013) 0.2% emitted / avoided CO2	✓
CREATE VALUE while maintaining a LOW RISK profile	EBITDA: +9% (CAGR vs. 2013) Net Profit: +11% (CAGR vs. 2013) OPEX/MW: -2% (CAGR vs. 2013)	EBITDA: +11% (CAGR vs. 2013) Net Profit: +11% (CAGR vs. 2013) Lower OPEX/MW (CAGR vs. 2013)	✓
Optimize ENVIRONMENTAL MANAGEMENT	100% Certified MWs (ISO 14001)	92% Certified MWs (ISO14001)	✓
Maintain CIRCULAR ECONOMY in the internal management of the operations	Maintain hazardous wastes and used water per GWh ratios aligned with previous years > 90% Hazardous wastes recovered	32.7 Kg./GWh and 0.51 l/MWh 73% Hazardous wastes recovered	✓
Ensure high SAFETY STANDARDS for employees and contractors	100% Certified MWs (OHSAS 18001) Zero accidents mind-set	93% Certified MWs (OHSAS 18001)	✓
Ensure a high standard ETHICAL PROCESS	Zero tolerance for unethical behaviours	No communications regarding unethical behaviours to the Ethics Ombudsman	✓
Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS	Stakeholders plan development in 3 geographies	Stakeholders plan developed in Spain	✓
Invest in employees dev. of CORE COMPETENCIES and ensure continued compromise with society through VOLUNTEERING	>80% of employees in training activities >30% of employees in volunteering activities	99% of employees received training 66% of employees participated in volunteering activities	✓
Promote INNOVATION in operation phase increasing assets efficiency	c. €10 million investment	€6 million investment	✓
Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP	c. €500 thousand per year investment	€632 thousand investment in 2015	✓

1.5. STAKEHOLDERS FOCUS

We aim to maintain an open and transparent dialogue with our stakeholders in order to build and strengthen trust, promote information and knowledge sharing, anticipate challenges and identify cooperation opportunities.

We do so through four main guiding commitments: Comprehend, Communicate, Collaborate and Trust. These commitments underlie a policy that aims to go beyond mere compliance with legal requirements, and to truly engage our different stakeholder groups.

COMPREHEND

Include, Identify, And Prioritize:

We have dynamically and systematically identified the Stakeholders that influence and are influenced by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

COLLABORATE

Integrate, Share, Cooperate, Report:

We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

COMMUNICATE

Inform, Listen, And Respond:

We are committed to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

TRUST

Transparency, Integrity, Respect, Ethics:

We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

Who is an EDPR stakeholder? Any person or entity that has an influence on or is influenced by our activities. They can be categorized into four segments: Democracy, Value Chain, Market and Social and Territorial Context.

The image below lists the different stakeholder groups, using Spain as an example:

IN SPAIN MOST STAKEHOLDERS RANK HIGH EDPR'S PERFORMANCE

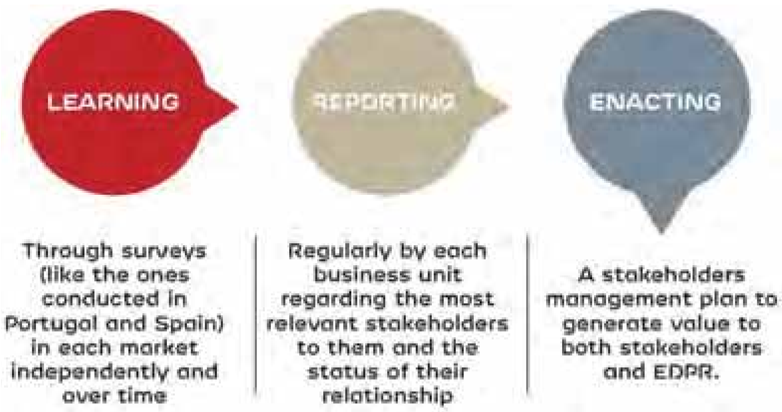
EDPR conducted its first Stakeholder Survey for the Spanish market in 2015 in order to better understand how to improve communication and relationships with its stakeholders. The study was conducted over a three months period, surveying opinions from 12 different groups of stakeholders, including associations, the media, universities, suppliers, analysts, banks, investors, NGOs, city administrators, regional administrators, landowners and employees. The information was collected through interviews conducted in person, on the phone, by mail, and online.

Similar to the survey conducted in Portugal by the EDP Group, this study looked at soft indicators such as satisfaction, relationship, credibility, relevance of issues for the stakeholder, delivery, transparecy, among others. But it also included new indicators, such as the degree of influence on the decision making process, as well as the relevance of issues for EDPR's business.

The analysis of the survey found that EDPR is recognized for its support of renewable energies, safety in energy generation and its quality R&D investments. Stakeholders also reported as some of the most important factors transparency, trustworthiness and a low environmental impact.

Surveying stakeholders helps us understand what influences our relationships with them, and how we can improve these relationships. In order to implement what we learned from the survey, each business unit will regularly report on their most relevant stakeholders and the status of the relationship with each group. We are also working to enact a stakeholder management plan, which will set actionable goals within a set time frame, to generate value for both stakeholders and EDPR.

HOW CAN WE IMPROVE OUR RELATIONSHIP WITH STAKEHOLDERS AND THEIR PERCEPTION TO POSITIVELY IMPACT EDPR BUSINESS?



As pointed out, the Spanish study follows a previous survey conducted in Portugal for the entire EDP Group. In the future, we plan to conduct similar studies in all EDPR markets around the world with the goal of further develop a global vision of the company's relationships with stakeholders across its different locations.

SURVEY FOR THE SPANISH MARKET

2015

3 months

12 different stakeholders

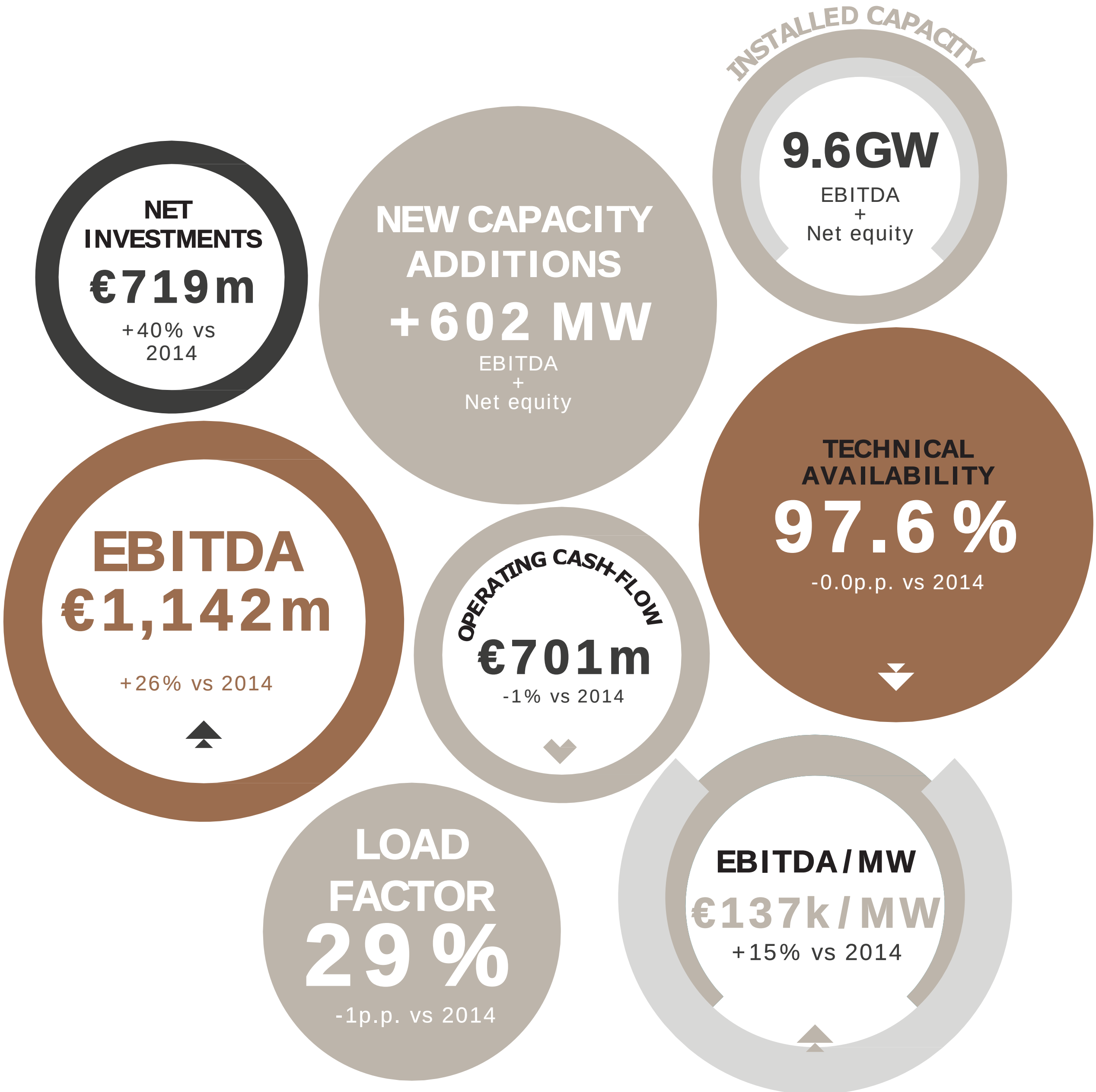
3000 interviews

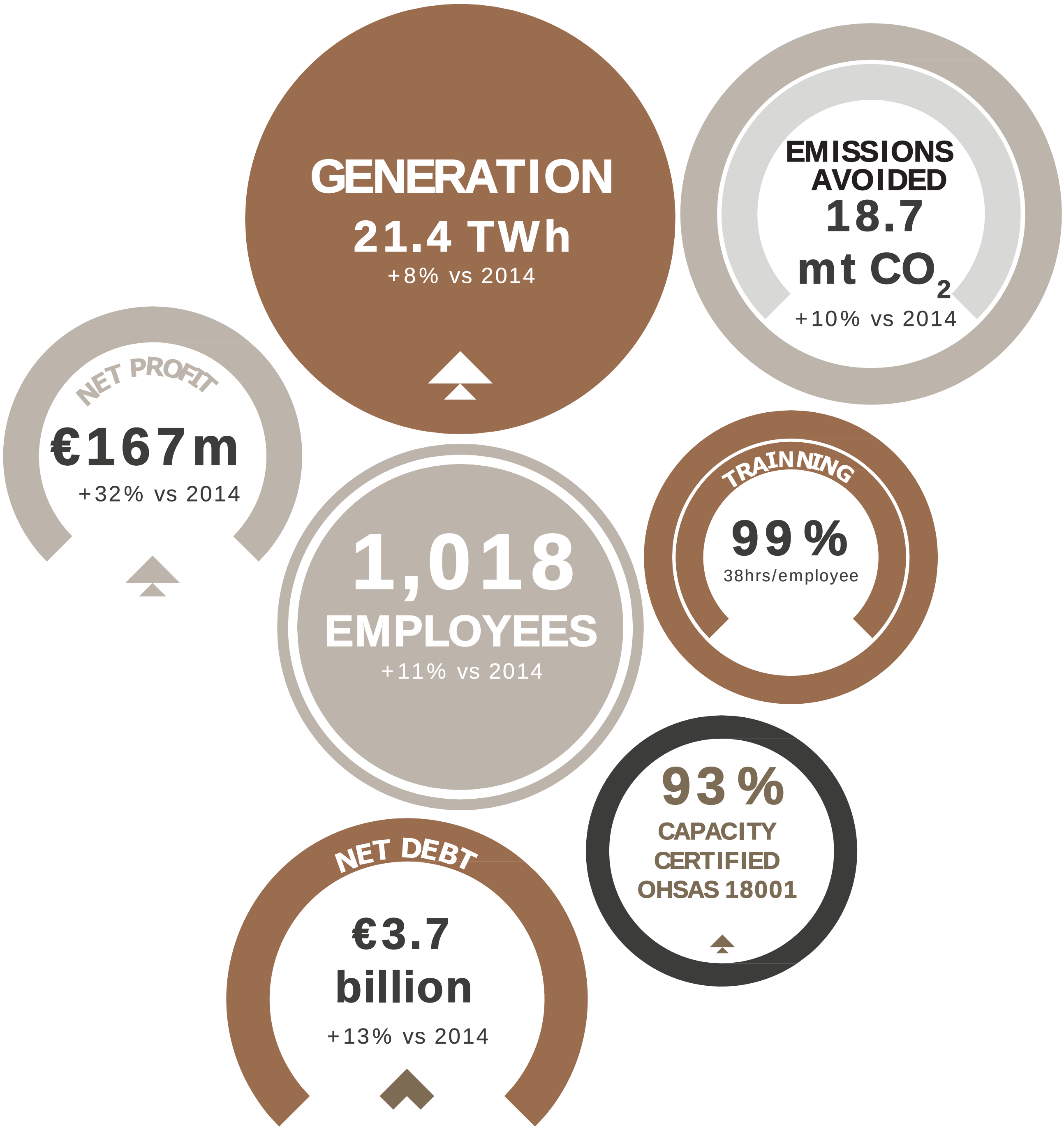
EDPR'S BEST PERFORMING:

- Support for renewable energies
- Safety in energy generation
- Quality R&D investments
- Transparency
- Trustworthiness
- Low environmental impact

2. 2015 IN REVIEW

2.1. KEY METRICS SUMMARY



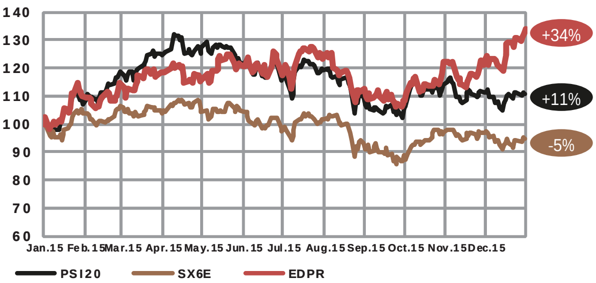

GENERATION
21.4 TWh
+8% vs 2014
EMISSIONS AVOIDED
18.7 mt CO_2
+10% vs 2014
NET PROFIT
€167m
+32% vs 2014
1,018
EMPLOYEES
+11% vs 2014
TRAINNING
99%
38hrs/employee
93%
CAPACITY CERTIFIED OHSAS 18001
NET DEBT
€3.7 billion
+13% vs 2014

2.2. SHARE PERFORMANCE

Share price increased +34% in 2015, significantly outperforming NYSE Euronext Lisbon PSI20 and Dow Jones Eurostoxx Utilities SX6E.

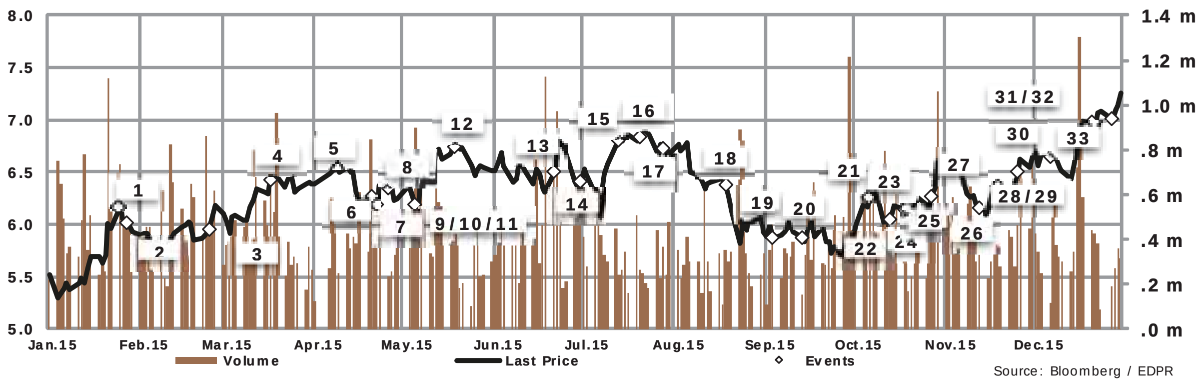
EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st 2015 EDPR had a market capitalization of 6.3 billion euro, +34% above from the 4.7 billion euro at previous year-end, and equivalent to € 7.25 per share. In 2015 total shareholder return was 35%, considering the dividend paid on May 8th of € 0.04 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



Source: Bloomberg

EDPR in Capital Markets	2015	2014	2013	2012	2011
Opening price (€)	5.40	3.86	3.99	4.73	4.34
Minimum price (€)	5.30	3.87	3.58	2.31	5.25
Maximum price (€)	7.25	5.7	4.36	4.86	3.89
Closing price (€)	7.25	5.4	3.86	3.99	4.73
Market capitalization (€ million)	6,324	4,714	3,368	3,484	4,124
Total traded volume: Listed & OTC (million)	289.22	396.84	448.15	446.02	463.56
...of which in NYSE Euronext Lisbon (million)	109.67	149.48	200.29	207.49	232.29
Average daily volume (million)	1.13	1.56	1.76	1.74	1.80
Turnover (€ million)	1,824.08	1,976.41	1,759.20	1,525.56	2,098.58
Average daily turnover (€ million)	7.13	7.75	6.9	5.96	8.17
Rotation of capital (% of total shares)	33%	46%	51%	51%	54%
Rotation of capital (% of floating shares)	148%	205%	229%	228%	239%
Share price performance	+34%	+40%	-3%	-16%	+9%
Total shareholder return	+35%	+41%	-2%	-16%	+9%
PSI 20	+11%	-27%	+16%	+3%	-28%
Down Jones Eurostoxx Utilities	-5%	+12%	+9%	-9%	-25%



Source: Bloomberg / EDPR

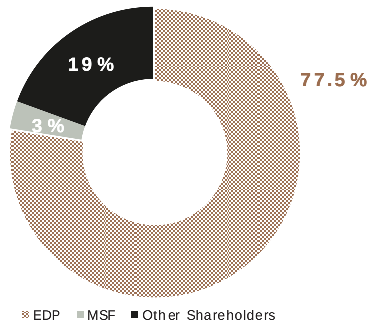
1 EDPR executes project finance for 120 MW in Brazil, 26-Jan
2 EDPR 2014 operating data, 28-Jan
3 EDPR releases FY 2014 results, 25-Feb
4 EDPR executes new asset rotation transaction in the US, 18-Mar
5 EDPR informs about resolutions of the Annual Meeting of Shareholders, 09-Apr
6 EDPR first quarter 2015 operating data, 21-Apr
7 EDPR announces dividend payment of €0.04 to occur in May 8th 2015, 23-Apr
8 EDPR acquires of 45% of EDPR Brasil from EDP Brasil, 27-Apr
9 EDPR informs about change in corporate bodies, 6-May
10 EDPR changes representative for relations with the market, 6-May
11 EDPR releases first quarter 2015 results, 6-May
12 EDPR informs about the sale of minority stakes in wind farms in Brasil to CTG, 19-May
13 EDPR informs about a complementary Asset Rotation program, 22-Jun
14 EDPR executes a new institutional partnership structure for 99 MW in the US, 1-Jul
15 EDPR first half 2015 operating data, 14-Jul
16 EDPR informs about wind offshore projects in the UK, 21-Jul
17 EDPR releases first half 2015 results, 29-Jul
18 EDPR informs about certain ENEOP assets, 19-Aug
19 EDPR informs about press news regarding its Asset Rotation program, 4-Sep
20 EDPR informs about its Asset Rotation program, 14-Sep
21 EDPR informs about agreement to acquire licenses for 216 MW in Portugal, 7-Oct
22 EDPR nine months 2015 operating data, 14-Oct
23 EDPR informs about agreement with CTG regarding offshore projects in the UK, 19-Oct
24 EDPR announces a new institutional partnership structure for 199 MW in the US, 20-Oct
25 EDPR releases nine months 2015 results, 28-Oct
26 EDPR informs about the award of LT contract for 140 MW at the Brazilian auction, 13-Nov
27 EDPR informs about a new PPA in the US, 20-Nov
28 EDPR informs about its 2014-17 asset rotation target and a new asset rotation transaction, 26-Nov
29 EDPR executes a new institutional partnership structure for 100 MW in the US, 26-Nov
30 EDPR informs about PPAs for 100 MW wind farm in the US, 7-Dec
31 EDPR informs about extension of key wind energy-related tax incentives in the US, 21-Dec
32 EDPR informs about the acquisition of 45% of EDP Renováveis Brasil from EDP Brasil, 21-Dec
33 EDPR executes the sale of minority stakes in Poland and Italy, 28-Dec

3. ORGANIZATION

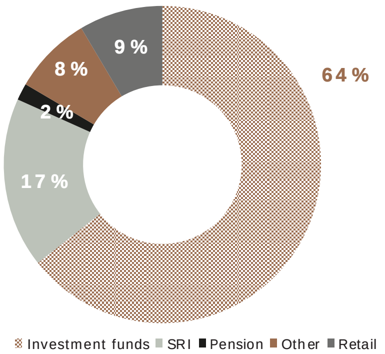
3.1. SHAREHOLDERS

EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

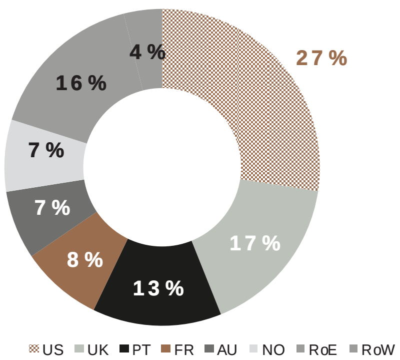
EDPR SHAREHOLDERS



SHAREHOLDER (EX-EDP) BY TYPE



SHAREHOLDER (EX-EDP) BY COUNTRY



EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872.308.162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

MAJOR SHAREHOLDER, THE EDP GROUP

The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008.

EDP ("Energias de Portugal") Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is the 4th largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 10 million electricity customers and 1.2 million gas supply points and almost 12.000 employees around the world. In 2015, EDP had an installed capacity of 24.3 GW, generating 63.7 TWh, of which 34% come from wind. EDP has been recognised #1 worldwide in the Dow Jones Sustainability Index in the Utilities sector for the year 2013, and again in 2014, and member of the DJSI World for 8 years, following the group performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.

BROAD BASE OF INVESTORS

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise more than 72,000 institutional and private investors spread worldwide. Institutional investors represent about 91% of EDPR investor base (ex-EDP Group), while the remaining 9% stand private investors, most of whom are resident in Portugal.

Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 27% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, France, Australia and Norway. In Rest of Europe the most representative countries are Netherlands, Spain and Switzerland.

3.2. GOVERNANCE MODEL

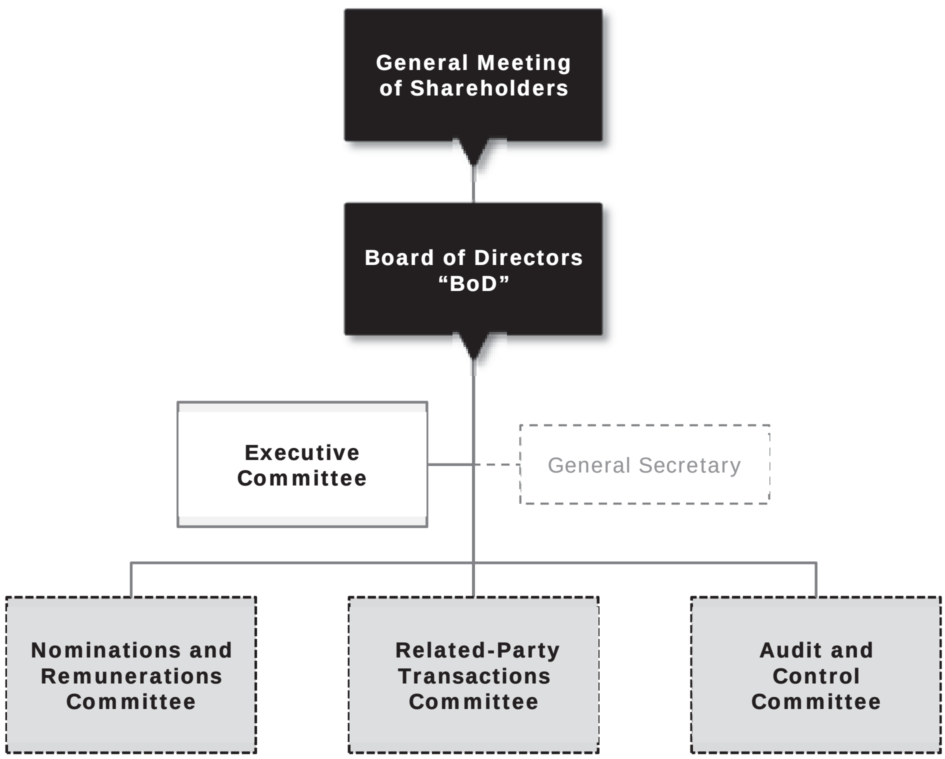
Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR's corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders' rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization's strategic response to risk management.

EDPR's corporate governance model is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities.

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions.

This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board.

EDPR's model attempts then to establish compatibility between two different systems of company law, through a Nominations and Remunerations Committee and Audit and Control Committee of independent members, although not exclusively separate from the Board of Directors ("BoD").



General Shareholders' Meeting

General Shareholders' Meeting is the body where the shareholders participate, it has the power to deliberate and adopt decisions, by majority, on matters reserved by the law or the articles of association.

BOARD OF DIRECTORS

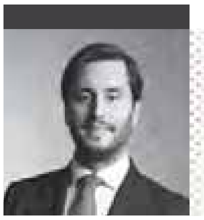
António Mexia
Chairman

Emilio García-Conde
General Secretary

João Manso Neto
Vice-Chairman and CEO

Miguel Dias Amaro
CFO

João Paulo Costeira
COO Europe & Brazil

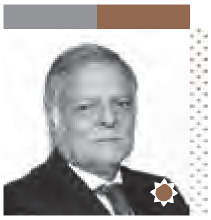


Gabriel Alonso
COO North America

Nuno Alves

João Lopes Raimundo

Jorge Santos
Chairman



João de Mello Franco
Chairman

José Ferreira Machado
Chairman

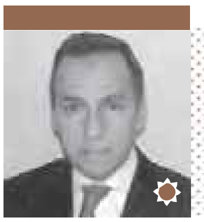
Manuel Menéndez

Allan J. Katz

António Nogueira Leite

Francisca Guedes de Oliveira

Gilles August



Acácio Piloto

Executive Committee
Audit and Control Committee
Nominations and Remunerations Committee
Related-Party Transactions Committee
Independent Member

Board of Directors

EDPR's BoD shall consist of no less than 5 and no more than 17 Directors, including a Chairperson. Currently it is composed by 16 board members, out of which 9 are independent. BoD members are elected for 3 years period and may be re-elected for equal periods.

EDPR's BoD has the broadest power for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law. Its members must meet at least 4 times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests.

Executive Committee

EDPR's Executive Committee (EC) is composed by five members, including a Chief Executive Officer (CEO). The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD; they are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

Nominations and Remunerations, Related-Party Transactions and Audit and Control Committees

In addition to EC referred above, EDPR governance model contemplates permanent bodies with an informative, advisory and supervisory tasks independently from the BoD, such as:

Nominations and Remunerations Committee (independent members)	**Related-Party Transactions Committee**	**Audit and Control Committee** (independent members)
Functions		
Assist and report to the BoD about appointments, re-elections, dismissals and remunerations of: :: Members of the BoD :: Senior management personnel	Perform the duties of ratifying transactions: :: Between EDPR and EDP :: Its related parties, qualified shareholders, directors, key employees or his relatives	:: Propose the appointment of the company's auditors and the internal risk management and control systems :: Supervise internal audits and compliance :: Prepare an annual report on its supervisory activities

Remuneration Policy

EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators.

Fixed base cash compensation

+

Variable compensation
(Cash Bonus / No share compensation)

Annual
60-80%

Multiannual
80%-120%
deferred payment

Variable compensation defined through 12 KPI

Operational 28%

- Incremental MW
- Opex/MW
- Capex/MW
- Technical Availability

Economic 40%

- ROIC Cash
- EBITDA
- Net Profit
- Asset Rotation & Tax Equity

ESG 18%

- Sustainability performance (DJSI methodology)
- Employee satisfaction survey
- Appreciation of the Remuneration Committee

Total Shareholder Return 15%

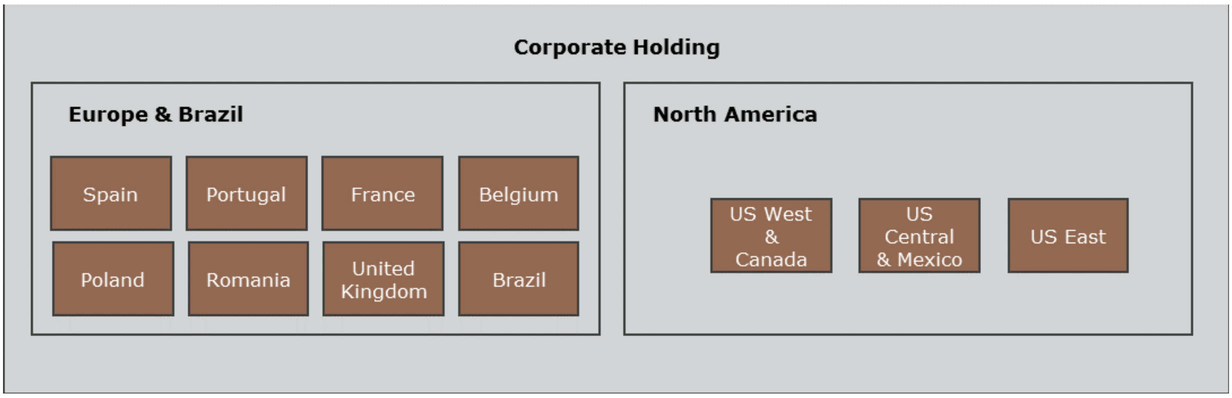
Total Shareholder Return vs. Peers & PSI 20

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2015 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

3.3. ORGANIZATION STRUCTURE

The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.

EDPR is organized around three main elements: a corporate Holding and two platforms that group all the business units where the company has presence.



ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: - Easy coordination, vertically (holding-platforms) and horizontally (across platforms); - Scalability and replicability to ensure efficient integration of future growth.

EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes - activities performed, processes steps, inputs and outputs, and decision-making mechanisms -, and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.

INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognizes its importance and complexity, and is committed to address ethics and its compliance. But is employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics and an Anti-Corruption regulation that go beyond just defining the company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the company stakeholders. The Code of Ethics has its own regulation that defines a process and channels to report any potential incident or doubt on the application of the code. The Ethics Ombudsman is behind this communication channel, and to analyse and present to the Ethics Committee any potential ethical problem. The code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

The Ethics Ombudsman plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

Identify an alleged violation of the code of ethics	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsman, indicating personal data and a detailed description of the situation.
Ombudsman performs a summary investigation	Ethics Ombudsman first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Ethics Committee decides if the complaint portrays a violation	Ethics Committee analyses every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in-house rules. After the investigation is complete, the Committee decides whether any corrective or disciplinary action is required.

In 2015 there were no communications to the Ethics Ombudsman regarding any irregularity at EDPR and no communications regarding any irregularity with material impact at EDPR though the whistleblowing channel.

ETHICS PROGRAM

Our commitment to ethics is reflected in our Ethics Program. Launched in 2010 and in order to renew ethical behaviours within the company and transmit the new additions to the code, was performed again during 2015.

The Ethics program is an important tool to assess the current status and promote awareness on the issue internally. The Program consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is understood by EDPR's workers and a training program. An online pilot training program was launched in 2015 to transmit general concepts to a group of employees, and after the great feedback provided by them it will be expanded to the rest of EDPRs personnel during 2016.

ANTI-CORRUPTION REGULATION

In order to ensure compliance with the standards of Anti-Corruption Regulation in all geographies where EDPR operates, the Company has developed an Anti-Corruption Policy of application to all EDPR Group, which was approved by its Board of Directors on December, 2014.

This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group throughout 2015.

EMPLOYEE RELATIONS

EDPR is committed to respect freedom of trade union association and recognises the right to collective bargaining.

At EDPR, from 1,018 employees, 20% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

The collective bargaining agreements that are applied at EDPR are usually negotiated at state level or regional level, and EDPR may be just one of the players among other leading sectorial companies in the negotiation with employees' representatives, and in some cases, governmental representatives. In Portugal and Brazil, EDP negotiates its own agreements with employees, and those apply to all employee working for companies of the group, including EDPR.

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. EDPR organized training sessions for its employees to inform about the results of those negotiations.

During the last years, EDPR has performed different benchmark analysis of the benefits stated at the different collective bargaining agreements that apply to our employees, comparing them against the benefits offered by the company and, in general terms, the company offers a more competitive benefits package compared to what is stated in the collective bargaining agreement.

During 2015, representatives of the company held different meetings with employees' representatives to deal with some critical topics that affect EDPR, such as the health and safety of its employees, or the bonus payment that is being done in Brazil. In France, EDPR representatives defined a roadmap with the elected employees' representatives with the actions to follow in the short term.

A full description of the Ethics governance model can be found in the Corporate Governance Report

edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

index

2. STRATEGY

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Margonin Wind Farm, Poland

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

02. STRATEGY

1. BUSINESS ENVIRONMENT

1.1. TRANSITION TOWARDS A LOW CARBON ECONOMY

The world is currently facing vital decisions about the energy of tomorrow. While global primary energy demand is likely to grow by more than 30% over the next 20 years, the need to tighten greenhouse gas (GHG) emissions to address climate change is one of the main challenges of this century. This challenge, and in particular, the goal of limiting global warming below 2°C recently agreed at COP 21, requires an urgent shift towards a low-carbon economy.

The scientific consensus is that the Earth's climate system is unequivocally warming, and this is extremely likely attributable to GHG emissions from human activities.

Indeed, climate scientist have observed that carbon dioxide (CO_2) concentrations in the atmosphere have been increasingly rising over the past century: from the pre-industrial level of around 280 ppm (parts per million), to 397 ppm in 2014. This represents approximately a 40% increase, a trend that is inevitably leading to a rise in temperature levels due to the "greenhouse effect" (by which GHG trap heat in the atmosphere). It has been commonly regarded as an adequate mean to stop this trend and avoid the worst impacts of climate change, to keep global warming below 2°C compared to the pre-industrial average.

"Scientific evidence for warming of the climate system is unequivocal"

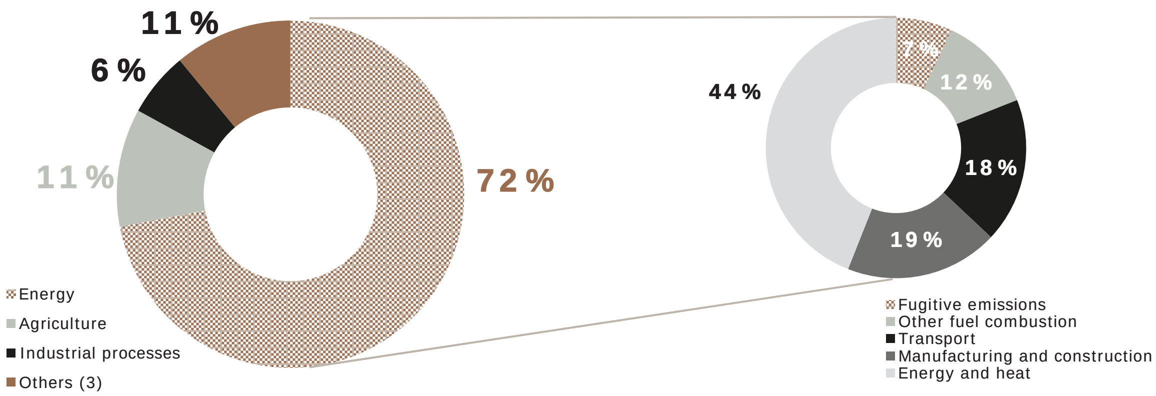
Intergovernmental Panel on Climate Change (IPCC)

THE ENERGY CONTRIBUTION

The energy sector is responsible for approximately two thirds of GHG emissions, being the power sector the largest emitter of CO_2. This suggest that we are not able to effectively fight against climate change without a shift in the way we produce energy, and in particular, electricity. Therefore, a key pillar of mitigation strategies is the decarbonisation of the energy sector through renewable energy deployment.

However, current deployment of renewables, especially in the heating sector and in transport, is still not enough to achieve the required energy-related CO_2 reductions, to keep global warming below 2°C. Therefore, the fundamental shift towards decarbonisation is still underway.

GLOBAL GREENHOUSE GAS EMISSIONS BY SECTOR



Source: World Resource Institute (2015)

COP 21 AGREEMENT REACHED IN PARIS

In December 2015, the COP 21 UN Climate Change Conference reached an historical agreement. A legally binding commitment signed by 195 countries aiming at keeping global warming below 2°C.

ROAD TO PARIS AGREEMENT

The Agreement reached at Paris in 2015 is the result of a process that started in Rio de Janeiro Earth Summit back in 1992. The United Nations Framework Convention on Climate Change (UNFCCC) was adopted, acknowledging the existence of anthropogenic climate change.

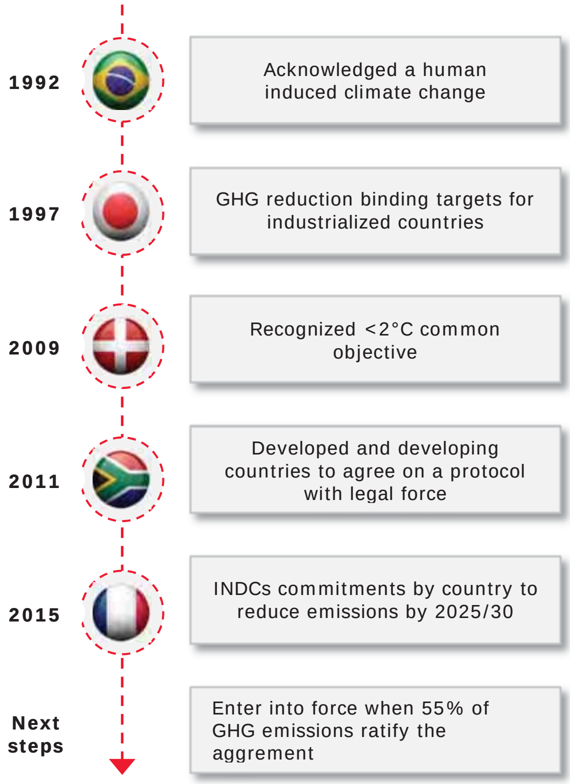
Industrialized countries had the major responsibility for combating it, and the Kyoto Protocol in 1997 provided those countries with binding GHG emissions reduction targets for the period 2008-2012, which entered into force in 2005.

In 2009, countries failed to extend the Kyoto Protocol, but they managed to recognize the common objective of keeping global temperature increase below 2°C.

In 2011, the Durban Platform for Enhanced Action (ADP) was created in order to seek an agreement before 2015, with legal force, applicable to both developed and developing countries, to be applicable in 2020.

In the run-up of the Paris Conference, 186 countries submitted their commitment to fight climate change (INDCs), with GHG reductions targets for 2025-2030.

The submitted INDCs showed that pledges would still result in a global warming between 2.4°C and 2.7°C, therefore, above the 2°C threshold.



KEY ELEMENTS OF PARIS AGREEMENT

After a four-year negotiation round, bythe end of 2015, the so-called Paris Agreement was finally achieved with 195 countries agreing to curb greenhouse gas emissions in order to avoid the worst impacts of global warming. The agreement can be considered as historical as it reached the following key factors:

- **195 countries** participated in an agreement that reflects a “hybrid” approach, blending a top-down rules-based system and a bottom-up system of voluntary pledges to provide flexibility.
- **Keeping average warming below 2°C** was reaffirmed as the common goal, with some parties that should make efforts to limit it to 1,5 °C.
- **Aims to peak GHG emissions as soon as possible**, and to achieve “balance” between emissions and sinks in the second half of the century.
- **Sets mechanisms to rise targets periodically,** since submitted INDCs don’t seem to be enough. Every country is bound to submit a new Nationally Determined Contribution (NDC) every 5 years, being each NDC progressively more ambitions than the previous one. However, NDCs are not binding.
- **Places a legal obligation on developed countries to provide climate finance to developing countries,** including a provision, stating prior to 2025, where countries should agree a “new collective quantified goal” from the floor of US$ 100 bn per year
- The Agreement is a treaty under international law, although not every provisions are legally binding.

NEXT STEPS

The Paris Agreement will be open for signature on April 22, 2016, and will enter into force on the 30th day, after at least 55 parties accounting for 55% of global greenhouse gas emissions have ratified it. Therefore, the earliest possible date of which the Agreement could enter into force is end-May 2016 but its unlikely to be so straightforward, with governments needing time to push ratification through their respective governments.

1.2. RENEWABLE ENERGY ADVANTAGES

In the current decarbonization scenario, with the commitment to keep global warming below +2°C, renewables are expected to play a key role within an energy sector that is the largest contributor to GHG emissions. Renewable energy has proven to be a competitive source of energy, with a strong contribution to GDP growth while on top of mitigating the potential impacts in the economy that climate change would bring.

A. AN IMMEDIATE PATH TO DECARBONISE THE GLOBAL ENERGY MIX

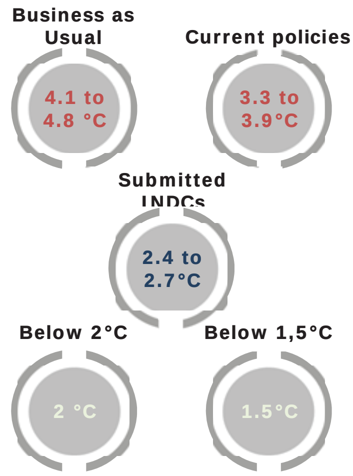
Ramping renewables is essential to meet climate goals without decelerating economic growth and reducing welfare. In the submitted INDCs prior to COP 21, the growth of the renewable energy capacity (including hydro) is expected to go from 29% in 2013 to a 44% in 2040, about 34% of the generation.

However, the fully implementation of the submitted INDCs and policies of similar strength after 2030, probably will still lead to a warming of around 2.4-2.7°C by 2100.

To achieve the 2°C target scenario, it would require emissions to be close to zero in 2100, while the 1.5° would even require negative emissions from 2080 onwards, which could be achieved with CO_2 removal technologies.

According to “IRENA” (International Renewable Energy Agency), doubling the share of renewable energy by 2030 could deliver around half of the required emissions reductions and, coupled with energy efficiency, keep the average rise in temperatures below 2°C, preventing, ultimately, the worst impacts of climate change. Most precisely, doubling the share of renewable energy by 2030 would allow to reduce 8.6 Gt of energy-related CO_2 every year until 2030.

PROJECTED TEMPERATURES INCREASE[1] IN 2100



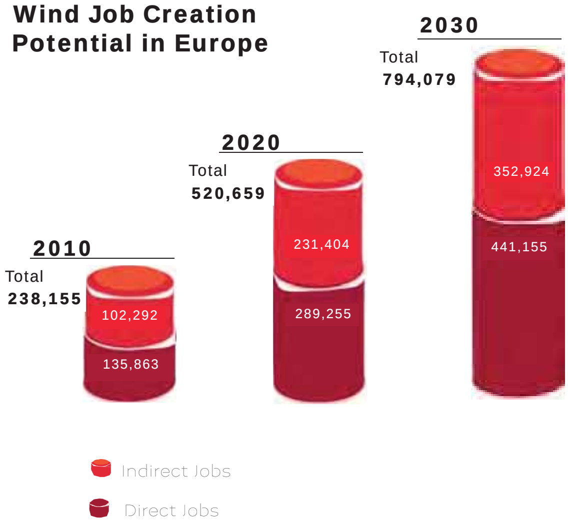
(1) Median values have been taken
Source: Climate action tracker / EDPR

B. BRINGING ECONOMIC GROWTH & IMPROVING ENERGY SECURITY

Today, renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognised as investments that can provide direct and indirect economic advantages by reducing dependence on imported fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development and creating jobs.

- ***GDP growth*** is one of the outputs of the large deployment of renewables worldwide, thanks to the development of a new industry, which has been representing an increasingly share of the global economy.

Wind Job Creation Potential in Europe



- ***Job creation*** has been asserted by several studies as one of the benefits of renewables, as they recognize this industry is more labour-intensive compared to fossil fuel technologies which are more mechanized and capital intensive. This means that, on average, more jobs are created for each unit of electricity generated from renewable than from fossil fuels. According to IRENA, the sector employed 7.7 million people in 2014, directly and indirectly, around the world (excluding large hydropower), an 18% increase from 2013. Wind energy, is responsible for more than 1 million, 31% of them in Europe.

- ***Reducing country energy dependency*** is possible because wind, solar and hydro technologies use endogenous resources. Countries enhance their security of energy supply and minimize their exposure to potential increases in fuel prices. Fuel resources are scarce and concentrated in some geographies which explains its high and volatile price.

- ***Reduce wholesale prices***, thus, energy-consumers' bills, because renewable generation is bid its output in wholesale markets at zero cost as wind or solar energy has no marginal cost. Power prices are determined by the intersection of power supply and demand, bids at zero displace more expensive technologies shifting, consequently, the supply curve. For a same level of demand, when wind production is available, the market price goes down (the so-called "merit order effect").

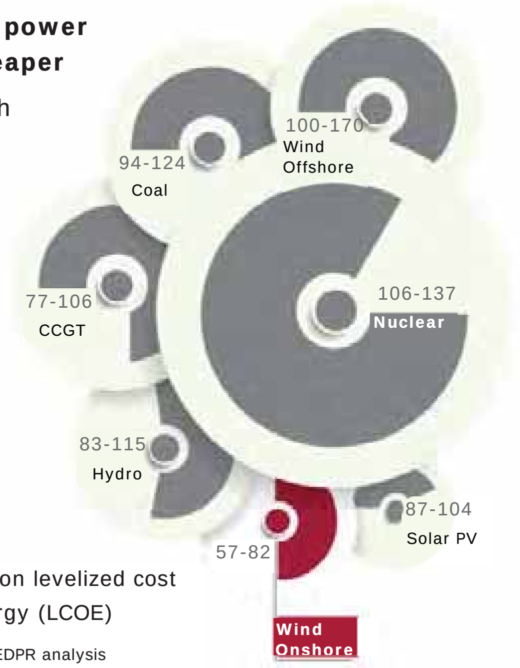
WIND EFFECT IN SPAIN POOL PRICE

It´s a fact that wind power reduces the price of electricity: the more the wind blows, the lower the pool or wholesale electricity market price is, which benefits consumers and companies in their electricity bills. This fact is easily observed in the Spanish market, for instance, in the first two weeks of 2015. At that time, the average daily market price, which is the basis for calculating the energy term of the electricity bill, reached 55.66 €/MWh, representing an increase of more than 67% over the same period of the previous year. What was the reason behind this? Low wind generation. According to data released by the Spanish Transmission System Operator (REE) on January 15th, wind production was 1,494 GWh that is 50% lower than in the early days of 2014.

C. RENEWABLES ARE FEASIBLE AND ECONOMICALLY VIABLE

Wind power is cheaper

€/MWh



Based on levelized cost of Energy (LCOE)

Source: EDPR analysis

Plummeting costs for renewable energy technologies are making a global energy transition not only possible, but actually, less expensive than the alternative. This is the reason why an increasingly number of private companies are opting for renewables to provide their energy needs, including some of the biggest worldwide as Apple, Ikea, Amazon, Wal-Mart and Lego.

- Onshore wind is the least expensive in many regions of the world, mainly due to the drop in wind turbines prices (almost a third in the last 6 years). Its increasingly competitiveness is therefore expected to drive future deployment. Bloomberg expects wind capacity worldwide to reach more than 2,000 GW in 2040 (compared to ~370 GW at the end of 2014).
- Solar PV has also experienced dramatic costs reductions that have boost its competitiveness. Solar PV modules prices have dropped 75% since 2009, and this trend is expected to continue. According to Bloomberg, solar PV is expected to dominate new build around the world with almost 5,000 GW of installed capacity by 2040 (from 177 GW in 2014YE).

D. THE COSTS OF ADDRESSING CLIMATE CHANGE MAY BE LOWER THAN THE COSTS ASSOCIATED TO INACTION

Many studies have also analysed the costs of addressing climate change compared to the costs of "inaction" (business as usual). Most of the studies agree on the fact that, if we don't act now, the overall costs and risks of climate change would outweigh the costs of current mitigation options. Most of the studies conclude that, potential impacts of climate change on water resources, food production, health and the environment among others, will provoke important losses for the economies. Instead, the costs of mitigation options (mainly renewables' deployment) will have a negligible impact on aggregate terms.

Focusing on the energy sector, Citi has conducted a study ("Energy Darwinism II"), in which it concludes that the expenditure on energy over the next quarter century, on an undiscounted basis, is remarkably similar in a low-carbon scenario compared to business-as-usual one. More precisely, the cost of following a low-carbon route in the next 25 years would be of US$190.2 trillion which is even cheaper than the cost in an "inaction" scenario (US$192.0 trillion). This is due to the rapid drop of renewables' costs, which, combined with lower fuel usage from energy efficiency investments, result in significantly lower long-term fuel bill.

Therefore, from an economic perspective, the transition towards a low-carbon economy would have positive effects, not only in aggregate terms, but even in the energy sector.

YES TO WIND POWER

THE SUCCESSFUL "YES TO WIND POWER" CAMPAIGN WAS LAUNCHED IN SPAIN IN EARLY 2015, AND WILL BE ROLLED OUT TO SEVERAL OTHER MARKETS IN 2016 SUCH AS POLAND, ROMANIA AND ITALY.

CAMPAIGN OBJECTIVES:

"Yes to Wind Power" works to spread the word that renewable energy is now one of the least expensive generation technologies in the world, even beating out traditional sources like gas and coal. In addition to the economic benefits, the campaign also emphasizes that promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change. Wind power's scalability, speed of deployment and falling costs make it the best choice to achieve emissions reductions.

The end goal of the campaign is to create more advocates for renewables, and increase societal support for the continued development of wind power and other renewable methods of energy generation.

CAMPAIGN MEDIA:

VIRAL VIDEO

WEBSITE: www.yestowindpower.com

YOUTUBE, FACEBOOK; TWITTER

LEAFLET

Through "energetic hipster", a character created to reach the younger public, the campaign has already reached more than 5 million people, offering scientific data in an easy to read and access format. EDPR created a viral video and a web site full of well-researched and credible information including scientific articles and reports about the benefits of wind power and other types of renewable energy. This is made available to the press, opinion leaders and the general public.

"Yes to Wind Power" also has a social media component that aims to build an online community around it. The campaign has been featured in thousands of news reports and blogs, including an article in The Wall Street Journal.

CAMPAIGN'S REACH:

1,235,989 hits

1.3. SUPPORTIVE POLICY INSTRUMENTS

Wind economics, energy policies and environmental concerns continue to drive renewables capacity growth globally.

2015 HIGHLIGHTS

2015 was a record year for the wind industry as annual installations crossed the 60 GW mark for the first time, bringing total capacity to 432 GW.

By region, 2015 was undoubtedly a great year for **China** that surpassed for the first time the astonishing figure of 30.5 GW, a record figure never seen before and clearly above expert's estimates.

In **Europe**, 12.8 GW of wind were installed during 2015, a 6.5% increase compared to 2014 installations. Germany, that added 6 GW, was again the largest market, both in terms of cumulative capacity and new installations. Poland came second with 1.3 GW added, more than twice the annual installations in 2014. France was third with 1.1 GW, followed by UK which managed to connect 1 GW.

Although 2015 was a relatively quiet year for European onshore wind, it was an outstanding year for offshore. EWEA (European Wind Energy Association) reported that 3,019 MW offshore wind capacity were installed in European waters, a 108% increase over 2014. These results make cumulative installed capacity amounting to 11,027 MW, consolidating European leadership in terms of offshore wind. This impressive achievement was primarily driven by the German market, where 75.4% of all new capacity was brought online (2,282.4 MW), a four-fold increase compared to 2014. The second largest market was the UK (566.1 MW, or 18.7% share), followed by the Netherlands (180 MW, or 5.9% share). However, despite German additions, UK continues to be the largest offshore market, with 5 GW of installed capacity representing nearly half of total European capacity.

Overall, in Europe, wind power was the energy technology with the highest installation rate, reaching 44% of all new installations. Solar PV came second with 8.5 GW (29% of 2015 installations) and coal third with 4.7 GW (16%). Globally, renewables accounted for 77% of new installations.

2015 was also a very good year for **North American** wind, primarily driven by US installations: 8,598 MW (a 77% increase over 2014). The US ended 2015 with 74,472 MW, consolidating its second position (after China) in terms of total installed capacity. Mexico installed 714 MW, amid the implementation of its comprehensive electricity market reform, while Canada 1,508 MW, slightly less than in 2014.

In **Latin America**, Brazil lead the way, installing a record 2,754 MW, with cumulative capacity reaching 8.7 GW. It also worth noting that Uruguay added 316 MW, 60% increase versus its 2014 capacity.

Other **emerging economies** also achieved important additions as for example India (2,623 MW, surpassing Spain and becoming the fourth largest market), South Africa (483 MW), Panama (235 MW) or Ethiopia (153 MW), among others.

In 2015, the main drivers for wind energy growth were its increasing competitiveness, the need to fight climate change and reduce pollution (particularly choking smog that is dangerously threatening people's health in many countries). Energy security, increasing power demand in emerging countries, insulation from volatile fuel markets, job creation and local industrial development were also decidedly key, but price and environmental concerns stood out as main drivers in 2015.

EUROPE:

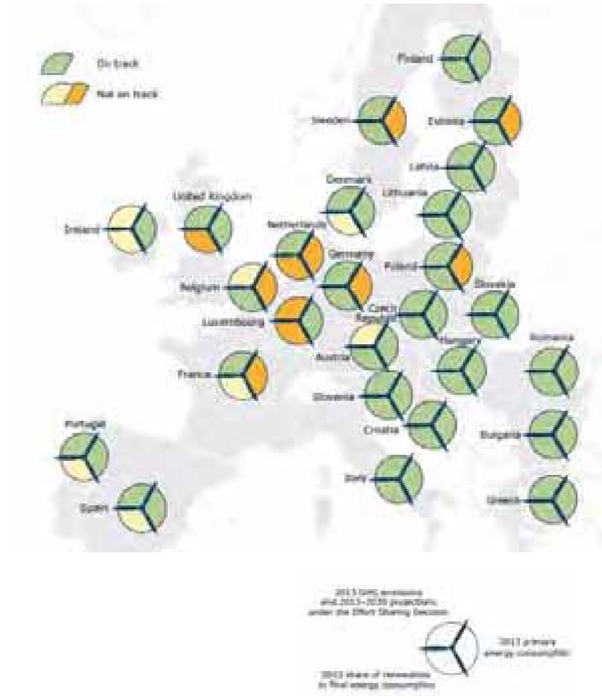
In October 24th European Council reached an agreement on 2030 Climate and Energy Policy Framework. A binding renewable energy target of at least 27% was set at European level, a binding EU target to reduce domestic greenhouse gas emissions by 40% compared to 1990 levels and a non-binding energy efficiency target of 27% (to be re-visited by 2020). The framework does not mention individual targets for state implementation so it is still not clear how efforts will be conducted at the national level. European Institutions have now to work in the governance system to set the framework to reach this 2030 targets.

	Renewable energy	CO_2 emissions reduction	Energy efficiency
2020 targets	20%	20%	20%
2030 targets	At least 27%	At least 40%	At least 27%

In October 2015, the European Environment Agency published its “Trends and projections” report, according to which the EU would be on tract to meets its climate and energy targets set for 2020. The report states that GHG emissions were already in 2013 19.8% below 1990 levels (and therefore, very close to the 20% target). Regarding renewables share, the 2020 target could be meet, provided that Member States sustain the speed of renewables’ development.

Progress on member states towards 2020 targets

- The situation differs significantly among countries:
  - **24 are on track to meet their GHG targets** (all except Austria, Belgium, Ireland and Luxembourg);
  - **20 are on track to achieve their renewable energy targets** (all except Denmark, France, Ireland, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom);
  - **20 are on track to achieve their energy efficiency targets** (all except Belgium, Estonia, France, Germany, Malta, the Netherlands, Poland and Sweden);
  - **13 Member States** (including Italy and Romania) **are on track to deliver on their national targets in all three areas**
- This is an improvement vs 2014 report, where only 9 Member States were on track to deliver on their national targets in all three areas



SPAIN:

On January 14th 2016 the first auction of RES capacity under the RD 413/2014 framework was held.

The auction was designed to provide a similar remuneration scheme that the one that applies to current installations (RD 413/2014).

Developers were bidding to build 500 MW of wind energy and 200 MW of biomass plants.

The auction was very competitive, around 5 times oversubscribed for onshore wind, and awarded contracts without any incentive, this is, at 100% discount to the opening price. EDPR was awarded 93 MW of wind energy.

The Government has announced that more auctions will be organised, possibly in 2016, to contract the capacity that Spain needs to comply with its 2020 targets.

In connection with 2020 targets, the ministry of Industry, Energy and Tourism published in December its "National Energy Infrastructure Plan 2015-2020" which includes government's view on capacity additions by technology throughout the period. According to this document, and in order to comply with the 2020 targets, around 4.5-6.5 GW of wind capacity would be needed.

FRANCE:

In France, the "Energy Transition bill", whose aim is to build a long-term and comprehensive energy strategy, was finally passed in July 2015. In 66 articles, the text targets to cut France's GHG emissions by 40% between 1990 and 2030 (and divide them by four by 2050), to halve the country's energy usage by 2050, to reduce the share of fossil fuels in energy production, to cap the total output from nuclear power at 63.2 GW and bring the share of renewables up to 32% of the energy mix.

Following the provisions of the "Energy Transition Law", the French government disclosed a draft decree with the details of a new remuneration scheme for renewables. According to this text, renewables will be remunerated by contract-for-difference scheme. However, the implementation for wind energy will probably be delayed to 2018 and up until then, new wind farms will be remunerated according to the current feed-in tariff scheme.

POLAND:

In Poland, a new Renewables' Act was approved in February 2015, introducing a different support system for new renewables plants. According to the law, the current Green Certificate (GC) system will be replaced by a tender scheme. However, the current GC scheme will be maintained (with some adjustments) for operating plants. These plants will have the choice to remain under the GC scheme or shift to the new scheme through specific tenders for operating assets.

ITALY:

In Italy a new draft decree envisaging new wind tenders for at least the two next years. According to the draft, 800 MW of onshore wind could be tendered, with a reference tariff of 110€/MWh. The publication of the final decree is expected for the first quarter of 2016.

UNITED KINGDOM:

On February 26, DECC (Department of Energy and Climate Change) and National Grid, published the results of the first "Contract for Difference" (CfD) auction. Over 2.1 GW of capacity across 27 projects was awarded a CfD contract. Successful projects include 15 onshore wind projects, 2 offshore wind and 5 solar PV, among others.

UK energy secretary Amber Rudd announced a "new direction for UK energy policy" in a speech on 18 November. According to it, the strategy is likely to be focused on gas, nuclear, and provided it cuts its costs, offshore wind. With regards to offshore, she announced that the government would fund three auctions before the end of the decade, with the first probably to be held by end 2016. However, this funding will depend on offshore wind capacity to lower its costs.

ROMANIA:

The European Commission (DG Competition) disclosed in May 2015, its clearance to the Romanian Renewables support scheme amendments notified in 2013 and 2014. Therefore, the amendments have been declared compatible with European regulation, specifically, the European Energy and Environmental State aid Guidelines (EEAG).

On December 2015 the Government finally set the value of the GC quota for 2016 at 12.15%, the same value that was proposed by ANRE by the end of July (well below the original 17% set in the original RES Law)

BRAZIL:

There are two types of renewable reverse auctions in Brazil: energy auctions and capacity auctions. Energy auctions result in long-term power purchase agreements (PPAs) being signed between generators and distributors in order to satisfy distribution companies' demand. Capacity auctions result in long-term PPAs signed between generators and Brazil's wholesale market operator, being the main purpose to guarantee the country's reserve margin and grid safety.

In 2015, renewables' projects participated in four auctions. EDPR was awarded 140 MW of wind in an auction held on November 13th.

EUROPEAN TRADING SYSTEM REFORM

The EU emissions trading system (EU ETS) is a cornerstone of the European Union's policy to address climate change and it represents a key tool for reducing GHG emissions cost-effectively.
However, the scheme has been witnessing severe challenges. To address them, the European Commission has approved a range of measures.

BACKGROUND:

The EU's emissions trading scheme (EU ETS) was launched in 2005 to promote the reduction of GHG emissions in a cost-effective and economically efficient way. It works on a “cap and trade” principle. A cap, set by the EU, is set on the total amount of certain GHG that can be emitted by the industries, power plants and other installations in the system. The cap is reduced over time so that total allowed emissions gradually decreases. Within the cap, companies receive or buy emission allowances which they can trade as needed.

However, in recent years, weak demand for allowances, largely due to the economic crisis, has led to a surplus of allowances, which has depressed the carbon price.

THE REFORM:

To address the problem, the EU Commission has introduced two mechanisms: backloading in 2014 and the Market Stability Reserve in 2015.

The Backloading was implemented through an amendment to the EU ETS Auctioning Regulation which entered in force on February 2014. It has been designed as a short-term mechanism that consists on postponing the auctioning of allowances. In particular, the auction volume has been reduced by 900 million allowances (400 million in 2014, 300 million in 2015 and 200 million in 2016). By such, the backloading is aimed at rebalancing supply and demand in the short term, and reducing price variations.

The Market Stability Reserve (MSR) is a long-term, structural measure approved by the European Parliament of 7 July 2015 and by the Council on 6 October 2015. The MSR aims at reducing the historical surplus of allowances and improving the resilience of the EU ETS by adjusting the supply of allowances to be auctioned. The scheme will start operating in 2019 and is expected to put Europe on the right track to achieve its ambition to cut greenhouse gas emissions by 40% in 2030 compared to 1990 levels.

In accordance with the MSR, when in a given year the total emission allowances exceeds a certain threshold, a percentage of allowances will be automatically withdrawn from the market and placed into the reserve. In the opposite case, allowances will be returned from the reserve to the market.

Under the scheme, backloaded allowances (900 million postponed allowances withdrawn from the market at least until 2019), will be placed in the reserve when in starts in 2019. Unallocated allowances from the period 2013-2020 will be also added in the reserve as soon as in 2020.

For the period 2021-2030, market imbalances would also be addressed by a faster reduction of the annual emissions cap. The European Commission is proposing reducing the overall number of allowances by 2.2% each year compared to the current figure of 1.74%.

U.S. TO CONTINUE LEADING THE WAY

Growth in the US expected to add +18 GW of renewable capacity per year until 2020 to meet environmental (RPS) targets and wind energy competitiveness, according to NREL. Incentives as PTCs and the prevalence of PPAs also play a key role.

Historically, the typical framework of wind development in the US has been decentralised, with no national feed-in tariff. It involves the combination of two key drivers of the top line:

- PTCs: production tax credits are the dominant form of wind remuneration in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2015), over the first 10 years of the asset's life. There are other mechanisms as well, such as ITCs, investment tax credits equal to 30% of the initial capex usable in lieu of PTCs.
- PPAs: long-term bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for inflation or a negotiated escalator. Demand for PPAs has been very strong, driven mainly by the need to meet renewable portfolio standards (RPS) targets but also from increasing improving relative competitiveness of wind energy.

The PPA + PTC combination allow wind energy companies to 'lock-in' a return over the life of the assets. The final goals targeted by the application of this framework involve cost competiveness and affordability, security of supply and environmental concerns.

LONG TERM VISIBILITY OF INCENTIVES

Historically, eligibility for production tax credits incentives has been made possible for a couple of years at a time, over a limited period, without any visibility on any further extensions. After many extensions in a 'stop and go' approach, companies required visibility on the investment horizon for wind energy companies.

The President of the US signed in December 2015 the Consolidated Appropriations Act, 2016, which includes the extension of energy-related tax incentives for renewable energy in the country. As a result of this Act, wind energy projects that begin construction before January 1st 2020 will qualify for 10 years of Production Tax Credits ("PTC") on the electricity output. Previous to this extension, PTCs were available for wind energy projects that had begun construction before January 1st 2015.

The 5-year extension also includes a phase down according to which the PTC value shall be reduced by 20% in the case facility construction begins after December 31st, 2016, and before January 1st, 2018; by 40% if construction begins after December 31st, 2017, and before January 1st, 2019; and by 60% if construction begins after December 31st, 2018, and before January22020. Projects also have the option to choose, in lieu of the PTC, an Investment Tax Credit ("ITC") on the project cost during the same period and with the same phase down percentages.

This framework provides long-term visibility and an improved environment for the development of new wind and solar projects, thus creating conditions to allow EDPR to further execute competitive projects in the US and strengthen its presence in a country that is already its main growth market.

PTCs are currently crucial, but their relative importance is likely set to decrease over time. The economics of wind power in the U.S. are rapidly improving, necessitating lower and lower PPA prices, to the point where wind is competitive on its own in some areas against other traditional technologies, on a 'new-build' basis. The various RPS and other environmental goals will still represent a substantial incentive, PTCs notwithstanding.

WIND ENERGY COMPETITIVENESS

The improving wind energy economics include decreasing capex and opex per MW, and even more per MWh due to the increase in load factors via technology improvements in wind turbines and also overall excellent wind resources in the US, especially in the regions with best resource available. In the west and east states, load factors are typically within 25-30%, while in the central states those are typically of 30-45%. This naturally makes wind energy further more competitive from a fundamental standpoint, even without incentives.

RPS DEMAND

The renewable portfolio standards (RPS) are designed to require power suppliers to provide a minimum share of electricity from renewable sources, on a state-by-state basis. Such standards have increased and by 2015 a total of 31 states have binding RPS objectives, as shown in the table below, which excludes the 7 states with voluntary goals. Although those are implemented by states all-round the US, however a strong cluster is observed in the west/pacific cost and the north east. This typically represents 10% to 25% to be reached by 2020-25 for most states, and often foreseeing a gradual increase in the mandated percentage.

Renewable Portfolio Standards (RPS) set penalties to utilities that do not procure a certain percentage of generation from renewable resources. Utilities can either invest directly in renewable generation assets, purchasing electricity from other renewable generators or purchase RECs. As a result, many utilities setup auction systems (RFPs) to seek long-term power purchase agreements with renewable energy generators. Due to the competitiveness of wind energy, this technology has received the largest share of awarded PPAs.

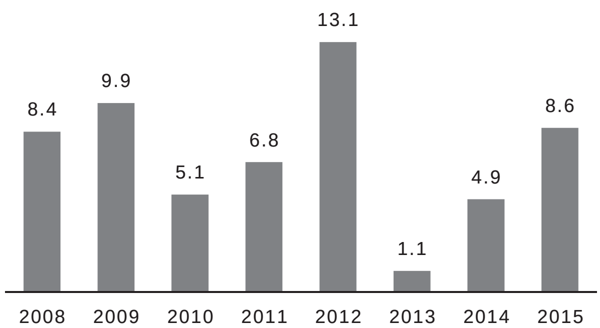
RPS objective	2015	2020+	RPS objective	2015	2020+
Arizona	4.5%	15%	Montana	15%	15%
California	23%	33%	Nevada	20%	22%
Colorado	17.3%	28.8%	New Hampshire	13.8%	23.8%
Connecticut	16%	27%	New Jersey	12.2%	20.5%
Delaware	13%	25%	New Mexico	15%	20%
District of Columbia	9.5%	20%	New York	9.3%	9.3%
Hawaii	15%	25%	North Carolina	8%	12.5%
Illinois	10%	20.5%	Ohio	3.5%	8.5%
Iowa	0.7%	0.7%	Oregon	15%	20%
Kansas	15%	20%	Pennsylvania	14%	18.5%
Maine	8%	13%	Rhode Island	9.2%	16%
Maryland	13%	20%	Texas	5%	8.6%
Massachusetts	8%	15%	Vermont	8%	10.5%
Michigan	10%	10%	Washington	3%	15%
Minnesota	20%	30%	Wisconsin	10%	10%
Missouri	8%	15%			

Moreover, the U.S. administration has also recently announced (August 2015) the Clean Power Plan by the U.S. Environmental Protection Agency (EPA), a plan to help cut carbon pollution from the power sector by 32% by 2030 (against 2005 levels). Power plants are responsible for about one-third of all US greenhouse gas emissions. This plan implies greater reliance on gas (CCGTs account for c. 40% of the planned reduction emissions), but also on alternative energy sources (c. 25% of the planned reduction emissions), and especially wind.

GROWTH PROSPECTS

Demand growth in the U.S. market could still be motivated by other existing forces, primarily the planned coal capacity retirements, wind energy competitiveness as well as RPS compliance in several states. Approximately 42 GW of coal capacity has been announced to retire through 2020 of which we expect wind to absorb a significant share in the replacement of such retirements. Furthermore, renewable energy generation becomes more competitive as a direct result from coal retirement. A higher penetration of energy generated from natural gas can lead to more flexible grids, benefitting intermittent resources such as renewables.

US wind energy additions (GW)



Regarding RPS targets in place to encourage renewable energy demand, we estimate 22 GW of wind will need to be added until 2020 in order to fulfil compliance with targets already established. From wind energy competitiveness alone, we believe an additional 7 GW can be added.

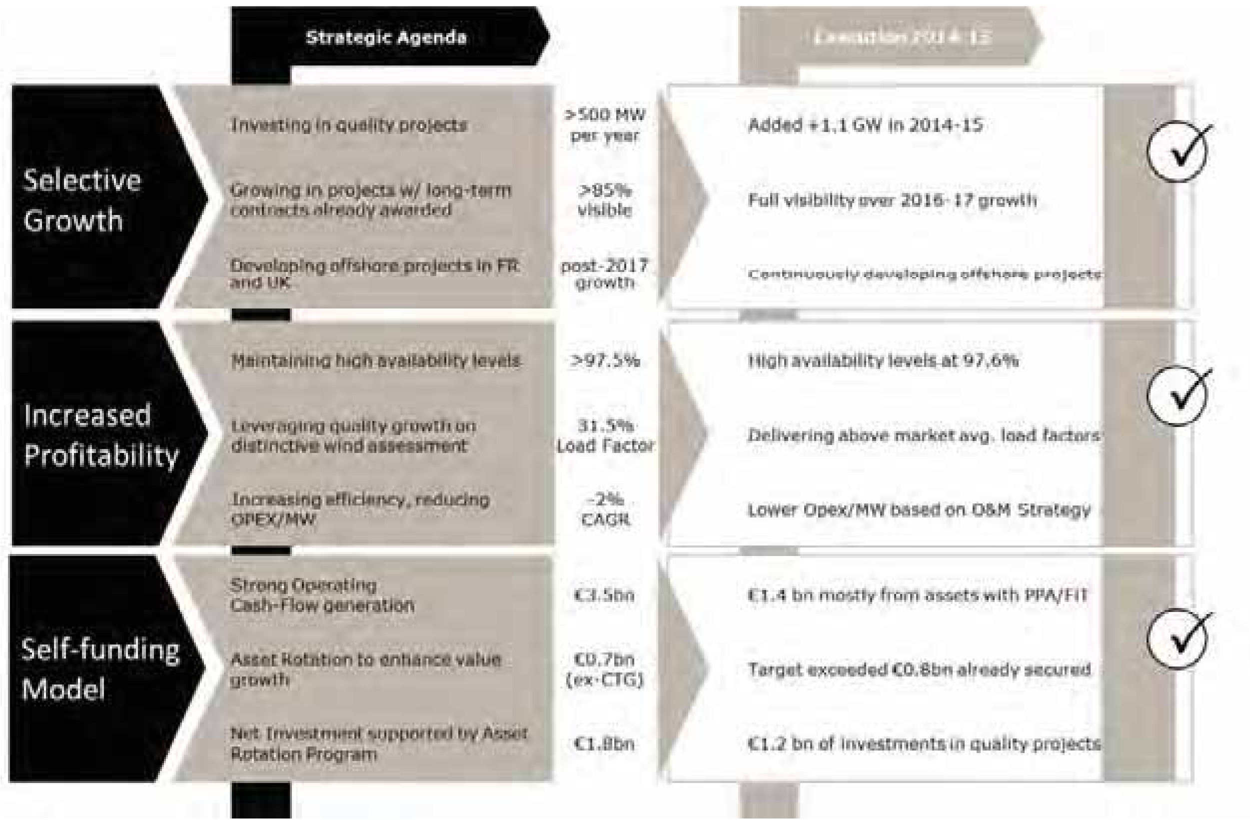
2. BUSINESS PLAN 2014-17

EDPR's value creation strategic plan through 2017 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Increased Profitability and Self-funding Model.

On May 2014, EDPR presented to the financial community its Business Plan for 2014-17 at the EDP Group Investor Day held in London, in which were present c.200 financial markets participants.

Since its inception, EDPR has been performing a strategy focused on selective growth, by investing in quality projects with predictable future cash-flows, and seamless execution, supported by core competences that yield superior profitability, all embedded within a distinctive and renowned self-funding model designed to accelerate value creation. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a global leading company in the renewable energy industry.

As of today, EDPR is successfully executing its strategic agenda creating solid foundations to outperform its 2014-17 goals.



EDPR on-target execution will allow the company to deliver solid growth targets...

ELECTRICITY OUTPUT	EBITDA	NET PROFIT	DIVIDEND PAY-OUT
9% CAGR 13-17	**9%** CAGR 13-17	**11%** CAGR 13-17	**25-35%**

...and continue to lead in a green and sustainable sector with increased worldwide relevance.

2.1. SELECTIVE GROWTH

The selective growth strategic pillar is the guiding principle behind EDPR's investment selection process, it ensures that the projects that are finally built have the best fit with the Company's low risk profile at superior profitability. This strategy can be seen in the 2014-17 Business Plan growth options, as projects have been selected according to two key guidelines:

1) Low risk profile - New capacity benefits from long-term PPAs already awarded or under stable regulatory frameworks. This guarantees high visibility of the project's future cash-flows, reducing risk and locking-in project profitability.

2) High operational performance – The projects selected exhibit strong operating metrics, namely above portfolio average load factors. This improves project competitiveness and drives higher profitability.

EDPR is well on track to deliver on its business plan target growth of +2 GW (>500 MW/year). EDPR's Extensive pipeline has been an important contributing factor to the successful execution of this strategy. The availability of multiple projects coupled with strong development expertise guarantees that only the best, fully optimized, projects are finally selected for investment.

60% GROWTH FROM US, DRIVEN BY PPAS ALREADY SIGNED

The United States is EDPR main growth driver for the 2014-17 Business Plan timeframe. The PTC tax benefit scheme, strong demand for long-term PPAs from wind energy projects, combined with EDPR's deep portfolio of projects in this market support this solid growth opportunity. Additionally, self-funding is available through tax equity partnerships with the possibility of asset rotation transactions as well, given the strong interest from infrastructure and pension funds for equity stakes.

The December 2015 extension of the Production Tax Credit, that includes a gradual phase down of the PTC value for projects that start construction before 2020, provides further long-term visibility and an improved environment for the development of new wind energy projects. This extension provides visibility to US growth beyond the 2014-17 timeframe, further strengthens the strong fundamental of the US wind market, and support EDPR's choice to shift growth to the US.

Project economics on all of the new investments in the US are strong, with average load factors of about 43%, earning average PPA prices in the first year of $48/MWh, leading to double-digit IRR percentages.

20% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provide good growth opportunities supported by regulatory frameworks that provide a low risk environment.

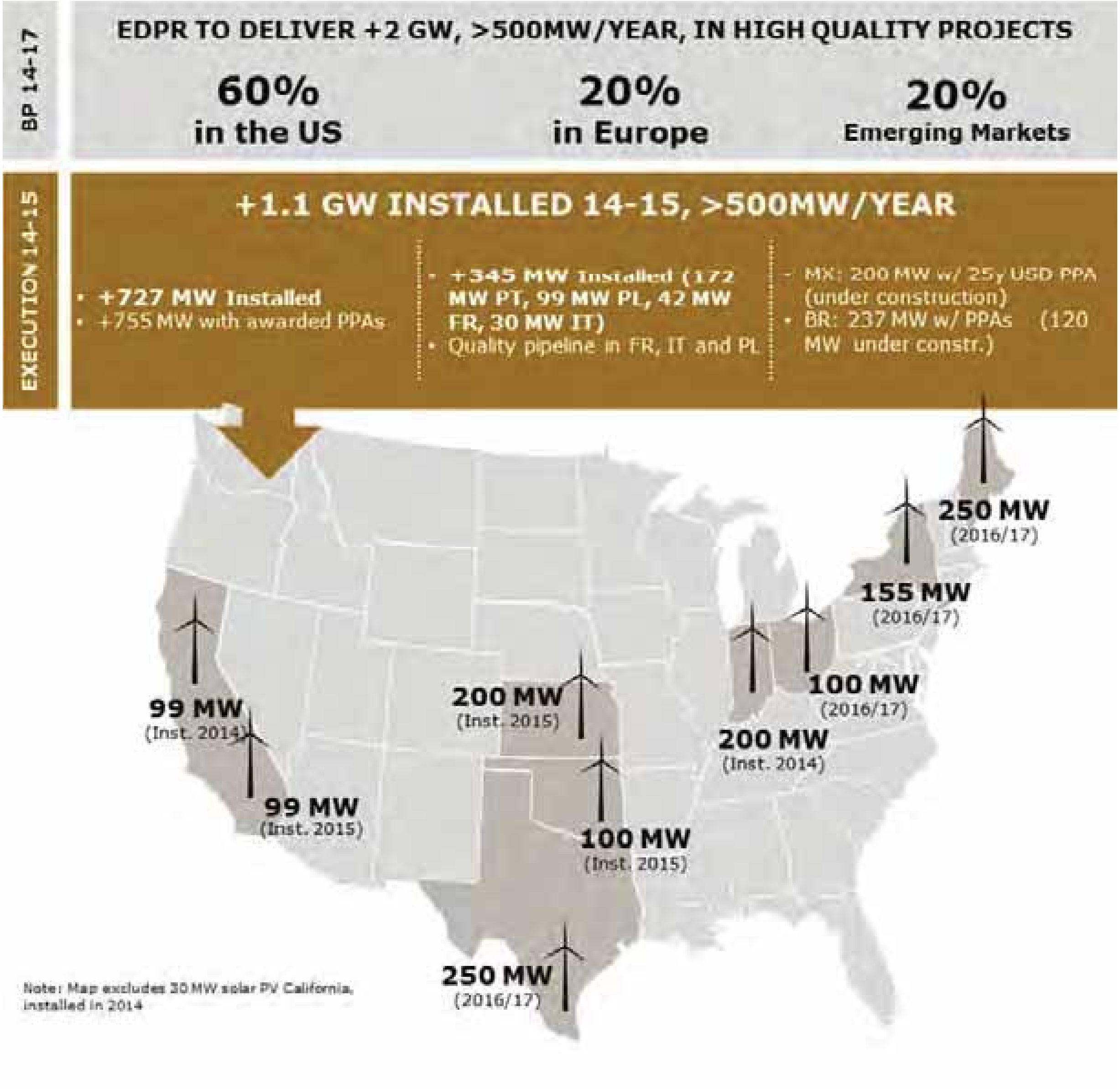
France's existing feed-in tariff regime provides a stable growth opportunity in Europe. For the 2014-17 Business Plan EDPR targets additions of 60-70 MW through pipeline development, having already installed 42 MW by December 2015. In Italy, EDPR has installed the 30 MW awarded in 2013, and intends to participate in future energy auctions to generate new possible additions. In Poland, EDPR has already installed 99 MW in 2014 and 2015 under the current Green Certificate regime, whilst further growth remains contingent to the approval of a new energy law, expected to be based in energy auctions, where EDPR maintains competitive projects in pipeline. Finally, in Portugal, the total capacity awarded back in 2006 to the ENEOP consortium has been fully installed, the consequent asset splitting executed, and EDPR now fully consolidates 613 MW.

20% FROM SELECTED EMERGING MARKETS, IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR will install in 2015-17 the projects with PPA awarded in 2011 and 2013 for a total 236 MW, thus representing a significant increase in capacity from current portfolio of 84 MW.

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 200 MW wind farm to be installed in 2016, representing a sizeable entry into a low risk and attractive market. Mexico is as a country with great potential for wind energy and this entry can provide a solid platform for further growth in this market.

Additionally, EDPR is to remain actively prospecting opportunities in new markets with strong fundamentals, namely high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements awarded through competitive schemes.



+1.5 GW FOR US GROWTH UNDER PPA

Power Purchase Agreements are a fundamental tool to accomplish EDPR low risk approach in the US market. They ensure that a project's energy is sold at a pre-determined price for long time period, generally between 15-20 years. This shields EDPR from any volatility in energy market price, locking-in project profitability.

Since 2013 EDPR has signed 1.8 GW in long-term sale agreements providing full visibility to its growth target in US for 2014-17 and to the profitability of our existing fleet with 0.3 GW of new PPAs for operational projects.

During 2015 EDPR successfully signed two additional PPA for 200 MW of new capacity, relating to wind farms in Texas and Ohio, to be installed in 2016. These two agreements that were signed with commercial and industrial corporations, one of which Amazon Web Services Inc., are a clear sign of the growing demand for green affordable energy from corporate players. Previously the demand for PPAs came only from traditional utilities, however recently the direct procurement from corporations has increased substantially, adding new demand for EDPR US wind and solar projects.

These long term sale agreements demonstrate not just EDPR's skill in closing commercial deals but foremost the company's strong ability to position effectively a pipeline of quality projects, in suitable locations and stages of development as a key success factor to capture growth opportunities on-time.

2.2. INCREASED PROFITABILITY

One of the strategic pillars and that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind farms and solar plants. In this area, EDPR's teams, namely in operations and maintenance, have established a strong track record that support challenging targets set in the 2014-17 Business Plan. For this period, EDPR has set targets for three key metrics: Availability, Load Factor and Opex/MW. These three metrics provide an overall view of the progress in our operations and maintenance, wind assessment and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.

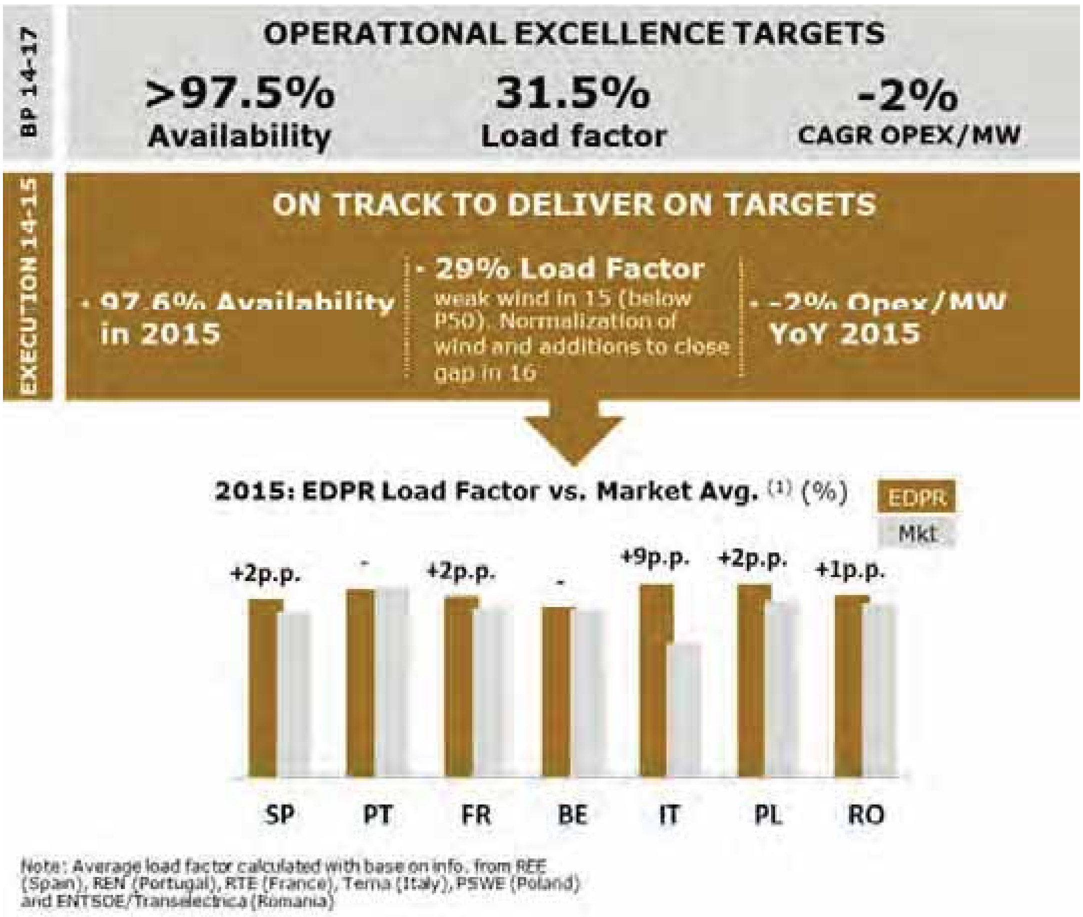
MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

Availability measures the percentage of time the fleet is fully operational. If an equipment has a 97.5% availability metric this means that, in a given period, it was available to generate energy 97.5% of the time, which leaves only 2.5% for preventative maintenance or repairs. Availability is a clear indicator of performance of the company's operations and maintenance practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

The company always maintained high levels of availability and has registered availability of above 97.6% in 2015, in line with its 2014-17 Business Plan target. EDPR will continue to look for further increases in availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARD 31.5% LOAD FACTOR

Load factor (or net capacity factor) measures the speed and quality of the renewable resource at the wind turbines or solar panels. A load factor of 31.5% means the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period. For example, for 1MW over a year, it equals to the production of 2.759,4 MWh (31.5% x 1 MW x 24 hours x 365 days).



Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is linked to improving availability as described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, designing an optimal layout of the plant, by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 29.2% in 2015, which is slightly below the 29.4% P50 (mean probability) assessment for the current fleet, and has set a target of 31.5% until the end of the 2014-17 period.

INCREASING TURBINE PRODUCTION

EDPR is also creating value by improving its assets implementing new technologies on the turbines to boost the power output without requiring major component changes. EDPR's Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology.

By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads envelope, thus increasing the power output. The extra output increases the revenues of the wind farm, without major investments needed. This technology has successfully being applied on many turbines and it will keep being developed in the following years.

INCREASING EFFICIENCY, REDUCING OPEX/MW -2%

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time, we set a target in the 2014-17 Bussiness Plan to reduce Opex/MW by -2% CAGR 2013- 2017. Despite the natural aging of its installed asset base, the company is on track to achieve this objective, with a registered reduction on OPEX of -2% CAGR 2013-15. A strict control over costs has been applied to reduce the manageable company costs structure, also benefiting from the economies of scale of a growing company. With regards to O&M, representing c. 30% of total Opex, EDPR has already delivered results form the implementation of its M3 system and self-perform program to some of the wind farms that are no longer subject to initial warranty contracts.

M3 PROGRAM AND SELF-PERFORMANCE

As EDPR's fleet becomes more mature the initial Operations and Maintenance (O&M) contracts signed with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service with the OEM or insourcing activities to operate the wind farm on its own, whilst maintaining high levels of availability.

The M3 (Modular Maintenance Model) program is our solution. Based on EDPR's expertise, our O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, labor-intensive tasks.

This strategy resulted in estimated savings of around 20% in the wind farms where the M3 system was implemented, which account for 40% of Europe's fleet.

In the US, during 2014 we expanded the M3 model to a pilot self-perform program in the Blue Canyon V wind farm. After a market review and a bottom-up analysis, we identified potential savings by fully insourcing O&M activities, given the in-house capabilities developed over the last years.

This new program immediately showed savings in operational expenses and increased control over quality. During 2015 self-perform maintenance was implemented in additional facilities whose maintenance contracts were up for renewal.

2.3. SELF-FUNDING MODEL

EDPR self-funding model has been a cornerstone of EDPR strategy and its success has been crucial for funding growth. The self-funding model relies on a combination of cash-flow from operating assets, external funds from tax equity and other structured project finances as well as proceeds from asset rotation transactions to finance the profitable growth of the business. This model substitutes the previous financing strategy that depended on corporate debt from EDPR's majority shareholder EDP.

OPERATING CASH-FLOW

The primary source of funds for the company is the operating cash flow generated from the existing assets, which is firstly used to pay for the debt service and capital distributions to equity partners, while the excess is available to pay dividends to the shareholders of EDPR or to fund new investments.

A strong operating cash-flow generation of about € 3.5 billion is expected for the period 2014-17.

EDPR has indicated a dividend pay-out ratio policy in the range of 25-35% of its annual net profit, thus allowing that most of the cash-flow available to fund growth. The dividends paid in 2015 amounted to about € 35 million corresponding to the low end of the range relative to the net profit of the previous year, representing only a small share of the available cash-flow generated in the period.

US TAX EQUITY AND OTHER PROJECT FINANCE STRUCTURES

EDPR always aims to find external financing to its projects, namely through tax equity structures, typical of the US, and through other project finance structures, available in other geographies. The use of such structures fit in the self-funding model because they substitute the need of corporate debt.

Moreover, the case of tax equity in the US also enables an efficient utilization of the tax benefits provided by the project thus improving its economics. In a simple view, under the tax equity partnerships, tax equity investors contribute a sizable part of the initial project investment, receiving in return almost all of the PTCs granted to the project for first ten years of operation.

In the case of project finance, it is also a means to contract long-term debt in local currency at competitive costs in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and expenses.

In 2015 EDPR signed three tax equity transactions relating to the total 398 MW capacity added in the US this year, and corresponding to tax equity financing proceeds of US$ 473 million. These transactions bring total tax equity financing proceeds ever raised by EDPR up from US$ 3.1 billion.

Signing	Project name	Location	MW	Million	Timing	Counterparty
Nov-15	Arbuckle	Oklahoma	100	USD 116	4Q15	MUFG + (undisclosed)
Oct-15	Waverly	Kansas	199	USD 240	4Q15	Affiliate of Google Inc.
Jul-15	Rising Tree South	California	99	USD 117	2Q15	MUFG + (undisclosed)
Oct-14	Rising Tree North	California	99	USD 109	4Q14	MUFG Union Bank
Set-14	Lone Valley	California	30	USD 33	4Q14	(undisclosed)
Jul-14	Headwaters	Indiana	200	USD 190	4Q14	BofA Merrill Lynch
	US Tax equity:		727			
Jul-15	Polish Wind Farm	Poland	54	PLN 167	3Q15	(undisclosed)
Apr-15	Belgium Wind Farm	Belgium	14	EUR 16	2Q15	(undisclosed)
Jan-15	Baixa do Feijão	Brazil	120	BRL 306	1Q15	BNDES
Aug-14	Korsze	Poland	70	PLN 220	3Q14	Bank of China
Mar-14	Solar PV plants	Romania	50	EUR 30	3Q14	EBRD + BSTDB
Jan-14	South Branch	Canada	30	CAD 49	1Q14	(undisclosed)
	Project finance:		338			

With regards to project finance, in 2015 EDPR closed an important project finance deal for its Baixa do Feijão wind farm in Brazil, with proceeds amounting to R$ 306 million. This project is a good example of the benefits of using project finance as it provides competitive financing from the Brazilian Development Bank (BNDES) as well as a natural hedging for currency volatility in the Brazilian real.

ASSET ROTATION

Proceeds from asset rotation transactions are also important sources of funds for the self-funding model of EDPR in financing the profitable growth of the business. Such model enables the company to advance the value yet to be realized from the future cash-flows of its existing projects over their long remaining lifetime, and reinvest the corresponding proceeds in the development of new value accretive projects, with superior returns to the costs of the asset rotation proceeds themselves. These transactions involve the company selling minority stakes at the level of the projects (typically of 49%), and still maintaining full management control over these projects. Moreover, the scope of projects for these transactions tend to be mature projects, generally already operating and thus significantly de-risked, with high visibility of future cash-flows, that can be attractive to low risk institutional investors from whom EDPR can then source a competitive cost of finance.

In 2015, two transactions were signed in the United States. The first transaction includes the sale of 49% of EDPR's Lone Valley, 30 MW, solar PV plant to an infrastructure fund. This transaction was completed at a competitive multiple and is EDPR's first asset rotation transaction involving non-wind assets. The second, the Company's second largest to date, involves the sale of 34% of a portfolio of operating and under construction wind farms amounting to 1,002 MW in the US. The completion of these two transactions brings the total asset rotation proceeds for 2014 and 2015 to € 800 million, having clearly surpassed EDPR's Business Plan target of € 700 million. The early completion of this target is a clear indicator of the quality of the company's installed asset base that has attracted the interest of many institutional investors.

During 2015, significant progress was also made with regards to the CTG strategic partnership. Under this agreement EDPR will sell 49% of Polish and Italian assets totalling 598 MW. The transaction scope covers 392 MW in operation in Poland and 100 MW in Italy with an average age of 4 years, as well as 107 MW under construction in Poland and Italy. This transaction adds to the Brazil and Portugal transactions signed with CTG in 2014 and 2012 respectively, as well as the MoU relating to the future sale of 49% stake in the ENEOP consortium signed in December 2013.

For the record, the referred strategic partnership between EDP (EDPR's main shareholder) and CTG was established at the end of 2011 and entered into force in May 2012, foreseeing a total € 2 billion investment by CTG until 2015 (including co-funding capex) in operating and ready-to-build renewable energy generation projects, that may include wind energy assets from EDPR and, as after agreed, selected hydro power plants from other EDP business units.

3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company achieving its financial targets, while minimizing fluctuations of results without compromising returns.

RISK MANAGEMENT PROCESS

EDPR's Risk Management Process is an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and transparency. This process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions:

- **RISK PROFILER**: Responsible for identification and analyses of risks, defining policies and limits for risk management within the company;
- **RISK MANAGER**: Responsible for day to day operational decisions and for implementing approved risk policies;
- **RISK CONTROLLER**: Responsible for follow up of the result of risk taking decisions and for verification of alignment of operations with general policy approved by the Executive Committee.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

- **RESTRICTED RISK COMMITTEE**: Held every month, it is mainly focused on development risk and market risk from electricity price. It is the forum to discuss the execution of mitigation strategies to reduce merchant exposure. Its purpose is also to control the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- **FINANCIAL RISK COMMITTEE**: Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- **RISK COMMITTEE**: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

RISK MAP AT EDPR

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they are classified in Risk Areas, covering the entire business cycle of EDPR, and in Risk Categories, following a generalized classification of risks. Risk Areas are Countries & regulations, Revenues, Financing, Wind turbine contracts, Pipeline development, and Operations.

Risk Categories are Market, Counterparty, Operational, Business and Strategic, and they refer to the following risks:

- MARKET RISK: It refers to the risk to an institution resulting from movements in market prices, in particular, changes in electricity prices, interest rates, foreign exchange rates and other commodity prices.

- COUNTERPARTY RISK: Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract.

- OPERATIONAL RISK: Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (other than counterparty);

- BUSINESS RISK: Potential loss in the company's earnings due to adverse changes in business volume, margins, or both. Such losses can result above all from a serious deterioration of the weather conditions, or changes in the regulatory environment. Changes in electricity prices are considered a market risk;

- STRATEGIC RISK: It refers to risks coming from macroeconomic, political or social situation in countries where EDPR is present, as well as those coming from a change in the competitive landscape, from technology disruptions, from investment decisions criteria or from reputational issues;

Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter.The following graph summarizes the Risk Categories and Risk Groups within EDPR.

RISK CATEGORIES

- Risk Management mitigation strategies at EDPR

MARKET RISKS

- Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges
- Natural hedging, maintaining debt and revenues in same currency
- Execution of FX forwards to eliminate exchange rate transaction risk
- Fixed interest rates
- Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

COUNTERPARTY RISKS

- Counterparty credit and operational analysis
- Collateral requirement following the policy
- Monitoring of counterparty risk limits

OPERATIONAL RISKS

- Supervision of EDPR's engineering team
- Flexible CODs in PPAs to avoid penalties
- Partnerships with strong local teams
- Track recurrent operational risks during construction and development
- Insurance against physical damage and business interruption
- Attractive remuneration packages and training
- Revision of all regulations that affects EDPR activity (environmental, taxes…)
- Control of internal procedures
- Redundancy of servers and control centres of wind farms

BUSINESS RISKS

- Careful selection of energy markets based on country risk and energy market fundamentals
- Diversification in markets and remuneration schemes
- Active involvement in all major wind associations in all markets where EDPR is present
- Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
- Relying on a large base of turbine suppliers to ensure supply and signing contracts before engaging in tender auctions

STRATEGIC RISKS

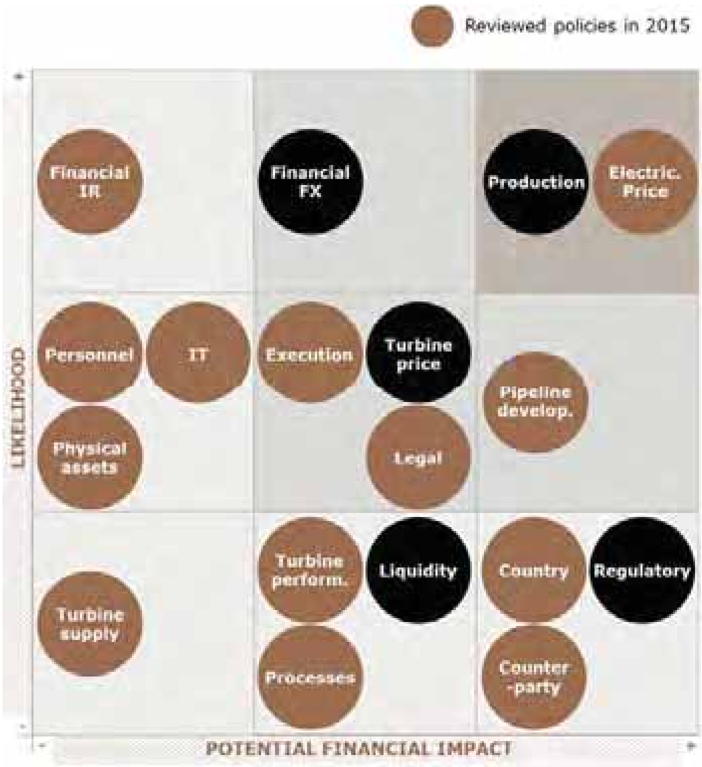
- Careful selection of countries
- Profitability analysis of every new investment considering all risks above
- Follow-up of cost effectiveness of renewables technologies and potential market disruptions

During 2015, EDPR reviewed or defined four Global Risk Policies:

- Energy Price Hedging Policy: Exposure limits were reviewed.
- Counterparty Credit Risk Policy: Exposure limits were reviewed.
- Operational Risk Policy: A full revision of the policy was approved following the guidelines established in 2014.
- Country Risk Policy: A full revision of the policy was reviewed, merging internal and external measures of country risk.

Reviewed policies during 2015 focused on risks with different level of impacts in EDPR's financial results.

EDPR RISK MATRIX BY RISK GROUP



FOCUS ON COUNTRY RISK AT EDPR

WHAT IS COUNTRY RISK?

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political/social issues, natural disasters or legislative decisions.

SOURCES OF COUNTRY RISK

- **Economic**: Risks from the country's economic evolution, affecting revenues or costs of the investments. It can be divided in macroeconomics (the conditions of domestic economy) and external sector (international transactions between the country and the rest of the world).
- **Political and social**: Includes all possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country (i.e. war, civil disturbances, etc.).
- **Natural disasters**:Natural phenomena (i.e. seismicity, weather) that may impact negatively in the business conditions.

METHODOLOGY FOR COUNTRY RISK ASSESSMENT AT EDPR

Country Risk Assessment is based on an external assessment consensus of country risk and an internal assessment performed by EDPR, which is used to identify the specific source of risk in order to apply potential mitigation strategies.

- **External Assessment**:
  It is the consensus from third parties assessments
  - ECAs
  - Private consultants
  - Credit rating agencies
  - Market indexes.
- **Internal Assessment**:
  It is an internal estimate of country risk which allows to differentiate the specific source of risk
  - Economic sector
    - Macroeconomics
    - External sector
  - Political Risk
  - Natural Disaster

USE OF COUNTRY RISK

Country Risk of EDPR's geographies is monthly monitored and is considered for new investment decisions

edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

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3. EXECUTION

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Lone Valley Solar Farm, USA

ENERGY WITH INTELLIGENCE

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03. EXECUTION

1. ECONOMIC

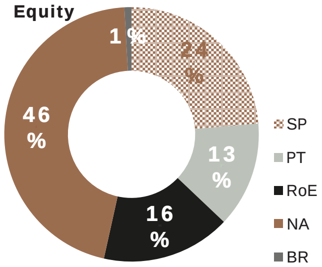
1.1. OPERATIONAL PERFORMANCE

In the year EDPR installed over 600 MW and over 1 GW after accounting for the consolidation of ENEOP.

	MW			NCF			GWh		
	YE15	YE14	Var.	YE15	YE14	Var.	YE15	YE14	Var.
Spain	2,194	2,194	-	26%	28%	-2pp	4,847	5,176	-6%
Portugal	1,247	624	+623	27%	30%	-3pp	1,991	1,652	+21%
Rest of Europe	1,523	1,413	+111	27%	24%	+3pp	3,225	2,495	+29%
Europe	4,965	4,231	+734	26%	27%	-1pp	10,062	9,323	+8%
US	4,203	3,805	+398	32%	33%	-1pp	11,031	10,145	+9%
Canada	30	30	-	27%	27%	+1pp	72	59	+23%
North America	4,233	3,835	+398	32%	33%	-1pp	11,103	10,204	+9%
Brazil	84	84	-	30%	32%	-2pp	222	236	-6%
EDPR: EBITDA	**9,281**	**8,149**	**+1132**	**29%**	**30%**	**-1pp**	**21,388**	**19,763**	**+8%**
ENEOP	-	533	-533						
Other equity consolidated	356	353							
Spain	177	174	+3						
United States	179	179							
EDPR: EBITDA + Equity consolidated	**9,637**	**9,036**	**+602**						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

9.6 GW EBITDA + Net Equity



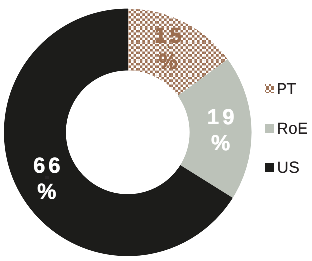
With a top quality portfolio present in ten countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 9.6 GW is not only young, on average 6 years, it is also mostly certified in terms of environmental and health and safety standards.

Since 2008, EDPR has doubled its installed capacity with the additions of 5.2 GW, resulting in a total installed capacity of 9,637 MW (EBITDA + Net Equity). As of year-end 2015, EDPR had installed 5,142 MW in Europe, 4,412 MW in North America and 84 MW in Brazil.

During 2015 EDPR added 602 MW to its installed capacity, of which 398 MW were in North America and 204 MW in Europe.

2015 INSTALLATIONS CONCENTRATED IN THE UNITED STATES

+602 MW in 2015



The largest growth in installed capacity occurred due to the completion of 398 MW in the U.S. All of the MW had previously secured long-term power purchase contracts, thus providing long term stability and visibility on the revenue stream.

Total EBITDA + Net Equity installed capacity surpassed 4.4 GW in the U.S.

In Europe, half of the growth in capacity came from additions in Rest of Europe. Iberia also contributed with 93 additional MW, mainly due to ENEOP asset split, which as of September 1st was 100% consolidated in EDPR.

In Poland, EDPR continues to see positive growth with the installation of 77 MW, 47 MW from the Tomaszów wind farm located in the central region and 30 MW from Poturzyn.

EDPR added 24 MW to its installed capacity in France with the completion of the Escardes and Montagne Fayel project, both of them with 12 MW of installed capacity. Finally, EDPR was able to deliver on 10 MW in Italy with the Parco la Rocca project.

Project Name	Country	MW
ENEOP	Portugal	80
Miscellaneous	Portugal	10
Miscellaneous	Spain	3
Tomaszów	Poland	47
Poturzyn	Poland	30
Escardes	France	12
Montagne Fayel	France	12
Parco la Rocca	Italy	10
Arbuckle	US	100
Rising Tree South	US	99
Waverly	US	199
2015 additions		602

MORE THAN HALF OF 2016 CAPACITY ADDITIONS ALREADY UNDER CONSTRUCTION

By the end of 2015, EDPR had 344 MW under construction all related to projects to be delivered in 2016 with long term secured remuneration.

In Mexico, EDPR started the works of its first wind farm in the country, 200 MW with a secured PPA in the state of Coahuila.

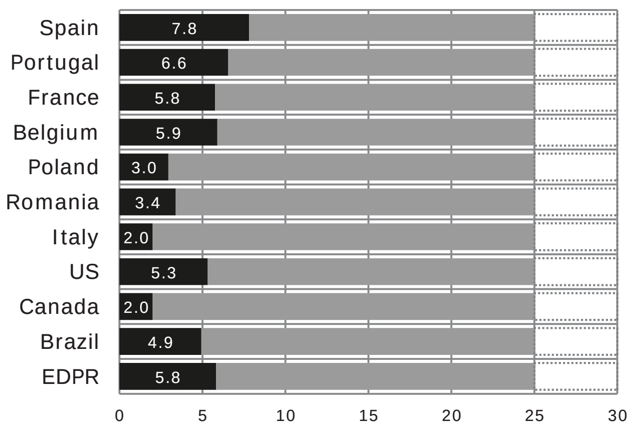
In Brazil EDPR has 120 MW under construction related to the Baixa do Feijão projects after successfully bidding in the A5 auction for 20 year PPAs schedule to start in 2016.

Finally in Europe, 24 MW were under construction in France, where EDPR has a solid long-term growth strategy.

92% OF EDPR'S INSTALLED CAPACITY IS COVERED BY ISO 14001 CERTIFICATION

The Environmental Management System (EMS) is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance. For more information regarding the MW certified please refer to page 82.

Assets' Average Age and Useful Life



In addition to operating high quality and safe assets, EDPR also has a young portfolio with an average operating age of 6 years, with an estimate of over 19 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 6 years, in North America 5 years, and in Brazil 5 years.

Throughout the entire process, from development to operations, EDPR maintains the highest standards in construction quality, integrity, and sustainability.

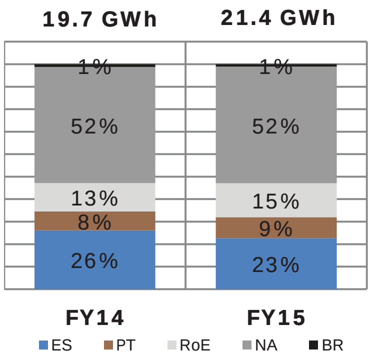
As an exemple, EDPR made numerous efforts to minimize impacts and promote environmental stewardship at Arbuckle Mountain. Despite the project representing a very low impact risk to bald eagles, EDPR and its consultant developed an Eagle Conservation Plan, and sited turbines away from potential bald eagle nesting habitat to further reduce risk. Certain construction activities, including ground disturbance and clearing, were conducted early in the year to minimize risk to nesting ground birds. In addition, while highly unlikely to be present in this area, efforts were taken to minimize potential impacts to the endangered American Burying Beetle, whose modeled range includes a small portion of the project area.

EDPR also extends its postive impact to the local commitities, funding their festivities, like the 4th of July celebration in the small town of Davis or supporting important institutions, such us the fire department which needed a new insulation and shelving that was funded by EDPR.

In Poland, the towns of Tomaszów and Jarczów where positively impacted by the construction of the Tomaszów wind farm, as local roads, sidewalks and bus stops were replaced. From an environmental point of view monitoring of bats, birds and hamsters was performed.

All in all, the total intrinsic value created by the installation of more than 0.6 GW is greatly positive.

8% INCREASE IN YOY GENERATION



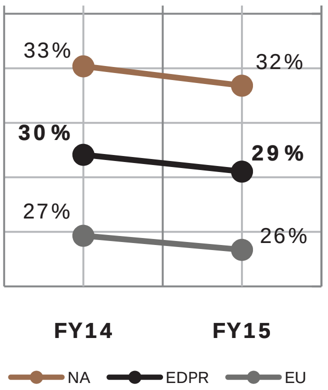
EDPR generated 21.4 TWh during 2015. When adding the over 1 TWh produced from our equity projects, enough clean energy was produced to serve nearly 50% of the electricity demand of Portugal.

The 8% year-on-year increase in the electricity output benefited from the capacity additions over the last 12 months and ENEOP consolidation.

Due to a lower wind resource, EDPR achieved a 29% load factor during 2015, which compares with a 30% load factor achieved in 2014.

EDPR also achieved a stellar 98% availability. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to minimize the wind volatility risk.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main driver for the electricity production growth in 2015, increasing by +9% YoY to 11.1 TWh and represented 52% of the total output (stable year-on-year). This performance was driven by EDPR's unique ability to capture the wind resource available along with the contribution from new additions. EDPR achieved a 32% load factor in North America, -1pp vs. 2014.

Production growth in Europe was mainly due to reaping the benefits from the installed capacity in 2014, which help offset the decline in year over year load factor. All countries deliver positive growth except for Spain where 2014 was considered an outstanding year in terms of wind resource.

Spain (-2pp) and Portugal (-3pp) capacity factors were lower YoY, although the efficiency achieved was in line normal expectations. Moreover, EDPR delivered once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 27% load factor (24% in 2014) and posted higher year over year generation. Poland and Romania lead the increase in production with +572 GWh YoY as new capacity and a solid resource contributed to the strong performance. Higher production in Italy (+44 GWh) and France (+90 GWh) was due to a mix of new capacity and stronger wind resource. The remaining countries delivered stable growth of 23 GWh.

In 2015, EDPR's output in Brazil decreased 6% YoY to 222 GWh, as a result of a weaker wind resource during the year, and led to a lower load factor of 30% (-2pp).

CARBON FREE ENERGY

The 21.4 TWh of electricity produced by EDPR has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 18.7 million tons of CO_2 equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.

1.2. FINANCIAL PERFORMANCE

REVENUES TOTALLED 1.5 BILLION EUROS AND EBITDA SUMMED 1.1 BILLION EUROS.

In 2015, EDPR revenues totalled 1,547 million euros, an increase of 270 million euros when compared to 2014 mainly driven by forex appreciation (+110 million euros), higher volumes (+106 million euros), higher average selling price (+28 million euros) and an update of TEI's post-flip residual interest accretion (30 million euros). EDPR's output in the period increased 8% and the average selling price increased by 9% as the result of higher average selling price in Europe.

EBITDA decreased 239 million euros year on year to 1,142 million euros, as a result of the top-line evolution and partially offset by higher Net operating costs, +31 million euros to 405 million euros. Net operating costs were positively impacted by higher Other operating income, +116 million euros, mainly explained by the gain subsequent to the control acquisition of certain assets of ENEOP, and on the other hand by higher Operating Costs. In the period, Other operating costs increased by +147 million euros, mainly due to write-off impact, following a strict focus of the development efforts in regions with sound business fundamentals, and at lesser extent to forex translation. As a result, EBITDA margin increased from 71% to 74%.

Financial Highlights (€m)	2015	2014	▲% / €
Income Statement			
Revenues	1,547	1,277	+21%
EBITDA	1,142	903	+26%
Net Profit (attributable to EDPR equity holders)	167	126	+32%
Cash-Flow			
Operating Cash-Flow	701	707	(1%)
Net investments	719	515	+40%
Balance Sheet			
Assets	15,736	14,316	+1,420
Equity	6,834	6,331	+503
Liabilities	8,902	7,986	+916
Liabilities			
Net Debt	3,707	3,283	+425
Institutional Partnerships	1,165	1,067	+98

NET PROFIT REACHED 167 MILLION EUROS

Impacted by the top line evolution, Net Profit increased 32% year over year to 167 million euros, while Adjusted Net Profit decreased 13% to 108 million euros, adjusted for non-recurring events, forex differences and capital gains.

ROBUST CASH-FLOW

Operating Cash-Flow reached 701 million euros and net investments reached 719 million euros, benefiting from the execution of the asset rotation strategy. In 2015, EDPR received proceeds of 395 million euros from the sale of non-controlling interests. On the back of its asset rotation strategy, was completed the settlement of Fiera Axium transaction, signed in 2014, and the financial closing of the sale of a minority interest in an operating solar PV power plant in the US. As a result, for both transactions, EDPR received a net amount of 316 million euros, considering agreed transaction values, less cash owed from the signing to the settlement dates and net of transactions costs. In 2015, also occurred the financial closing of the sale of Brazilian minority interests assets to CTG, in the context of the partnership with EDP.

Capital expenditures (Capex) totalled 903 million euros reflecting the capacity additions in the year and the capacity under construction. Financial investments totalled 157 million, mainly related with settlement of ENEOP asset split, the acquisition of a 45% stake in EDPR Brasil and the acquisition of minority stakes in already controlled SPVs in Spain. As a result of forex translation (impact 130 million euros), investments done in the period, robust cash-flow generation, the execution of the asset rotation strategy and close monitoring of operating costs, Net Debt increase by 425 million euros, reflecting 3.2x Net Debt to EBITDA, versus 3.6x in 2014.

INCOME STATEMENT

SOLID TOP LINE PERFORMANCE

EDPR revenues totalled 1,547 million euros, a 21% increase on the back of the forex translation, higher volumes and higher selling prices along with other effects.

Other operating income increased by 116 million euros, mainly explained by the gain subsequent to the control acquisition of certain assets of ENEOP, while Operational expenses (Opex) – defined as Operating costs excluding Other operating income - increased by 147 million euros, with the increase mainly explained by the write-off impact and forex translation. Reflecting control over costs and EDPR's asset management strategy, Supplies and services and Personnel costs per Avg. MW, adjusted by forex impact, decreased by 1% YoY, and Supplies and services and Personnel costs per Avg. MWh stood stable YoY, given lower wind resource in the period.

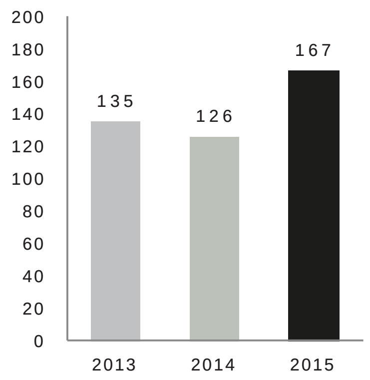
In 2015, EBITDA increased by 26% to 1,142 million euros, while EBITDA margin improved to 74% versus 71% in 2014.

Operating income (EBIT) increased by 37% versus 2014 to 578 million euros, reflecting EBITDA performance and the 84 million euros higher depreciation and amortisation costs, including net impairments, along with higher capacity in operation and forex.

At the financing level, Net Financial Expenses increased 14%. Net interest costs decreased 8% due to lower cost of debt, reduced from 5.2% to 4.3% in December 2015. Institutional Partnership costs were 22 million euros higher, reflecting mainly forex translation and new tax equity deals, while capitalized expenses decreased by 14% versus 2014. Forex differences and derivatives had a negative impact of 3 million euros.

Pre-Tax Profit increased to 291 million euros and income taxes increased to 45 million euros. Non-controlling interests in the period totalled 79 million euros, an increase of 27 million euros on the back of the non-controlling interests sold to EFG Hermes, Northleaf, DIF III and Fiera Axium as part of the execution of the asset rotation strategy, and to CTG. All in all, Net Profit increased to 167 million euros and Adjusted Net Profit increased 13% year on year.

Net Profit Evolution (€m)



Consolidated Income Statement (€m)	2015	2014	▲% / €
Revenues	**1,547**	**1,277**	**+21%**
Other operating Income	162	46	+254%
Supplies and services	(293)	(257)	+14%
Personnel costs	(84)	(66)	+27%
Other operating costs	(189)	(96)	+96%
Operating Costs (net)	**(405)**	**(374)**	**+8%**
EBITDA	**1,142**	**903**	**+26%**
EBITDA/Net Revenues	*74%*	*71%*	+3pp
Provisions	0.2	(0.0)	-
Depreciation and amortisation	(587)	(500)	+18%
Amortization of government grants	23	19	+20%
EBIT	**578**	**422**	**+37%**
Financial Income / (expenses)	(285)	(250)	+14%
Share of profits of associates	(2)	22	-
Pre-tax profit	**291**	**194**	**+50%**
Income taxes	(45)	(16)	+177%
Profit of the period	245	178	+38%
Net Profit Equity holders of EDPR	**167**	**126**	**+32%**
Non-controlling interest	79	52	+52%

BALANCE SHEET

TOTAL EQUITY INCREASES BY 503 MILLION EUROS

Total Equity of 6.8 billion euros increased by 503 million euros in 2015, of which 314 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 189 million euros is due to mainly the 167 million euros of Net Profit, reduced by the 35 million euros in dividend payments.

Total liabilities increased 11% by +916 million euros, mainly in accounts payable (+375 million euros), financial debt (+318 million euros) and institutional partnerships (+98 million euros).

With total liabilities of 8.9 billion euros, the debt-to-equity ratio of EDPR stood at 130% by the end of 2015, which is an increase from the 126% in 2014. Liabilities were mainly composed of financial debt (47%), liabilities related to institutional partnerships in the US (13%) and accounts payable (26%).

Liabilities to tax equity partnerships in the US stood at 1,165 million euros, and including +254 million dollars of new tax equity proceeds received in the 2015. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled 15.7 billion euros in 2015, the equity ratio of EDPR reached 43%, versus 44% in 2014. Assets were 80% composed of net PP&E - property, plant and equipment, reflecting the cum ulative net invested capital in renewable energy generation assets.

Total net PP&E of 12.6 billion euros changed to reflect 898 million euros of new additions during the year, 844 million euros due to ENEOP consolidation and 583 million euros from forex translation (mainly as the result of a US Dollar appreciation), reduced by 694 million euros for depreciation charges, reclassification of assets to held for sale, impairment losses and write-offs.

Net intangible assets mainly include 1.5 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)	2015	2014	▲% / €
Assets			
Property, plant and equipment, net	12,612	11,013	+1,599
Intangible assets and goodwill, net	1,534	1,405	+129
Financial investments, net	340	376	(36)
Deferred tax assets	47	46	+1
Inventories	23	21	+1
Accounts receivable – trade, net	222	146	+76
Accounts receivable – other, net	338	859	(520)
Collateral deposits	73	81	(7)
Cash and cash equivalents	437	369	+68
Assets held for sale	110	0	+110
Total Assets	**15,736**	**14,316**	**+1,420**
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	891	742	+149
Net profit (equity holders of EDPR)	167	126	+41
Non-controlling interests	863	549	+314
Total Equity	**6,834**	**6,331**	**+503**
Liabilities			
Financial debt	4,220	3,902	+318
Institutional partnerships	1,165	1,067	+98
Provisions	121	99	+23
Deferred tax liabilities	316	270	+46
Deferred revenues from institutional partnerships	791	735	+56
Accounts payable – net	2,288	1,912	+375
Total Liabilities	**8,902**	**7,986**	**+916**
Total Equity and Liabilities	**15,736**	**14,316**	**+1,420**

CASH FLOW STATEMENT

STRONG OPERATING CASH FLOW

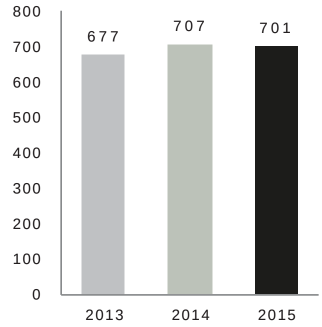
In 2015, EDPR generated Operating Cash-Flow of 701 million euros. EDPR continues to benefit from the strong cash-flow generation capabilities of its assets in operation.

The key items that explain 2015 cash-flow evolution are the following:

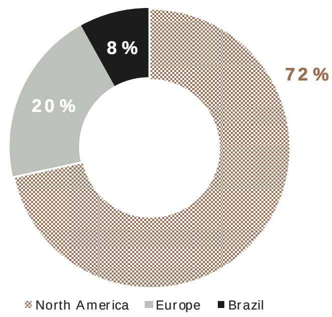
- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to 901 million euros;
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and write-offs) and net of changes in working capital, totalled €707m.
- Capital expenditures with capacity additions, ongoing construction and development works totalled 903 million euros. In Europe capex totalled 184 million euros, mainly in Rest of Europe, while 646 million euros were invested in North America, the core growth of EDPR 2014-17 business plan. Other net investing activities amounted to +129 million euros, mainly reflecting ENEOP asset split settlement, the investment done in Brazil following the 45% acquisition of EDPR Brasil, the acquisition of minority stakes in already controlled SPVs in Spain and equipment suppliers invoices already booked but not yet paid.
- On the back of its asset rotation strategy, in the period, was completed the settlement of Fiera Axium transaction and the financial closing of the sale of a minority interest in an operating solar PV power plant in the US. In 2015, also occurred the financial closing of the sale of Brazilian minority interests assets to CTG, in the context of the partnership with EDP.
- Net proceeds from Institutional Partnerships reached 68 million euros. In 2015, EDPR received the last tranche of a structure signed in the 4Q 2014, and the proceeds from the 99 MW Rising Tree South and the 100 MW Arbuckle wind farm institutional partnerships.
- Total net dividends and other capital distributions paid to minorities amounted to 115 million euros, including 35 million euros of dividends paid to EDPR shareholders. Forex & Other had a negative impact increasing Net Debt by 277 million euros, also explained by ENEOP consolidation and the impact of US dollar appreciation and other forex translation (+130 million euros in 2015).

All in all, Net Debt increased by 425 million euros, to 3,707 million euros by year end.

Operating Cash Flow Evolution (€m)



Capex Breakdown by Platform



Cash Flow (€m)	2015	2014	▲% / €
EBITDA	**1,142**	**903**	**+26%**
Current Income Tax	(51)	(50)	+3%
Net interest costs	(188)	(207)	(9%)
Share of profits of associates	(2)	22	(107%)
FFO (Funds from operations)	**901**	**668**	**+35%**
Net interest costs	188	207	(9%)
Income from associated companies	2	(22)	(107%)
Non-cash items adjustments	(263)	(130)	+103%
Changes in working capital	(127)	(16)	-
Operating Cash Flow	**701**	**707**	**(1%)**
Capex	(903)	(732)	+23%
Financial Investments	(157)	(19)	+708%
Changes in working capital related to PP&E suppliers	26	192	(86%)
Government Grants	1	22	(93%)
Net Operating Cash Flow	**(330)**	**169**	**-**
Sale of non-controlling interests and shareholders' loans	395	215	+84%
Proceeds/(Payments) related to Institutional partnerships	68	(70)	(198%)
Net interest costs (post capitalisation)	(165)	(180)	(8%)
Dividends net and other capital distributions	(115)	(79)	+46%
Forex & Other	(277)	(60)	+361%
Decrease / (Increase) in Net Debt	**(425)**	**(5)**	**-**

FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's total Financial Debt increased by 326 million euros to 4.1 billion euros, reflecting US Dollar appreciation, investments done in the period and the proceeds from the execution of the asset rotation transactions. Loans with EDP group, EDPR's principal shareholder, accounted or 74% of the debt, while loans with financial institutions represented 26%.

To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2015, EDPR closed three project finance transactions: i) in Brazil for wind farms under construction with total capacity of 120 MW, in a total amount of 306 million reais; in Belgium for a 14 MW wind farm in operation, for 16 million euros; and in Poland for a 54 MW wind farm in operation, for 167 million of Polish Zlotys.

As of December 2015, 51% of EDPR's financial debt was Euro denominated, 40% was funded in US Dollars, related to the company's investment in the United States, and the remaining 9% was mostly related with debt in Polish Zloty and Brazilian Real.

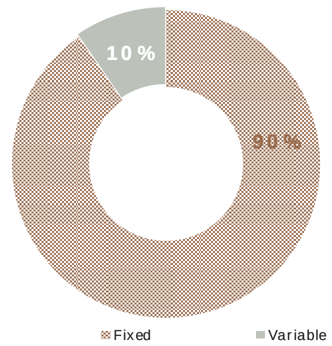
EDPR continues to follow a long-term fixed rate funding strategy, matching the Operating Cash-Flow profile with its financial costs and therefore mitigating interest rate risk. Therefore, as of December 2015, 90% of EDPR's financial debt had a fixed interest rate and only 14% had maturity schedule until 2018. 40% of EDPR's financial debt had maturity in 2018, reflecting a set of 10-year loans granted by EDP in 2008, and 46% in 2019 and beyond. As of December 2015, the average interest rate was 4.3%, lower versus 5.2% in December 2014.

INSTITUTIONAL PARTNERSHIPS

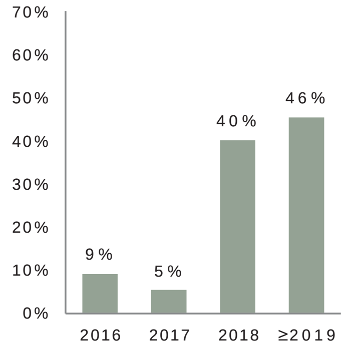
Liabilities referred to Institutional Partnerships increased to 1,165 million euros from 1,165 million euros in 2014, due to US dollar appreciation, the benefits captured by the tax equity partners and the establishment of new institutional tax equity financing structures during the period.

Financial Debt (€m)	2015	2014	▲ €
Nominal Financial Debt + Accrued interests	4,220	3,902	+318
Collateral deposits associated with Debt	73	81	(7)
Total Financial Debt	**4,147**	**3,821**	**+326**
Cash and Equivalents	437	369	+68
Loans to EDP Group related companies and cash pooling	3	170	(167)
Financial assets held for trading	0	0	-
Cash & Equivalents	**439**	**538**	**(99)**
Net Debt	**3,707**	**3,283**	**+425**

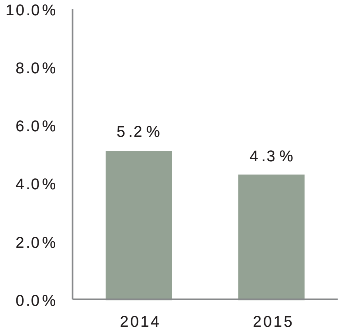
Debt Interest Rate type profile



Debt Maturity Profile (%)



Cost of Debt (%)

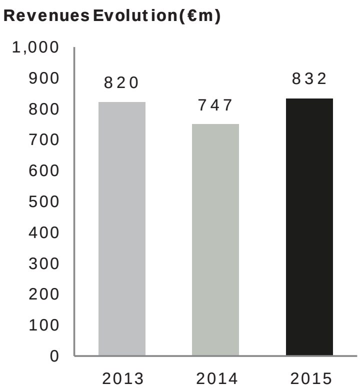


EUROPE

REVENUES

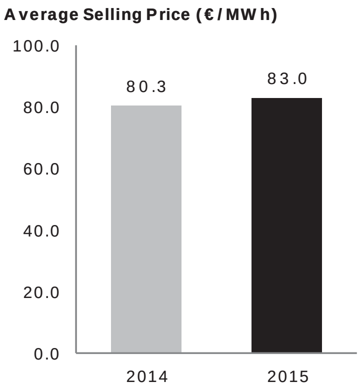
In Europe, EDPR delivered revenues of 832 million euros, an increase of 85 million euros versus 2014, reflecting the impact from higher electricity output, increasing 8% versus 2014 to 10,062 GWh, and higher average selling price, increasing by 3% versus 2014 to 83 euros per MWh.

In detail, the decrease in revenues was a result of higher revenues in Rest of Europe (+38 million euros), Portugal (+24 million euros) and Spain (+21m million euros, including hedges). Consequently, the contribution from Spain totalled 45%, while contribution from Portugal and Rest of Europe totalled 23% and 32%, respectively.



AVERAGE SELLING PRICE

The average selling price in Europe increased 3% to 83 euros per MWh, mainly driven by higher average selling price in Spanish, following 2014 abnormally low selling price due to weather conditions. In Portugal the average selling price was 95 euros per MWh, lower versus 2014, reflecting ENEOP consolidation since 1st September. In Rest of Europe the average selling price was lower versus 2014, reaching 86 per MWh, mainly impacted by the lower realised price in Romania, with green certificates being sold at the floor of the regulated collar.



NET OPERATING COSTS

Net Operating Costs decreased by 61 million euros, to 141 million euros, mainly explained by the increase in Other operating income following the gain subsequent to the control acquisition of certain assets of ENEOP, partially mitigated by the increase in Other operating costs on the back of write-offs of certain projects, higher rents and taxes due to the higher capacity in operation. In 2015, Supplies & Services and Personnel Costs per average MW in operation decreased 1% YoY to 41 thousand euros, supported by EDPR's asset management strategy and higher capacity in operation. Reflecting the lower wind resource in the period, Supplies & Services and Personnel Costs per MWh stood stable YoY at 17.6 euros.

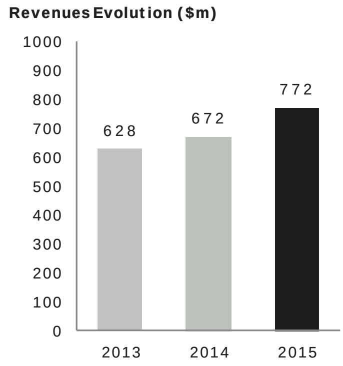
All in all, EBITDA in Europe totalled 690 million euros, leading to an EBITDA margin of 83%, while EBIT reached 401 million euros.

Europe Income Statement (€m)	2015	2014	▲% / €
Revenues	**832**	**747**	**+11%**
Other operating income	140	27	+428%
Supplies and services	(151)	(141)	+7%
Personnel costs	(27)	(22)	+19%
Other operating costs	(104)	(65)	+59%
Operating Costs (net)	**(141)**	**(202)**	**(30%)**
EBITDA	**690**	**544**	**+27%**
EBITDA/Net Revenues	*83%*	*73%*	+10pp
Provisions	(0)	(0)	+0%
Depreciation and amortisation	(291)	(271)	+8%
Amortization of government grants	2	2	+24%
EBIT	**401**	**275**	**+46%**

NORTH AMERICA

REVENUES

In 2015, Revenues increased 15% to 772 million US Dollars, supported by 9% increase in production and stable overall average selling price.



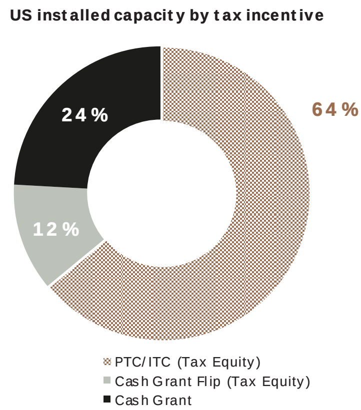
AVERAGE SELLING PRICE

Average selling price in the region stood unchanged versus 2014, at $51 per MWh, In the US the average selling price increased to $51 per MWh, versus $50 per MWh in 2014, benefiting from higher production towards PPA/Hedge along with higher realised merchant price, as in the 2014 prices were impacted by extreme weather conditions that increased balancing and congestion costs, and in 2015 prices increased mostly due to an increase of REC prices. In Canada, EDPR average selling price was $113 per MWh, lower versus 2014 mainly reflecting forex translation.

NET OPERATING COSTS

Net Operating Costs increased to 259 million US Dollars, mainly due to the increase in Other operating costs and in Personnel costs, at a lower extend. The increase in Other operating costs was driven by write-offs and by the booking of property taxes related to new wind farms. Reflecting control over costs and strong efficiency levels, Supplies & Services and Personnel Costs per Avg. MW in operation decreased 3% YoY, and decreased by 2% per MWh, impacted by the lower wind resource in the period.

INSTITUTIONAL PARTNERSHIPS AND GOVERNMENT GRANTS



Income from Institutional Partnerships increased to 219 million US Dollars, reflecting in part an one-off event from an update of tax equity investors' post-flip residual interest accretion. The projects that opted for the cash grant benefited from lower depreciation charges, booked in the income statement as amortisation of government grants, totalling 23 million US Dollars.

In 2015, EDPR received 268 million US Dollars from institutional tax equity financing structures, related to proceeds of the last tranche of an institutional tax equity financing structure signed in October 2014 and from two institutional partnership structures signed 2015, for 99 MW of Rising Tree South and 100 MW Arbuckle wind farm.

In addition, in 2015, EDPR signed an institutional partnership structure for the 199 MW Waverly wind farm, which financial closing occurred in the beginning of 2016.

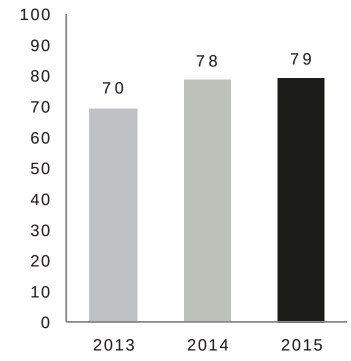
All in all, EBITDA went up 7% to 513 million US Dollars, leading the EBITDA margin to increase to 66%.

North America Income Statement (US$m)	2015	2014	▲% / €
Electricity Sales & Other	553	508	+9%
Income from Institutional Partnerships	219	164	+33%
Revenues	**772**	**672**	**+15%**
Other operating income	22	23	(4%)
Supplies and services	(149)	(145)	+3%
Personnel costs	(45)	(37)	+21%
Other operating costs	(88)	(36)	+146%
Operating Costs (net)	**(259)**	**(194)**	**+33%**
EBITDA	**513**	**477**	**+7%**
EBITDA/Net Revenues	*66%*	*71%*	(5pp)
Provisions	0.2	0.0	-
Depreciation and amortisation	(320)	(292)	+9%
Amortization of government grants	23	23	+0.1%
EBIT	**216**	**208**	**+4%**

BRAZIL

REVENUES

In Brazil, EDPR reached revenues of 79 million reais, representing a year on year increase of 1%, explained by the higher average selling price.



AVERAGE SELLING PRICE

The average selling price in Brazil increased 7% to R$370 per MWh, basically reflecting the PPA update price according with inflation type adjustment.

In Dec-15, EDPR had 84 MW of wind installed capacity in Brazil, being all under incentive programs for renewable energy development. Under these programs the projects were awarded with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.

NET OPERATING COSTS

Net Operating Costs increased during the year by 3 million reais, mainly due to higher Other operating costs and at a lesser extend due to the increase in personnel costs and in supplies and services. Following the outstanding top line performance, in 2015, EBITDA reached 45 million reais, a decrease of 5% versus previous year, with the EBITDA margin decreasing to 58%.

Brazil Income Statement (R$m)	2015	2014	▲% / €
Revenues	**79**	**78**	**+1%**
Other operating income	2	0	-
Supplies and services	(21)	(19)	+7%
Personnel costs	(6)	(4)	+39%
Other operating costs	(10)	(8)	+27%
Operating Costs (net)	**(34)**	**(31)**	**+9%**
EBITDA	**45**	**48**	**(5%)**
EBITDA/Net Revenues	*58%*	*61%*	(3pp)
Provisions	0.0	0.0	-
Depreciation and amortisation	(19)	(19)	+3%
Amortization of government grants	0.1	0.1	+10%
EBIT	**27**	**29**	**+18%**

OTHER REPORTING TOPICS

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2015 that have an impact in 2016 and subsequent events from the first months of 2016 until the publication of this report.

- EDPR informs about wind offshore projects in the UK
- EDPR informs about an agreement with CTG regarding wind offshore projects in the UK
- EDPR announces the sale of minority stakes in Poland and Italy
- EDP Renováveis signs agreement to acquire licenses for 216 MW of wind energy in Portugal
- EDPR executes a new asset rotation transaction in the US with a total production capacity of 1,002 MW
- EDPR informs about new institutional partnerships structures in the US for an interest in the 199 MW Waverly
- EDPR secures new PPAs for 100 MW wind farm in the US
- EDPR is awarded long-term contract for 140 MW at Brazilian energy auction
- EDP Renováveis awarded with 93 MW in the Spanish renewable energy auction

For Additional information on these events, please refer to Note 40 of EDPR Consolidated Annual Accounts.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2015 total payments made from Spanish companies to suppliers, amounted to €106,480 thousands with a weighted average payment period of 70 days, slightly above the payment period stipulated by law of 60 days.

Notwithstanding, the company is maintaining an optimization of its internal processes in order to settle all payments due within the maximum legal period.

2. STAKEHOLDERS

2.1. EMPLOYEES

EDPR growth over the past years has been supported by our employees' flexibility and team work that have provided the company with the ability to adapt to a changing business in the different realities of the markets where we have presence. As a result, our employees' growth and development are key priorities – we strive to offer outstanding training programs and job opportunities, to provide an interesting career within the Company to our employees and to prepare them for future challenges. As a result, geographical and functional mobility is a fundamental pillar in our HR strategy.

In 2015, EDPR increased its total headcount by 11% when compared to the previous year, exceeding for the first time one thousand employees and closing the year with 1018 employees. 2015 personnel increase follows a solid annual growth rate (CAGR) of 7% since 2008. Our employees are distributed globally, with 20% working at EDPR Holding, 43% within the European Platform, 34% in North American and 3% in Brazil.

2.1.1. OPPORTUNITIES

The Group's growth and development of the business have led EDPR to invest in people with potential, who can contribute to the value creation.

Our objective is to attract talented people but also to create opportunities for current employees through mobility and development actions, as we believe in the potential of our employees. The HR strategy supports different initiatives to give them visibility and employability throughout the Company. New positions are always offered internally allowing them to grow within the Company. Accordingly, in 2015, 100% of the new Directors have been hired internally and there has been a total of 81 promotions.

MOBILITY

Mobility, both functional and geographical, is considered by EDPR as a human resources management tool for organizational development. Therefore, it is strongly supported also as a way of stimulating employees' motivation, skills, productivity, and personal fulfilment.

The Mobility processes within EDPR aim to respond to the different challenges and needs of the Group, considering specific characteristics of the different geographical locations.

2015 Internal Mobility

- Functional: 31
- Geographical: 16
- Functional & Geographical: 9

EXTERNAL RECRUITMENT

EDPR is recognized for hiring exceptional people. Our aim is to position the Company in the labour market as an "employer first choice". In this sense, different initiatives are carried out to enhance employer branding by participating in various employer forums and hosting visits from top-tier universities.

Additionally, EDPR offers an internship program in order to provide young professionals with work experience and to identify future employees who can contribute to the future development of the business.

During 2015, EDPR offered 53 long term internships and 30 summer internships, 19% of which were finally hired. Moreover, in 2015 EDPR hired 189 employees, 37% of which are women.

Visit to one Wind Farm on EDPR Welcome Day

Our selection processes ensure non-discriminatory practices. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

INTEGRATION

As EDPR has a strong company culture, we want new hires to adopt this culture and quickly integrate it in the day-to-day activities. To facilitate this process, new hires are involved in numerous workshops and team building activities focused on improving integration and gaining a better knowledge of the company.

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic acquaintance of the company and our business. Depending on the employee's profile, we offer them a visit to one of the wind farms or the remote control dispatch centre.

2.1.2. DEVELOPMENT

The development of our employees is a strategic target at EDPR. We offer employees an attractive career development program, as well as a continuing education and training opportunities to stimulate the acquisition of new knowledge and individual skills, while aligning people's training with the Company's internationalization and competitiveness challenges.

In order to support the Company's growth, aligning current and future organization demands with employees' capabilities and to fulfil their professional development, EDPR has designed Development Programs adapted to Middle Management whose main target is to provide tools that may be helpful for facing new responsibilities.

During 2015, EDPR carried out the following Programs:

- LEAD NOW PROGRAM: an advanced development program intended for EDPR Middle Managers to support the team leader role assumed. During the program, participants have the chance to self-assess their management style, go deep into the skills needed for leading effectively and get to know their new role in the different HR Processes of the company.
- EXECUTIVE DEVELOPMENT PROGRAM: a customized development program carried out along with a leading Business School designed to increase business skills and leadership capabilities of top-performing employees from across all disciplines to help them taking management decisions in a fast-paced and competitive business. During the program, employees are involved in core business areas, working on a Business Case for EDPR to analyse new strategic opportunities for the company, resulting in the creation of different work groups to implement the recommendations once the program ended.

- COACHING PROGRAM: intended for employees who have previously participated in the High Potential Program. Conducted by an external coach, provides guidance to Directors of the Company that act as Coaches for the Participants along the Program. This Program allows participants to fine-tune their skills with the support of a Director during the Coaching Sessions.

In addition to these specific Development Programs, each year, a customized Training Plan is created for all our employees based on the results of a 360 potential appraisal process to define their training needs, providing a framework that aims to align current and future organization demands.

In 2015, we spent a total of 38.618 training hours, representing 37.9 hours of training per employee. Almost all the employees (99%) received training during 2015.

RENEWABLE ENERGY SCHOOL

To achieve our training and new employees' integration strategy, the Renewable Energy School plays a fundamental role. Created in 2011 in the framework of the corporate EDP University, shares the mission of promoting the development of individuals, facilitating learning and sharing of knowledge generated within the Group and developing the skills needed to ensure the sustainability of the businesses operated by EDP in all the geographic settings in which the company is present. The ambition of the School goes beyond pure training, the School emerged as a platform for sharing knowledge, experience and best practices across the company.

During the year, 33 training sessions were delivered in Europe, United States, and Brazil, representing a total of 7.042 training hours and 780 attendances (540 employees reached which represents 53% of the headcount). The School engaged 103 experts within the organization to deliver the training sessions, 48% of whom were Directors and Head of department, which enhances the transfer of knowledge.

POTENTIAL APPRAISAL

Current challenges of EDP Group include new requirements so this year our potential analysis model have been improved with two main goals:

- Align all segments of the organization with the current strategy and projects, capitalising on new business opportunities, all in a more global and diversified context.
- Strengthen the employees' life cycle momentum in which their professional and personal development is promoted.

Amplify is the new model for analysing skills and potential and for identifying development actions to help employees on their goals achievement. This process builds the future, taking into account that the better our skills are, the better way we impact both the people around us and the organisation.

This model is intended to promote a culture where employees receive feedback on an ongoing basis, because this is essential to ensure alignment with EDP group and to promote development.

2.1.3. REWARD AND WORK LIFE BALANCE

We want to recognize the work and talent of our employees, so we are committed to offer a competitive compensation and benefits packages. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. The fixed base compensation is completed by a variable component that depends on an individual evaluation measured against individual, area and company KPIs.

In addition, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity and morale. Work Life Balance (WLB) for us is more than measures for employees with children, it is a set of initiatives to promote a positive work climate where employees can develop their career and give their best. And we believe that WLB must be a shared responsibility. We seek to constantly improve our WLB program and provide the most suitable benefits to employees. We even define often specific benefits that are tailored and applicable to certain countries where EDPR is present.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR-Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification has been renovated and taking the recognition to the next level defining EDPR as a "Proactive Company", which reflects our commitment to promote a healthy work-life balance for our employees.

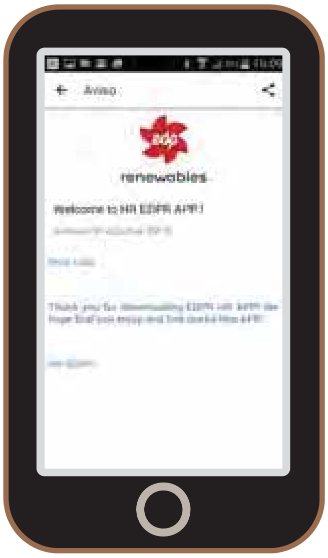
In addition, EDPR has been ranked one more year among the 50 best companies to work in 2015 as determined by the Great Place to Work rankings in Spain and Poland. We are sure that a motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results.

2.1.4. INTERNAL COMMUNICATION

Our focus in 2015 has been to continue improving our internal communications, and to keep employees informed, motivated, and committed to the company's strategy. Moreover, our global presence with employees from 28 nationalities require us to listen and provide feedback on the different ambitions and expectations. In 2015, we have developed a Climate survey with new topics and questions in an effort to better reflect employees' reality. EDPR and EDP Group have strategically invested in this area with innovative communication channels that have consistently been recognized internationally for their mix of dynamism and creativity.

These are our internal communication channels that keep employees informed and connected every day:

- INTRANET**:** Our award-winning intranet platform takes online interaction among employees to a new level, by including social media-style features and advanced customization options. It's a place to share information, work together, and learn about the projects and news from EDPR and EDP
- EDPON RENEW MAGAZINE: Our print magazine has been a mainstay of EDP Group's internal communications since 1988. The OnRenew edition, specific to EDPR, shows the company and its people through stories, opinion articles and editorials.
- EDPON TV: Our TV Channel has been broadcasting on our offices and online over the past 8 years. Includes dynamic news reports and interviews on news and events. It is the medium that truly puts a face on our projects and initiatives.
- HR PHONE APP: In 2015, EDPR has created a new phone app to provide employees with news, access to selection processes or measures in a practical and simple way. This tool proves to be particularly useful to keep connected to often-travelling and geographically dispersed employees.
- INTERNAL NEWSLETTERS**:** Monthly newsletters give a broader reach to news and information regarding our projects, teams, successes, and strategies.



In addition to these communication channels, we hold companywide Annual Meetings that allow employees to streamline their long-distance communication to improve their day-to-day work, share their concerns, and get to know the business goals set by EDPR's top management. We also hold meetings and team building events; conference calls regarding results, and a robust website that informs both internal and external stakeholders.

In this sense, in 2015 we have initiated the "Talking to Improve" initiative, where different departments are invited to share with the CEO its surveys services results, with the internal feedback provided by other departments about the service offered, and identify areas for improvement and strengths.

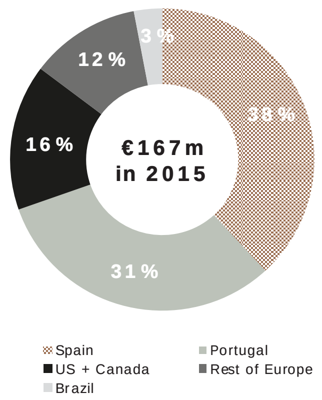
All of these communication efforts work to motivate employees, promote knowledge sharing and bring people together.

2.2. COMMUNITIES

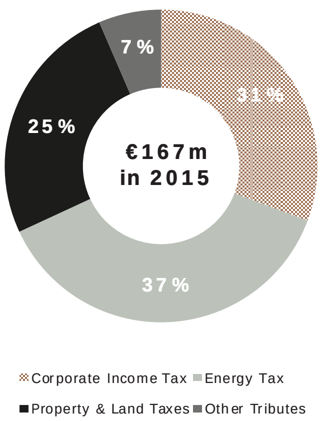
TAX REPORTING

It is an ethical and civic duty to contribute to the financing of the general functions of the States where the Group is present through the payment of taxes and contributions due in accordance with the applicable Constitution and remaining laws of those States, contributing to the welfare of citizens, to a sustainable development of the Group's local businesses and to the value creation for shareholders.
The total tax contribution of EDPR Group to the public finances amounts to €167m in year 2015. Moreover, EDPR's Social Security contribution amounts to €11m.

DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY COUNTRY



DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY TYPE OF TAX



EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the purpose of contributing to the sustainable development of its business and in order to uphold its strategic vision.

The goal is to make a positive impact on the communities where we operate, and to maintain and enhance our reputation as a responsible company working for the common good. EDPR plans for the results it intends to achieve, and evaluates projects it is involved in, according to international standards for corporate social investments (London Benchmarking Group).

EDPR IN 2015:

- 1.2 million euros invested
- More than 100 initiatives with the community

We are also well aware of the impact our activity has on the local communities where our wind farms and solar PV plants are located. We work to maximize the potential benefits for the company and for the residents of those communities through open communication with our stakeholders.

Maintaining an ongoing dialog with community members is an integral part of our business activity. We carry on discussions and meetings with local stakeholders during all phases of the development and operation of our power plants, to learn about their concerns and to determine the best way to address them. It is also an opportunity to communicate some of EDPR's core values to the local community.

EDP FOUNDATION IN SPAIN

The mission of the EDP Foundation in Spain is to strengthen the commitment of the EDP Group with sustainable development across the country. The foundation puts a special emphasis on social, cultural, environmental and educational initiatives. During 2015, the EDP Foundation in Spain has supported a series of initiatives that were funded by EDPR.

EDP Solidaria

The EDP Solidaria program gives recognition and financial support to projects created by associations, institutions and NGOs with the aim of improving the quality of life and helping to socially integrate the most in-need populations.

In this first edition of EDP Solidaria 2015, the EDP Foundation in Spain received a total of 37 nominations for the awards. 11 of the proposed projects were selected and will receive a total contribution of 344,000 euros. The jury for the awards consisted of officials from different areas of the EDP group and the project implementation will be overseen by managers and volunteers from the company.

The selected projects were all related to a priority area identified, including support for in-need populations, the integration of communities at risk of social exclusion and the promotion of employment and entrepreneurship.

ENGANGING WITH OUR COMMUNITIES

France: crowdfunding project
The project for Escardes Wind Farm, in France, has taken community involvement to a different level by allowing people to participate financially.

As a result of growing demand for increased financial participation from local authorities and residents, a crowdfunding initiative has been launched for this windfarm of 12MW, now under construction and with expected completion in the first half of 2016. The purpose was to raise a debt tranche to be held by local community members.

This kind of local participative investment (either in the form of local shareholdings or local loans) is seen as a means to increase public support, minimize litigation, reduce the “Not In My Backyard” attitude, and align interests toward the development of renewable energy projects.

180 PEOPLE HAVE SUPPORTED THE CAMPAIGN

Europe: Generation EDPR
At EDPR, we believe it is essential to meet today's objectives without compromising tomorrow's.

That's why we not only focus on producing clean energy, but also work to support future generations with projects like University Challenge (in its 7th edition), a project that aims to promote the education, creativity and development of university students; Your Energy, an international program that helps children discover the world of renewable energies; and Green Education, an international project to support the education of children and teenagers of families with limited resources.

These projects exist because we believe there is no better way to contribute to society than to support the education and training of generations to come.

generationedpr.edpr.com

Your Energy
More than 800 primary school students in Poland; and participation of more than 1,000 students in Italy

Green Education
71 scholarships in Spain, 9 in Italy

EDPR University Challenge
113 projects, with 284 students from 53 universities

Poland: for and with local communities
To maintain strong and positive long-term relationships with local communities in Poland, the company has organized several events and activities to involve and engage all of the people living in the areas surrounding its wind farms.

During the year, EDPR has been involved in more than 28 events supporting more than 10 communities. Local sports championships, cultural activities promoted with local organizations, educational and environmental activities are among the many initiatives held in Poland in 2015.

Spain: Solidarity team building
In 2015, 600 employees in Europe were invited to be part of something different. Taking advantage of the fact that most of them were gathered together in activity was to put together humanitarian aid kits destined for 329 Syrian refugees in Spain.

United States: Volunteers give back to children

EDPR North America supports the local community with many initiatives. One of them was the volunteer work conducted by employees with "Undies for Everyone", a nonprofit organization providing clean underwear to economically disadvantaged children in the Houston area.

2.3 SUPPLIERS

2.3.1 OUR SUPPLY CHAIN

The performance of suppliers is essential for the success of EDPR. The company bases its relationship with suppliers on trust, collaboration and creation of shared value, and this results in a joint capacity to innovate, strengthen sustainability policy and improved quality of operations. This significantly contributes to EDPR keeping the leadership in its areas of operation and it is a factor inducing competitiveness in the markets in which it operates.

EDPR carried out a study to characterize its Supply Chain, including the analysis of the exposure to economic, social and environmental risks. Through this study, EDPR aims to identify areas where should focus its improvement activities in order to significantly reduce its exposure to risk and optimize impacts.[1]

At EDPR, 89% of the external spend is concentrated on purchases of good and products (including turbines) and other supplies for energy generation, construction works and other services related to O&M.

Over

6400*

Suppliers contribute to our success

99%*

Local Purchases

(purchases in countries of operation of EDPR)

EDPR's suppliers are segmented from the point of view of criticality for the business:

- **Critical suppliers**: Turbines, BOP (Balance of Plant) and O&M (Operation & Maintenance), and;
- **Non-critical suppliers**: (indirect purchases).

2.3.2 SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

EDPR has defined **policies, procedures and standards** to ensure the several aspects that fill in with the sustainability of the supply chain, as well as the management and mitigation of environmental, social or ethical risks.

PROGRESS

2015

EDPR has defined a procurement policy, in order to guarantee the integration of sustainability requirements inpurchases exceeding 500.000€ (policy 0090 and 0080).The company takes into account the specific criteria to adopt the 10 principles of the UN Global Compact, the adherence to the Ethical Code, the Health & Safety and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.

~80% of EDPR's suppliers in Corporate and Europe and 65%**in North America have requirements related to Global Compact and EDPR's Code of Ethics**

[1] Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. Data presented in this chapter resulting from this study is marked with an *.

** Europe information is based on number of transactions and US information scope is for suppliers above 500k€.

1 - Policies, Procedures and Standards	
Procurement Manual	EDP Group and EDPR have a Procurement Manual, which includes guidance to each Purchasing Department to put our values and principles into practice.
EDPR's Code of Ethics	EDPR´s suppliers shall know the principles established in the Code of Ethics and they shall agree with them. EDPR requires the formal adherence of the supplier with the principles of the Code of Ethics, through a written declaration of acceptance. EDPR's Code of Ethics is available in www.edpr.com
UN Global Compact	EDPR´s suppliers shall accept to comply with the UN Global Compact's ten principles. The suppliers shall either provide the confirmation as signatories of the United Nations Global Compact directives or provide a written declaration of their acceptance.
Health & Safety System and OH&S Policy	Health & Safety System, based on the OSHAS 18001:2007 specifications require our employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in our EDPR's OH&S Policy. The health and safety management system is supported by different manuals, control procedures, instructions and specifications. The Health and Safety Management Manual ensures the effective execution of EDPR's OH&S policy. EDPR´s Health & Safety Policies are available in www.edpr.com
EDPR´s Environment and Biodiversity Policies	EDPR´s suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management. EDPR has implemented, for all its wind farms in operation, an Environmental Management System (EMS) developed and certified according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. Supplier shall make the EMS available to its employees and subcontractors. EDPR´s Environment and Biodiversity Policies are available in www.edpr.com

EDPR works with mature suppliers and companies that look to meet the demanding requirements on quality, environment and prevention, as well as to comply with the economical/financial solvency requirements.

The rule "pass or fail" is applied to providers. If they do not meet the main requirements set by EDPR they will not be selected to provide services.

Contracts contain specific clauses regarding to the criteria of service quality, the adoption of the 10 principles of the UN Global Compact, adherence to the EDPR's Code of Ethics and the requirements for health, safety and environmental management.

EDPR SUPPLIERS IN REPROSYSTEM

For all suppliers considered critical, EDPR secures from the bidding to the time of providing the service (work execution or maintenance) that aspects of technical quality, economical/financial solvency, health, safety and environmental management are suitable. One of the requirements is for providers to have quality, environmental, health and safety management certificates.

2.3.3 MANAGEMENT AND MITIGATION OF ENVIRONMENTAL, SOCIAL OR ETHICAL RISKS

EDPR monitors Critical suppliers during their services delivery, taking into account aspects as quality, safety, health and environment. EDPR also ensures the compliance with standards, commitments and procedures of EDPR in all value chain.

A) During the construction process, the construction manager is accompanied by a health supervisor and a safety and environmental supervisor and helds weekly meetings with suppliers, including performance reports. Contactors receive feedback and improvement plans are established in the areas of quality, health, safety and environment.
In addition, the company also has external supervision in aspects of quality and safety and health.

B) During the process of wind farms operation, EDPR counts with supervision by the Wind farmmanager, responsible for service quality and compliance with the rules and health, safety and environmental procedures. These processes are reinforced by the management systems of health and safety and environmental management, supported by safety, health and environmental technicians.
Contractors integrate these management systems, as their health, safety and environmental performance is crucial for EDPR.

Providers share with EDPR their new solutions, products or upgrades to improve collaborati on between both parties.

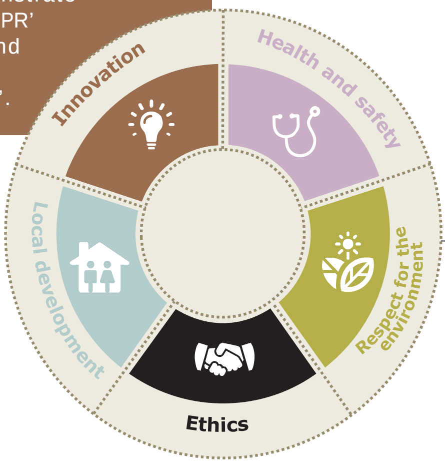
The relevant aspects for EDPR in relation to sustainability in the supply chain are: Health and Safety, Respect for the Environment, Ethics, Local Development and innovation.These aspects are expressed in Procurement Manual.

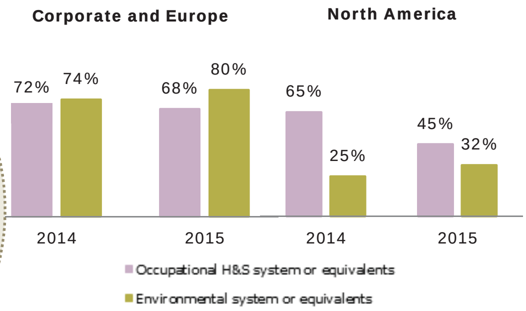
On june, the main companies working with EDPR met at our Madrid offices for the Workshop on the Coordination of Business Activities
The goals defined for this occasion focused mainly on sharing the company's health and safety policy aspects that affect collaborating companies working at our facilities as well as to inform them about the internal procedures that all companies collaborating with EDPR must follow.
With this new action, we aim to demonstrate the commitment and leadership of EDPR' Management with respect to health and safety, with the ultimate purpose of achieving our goal of "Zero Accidents".

68% of EDPR's suppliers in Corporate and Europe and **45%** in North America had Occupation Health & Safety System (OHS) (Corporate and Europe includes suppliers above 500k euros)

11 338 Hours of training on OHS to EDPR's Suppliers, involving **147 companies** and **2378 workers**

552 Audits to Suppliers in the scope of OHS





~80% of EDPR's suppliers in Corporate and Europe and 65% in North America were screened using criteria for impacts on society

More than 20 000* employment associated to EDPR's Supply Chain

More than 735* Million EUR gross value added associated to EDPR's Supply Chain

~80%* of EDPR's suppliers in Corporate and Europe and **65%*** in North America were screened using labour practices criteria and human rights criteria

~0%* EDPR's direct suppliers identified as having significant risk for incidents of child labour, forced or compulsory labour, freedom of association

80% of EDPR's suppliers in Corporate and Europe and **32%** in North America had environmental systems (Corporate and Europe includes suppliers above 500k euros)

300* Thousand ton GHG emissions associated to EDPR's direct and indirect Supply Chain, **5%*** of which related to Tier1 Suppliers

** Europe information is based on number of transactions and US information scope is for suppliers above 500k€.

3. SAFETY FIRST

ZERO ACCIDENTS MINDSET

Guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR, and this commitment is supported by our Health and Safety policy.

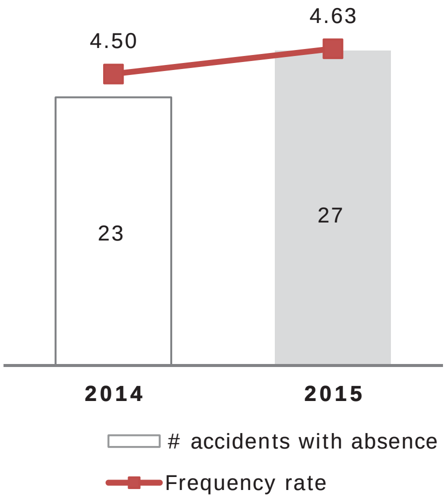
At EDPR, we are conscious that we work in a sector that is particularly sensitive to the occupational risk. Therefore, we place special emphasis on prevention by training, communicating and certifying our facilities.

As an integral part of our health and safety strategy, employees participate in training courses and risk assessment activities based on the potential risks associated with their position. Our employees follow the guidelines rigorously and strive to achieve a safe workplace for all those who provide services in our facilities.

Committees and subcommittees throughout EDPR support the implementation of health and safety measures. These committees collect information from different operational levels and involve employees with the creation and communication of a preventative plan.

In order to achieve our zero accidents goal, EDPR has implemented health and safety management systems based on the OSHAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specifics of each geography where they are implemented, and are developed based on country regulation and industry best practices. Our commitment to the health and safety of our employees and contractors is further supported through the OHSAS 18001 certification. EDPR is working actively to have all installed capacity certified by 2017.

INDICATORS:



The implementation of our health and safety management systems allow us to record and monitor the number of accidents, which aids us in achieving our zero accident goal. During 2015, EDPR registered 27 accidents. The trend is decreasing in Europe and US but it is compensated by higher short-term absence accidents in Brazil, impacted by higher construction activity in the country, which led to an increase in the frequency rate. Additionally, the severity rate increased, due to one long-term absence coming from 2014 and three during 2015, which have led to 63% of the total days lost.

Overall, the trend is improving despite the increase in number of accidents in Brazil. A greater focus on communication of our policies, plus the realization of the benefits from OHSAS certification that occurred at the end of this year in Brazil, will help drive the improvement of these statistics.

EUROPE AND US HAVE LOWER H&S INDICATORS DUE TO MORE TRAINING HOURS AND EMERGENCY PLANS BOTH FOR STAFF AND CONTRACTORS.

TRAINING & EMERGENCY PLANS:

Training *(hours)*	Drills (#)	Certified MW* (%)
20k	233	93%

*OHSAS 18001 certification *Calculation based on 2014YE installed capacity. Installation are certified the year after been reported.

4. POSITIVE BALANCE ON THE ENVIRONMENT

EDPR is committed to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is based on the Environmental and Biodiversity policies. Our policies reflect a responsible management of the environment along the whole value chain.

The operation stage of wind farms, with a useful life of 25 years, stands as the core of our business. According to this, we are really conscious of the importance of proper management of environmental matters in our facilities in operation, which is assured through the Environmental Management System (EMS).

The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization.This standard is considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance. 92%* of EDPR's installed capacity is covered by ISO 14001 certification. Additionally, in the frame of the Sustainability roadmap 2013-2017, EDPR has the goal to certify 100% of the installed MWs by end 2017.

EDPR is committed to promote environment conservation and aspires to have an active role in contributing to the world's objective of reducing climate change. To do so, we take environment into consideration in all our business activities, seeking a positive balance.

18,717 kt CO_2

AVOIDED

Growth in wind and solar installations will lead to a substantial reduction in CO2 emissions.

Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change.

*Calculation based on 2014YE installed capacity. Installation are certified the year after been reported.

BIODIVERSITY

Aspect: EDPR co-exists peacefully and abundantly with most wildlife. Even though mitigating climate change is the best way to protect biodiversity, we are aware that our operations can have an impact on the local flora and fauna where our windfarms are constructed and operated.

MITIGATION OR COMPENSATION MEASURES:

- **Prevent**: Potential environmental impacts are analysed in detail in the environmental impact studies of the projects.
- **Correct and / or Compensate:** EDPR respects biodiversity in all phases of the plant's life-cycle.

WATER & WASTES**

Aspect: We produce clean and green energy, water-free and with low wastes generation. Even though we are in a clean energy business, we go beyond our commitment with the close monitoring of operations and by fostering a corporate culture of responsibility.

MITIGATION OR COMPENSATION MEASURES:

- Therefore we are committed to measure the footprint from our administrative activities and plants electricity consumption, representing 0.2% of the emissions avoided.
- The company has been actively working to improve the recovery rate of its hazardous wastes reaching a rate of 73%, 98% without considering the soil removed from the mentioned spillage.

EMERGENCIES

Aspect: Given our activity and locations, oil spills and fires are the major environmental-related emergency risks. The EMS is designed to prevent emergency situations but in case they happen, the system covers the management of these, including the near-miss situations.

MITIGATION OR COMPENSATION MEASURES:

- EDPR defined a new Crisis Management Plan in Europe during 2015.
- During 2015, EDPR conducted 216 environmental drills to guarantee that our employees and contractors are familiar with the risks and have received the appropriate training to prevent and act, if necessary. A total of 46 near-misses were reported and acted upon.
- In 2015, we had only 1 significant spill. The contamined soil was removed and fully restored.

COMMUNITY

Aspect: EDPR considers local communities at the centre of its operations creating shared value but we are also aware that our operations could impact local neighbours with discomforts such as visual impact or noise.

MITIGATION OR COMPENSATION MEASURES:

- **Prevent:** We elaborate social impact studies during development of the windfarms that may impact the layout of the windfarm if necessary.
- **Communicate:** EDPR has in place open channels for claims reporting. During 2015, registered a total of 94 environmental-related complains mainly due to TV interferences that were promptly and satisfactorily corrected.
- **Compensate:** During 2015, EDPR participated in environmental related activities such as environmental volunteering programs or partnerships with public entitites.

**Waste ratios do not include ENEOP data.

5. INNOVATION

Innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do.

Our company has been implementing successful innovative solutions to increase the operational and economic performance of our assets for years, throughall the lifecycle of our projects: improving the design of the layouts to achieve the best wind resource, decreasing construction costs and risks and increasing the production of our operational power plants developing new technological solutions designed in-house.

After great results, the innovation efforts will continue in our onshore operations, as well as EDPR's new focus on finding feasible solutions in the offshore section of our business. To do so our company participates in two projects that focus on the foundations, one of the most important elements of the power plant. Both based in the coast of Aguçadoura (north of Portugal), thus sharing knowledge and resources, WindFloat and DEMOGRAVI3 will help to reduce costs opening new markets for the offshore wind industry.

WINDFLOAT

The 'WindFloat' project is one of the flagstaffs of the renewable R&D project list at EDP, with a deep waters offshore prototype that has reported excellent results after four years in operation under harsh conditions, having to endure waves up to 15 meters high, off the northern coast of Portugal.

This is the most ambitious innovation project on floating offshore technology conducted worldwide so far, the first wind energy turbine in open waters in the Atlantic ocean, and also the first time for a triangular semi-submersible floating structure supporting a 2 MW wind turbine allowing the utilization of offshore winds with great stability at water depths below 40 meters, existing at long distances from the coast. It is the first offshore wind energy project in the world not requiring the use of any heavy offshore lifting equipment. The whole process of final assembly, installation and commissioning was performed on land, in a controlled environment. When the construction on land was completed in dry docks, the structure was towed for about 350 kilometres in the open water. The capability to undertake the towing operation under such circumstances can be attributed to the performance and stability of WindFloat. These factors also allow any ready-to-use commercial wind turbines of any manufacturer to be installed on WindFloat. The project is a partnership between EDP, Repsol, Principle Power, A. Silva Matos, Vestas and InovCapital and is also supported by the Innovation Support Fund (FAI), involving more than 60 suppliers, more than two thirds are Portuguese.

After successfully finalizing the first phase of the project, next steps consists on the installation of a full scale floating wind farm of 27 MW.

DEMOGRAVI3

In November 2015 EDP was granted European funding to develop new technology for offshore wind power. DEMOGRAVI3 is a project that aims to develop an innovative gravity based foundation for offshore wind turbines and will be funded by the European Commission's Horizon 2020 programme.

The consortium developing this new project will be coordinated by EDP, through EDPR. DEMOGRAVI3 will test a wind turbine with an innovative gravitational foundation made of concrete and steel. The project will last for four years, including the installation of a wind turbine taking advantage of the underwater cable connecting the WindFloat turbine to a substation on land.

Unlike the solution based on a floating platform successfully tested with Windfloat, DEMOGRAVI3 will be installed on the seabed, although it will already be assembled and floated to the mooring place. The whole structure of the turbine and its constituent elements will be assembled on shore and then transported. The main innovation of this structure thus avoids the necessity for heavy lift vessels to anchor and assemble all the turbine components in an offshore environment.

The project includes other technological partners such as: TYPSA, ASM Energia, Univ. Politécnica de Madrid, WavEC, Acciona Infraestructuras, Fraunhofer Gesellschaft IWES, Gavin & Doherty Geo Solutions and Global Maritime AS.

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GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
LEI:............................529900MUFAH07Q1TAX06

Bloomberg Ticker (NYSE Euronext Lisbon): ....EDPR PL
Reuters RIC: .... EDPR.LS

EDPR main shareholder is EDP – Energias de Portugal, S.A., Sucursal en España (hereinafter referred as "EDP"), with 77.5% of share capital and voting rights. Excluding EDP Group , EDPR shareholders comprise more than 72,000 institutional and private investors spread across 23 countries with main focus in the United States.

Institutional Investors represent about 91% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsable investors ("SRI"), while Private Investors, mostly Portuguese, stand for 9%.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 60 days of the change of control event.

In the cases of intra-group services agreements and according to the Frame Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31st 2015.

On December 18th 2015, EDPR received a notification regarding EDP qualified holdings. According to this notification a block of 135.256.700 ordinary shares representative of 15.5% of EDPR share capital and voting rights, previously held by Hidroeléctrica del Cantábrico, S.A., were attributed to EDP as a result of a direct holding under the terms and for the purposes of the first part of article 20 of the Portuguese Securities Code.

The change on the type of attribution of voting rights to EDP results from the acquisition by EDP to Hidroeléctrica del Cantábrico, S.A. ("HC"), a company wholly owned by EDP, of such block of shares.

As a result of the change on the type of attribution of voting rights, EDP now holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR, corresponding to 676,283,856 ordinary shares. Also, as a result of the above mentioned acquisition, HC no longer holds any qualified shareholding in EDPR.

As of December 31st 2015 the following qualified holdings were identified:

SHAREHOLDER	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	**676,283,856**	**77.5%**	**77.5%**
EDP detains 77.5% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	**27,149,038**	**3.1%**	**3.1%**
MFS Investment Management is an American based active and global asset manager. In September 24th 2013, MFS Investment Management reported to Comisíon Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
Total Qualified Holdings	**703,432,894**	**80.6%**	**80.6%**

As of December 31st 2015, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st of 2015. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Shares	Price	Direct	Indirect	Total
António Mexia					3,880	320	4,200
João Manso Neto					-	-	-
Nuno Alves					5,000	-	5,000
Miguel Dias Amaro					25	-	25
João Paulo Costeira					3,000	-	3,000
Gabriel Alonso					26,503	-	26,503
João Manuel de Mello Franco					380	-	380
Jorge Santos					200	-	200

Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Shares	Price	Direct	Indirect	Total
João Lopes Raimundo					170	670	840
António Nogueira Leite					100	-	100
Manuel Menéndez Menéndez					-	-	-
Gilles August					-	-	-
José Ferreira Machado					630	-	630
Acácio Piloto					300	-	300
Francisca Guedes de Oliveira					-	-	-
Allan J. Katz					-	-	-

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labour courts and the labour sections ("Juzgados de lo Social y Salas de lo Social") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

As of April 9th 2015 the General Shareholder's Metting approved the delegation to the Board of Directors of the power to issue in one or more occasions any:

- fixed income securities or other debt instruments of analogous nature, as well as
- fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize, at the Board of Directors' discretion, the right of subscription or acquisition of shares of EDP Renováveis, S.A., or of other companies, up to a maximum amount of three hundred million Euros (€ 300.000.000) or its equivalent in other currency.

As part of such delegation, the General Sharholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above, during a five year period since this resolution was adopted. This delegation may be exercised by the Board of Directors within the limits provided under the law and the By-Laws

Additionally, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or partially and may also decide not to perform it in consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

On December 24th, 2014 a modification to the Spanish Companies Law entered into force (Ley 31/2014). This Law is applicable as of January 2015. Accordingly to these modifications, EDPR has modified its Articles of Association and the regulations of the Board of Directors including, among others, the following modifications:

- The Board of Directors of EDPR shall meet at least once every quarter.
- Non-executive Directors, can only be represented by other Non-executive Director.
- To include a wider list of non-delegable powers by the Board of Directors, listed in topic 29 of the present Report

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company is described on topic 90 of this Report.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairman of the General Shareholders' Meeting, the Chairman of the Board of Directors, or his substitute, the other Directors, and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8th 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on the General Shareholder's Meeting of April 9th, 2015 for a three-year term.

The Secretary of the General Shareholders' Meeting is Emilio García-Conde Noriega who was nominated as Secretary of the Board of Directors on December 4th, 2007. The Secretary of the Board of Directors mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore, in addition to the resources provided by the Company' Secretary the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. VOTING RIGHTS RESTRICTIONS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend at General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in its Summon and Shareholders Guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder with the right to attend may be represented at the General Shareholders' Meeting by a third party, even if this person is not a shareholder. Such Power of Attorney is revocable. The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail post.

Shareholders may vote on the meeting's agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for that purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at www.edprenovaveis.com.

Votes by mail shall be sent in writing to the place indicated on the Summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of Article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

In order to vote by electronic communication, the shareholders who requested it will receive a password within the time limit and in the form established in the Summon of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM

EDPR has approved on the last General Shareholders Meeting of April 9th, a modification of the Articles of Association in order to adapt them to the changes introduced by the regulation set by the New Spanish Law, which are more favourable to the shareholders, and more protective of their position. Among others, one of such modifications was related to the qualified quorum and the reinforced majority as described below.

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present.

To validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination of preemptive rights of new shares and in general any necessary amendment to the Articles of Association, in the Ordinary or Extraordinary Shareholders' Meeting, it is required that on first call, the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on second call, at least twenty five percent (25%) of the subscribed voting capital.

In relationto the quorum required to validly approve these matters, in accordance with the Law and the Articles of Association, when the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the above mentioned resolutions will be validly adopted by absolute majority and in the case the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50%)- but without reaching it- the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to approve these resolutions.

EDPR has not established any mechanism that may intend to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided by the law.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM- Portuguese Securities Market Commission-) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model aims to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

EDPR has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company posts its updated Articles of Association as well as its Committees Regulations at www.edprenovaveis.com.

The governance model of EDPR was designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-option), re-elections, dismissal and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers have the best qualities to fulfil the role of Board Member. The Board of Directors submit a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Articles 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Directors, and in such case said shareholders are entitled to nominate a number of Directors equal to the result of the fraction using only whole amounts. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Articles 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st, 2011. The current members of the Board of Directors are:

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
Miguel Dias Amaro*	Director	05/05/2015	-	Until the next General Shareholder's Meeting
Gabriel Alonso	Director	21/06/2011	09/04/2015-	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015-	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018

*On May 5th 2015, Miguel Amaro was elected by co-option as Member of the Board of Directors. The co-option proposal was made in accordance to the Article 23.2 of EDPR's Articles of Association. The term of this co-option will be in full force until the next General Shareholder's Meeting, to which a proposal of ratification will be submitted according to the terms explained in the topic 16 above.

At the last Ordinary General Shareholder's Meeting, which took place on April 9th, 2015 fourteen (14) Members of the Board were re-elected for a three-year term (3), and two new directors were nominated. Likewise, during

2015, Rui Teixeira, Jose Araújo e Silva, Rafael Caldeira Valverde and João Marques da Cruz ceased to be Members of the Board.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, people, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions, among others, are not allowed to be Directors.

The Chairman of EDPR's Board of Directors does not have executive duties.

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Executive Director	-
Miguel Dias Amaro	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2015, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

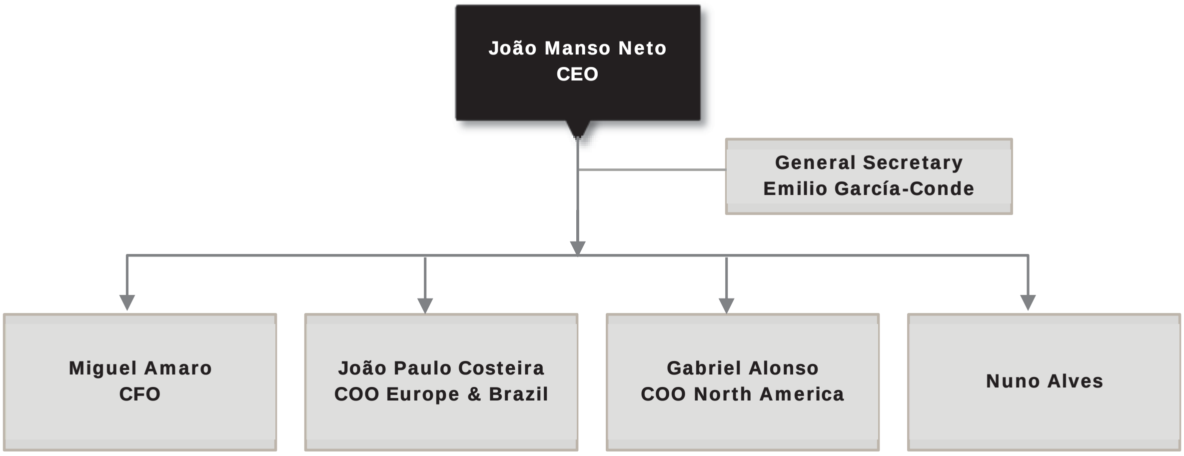
- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;

Or employees in other companies belonging to EDP's group, which are the following:

- Miguel Dias Amaro;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.



B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

The Board of Directors held seven (7) meetings during the year ending on December 31st, 2015. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2015:

Board Member	Position	Attendance
António Mexia	Chairman and Non-Executive	85,71%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Executive	85,71%
Miguel Dias Amaro	Executive	100%
Gabriel Alonso	Executive	100%
João Paulo Costeira	Executive	85,71%

Board Member	Position	Attendance
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	100%
Gilles August	Non-Executive and Independent	43%
Acácio Piloto	Non-Executive and Independent	85,71%
António Nogueira Leite	Non-Executive and Independent	100%
José Ferreira Machado	Non-Executive and Independent	85,71%
Allan J. Katz	Non-Executive and Independent	100%
Francisca Guedes de Oliveira	Non-Executive and Independent	100%

The percentage reflects the meetings attended by the Members of the Board, provided that Miguel Amaro, Allan J.Katz and Francisca Guedes de Oliveira joined the Board as of the May 5th 2015 and April 9th 2015 respectively, and therefore, the percentage expressed is calculated over the meetings celebrated since then. During 2015, only João Paulo Costeira delegated once his voting rights to the Vice-Chairman of the Board

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 BIS of the Spanish Companies Law, the Board of Directors supervises de effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria's for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

The Board of Directors' Committees regulations are available to the public at the Company's website, www.edprenovaveis.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

The Board of Directors established the number of members of the Executive Committee in five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairman and CEO
- Nuno Alves
- Miguel Dias Amaro
- Gabriel Alonso

- João Paulo Costeira

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and last amended on April 9th 2015, in order to adapt them to the changes of the New Spanish Law. The committee regulations are available to the public at www.edprenovaveis.com.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairman, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, shall send to the Chairman of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairman of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

The composition of the Executive Committee is described on the previous topic.

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation and drafting of the Annual Report and Management Reports and submission to the General Shareholders' Meeting;
- Change of registered office;
- Drafting and approval of the proposal for mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors, its committees and the performance of delegated bodies and appointed directors.
- Definition of the Company´s general policies and strategies including the policy of own shares
- Authorization or waiver of the obligations arising from duty of loyalty;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, as well as their general contractual conditions including remuneration;
- The faculties that the General Meeting may have delegated on the Board of directors, except forthe cases expressly authorized by the first to subdelegate them.

2015 ACTIVITY

In 2015 the Executive Committee held 49 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which he may be re-elected for another term of three (3) years. Jorge dos Santos was first elected on April 8th, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31st, 2015, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman

- João Manuel de Mello Franco
- João Lopes Raimundo

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor nomination;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;
- Establishing a permanent contact with the external auditors to assure the conditions of independence, the adequate provision of services, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company;
- Drafting reports at the request of the Board and its committees;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008 and amended on May 4th, 2010 available to the public at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2015 ACTIVITY

In 2015, the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, the first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Assessment of the external auditor's work, especially concerning the scope of work in 2015 and approval of all "audit related" and "non-audit" services;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Pre-approval of the 2015 Internal Audit Action Plan;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Reflection on the corporate governance system adopted by EDPR;
- Information about the whistle-blowing;
- Quarterly and annual report of its activities.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st, 2015 is available to shareholders at www.edprenovaveis.com.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2015 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 52 of the Unified Code of Good Governance (Código Unificado de Buen Gobierno) approved by the Board of CNMV February 18th 2015. The code lays down that the Nominations and Remunerations Committee must be entirely constituted by external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto

At the General Shareholder's Meeting celebrated on April 9th 2015 Rafael Caldeira Valverde, ceased to be member of the Board of Directors of EDP Renováveis S.A., and therefore member of the Nominations and Remunerations Committee. In order to fill this vacancy, on the meeting of the Board of Directors celebrated on April 9th, 2015 after the General Shareholder's Meeting, Acácio Jaime Liberado Mota Piloto was nominated as member of the Nominations and Remunerations Committee.

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members;
- Proposing the appointment and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th, 2008. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

2015 ACTIVITY

In 2015 the Nominations and Remunerations Committee activities were:

- Proposing the reelection of the members of the Board of Directors to be submitted to the Board and approved by the General Shareholder's Meeting.
- Proposing the names of the candidates for the election and also election by co-option, of new members of the Board of Directors due to the vacancy position, to be submitted to the Board and approved by the General Shareholder's Meeting.
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be and currently are independent.The only non-independent member of this Committee is Nuno Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

Until the Board of Directors Meeting celebrated on April9th 2015, the members of this Committee were José Ferreira Machado, Joao Manuel de Mello Franco and Nuno Alves. At the celebration of this meeting, and in accordance of the policy of rotation of the committees' members and the entrance of new ones, Francisca Guedes de Oliveira was nominated as member of the Nominations and Remunerations Committee. As of this date and currently, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Nuno Alves
- Francisca Guedes de Oliveira

Additionally, Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds € 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year ;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to € 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the third bullet point above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and amended on February 28th, 2012. The committee's regulations are available at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2015 ACTIVITY

In 2015, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edprenovaveis.com and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2015, the Audit and Control Committee held sixteen (16) meetings, six (6) of those meetings were formal and the other ten (10) were with the different departments whose activity development was discussed with the Committee.

On March 18th and 19th the Chairman of the Committee and the vocal João de Mello Franco, visited EDPR NA in Houston, where met the local teams to acknowledge the development of their activities.

The Audit and Control Committee also attended three meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees' of EDP's Group.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee by its members. During the year 2015 none of the members delegated their votes in other member.

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	66,66%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group, and other relevant activities undertaken by members of this Committee throughout the financial year arelisted in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2015.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2015 such services reached only around 17% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2015 financial year and should be highlighted:

- Nominate and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 ofNovember 20th 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor' independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41.

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is nominated by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

The External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties during eight consecutive years from the date EDPR became Public Interest Entity.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. On the other hand, according to the personal Law of EDPR -the Spanish Law-, recently amended in October 2015, the maximum term for an auditing firm is established in a 10 year term, from the date the company is declared a "Public Interest Entity".

In the case of EDPR, this date when the IPO was launched is 2008. On of December 31st, 2015, KPMG Auditores S.L. has ended its eighth (8th) consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity.

The Company is compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code and also with its personal Law.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2015, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2015 by the External Auditor for EDPR's business units:

- KPMG's assistance in the process of IRS tax examination and Tax Equity investments.
- Tax services to prepare technical memos on PTC qualification for different wind farms.
- KPMG's assistance in divestment and acquisition structures and financial restructurings.

KPMG was engaged to provide the above mentioned services due to it's in depth knowledge of the Group's activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2015

€ thousand	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	85	1 080	105	1 113	729 173	3 112	72,0%
Other assurance and reliability services	-	453	-	-	18	471	10,9%
Sub-total audit related services	855	1 533	105	1 113	747	3 583	82,9%
Tax consultancy services	-	340	-	116	16	472	10,9%
Other services unrelated to statutory auditing	11	254	-	-	1	266	6,1%
Sub-total non-audit related services	11	594	-	116	18	738	17,1%
Total	**96**	**2 127**	105	**1 229**	**764**	**4 321**	**100%**

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with absolute majority. If the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50% -but without reaching it- the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to approve these resolutions.

Accordingly with theentering into force of the new wording of the Spanish Companies Law ("Ley de Sociedades de Capital"), Ley 31/2014, EDPR made the necessaryamendments to the Articles of Association to adapt them to the Law. The modifications introduced were approved on the last General Shareholders' Meeting of April 9th 2015.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2015 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings.

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2015 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

The Ethics Code is available at our website www.edprenovaveis.com

ANTI-CORRUPTION POLICY

In order to ensure compliance with the standards of Anti-Corruption Regulation in every geography where EDPR operates, the Company developed in 2014 an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19th, 2014. This Anti-Corruption Policy implies a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and also made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at our website www.edprenovaveis.com

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR Internal Audit Department is composed by seven people. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

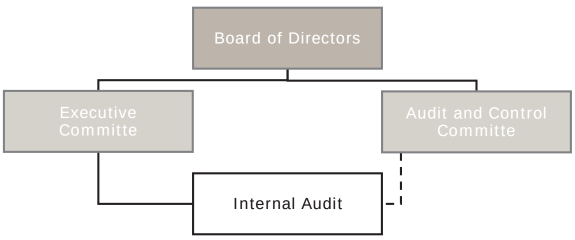
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board, must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice to the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the company. It includes from strategic planning to evaluation of new investments and contracts.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Market, credit and operational risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2015, EDPR defined or reviewed four Global Risk Policies: Energy Hedging Policy, Counterparty Risk Policy, Operational Risk Policy and Country Risk Policy. These policies are already implemented.

53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Areas, covering the entire business cycle of EDPR, and in Risk Categories, following a standard classification of risks.

Risk Areas are Countries & regulations, Revenues, Financing, Wind turbine contracts, Pipeline development, and Operations. Within each Risk Area, risks are classified in Risk Groups.

Risk Categories are Market, Counterparty, Operational, Business and Strategic. Each Risk Group can also be classified into a Risk Category. Thus, for each Risk Group there is a corresponding Risk Area and Risk Category.

The definition of Risk Categories at EDPR is as follows:

1. Market Risk - It refers to the risk to an institution resulting from movements in market prices, in particular, changes in electricity prices, interest rates, foreign exchange rates and other commodity prices.

2.Counterparty Risk (credit and operational) - Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract

3. Operational Risk (other than counterparty) – Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (other than counterparty).

4. Business Risk - Potential loss in the company's earnings due to adverse changes in business volume, margins or both. Such losses can result above all from a serious deterioration of the weather conditions, or changes in the regulatory environment. Changes in electricity prices are considered a market risk.

5. Strategic Risk - It refers to risks coming from macroeconomic, political or social situation in countries where EDPR is present, as well as those coming from a change in the competitive landscape, from technology disruptions, from investment decisions criteria or from reputational issues.

1. Market Risk

1. i) Electricity price risk

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or REC price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some wind farms with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current PPAs in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional RPS programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's wind farms in the US do not have PPA and are selling merchant with exposure to electricity and REC price risks. Additionally, some wind farms with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2015, EDPR signed new long-term PPAs in the US for 517 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure (i.e. no financial derivatives exist for green certificates nor RECs).

In 2015, EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US. As aforementioned, some US wind farms have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

1. ii) Risks related to financial markets

EDPR finances its wind farms through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results.

1. ii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

Taking into account risk management policy and approved exposure limits, the Finance team submits the financial strategy appropriate to each project/location for the Executive Committee's approval. Global Risk Area supports the Finance team in interest rate hedging decisions.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for interest rate hedging.

1. ii) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating wind farms is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investments in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. ii) c) Inflation risk

In some countries, regulated remuneration is linked to inflation.

Exposure to inflation may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

1. ii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates.

EDPR tracks liquidity risk in the short term (margin calls, etc) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity for financing planned projects.

1. iii) Commodity price risk (other than electr.)

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge some of the market exposure in OTC/future commodity markets depending on the potential losses and the cost of the hedge.

2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

During 2015, EDPR updated its Global Counterparty Risk Policy.

2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established as defined in Basel Standards and re-evaluated monthly. If threshold is surpassed by any counterparty or by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

2. ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit notation and replacement cost of the counterparty.

3. Operational Risk

3. i) Development Risk

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (connection of the wind farm to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, lay-out, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a wind farm, and the installation of the wind turbines, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the wind farm:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a wind farm has a PPA, a delay of the commercial operation date might imply the payment of LDs , with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan.

3. iii) Physical assets

Wind farms in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All wind farms are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenues lost due to the event.

3. iv) Information Technology

IT (Information Technologies) risk may occur in the technical network (information network for wind farms operation) or in the office network (information network of corporate services: ERP, accounting…)

EDPR mitigates this risk creating redundancy of servers and control centers of wind farms. Redundancy is created in a different location to anticipate potential natural disasters, etc.

3. v) Legal claims (compliance)

EDPR faces potential claims of third parties and fraud of its employees.

EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes…)

3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2015, EDPR was elected as "Great Place to Work" in Spain and Poland.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

3. vii) Processes

Internal processes are subject to potential human errors.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

4. Business Risk

4. i) Energy Production Risk

The amount of electricity generated by EDPR's wind farms is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower. Generation profile will affect the discount in price of a wind farm versus a baseload generation.

Finally, curtailment of a wind farm will also affect its production. Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

EDPR mitigates wind resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different wind farms in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset wind variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico (no generation).

In some geographies there is an inverse correlation between wind volume and electricity price, implying a natural hedge.

EDPR has analysed in detail the potential use of financial products to hedge wind risk, and EDPR might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the wind farm. Generation profile and curtailment of EDPR's wind farms are constantly monitored by Risk department to detect potential future changes.

4. ii) Equipment Performance Risk

Output from wind farms and solar plants depends upon the operating availability of the turbines and solar panels and the operating performance of the equipment, mainly the components of wind turbines and transformers.

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk.

Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program. EDPR externalized non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

4. iii) Regulatory Risk (renewables)

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR's geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

4. iv) Wind Turbine Price Risk

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand of wind turbines.

For every new project, EDPR secures the demand risk that might increase price of the turbines.

4. v) Wind Turbine Supply Risk

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.

EDPR faces limited risk to the availability and price increase of WTG´s due to existing framework agreements with major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify wind turbine supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

5. Strategic Risk

5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country´s economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

During 2015, EDPR updated its Global Country Risk Policy.

5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of wind farms, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk for EDPR.

To mitigate the risks, at EDPR there is a clear knowledge of our competitive advantages and try to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects or offshore construction, in order to benefit from their knowledge and become a more competitive consortium.

5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR focuses in onshore wind technology, which in most geographies is the most competitive renewable technology at the moment. However, EDPR is progressively investing in other technologies that are starting to be competitive and may become more efficient in the future, like PV solar and wind offshore.

5. iv) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

5. v) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future for our children, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

- Restricted Risk Committee: Held every month, it is mainly focused on development risk and market risk from electricity price. It is the forum to discuss the execution of mitigation strategies to reduce merchant exposure. Its purpose is also to control the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- Financial Risk Committee: Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- Risk Committee: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR´s overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

During 2015, EDPR defined or reviewed four Global Risk Policies, which are already implemented:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Operational Risk Policy
- Country Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

SCOPE REVISION AND UPDATE

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

CONTROL ACTIVITIES

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

SCIRF SUPERVISION

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit and Control Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervise the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Audit Department obtain the opinion of the Audit and Control Committee. The Internal Audit Department reports to the Audit and Control Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit and Control Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2015, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit and Control Committee, which regularly monitors the results of the audit work.

Additionally, in 2015 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on the SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in access the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisíon Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2015, EDPR made 49 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Calle Serrano Galvache 56 Centro Empresarial Parque Norte Edificio Olmo – 7th floor 28033 – Madrid – España Website: www.edprenovaveis.com/investors E-Mail: ir@edpr.com Phone: +34 902 830 700 / Fax: +34 914 238 429

In 2015, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 12 broker conferences, held 20 roadshows and reverse roadshows, along with conference calls and meetings, totalling more than 370 interactions with institutional investors in more than 10 of the major financial cities across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2015, as far as the Company is aware, sell-side analysts issued more than 150 reports evaluating EDPR's business and performance.

At the end of the 2015, as far as the Company is aware of, there were 22 institutions elaborating research reports and following actively EDPR activity. As of December 31st, 2015, the average price target of those analysts was of Euro 6.9 per share with the majority reporting "Buy" recommendations on EDPR's share: 15 Buys, 5 Neutrals and 2 Sell.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 7.10	Buy
BBVA	Daniel Ortea	€ 7.50	Outperform
Berenberg	Lawson Steele	€ 5.75	Buy
BPI	Flora Trindade	€ 7.80	Buy
Caixa BI	Helena Barbosa	€ 7.70	Accumulate
Citigroup	Akhil Bhattar	€ 6.45	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 7.00	Hold
Exane BNP	Manuel Palomo	€ 5.70	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	Hold
Goldman Sachs	Manuel Losa	€ 6.90	Neutral
Haitong	Nuno Estácio	€ 7.80	Buy
HSBC	Pablo Cuadrado	€ 7.00	Buy
JP Morgan	Javier Garrido	€ 6.50	Overweight
Kepler Cheuvreux	Jose Porta	€ 6.19	Reduce
Macquarie	Shai Hill	€ 6.60	Outperform
Main First	Fernando Garcia	€ 7.00	Outperform
Morgan Stanley	Carolina Dores	€ 7.60	Overweight
Natixis	Philippe Ourpatian	€ 6.40	Neutral
RBC	Martin Young	€ 7.25	Outperform
Santander	Bosco Mugiro	€ 6.50	Buy
Société Générale	Jorge Alonso	€ 7.00	Buy
UBS	Hugo Liebaert	€ 7.50	Buy

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

58. INFORMATION REQUESTS

In 2015, EDPR was present in several events with analysts and investors, such as roadshows, conferences, meetings, conference calls and other presentations, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 550 information requests and interacted more than 370 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one week time. As of December 31st 2015 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edprenovaveis.com

Information:	Link:
Company information	www.edprenovaveis.com/investors/corporate-governance/companys-name www.edprenovaveis.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/investors/corporate-governance
Members of the corporate bodies	www.edprenovaveis.com/investors/corporate-governance/directors
Market relations representative, IR department	www.edprenovaveis.com/investors/contact-ir-team
Means of access	www.edprenovaveis.com/our-company/contacts/contact-us
Financial statements documents	www.edprenovaveis.com/investors/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/investors/calendar
General Shareholders' Meeting information	www.edprenovaveis.com/investors/shareholders-meeting-2

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above mentioned proposals except concerning the Declaration on the Remuneration Policy.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

II. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2015.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was € 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum annual remuneration approved by the General Shareholders Meeting for the variable remuneration for all the executive members of the Board of Directors was € 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees don't accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2014-2016 as proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

The Remuneration Policy, including the minor amendments approved by the General Shareholders' Meeting held on April 9th, 2015, remained unaltered during 2015. On the topic below can be found a reminder of the KPIs (Key Performance Indicators) stated in the Remuneration Policy for variable annual and multi-annual variable components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi- annual variable.

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's. For the years 2015 and 2016 and in order to align the indicators with the company objectives a new KPI has been included "Asset Rotation & Tax Equity". The indicators are as follows:

Target Group	Key Performance Indicator	Weight
	Total Shareholder Return vs. Peers & PSI 20	15%
Growth	Incremental MW (EBITDA + Net Equity)	10%
	Asset Rotation & Tax Equity	7.5%
Risk – Return	ROIC Cash %	8%
	EBITDA	12%
	Net Income	12%

Target Group	Key Performance Indicator	Weight
Efficiency	Technical Availability	6%
	Opex / MW	6%
	Capex / MW	6%
Other	Sustainability	7.5%
	Employee satisfaction	5%
	Appreciation of the Remuneration Committee	5%

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

72. MULTI-ANNUAL REMUNERATION

The Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. In 2015, the non-monetary benefits amounted to €123.355.

The Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 9th, 2015 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2015 was as follows:

Remuneration	Fixed	Annual	Multi-annual	Total
Executive Directors				
João Manso Neto*	0	0	0	0
Nuno Alves*	0	0	0	0
Rui Teixeira**	20,601	0	0	20,601
Joao Paulo Costeira	61,804	0	0	61,804

Remuneration	Fixed	Annual	Multi-annual	Total
Executive Directors				
Miguel Amaro***	41,203			41,203
Gabriel Alonso	0	0	0	0
Non- Executive Directors				
António Mexia*	0	0	0	0
Joao Marques da Cruz [*] [**]	0	0	0	0
João Lopes Raimundo	60,000	0	0	60,000
António Nogueira Leite	55,000	0	0	55,000
Rafael Caldeira Valverde**	18,333	0	0	18,333
Francisco José Queiroz de Barros de Lacerda	0	0	0	0
João Manuel de Mello Franco	60,000	0	0	60,000
Jorge Henriques dos Santos	80,000	0	0	80,000
Gilles August	45,000	0	0	45,000
Manuel Menéndez Menéndez	45,000	0	0	45,000
Jose Araujo e Silva**	15,000	0	0	15,000
Acácio Jaime Liberado Mota Piloto	52,500	0	0	52,500
José A. Ferreira Machado	60,000	0	0	60,000
Francisca Guedes de Oliveira***	41,250			41,250
Allan J.Katz***	33,750			33,750
Total	**689,441**	**0**	**0**	**689,441**

a) [*] António Mexia, João Manso Neto, Nuno Alves and João Marques da Cruz do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

[**] Rui Teixeira, João Marques da Cruz, Rafael Caldeira Valverde and José Araujo e Silva amounts reflect the ones corresponding to the 2015 period up to their resignation.

[***] Miguel Amaro, Francisca Guedes de Oliveira and Allan Katz amounts reflect the ones corresponding to the 2015 period since their appointment.

b) Rui Teixeira, Gabriel Alonso, Miguel Amaro and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2015 is €1,089,484, of which €1.029,484 refers to the management services rendered by the Executive Members and €60,000 to the management services rendered by the non-executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

78. REMUNERATION FROM OTHER GROUP COMPANIES

The total remuneration of the Officers, ex-CEO, was the following:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Gabriel Alonso	366.897$	119.000$	0$	485,897$
Rui Teixeira*	228,196€	90,000€	0€	318,196€

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Joao Paulo Costeira	228,196€	80,000€	0€	308,196€
Miguel Amaro**	141,103€	0€	0€	141,103€

*] Rui Teixeira amounts reflect the ones corresponding to the 2015 period up to his resignation.

[**] Miguel Amaro amounts reflect the ones corresponding to the 2015 period from his appointment.

All the amounts are in Euros, except Gabriel Alonso ones, which are in USD.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€)(*)
Jorge Santos	Chairman	80.000
João Manuel de Mello Franco	Vocal	60.000
João Lopes Raimundo	Vocal	60.000

(*) The non-executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2015, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was € 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84.

EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88.

EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2015

During 2015, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

The contracts signed between EDPR and its related parties have been analysed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The total amount of supplies and services in 2015 incurred with or charged by the EDP Group was € 15.8 million, corresponding to 5.4% of the total value of Supplies & Services for the year (€ 293.1 million).

The most significant contracts in force during 2015 are the following:

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP Energias do Brasil S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR1.089.484,80 for the management services rendered in 2015.

ACQUISITION OF 45% OF THE SHARE CAPITAL OF EDP RENOVÁVEIS BRASIL S.A. BY EDP RENOVÁVEIS S.A.

Following the Memorandum of Understanding ("MoU") executed with EDP Energias do Brasil, S.A. ("EDP Brasil") on November 27th, 2014, EDP Renováveis, S.A. signed an agreement with EDP Brasil for the acquisition of 45% of EDP Renováveis Brasil, S.A. on April 27th 2015. This transaction finally concluded on December 21st 2015.

The agreed transaction price totals R$190 million, divided in R$ 176 million at closing and up to R$ 14 million in earn-out payments.

FINANCE AGREEMENTS AND GUARANTEES

The most significant finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR and EDPR Servicios Financieros SA(as the borrower) have loan agreements with EDP Finance BV and EDP Servicios Financieros España (as the lender), a companies 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, up to 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31st 2015, such loan agreements totalled USD 1,836,699,611 and EUR 1,450,000,000.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, Sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st 2015, such counter-guarantee agreements totalled € 14,001,170 and USD 507,747,430.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertake on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2015, such counter-guarantee agreements totalled BRL 350,486,830.

CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR Servicios Financieros SA signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2015, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SFE for a total amount of €90,895,672 in favour of EDPR SF;
- in EUR, EDPR SF with EDP SFE for a total amount of €47,305,519 in favour of EDPR SF.

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR Group companies settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000;
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 924,312,841

HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energías de Portugal S.A. and Servicios Financieros España SLU, with the purpose of managing the transaction exposure related to the short term or transitory positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2015, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 678,027,680 (FWDs);
- Romanian operations, for EUR/RON a total amount of RON 70,075,674 (FWDs);
- US operations, for EUR/USD a total amount of USD 316,000,000 (NDF);
- Canada operations, for EUR/CAD a total amount of CAD 22,950,000 (NDF).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2015 for a total volume of 2.644.328MWh (sell position) and 98.280MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2015 the estimated cost of these services is €4.411.787,33. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação S.A. (hereinafter EDP Inovação), an EDP Group Company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The fee corresponding to this agreement in 2015 is €644.380.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1st, 2003, EDPR - Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR – Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2015 totalled €973.412. The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year's notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2015 totalled €404.506,64.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred by EDP Brasil for the services provided in 2015 totalled BRL135.000.

The initial duration of the agreement is one (1) year from the date of signing and it is tacitly renewed for a new period of one (1) year.

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2015, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognised by an initiative by Deloitte that rewards top performers in the Portuguese financial market: EDPR's 2014 Annual Report was granted as part of the Investor Relations & Governance Awards (IRG Awards), and recognized as the best in the non financial sector. This award distinguishes top performers and highlights policies and attitudes of transparency, the quality of information and investor relations. The initiative was developed in partnership with Diário Económico.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
I.	VOTING AND CORPORATE CONTROL
I.1. **Adopted**	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Chapter B – I, b), topic 12 and 13	
I.2. **Adopted**	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Chapter B – I, b), topic 14	
I.3. **Adopted**	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Chapter B – I, b) topic 14	
I.4. **Not Applicable**	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Chapter A – I, topic 5	

#.#. CMVM RECOMMENDATIONS

Statement of compliance

I.5. **Adopted**	Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Chapter A – I, Topic 2 and 4

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. SUPERVISION AND MANAGEMENT

II.1.1. **Adopted**	Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Chapter B – II, Topic 21, 28 and 29

II.1.2. **Adopted**	The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

Chapter B- II, Topic 29

II.1.3. **Not Applicable**	The General and Supervisory Board, in addition to its supervisory duties , shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called “Anglo-Saxon” model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)

II.1.4. **Adopted**	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. **Adopted**	The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. **Adopted**	The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.1.7.	Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Adopted	
Chapter B – II, Topic 18	
II.1.8. **Adopted**	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Chapter B – II, C) - Topic 29	
II.1.9. **Adopted**	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Chapter B – II, C) - Topic 29	
II.1.10. **Not applicable**	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
(The Chairperson of EDPR's Board of Directors does not have executive duties)Chapter B – II, A) – Topic 18	
II.2	SUPERVISION
II.2.1. **Adopted**	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2. **Adopted**	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3. **Adopted**	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4. **Adopted**	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Chapter B – II, Topic 29; and Chapter B – III, C) – III	
II.2.5. **Adopted**	The Audit Committee, the General and Supervisory Board and the Supervisory Board on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Chapter B – II, Topic 29	
II.3.	REMUNERATION SETTING

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.3.1. **Adopted**	All members of the Remuneration Committee or equivalent should be independent from the executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.

Chapter D – II – Topic 67 and 68

II.3.2. **Adopted**	Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of Directors, the board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.

Chapter D – II – Topic 67

II.3.3. **Adopted**	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.

Chapter D – III – Topic 69

II.3.4. **Not Applicable**	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.

Chapter V – III, Topic 73 and 85-88

II.3.5. **Adopted**	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.

Chapter D – III, Topic 76

III.	REMUNERATION
III.1. **Adopted**	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.

Chapter D – III, Topic 69, 70, 71 and 72

III.2. **Adopted**	The remuneration of non-executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.

Chapter D – III, Topic 69; and Chapter D – IV, Topic 77

III.3. **Adopted**	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.

Chapter D – III, Topic 71 and 72

III.4. **Adopted**	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.

Chapter D – III, Topic 72

III.5. **Adopted**	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.

Chapter D – III, Topic 69

III.6. **Not Applicable**	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.

Chapter D – III, Topic 73

#.#. CMVM RECOMMENDATIONS

Statement of compliance

III.7. **Not Applicable**	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.

Chapter D – III, Topic 74

III.8. **Adopted**	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.

Chapter D – III, Topic 69 and 72

IV. AUDITING

IV.1. **Adopted**	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

Chapter B – III – V, Topic 45

IV.2. **Adopted**	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.

Chapter B – III – V, Topics 37 and 46

IV.3. **Adopted**	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.

Chapter B – III – V, Topic 44

V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

V.1. **Adopted**	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.

Chapter B – C), Topic 90

V.2. **Adopted**	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.

Chapter B – C), Topic 89 and 91

VI. INFORMATION

VI.1. **Adopted**	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.

Chapter B – C) – V, Topics 59-65

VI.2. **Adopted**	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.

Chapter B – C) – IV, Topic 56

ANNEX

PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

ANTÓNIO MEXIA
BORN: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman of the Executive Board of Directors of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil SA
- Member of de Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:
- Member of the General Supervisory Board of Banco Comercial Português (BCP) 2008
- President of the Board of Directors of Union de l'Industrie Electrique

Main positions in the last five years:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade

Other previous positions:
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

JOÃO MANSO NETO
BORN: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.A.
- Executive Director of EDP Energias de Portugal SA,
- Director of EDP Energía Gás SL,
- Member of the Board of Directors of EDP Energia Ibérica SA, Hidroeléctrica del Cantábrico SA,Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal) SGPS SA

Other previous positions:
- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico,
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland- at Banco Comercial Português
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

Education:
- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa

- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES

BORN: 1958

Current positions in EDPR or EDP group of companies:

- Executive Member of the Board of Directors, Member of the Executive Committee and Member of the Related Party Transactions Committee of EDP Renóvaveis S.A.
- Chairman of the Board of Directors of EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde SA
- Member of the Executive Board of Directors of EDP Energias de Portugal SA,Member of the Executive Comittee of EDP Energias do Brasil SA and member of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Permanent Representative and Member of the Executive Comitee of EDP Energias de Portugal SA Sucursal en España,
- Manager of Balwerk Consultadoria Económica e Participações Sociedade Unipessoal Lda
- Representative of relations with the Market and CMVM of EDP Energias de Portugal S.A.

Main positions in the last five years:

- Member of the Executive Board of Directors of EDP Energias de Portugal SA (CFO)
- Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Estudos e Consultoria SA,

Other previous positions:

- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:

- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

GABRIEL ALONSO

BORN: 1973

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- CEO of EDP Renewables North America LLC
- Chief Executive Officer and Sole Manager of the EDPR NA subsidiaries
- Chief Executive Officer and Director of the Canadian entities
- President of Vientos de Coahuila, S.A. de CV

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:

- (none)

Other previous positions:

- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:

- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOÃO PAULO COSTEIRA

BORN: 1965

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT-Parques Eólicos SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:
- (none)

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

MIGUEL DIAS AMARO

BORN:1967

Current positions in EDPR or EDP group of companies:
- CFO, Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis S.A.
- Member of the Board of Directors of EDP Renewables Canada, Ltd., EDP Renováveis Servicios Financieros, S.L., EDP Renewables Polska SP. Z O.O, EDP Renewables UK Ltd, EDP Renewables, SGPS, S.A, EDP Renováveis Portugal, S.A., EDP Renewables Europe, S.L. , EDPR PT – Parques Eólicos SA, and EDPR PT – Promoção e Operação, S.A.

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- Board Member, CFO and COO Distribution of EDP – Energias do Brasil

Other previous positions:
- Head of Corporate Internal Audit at Portugal Telecom I
- Assistant to the CEO at Portugal Telecom
- Senior Financial Analyst at Telecommunications Sector at Espírito Santo BM
- Assistant to the Secretary of State for Treasury and Finance
- Financial Analyst – Retail and Pulp and Paper Sectors at Espírito Santo Dealer

Education:
- MBA at Universidade Nova de Lisboa
- Mechanical Engineering degree, by the Instituto Superior de Engenharia de Lisboa (ISEL)
- Bachelor in Mechanical Engineering by the Instituto Superior de Engenharia de Lisboa (ISEL)

JOÃO LOPES RAIMUNDO

BORN: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the CAE of Montepio Holding S.A
- Member of the CAE of Caixa Económca Montepio Geral ("CEMG")
- Chairman of Montepio Investimento S.A.
- Member of the CAE of Montepio Recuperação de Crédito ACE

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc.,
- General Manager of Banco Comercial Portugês
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)

- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:
- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOÃO MANUEL DE MELLO FRANCO
BORN: 1946

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee, Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Villas Boas ACP – Corretores de Seguros, S.A
- Member of the Board of ACP-Mediaçao de Seguros, S.A.

Main positions in the last five years:
- Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA.
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Other previous positions:
- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA

Education:
- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS
BORN: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Director at "Fundação Económicas"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:
- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- President of the General Assembly of IDEFE

Other previous positions:
- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:
- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree(MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ
BORN: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Chairman of the Board of Directors of Naturgás Energía Grupo SA

Current positions in companies outside EDPR and EDP group of companies:

- CEO of Liberbank SA

Main positions in the last five years:

- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SLU
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:

- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:

- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

GILLES AUGUST

BORN: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Fondation Chirac
- Lawyer and founder of August & Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:

- Lawyer and founder of August & Debouzy Law Firm

Other previous positions:

- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges
- Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:

- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

ACÁCIO PILOTO

BORN: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominatios and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

Main positions in the last five years:

- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:

- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:

- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post-Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank

- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTÓNIO NOGUEIRA LEITE

BORN: 1962

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors and Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board at HipogesIberia--Advisory, SA
- Director of MP - Microprocessador, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of “Fórum para a Competitividade”
- Chairman of the Board at Forum Oceano

Main positions in the last five years:

- Group Caixa Geral de Depósitos (Portugal’s largest banking group)
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board at Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA
- Group José de Mello (one of Portugal’s leading private groups)
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal’s National Debt Agency, (2002-2011)

Other previous positions:

- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:

- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSÉ FERREIRA MACHADO

BORN: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors and Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent’s University London

Main positions in the last five years:

- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O So
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa l

Other previous positions:

- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:

- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

ALLAN J. KATZ

BORN: 1947

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board member of the International Relation Council of Kansas City
- Distinguished Professor, University of Missiouri at Kansas City
- Creator of Katz, Jacobs and Associates, LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

Main positions in the last five years:

- Ambassador of the United States of America to the Republic of Portugal

Other previous positions:

- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative counsel to Congressman Bill Gunter and David Obey
- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Assistant Insurance Commissioner and Assistant Treasurer for the State of Florida
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

Education:

- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974

FRANCISCA GUEDES DE OLIVEIRA

BORN: 1973

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.
- Member Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Associate Dean at Católica Porto Business School (responsibility of Faculty Management)
- Associate Dean for the Master Programmes at Católica Porto Business School

Main positions in the last five years:

- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at School of Economics and Business at Universidade Católica PortuguesaTeaching

Other previous positions:

- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:

- PHD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PHD scholarship from Fundação para a Ciência e Tecnologia

EMILIO GARCÍA-CONDE NORIEGA

BORN: 1955

Current positions in EDPR or EDP group of companies:

- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:

- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

Education:

- Law Degree from the University of Oviedo

KPMG

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 23 September 2015, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2015, based on the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2015 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 25 February 2016, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2015, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2016

Report from Management concerning responsibility for the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2015 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2015 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2015 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

23 February 2016

EDP Renováveis S.A.
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Hoja nº AS-37669, Inscripción 1º. C.I.F. A-74219304

The Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31st and other documents relating to the submission of annual accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces.

Lisbon, February 23rd, 2016.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Nuno Maria Pestana de Almeida Alves	Miguel Dias Amaro
João Paulo Nogueira da Sousa Costeira	Gabriel Alonso Imaz
Acácio Jaime Liberado Mota Piloto	António do Pranto Nogueira Leite
João Manuel de Mello Franco	João José Belard da Fonseca Lopes Raimundo
Jorge Manuel Azevedo Henriques dos Santos	José António Ferreira Machado
Gilles August	Manuel Menéndez Menéndez
Allan J. Katz	Francisca Guedes de Oliveira

EDP Renováveis, S.A.

Consolidated Annual Accounts
31 December 2015

Directors' Report
Year 2015

(With Auditors' Report Thereon)

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the consolidated annual accounts

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they present fairly the consolidated equity, consolidated financial position and consolidated financial performance of EDP Renováveis, S.A. and its subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company directors in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2015 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated directors' report for 2015 contains such explanations as the Directors of EDP Renováveis, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2015. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2016

edp renováveis

ENERGY WITH INTELLIGENCE

EDP RENOVÁVEIS, S.A.
AND SUBSIDIARIES

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CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	NOTES	2015	2014
Revenues	6	1,349,605	1,153,126
Income from institutional partnerships in U.S. wind farms	7	197,442	123,582
		1,547,047	1,276,708
Other income	8	161,560	45,667
Supplies and services	9	-292,728	-256,645
Personnel costs and employee benefits	10	-84,268	-66,093
Other expenses	11	-189,316	-96,441
		-404,752	-373,512
		1,142,295	903,196
Provisions		172	-20
Amortisation and impairment	12	-564,629	-480,767
		577,838	422,409
Financial income	13	61,476	101,527
Financial expenses	13	-346,959	-351,406
Share of net profit in joint ventures and associates	18	-1,517	21,756
Profit before tax		290,838	194,286
Income tax expense	14	-45,347	-16,399
Net profit for the year		245,491	177,887
Attributable to:			
Equity holders of EDP Renováveis	28	166,614	126,007
Non-controlling interests	29	78,877	51,880
Net profit for the year		245,491	177,887
Earnings per share basic and diluted - Euros	28	0.19	0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	2015		2014	
	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS
Net profit for the year	166,614	78,877	126,007	51,880
Items that will never be reclassified to profit or loss	-	-	-	-
Actuarial gains/(losses)	-	-	-	-
Tax effect of actuarial gains/(losses)	-	-	-	-
Items that are or may be reclassified to profit or loss	-	-	-	-
Fair value reserve (available for sale financial assets)	399	32	-639	-409
Tax effect of fair value reserve (available for sale financial assets)				
Fair value reserve (cash flow hedge)	14,891	1,230	-11,173	-5,404
Tax effect from the fair value reserve (cash flow hedge)	-4,152	-469	539	921
Fair value reserve (cash flow hedge) net of taxes of non-current assets held for sale	201	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-9,404	-	-15,463	-
Reclassification to profit or loss due to ENEOP transaction	11,954	-	-	-
Exchange differences arising on consolidation	21,054	16,415	28,706	26,913
	34,943	17,208	1,970	22,021
Other comprehensive income for the year, net of income tax	34,943	17,208	1,970	22,021
Total comprehensive income for the year	201,557	96,085	127,977	73,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	NOTES	2015	2014
Assets			
Property, plant and equipment	15	12,612,452	11,012,976
Intangible assets	16	172,128	117,704
Goodwill	17	1,362,017	1,287,716
Investments in joint ventures and associates	18	333,800	369,791
Available for sale financial assets		6,257	6,336
Deferred tax assets	19	47,088	46,488
Trade receivables	21	4,407	4,879
Debtors and other assets from commercial activities	22	35,166	36,320
Other debtors and other assets	23	75,655	396,980
Collateral deposits associated to financial debt	30	65,299	65,597
Total Non-Current Assets		14,714,269	13,344,787
Inventories	20	22,762	21,320
Trade receivables	21	217,135	141,145
Debtors and other assets from commercial activities	22	42,823	41,564
Other debtors and other assets	23	66,033	294,646
Current tax assets	24	118,658	89,093
Collateral deposits associated to financial debt	30	8,054	15,141
Cash and cash equivalents	25	436,732	368,623
Assets held for sale	26	109,691	-
Total Current Assets		1,021,888	971,532
Total Assets		15,736,157	14,316,319
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-36,938	-64,256
Other reserves and Retained earnings	28	927,748	806,319
Consolidated net profit attributable to equity holders of the parent		166,614	126,007
Total Equity attributable to equity holders of the parent		5,971,000	5,781,646
Non-controlling interests	29	863,109	549,113
Total Equity		6,834,109	6,330,759
Liabilities			
Medium / Long term financial debt	30	3,832,413	3,716,434
Provisions	31	120,514	98,911
Deferred tax liabilities	19	316,497	270,392
Institutional partnerships in U.S. wind farms	32	1,956,217	1,801,963
Trade and other payables from commercial activities	33	466,296	464,367
Other liabilities and other payables	34	712,505	431,435
Total Non-Current Liabilities		7,404,442	6,783,502
Short term financial debt	30	387,857	185,489
Provisions	31	919	-
Trade and other payables from commercial activities	33	787,357	687,904
Other liabilities and other payables	34	201,782	271,961
Current tax liabilities	35	64,285	56,704
Liabilities held for sale	26	55,406	-
Total Current Liabilities		1,497,606	1,202,058
Total Liabilities		8,902,048	7,985,560
Total Equity and Liabilities		15,736,157	14,316,319

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED AT 31 DECEMBER 2015 AND 2014

	TOTAL EQUITY	SHARE CAPITAL	SHARE PREMIUM	RESERVES AND RETAINED EARNINGS	EXCHANGE DIFFERENCES	HEDGING RESERVE	FAIR VALUE RESERVE	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF EDP RENOVÁVEIS	NON-CONTROLLING INTERESTS
Balance as at 31 December 2013 (*)	6,089,323	4,361,541	552,035	827,295	-43,733	-29,114	3,242	5,671,266	418,057
Comprehensive income:									
Fair value reserve (available for sale financial net of taxes	-1,048	-	-	-	-	-	-639	-639	-409
Fair value reserve (cash flow hedge) net of taxes	-15,117	-	-	-	-	-10,634	-	-10,634	-4,483
Share of other comprehensive income of joint and associates, net of taxes	-15,463	-	-	-	-10,975	-4,488	-	-15,463	-
Exchange differences arising on consolidation	55,619	-	-	-	28,706	-	-	28,706	26,913
Net profit for the year	177,887	-	-	126,007	-	-	-	126,007	51,880
Total comprehensive income for the year	201,878	-	-	126,007	17,731	-15,122	-639	127,977	73,901
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-34,382	-	-	-	-	-	-	-	-34,382
Sale without loss of control of EDPR France	6,773	-	-	8,738	-	1,070	-	9,808	59,163
Sale without loss of control of EDPR France	27,645	-	-	3,199	-	2,100	-	5,299	22,346
Sale without loss of control of South Dundas (EDPR	15,494	-	-	2,255	209	-	-	2,464	13,030
Other changes resulting from acquisitions / sales and equity increases	-3,317	-	-	-282	-	-	-	-282	-3,035
Other	39	-	-	6	-	-	-	6	33
Comprehensive income:									
Balance as at 31 December 2014	6,330,759	4,361,541	552,035	932,326	-25,793	-41,066	2,603	5,781,646	549,113
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	431	-	-	-	-	-	399	399	32
Fair value reserve (cash flow hedge) net of taxes	11,500	-	-	-	-	10,739	-	10,739	761
Fair value reserve (cash flow hedge) net of taxes of non-current assets	201	-	-	-	-	201	-	201	-
Share of other comprehensive and associates, net of taxes	-9,404	-	-	-	-12,498	3,094	-	-9,404	-
Reclassification to profit and loss due to ENEOP transaction	11,954	-	-	-	-	11,954	-	11,954	-
Exchange differences arising on consolidation	37,469	-	-	-	21,054	-	-	21,054	16,415
Net profit for the year	245,491	-	-	166,614	-	-	-	166,614	78,877
Total comprehensive income for the year	297,642	-	-	166,614	8,556	25,988	399	201,557	96,085
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-43,184	-	-	-	-	-	-	-	-43,184
Acquisitions without changes of control of EDPR Spain subsidiaries	-25,722	-	-	46,484	-	-5,806	1,344	42,022	-67,744
Sale without loss of control of EDPR North America subsidiaries	330,183	-	-	-10,558	-7,493	-1,472	-	-19,523	349,706
Sale without loss of control of EDPR Brazil subsidiaries	61,280	-	-	10,096	4,704	-	-	14,800	46,480
Other changes resulting from acquisitions/sales and equity increases	-81,957	-	-	-15,708	1,098	-	-	-14,610	-67,347
Balance as at 31 December 2015	6,834,109	4,361,541	552,035	1,094,362	-18,928	-22,356	4,346	5,971,000	863,109

(*) Restated for IFRS 10 and 11 purposes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

THOUSANDS OF EUROS

	2015	2014
Operating activities		
Cash receipts from customers	1,308,708	1,180,865
Payments to suppliers	-340,271	-301,046
Payments to personnel	-79,981	-66,245
Other receipts / (payments) relating to operating activities	-131,311	-39,602
Net cash from operations	757,145	773,972
Income tax received / (paid)	-55,704	-66,880
Net cash flows from operating activities	701,441	707,092
Investing activities		
Cash receipts relating to:		
Changes in cash resulting from perimeter variations (*)	98,507	35
Property, plant and equipment and intangible assets	9,106	1,464
Interest and similar income	11,021	26,283
Dividends	13,481	17,389
Loans to related parties	183,079	118,891
Other receipts from investing activities	4,765	23,147
	319,959	187,209
Cash payments relating to:		
Acquisition of assets / subsidiaries	-159,318	-19,790
Property, plant and equipment and intangible assets	-876,386	-536,618
Loans to related parties	-30,171	-241,654
Other payments in investing activities	-537	-661
	-1,066,412	-798,688
Net cash flows from investing activities	-746,453	-611,514
Financing activities		
Sale of assets / subsidiaries without loss of control (**)	394,851	79,432
Receipts/ (payments) relating to loans	-45,353	50,207
Interest and similar costs	-215,894	-190,976
Governmental grants received	-	-
Dividends paid	-78,076	-67,884
Receipts / (payments) from wind activity institutional partnerships - USA	68,474	147,860
Other cash flows from financing activities	-13,151	-15,442
Net cash flows from financing activities	110,851	3,197
Changes in cash and cash equivalents	65,839	98,775
Effect of exchange rate fluctuations on cash held	2,270	14,386
Cash and cash equivalents at the beginning of the period	368,623	255,462
Cash and cash equivalents at the end of the period (***)	436,732	368,623

(*) Includes 99,147 thousands of Euros related with the full consolidation of Eneop portfolio as a result of the Eneop Consortium´s deal (see note 43).

(**) Includes 315,945 thousands of Euros related to the sale by EDPR NA of 49% of its interests in several American companies, and 78,906 thousands of Euros related to the sale by EDPR Brasil of 49% of its interests in several Brasilian companies (see note 5).

(***) See Note 25 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS
FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

01. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as “EDP Renováveis” or “EDPR”) was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2014 the share capital was held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. (“HC”) and 22.47% of the share capital was free-floated in the NYSE Euronext Lisbon. On December 18th 2015, EDP S.A. - Sucursal en España acquired to Hidroeléctrica del Cantábrico, S.A., its block of shares, so that, as at December 2015 EDP Energias de Portugal, S.A holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR. As a result of this acquisition, HC no longer holds any shareholding in EDPR (see note 27).

As at 31 December 2015, EDP Renováveis holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, L.L.C. (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), South África Wind & Solar Power, S.L.U., EDP Renováveis Servicios Financieros, S.L. and EDP Renováveis Brasil, S.A. (EDPR BR).

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Avenida 24 de Julho, 12, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, in June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A. and, on May 2015, EDPR closed the sale of 49% of the following EDPR Brasil subsidiaries to CTG through CWEI Brasil participaçoes LTDA. (see note 5): Elebrás Projetos S.A, Central Nacional de Energia Eólica S.A, Central Eólica Baixa do Feijão I S.A, Central Eólica Baixa do Feijão II S.A, Central Eólica Baixa do Feijão III S.A, Central Eólica Baixa do Feijão IV S.A, Central Eólica Jau S.A. and Central Eólica Aventura S.A.

In this context, EDPR Group has entered into new agreements with CTG during 2015, which are still subject to regulatory and third party approvals and other precedent conditions, so that no accounting impacts are booked in 2015 in this respect (see note 40).

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (wind farms in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RP PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

EDPR Canada's main activities consist in the development, management and operation of wind farms in Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2015	31 DEC 2014
United States of America	4,203	3,805
Spain	2,194	2,194
Portugal	(*) 1,247	624
Romania	521	521
Poland	468	391
France	364	340
Brazil	84	84
Belgium	71	71
Italy	100	90
Canada	30	30
	9,282	8,150

(*) Includes Eneop portfolio as a result of the Eneop Consortium´s deal (see note 43). This portfolio capacity was included in 2014 as equity consolidated companies in the amount of 533 MW.

Additionally, the EDP Renováveis Group through its equity-consolidated companies has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2015	31 DEC 2014
United States of America	179	179
Spain	177	174
Portugal	-	533
	356	886

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN THE UNITED STATES OF AMERICA

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 EPACT. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards (“RPS”), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

On 16 December 2014, the U.S. Congress approved the "Tax Increase Prevention Act of 2014" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2014 and kept the qualification criteria (projects can qualify as long as they are under construction by year-end 2014).

On 15 December 2015, the US Congress approved the “Consolidated Appropriations Act, 2016” that included an extension of the PTC for wind, as well as the possibility of a 30% Investment Tax Credit instead of the PTC. Developers now have until the end of 2016 to start construction of new wind farms to qualify for 10 years of production tax credits at the full level. Congress introduced a phase out for projects that start construction after 2016 and before 2020. These projects will still qualify for production tax credits, but at reduced levels. The levels are 80% for projects starting construction in 2017, 60% in 2018, and 40% in 2019. Developers of projects that start construction before 2020 may elect to claim 30% investment tax credits instead of production tax credits, subject to a similar phase out. The phase out reduces the value of the 30% investment tax credit to 24% in 2017, 18% in 2018, and 12% in 2019. Neither production tax credits nor investment tax credits are allowed for wind projects that start construction in 2020 or later.

In addition, the "Consolidated Appropriations Act, 2016" extended the Investment Tax Credit (ITC) for solar projects. Solar projects that are under construction by the end of 2019 will now qualify for the 30% ITC. The credit is reduced to 26% for projects starting construction in 2020 and to 22% for projects starting construction in 2021. The credit drops to a permanent 10% level for projects that begin construction in 2022 or later or that begin construction before 2022, but are placed in service in 2024 or later. Projects must be placed in service by the end of 2023 to qualify for a credit above 10%.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN SPAIN

On December 2012, following Law 15/2012 of 27 December, the Spanish Government approved a 7% tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. These taxes have been applied since 2013.

On 4 February 2013, the Spanish Government published the Royal Decree-Law 2/2013 “on urgent measures in the electrical system and financial sector” that included a set of regulatory modifications applicable to the Spanish electricity sector and affecting wind energy assets. The main measures of RD-L 2/2013 were:

- New index to annually update all regulated activities in the electricity sector. This new index is the annual inflation (“IPC”) excluding some components of it, such as tax variations, non-manufactured products and energy products
- Sole formula to remunerate special regime facilities: the remuneration through the price market + premium is eliminated. Therefore, the remuneration of all the special regime facilities had to be done under the regulated tariff formula, unless the titleholder of the facility decided to perceive only the market price, but without a premium
- Other consequences for facilities that had previously chosen the option “market + premium”. Those facilities that between January 1st, 2013 and February 2nd, 2013 (date of entry into force of the Royal Decree-Law) had sold their energy according to that system, perceived an amount equivalent as if they had chosen the regulated tariff option.

On 12 July 2013 the Spanish Council of Ministers approved a comprehensive reform of the Spanish energy sector aimed to end with the Spanish tariff deficit. The energy reform has been afterwards implemented by means of a new Energy Sector Act, a Decree-Law, eight Royal Decrees and three Ministerial Orders.

As a part or this Energy Reform, the RD-L 9/2013 was passed in July 2013. According to it, renewable energy facilities would be subject to a new framework, by which they would be remunerated by the market price plus a payment per installed MW allowing that the return on investment would be equivalent to the Spanish Government 10-year bonds yield plus a spread of 300 bps (being based on the asset’s regulatory life). The RD-L also suppresses the renewables remuneration for reactive power (2€/MWh).

On 26 December 2013, the Spanish government published a new regulation that will govern the electricity sector (Law 24/2013) replacing the existing from 1997 (Law 54/1997).
The law refers to the need to finish with the sector’s structural deficit that had been accumulated during the last decade, as the motivation to undertake the reform. Two years after, it seems that this target is to be achieved. Indeed, in November 2015, the CNMC (National commission of markets and competition) published the final balance of the Spanish electricity system for the year 2014 delivering a surplus of +550.3 M€, being the first surplus of the Spanish electricity system after 9 consecutive years of deficit.

The Spanish Government published in 20 June 2014, the Order IET/1045/2014, which included the parameters to remunerate the renewable energy assets, under the new remuneration framework that was approved by the Decree-Law 413/2014 of June 2014. The final legislation had no significant changes to the previous draft versions. In the case of wind farms onshore, the DL 413/2014 confirmed that the wind farms in operation in 2003 (and before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach of 7.398% return before taxes.

In October 2015 the Government approved the Royal Decree 947/2015 and a Ministerial Order aimed at allowing the installation of new renewable capacity through competitive tenders. On December 3rd 2015, the conditions for the upcoming auction were published.

Also in October 2015, the Government approved the “National Energy Infrastructure Plan 2015-20”, envisaging an increase in wind capacity of 6.5 GW and the “Plan de Relazamiento de la Industria Eólica”, consisting in 15 specific measures focused in relaunching the wind manufacturing sector. Some of the measures are focused to spur the competitiveness of the Spanish wind manufacturer sector, while others are aimed at increasing turbine exports and others at boosting R+D.

On January 14th 2016 the first auction of RES capacity was held. The auction was designed to provide a similar remuneration scheme that the one that applies to current installations (RD 413/2014). Following this framework, tender participants were requested to bid discounts on the “initial investment” (CAPEX) parameter which would then, by being plugged in the formula set by RD 413/2014 determine the “Rinv” (investment premium) that would eventually be awarded.
Developers were bidding to build 500 MW of wind energy and 200 MW of biomass plants.
The auction was very competitive, around 5 times oversubscribed for onshore wind, and awarded contracts without any incentive, this is, at 100% discount to the opening price. EDPR was awarded 93 MW of wind energy.

The Government has announced that more auctions will be organised, possibly in 2016, to contract the capacity that Spain needs to comply with its 2020 targets.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN PORTUGAL

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law 189/88 dated 27 May, as amended by Decree-Law 168/99 dated 18 May, Decree-Law 312/2001 dated 10 December , and Decree-Law 339-C/2001 dated 29 December. Also relevant is Decree-Law 33-A/2005, dated 16 February 2005 ("DL 33-A/2005"), which establishes the remuneration formula applicable to energy produced by renewable sources.

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013, that maintains the legal stability of the current contracts (following Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy producers. However, this Decree Law opened the possibility for voluntary changes of the existing feed-in tariff. the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following: i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to adhere a new scheme. EDPR and ENEOP chose a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values updated with inflation from 2021 onwards, in exchange for a payment of 5.800€/MW from 2013 to 2020.

The Environment and Energy Ministry published, on 24 July 2014, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 Euros/MWh, whilst the remaining production is remunerated at the previous tariff.

On 7 April 2015 the Administrative Order 102/2015 was published, which establishes the procedures for the placement of additional energy and for the repowering authorisation of wind farms previously defined by Decree-Law 94/2014 of 24 June.

The main measures introduced by this legislation are: (i) the energy produced by repowering wind farms (increasing the number of wind turbines in existing wind farms) is remunerated at a fixed rate of 60€/MW; (ii) the energy corresponding to the difference between installed capacity and the injected energy in the network is remunerated at 60€/MW; and (iii) Recognition of the wind farms repowering as an independent generator.

On April 23 European Commission approved Portugal's plans to support 50 MW of wave, tidal and floating offshore wind turbine demonstration projects (25 MW windfloat project).

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN FRANCE

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which regulates the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 allows wind operators to enter into long-term agreements for the purchase and sale of their energy with Electricité de France (EDF), the national incumbent. The tariffs were initially set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on an inflation-related index); ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility's first ten years (these tariffs are also amended annually, based, in part, on an inflation-related index); iii) Beginning in the year 16, there is no specific support and wind energy generators will sell their electricity at the market, thus receiving market price.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid has not been done. Following this appeal, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice.

After years of litigation, the French Council of State decided to cancel the French Wind Tariff on May 2014. The EU Court of Justice argued that it constituted illegal State Aid as France failed to notify the European Commission of the subsidy back in 2008. Shortly after, the French Government approved and released a new tariff decree ("Arrêté du 17 juin 2014") that had previously received clearance from the European Union. This new decree contains the same parameters than the former decree and has come into force with retroactive effects. Therefore, it will not endanger or modify any power purchase agreement signed under the 2008 Order.

In July 2015, the "Energy Transition bill", whose aim is to build a long-term and comprehensive energy strategy, was finally passed. In 66 articles, the text targets to cut France's GHG emissions by 40% between 1990 and 2030 (and divide them by four by 2050), to halve the country's energy usage by 2050, to reduce the share of fossil fuels in energy production, to cap the total output from nuclear power at 63.2 GW and bring the share of renewables up to 32% of the energy mix.

Following the provisions of the "Energy Transition Law", the French government disclosed a draft decree with the details of a new remuneration scheme for renewables. According to this text, renewables will be remunerated by contract-for-difference scheme. However, the implementation for wind energy will probably be delayed to 2018 and up until then, new wind farms will be remunerated according to the current feed-in tariff scheme

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN POLAND

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has subsequently been amended by Act 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the ''Energy Act'').

The Energy Act introduces a support scheme for renewable energy facilities. The law includes a system of obligatory purchase Green Certificates by companies selling electricity to end-consumers, with mandatory quotas. These power companies are obliged to: a) obtain GC and submit them to the Energy Regulator, or b) pay a substitution fee calculated in accordance with the Energy Act. If suppliers fail to meet their obligation (either the submission of GC or the payment of substitution fee), they must pay a fine, equal to 130% of the substitution fee in that year.

Under the current legislation, the following quota apply (as amended by the ministerial decree of 18 October 2012): 2016: 15.0%, 2017:16.0%, 2018:17.0%, 2019:18.0% , 2020:19.0% and 2021:20.0%.

However, this initial scheme was amended in 2015. In February 2015 a new Renewables Law was approved, introducing a different support system. According to the law, the current Green Certificate (GC) system will be replaced by a tender scheme. However, the current GC scheme will be maintained (with some adjustments) for operating plants. These plants will have the choice to remain under the GC scheme or shift to the new scheme through specific tenders for operating assets.

In mid-December, as a result of the changes in Parliament (Poland's general election on 25 October was won by the right-wing Law and Justice Party), the new government postponed the implementation of tenders to July 2016. Therefore, up to this date, the GC system will be maintained.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN BELGIUM

The regulatory framework for electricity in Belgium is conditioned by the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the ''Electricity Act''). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of GC as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs.

In Wallonia, GC are allocated for a maximum of 15 years. After the 10th year, the amount of GC can be reduced on the basis of the so-called "k factor". This parameter is calculated according to several criteria, including the additional operating costs of the renewable electricity production compared to conventional energy sources (Art. 15 Arrêté du 30 novembre 2006). The value of the "k-factor" to be applied to a certain installation is the one in force by the time it was granted its certificate of origin (Art. 15 Arrêté du 30 novembre 2006).

However, from 1 January 2015, the number of GC allocated to each technology is calculated according to a new methodology taking following factors into consideration (Art. 15, Arrêté du 30 novembre 2006):

- The net amount of electricity produced
- The energy performance coefficient of the installation
- The economic performance coefficient of the technology, which is adjusted by the Walloon regulatory Authority (CWaPE) every 2 years (for onshore wind)

Green Certificates benefit from a minimum price of 65€ and the penalty for non-compliance is set at 100€ per missing GC.

On 21 March 2012, Walloon government approved a decree which fixed the quotas of GC until 2020. The quotas are: (i) 19.4% in 2013; (ii) 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016.

A new tax for wind generators was approved in Wallonia in July 2012. According to this regulation, all generators earning GC shall pay 0,54 €/MWh. The energy regulator of Wallonia (CWaPE) is the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ROMANIA

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate (GC) mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. The regulatory authority establishes a fixed quota of electricity produced from renewable energy systems which suppliers are obliges to fulfil. Law 220/2008 of November, introduced some changes in the GC system. In particular, it allowed wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators would receive only 1 GC for each MWh during 15 years.

The law also guaranteed that:

- The trading value of GC would have a floor of 27€ and a cap of 55€, both indexed to Romanian inflation
- The access to the National Grid for the electricity produced from renewable sources.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which is to be carried out on a yearly basis. ANRE (Energy Regulator) has to monitor the benefits obtained by renewables' producers and annually prepare a report on this regard. If overcompensation is observed, ANRE has to propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminated the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance). The law brought several amendments to the Ordinance and implicitly to the Renewables Law (i.e. Law 220/2008). The amendments were:

- The postponement of GC for operating plants. The postponement only applies to renewable energy operators accredited by ANRE before 2013. Wind power producers receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC is postponed from trading from 1 July 2013 to 31 March 2017. Solar producers have 2 GCs (out of 6 GCs) postponed from trading from 1 July 2013 to 31 March 2017. The GCs postponed will be gradually recovered until 31 December 2020 (starting on 1 April 2017 for solar PV and 1 January 2018 for wind);

- Wind facilities accredited after this date receive 1.5 GC/MWh until 2017 and 0.75 GC/MWh from 2018 onwards during 15 years. All these GC are immediately tradable;

- Solar facilities only receive 3 GC from 1 January 2014 onwards.

On 24 March 2014, the President of Romania ratified EGO 57/2013 with the following amendments: (i) Reduction of the GC validity from 16 months to 12 months; and (ii) the obligation for ANRE (Energy Regulator) to communicate in each year the GC quota for the next year.

At this regard, ANRE released on 27 June 2014, the 2015 mandatory quota for acquisition of green certificates at 11.9%.

The European Commission (DG Competition) disclosed in May 2015, its clearance to the Romanian Renewables support scheme amendments notified in 2013 and 2014. Therefore, the amendments have been declared compatible with the European Energy and Environmental State aid Guidelines (EEAG).

Other main 2015 regulatory development was the approval of Law 122/2015 amending the Renewables' Law. The main objective was to grant a temporary accreditation from ANRE (Energy Regulator), to renewables' plants above 125 MW (but below 250 MW) that had not obtain an individual reply from the EC, and therefore, allow them to benefit from the GC support.

The Law 122/2015 also included other amendments to Romanian renewable energy law, being the most important ones: suppliers' obligation to purchase GC on a quarterly basis, the opening of the GC scheme to imported electricity and the removal of the right to receive GC for the electricity sold at negative prices

On December 2015 the Government finally set the value of the GC quota for 2016 at 12.15%, the same value that was proposed by ANRE by the end of July (well below the original 17% set in the original renewable energy Law)

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ITALY

On 6 July 2012, the Government approved a new renewable regulation by means of the Decree on Renewables (DM FER) introducing a feed-in-tariff support scheme (therefore, shifting away from the former GC system). The key aspects of the new regulation provided by the DM FER were the following: (i) wind farms over 5 MW would be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered to be set by different technologies' capacity paths; (iii) the reference tariff for 2013 was 127 €/MWh for onshore wind and tender participants would bid offering discounts on a reference tariff (in %); (iv) The reference tariff would decrease 2% per year and will be granted for 20 years.

The new system replaces the previous one based on GCs. Under the previous system producers obtained their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) continued to operate under the previous system until 2015 (from 2015 onwards, the GC system was transformed into a feed-in-premium).

Spalma Incentivi Decree, published in November 2014, stipulated that wind farms under the GCs scheme could voluntarily adhere to an extension of the incentivation period of 7 years in exchange of a permanent reduction of the premium/GCs received, being the coefficient of reduction calculated individually for each wind farm depending on their remaining regulatory life. As the option was voluntary, wind farms that refused to accept this change remained under previous GCs scheme. Wind farms had to decide whether or not to adhere to the extension before 17 February 2015.

Since the implementation of the tender system, 3 reverse-auction have been held. It´s expected that a new decree will be passed in 2016 aimed to release new wind tenders for at least, the next two years. According to the draft, 800 MW of onshore wind could be tendered, with a reference tariff of 110€/MWh.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN BRAZIL

The Electrical Sector in Brazil is regulated by Federal Law nr 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nr 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nr 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nr 10,762 of 11 November 2003 and Law nr 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power; and, subsequent amendments to the legislation.

The Decree nr 5,025 of 30 March 2004, regulates the Federal Law nr 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state “Energy Planning and Research Company” (EPE), who registers, analyses and allows potential participants.

On 13 November 2015, the latest Reserve Auction (A-3) took place. As a result, Brazilian government contracted 1.664 MW of wind (548 MW) and solar PV (1.1 GW) capacity for a 20-year long-term contract through this auction. The auction exclusively sought wind and PV projects, with power delivery start date being 1 November 2018. Wind ceiling price was BRL 213/MWh. EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured in this auction a 20-year Power Purchase Agreement to sell electricity in the regulated market. The energy will be produced by a 140 MW wind farm to be installed in the Brazilian State of Bahia with operations expected for 2018. The initial price of the long term contract was set at R$199.37/MWh, indexed to the Brazilian inflation rate.

02. ACCOUNTING POLICIES

A) BASIS OF PREPARATION

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2015 and 2014 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2015 and 2014, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 23 February 2016. The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements.

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2015 include comparative figures for 2014, which formed part of the consolidated annual accounts approved by shareholders at the annual general meeting held on April 9th, 2015.

However, according to the resolution of January 29, 2016 of the Spanish Institute of Accounting and Auditing (ICAC) about the information to be included in the notes to the financial statements relating the average period of payments to suppliers, the information disclosed in note 34 does not include comparative information for 2014.

B) BASIS OF CONSOLIDATION

Controlled entities

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so this investment shall be included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included in the consolidated financial statements under the equity method. When the Group's share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:

- Representation on the Executive Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends and other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel;
- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included in the consolidated financial statements under the equity method. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve.
On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement. as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and, therefore, subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

Business combinations achieved in stages

In a business combination achieved in stages, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognized in the acquiree (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognized as goodwill.

If applicable, the defect, after evaluating the consideration transferred, the amount of any non-controlling interest recognized in the acquiree, the fair value of the previously held equity interest in the acquired business; and the valuation of the net assets acquired, is recognized in the income statement. The Group recognizes the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results according to its classification. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

C) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

D) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by through the use of net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

HEDGE ACCOUNTING

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;

(ii) The hedge is expected to be highly effective;

(iii) The effectiveness of the hedge can be reliably measured;

(iv) The hedge is revalued on an on-going basis and is considered to be highly effective over the reporting period; and

(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

E) OTHER FINANCIAL ASSETS

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired for the purpose of being traded in the short term, and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available-for-sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired. When this occurs, the cumulative gains or losses previously recognised in equity are immediately recognised in the income statement. Foreign exchange differences arising from equity investments classified as available-for-sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence of impairment, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

F) FINANCIAL LIABILITIES

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

G) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In case of projects in a development stage, costs are only capitalized when it is probable that the project will be finally built. If due to changes in regulation or other circumstances costs capitalized are derecognized from property plant and equipment, they are recognized in the profit and loss caption of “Other expenses”. Replacements or renewals of complete items are recognized as increases in the value of property, plant and equipment and the items replaced or renewed are derecognized and recognized in the “Other expenses” caption.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	NUMBER OF YEARS
Buildings and other constructions	8 to 40
Plant and machinery:	
- Wind farm generation	25
- Other plant and machinery	4 to 25
Transport equipment	3 to 5
Office equipment and tools	2 to 10
Other tangible fixed assets	3 to 10

I) INTANGIBLE ASSETS

The Group´s intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group performs impairment tests, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

Green Certificates

As per Romanian Regulatory Framework, there's a category of Green Certificates (GCs) which although granted are restricted for sale until 2017 (solar) and 2018 (wind). These deferred GCs are recognised as intangible assets when generated at fair market value. These GCs will be offset as they will be collected.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

J) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one noncurrent asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and the sale is highly probable.

The measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

K) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

L) LEASES

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

M) INVENTORIES

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

N) CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

O) PROVISIONS

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used for 2015 and 2014 are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	22,045
Salvage value per MW (Euros)	41,000	32,148
Discount rate		
Euro	[1.90% - 2.50%]	-
PLN	[3.00% - 4.00%]	-
USD	-	[3.85% - 5.00%]
CAD	-	[3.35% - 4.25%]
RON	[4.50% - 5.65%]	-
Inflation rate		
Euro zone	[1.75% - 1.85%]	-
Poland	0.90%	-
USA	-	2.50%
Canada	-	2.25%
Capitalisation (number of years)	25	25

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

Tax liabilities

Liabilities for payment of taxes or levies related to an activity of the Group are recognized as the activity which triggers the payment is carried out, according to the laws regulating such taxes or levies. However, in the cases of taxes or levies with right of reimbursement of the amount already paid proportionally to the period of time in which there is no activity or the asset which triggers the payment is no longer owned, liabilities are recognized on a proportional basis.

P) RECOGNITION OF COSTS AND REVENUE

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from energy sales is recognised in the period that energy is generated and transferred to customers.

Deferred Green Certificates (GCs) are recognised as revenue at fair market value.

Q) FINANCIAL RESULTS

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses, gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

R) INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a items recognized directly in equity, in which case is also recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

S) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

T) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

The Group classifies as cash and cash equivalents the balance of the current accounts with the Group formalized under cash-pooling agreements.

U) GOVERNMENT GRANTS

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

V) ENVIRONMENTAL ISSUES

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

W) INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

The Group has entered in several partnerships with institutional investors in the United States, through limited liability Company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under 'Liabilities arising from institutional partnerships' and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated. This liability is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

After the Flip Date, the institutional investor retains a non-significant interest for the duration of the structure. This non-controlling interest is entitled to distributions ranging from 2.5 % to 6 % and taxable income allocations ranging from 5% to 17%. EDPR NA has an option to purchase the institutional investor's residual interest at fair market value during a defined period following the flip date. A liability to provide for the institutional investors' minority interest is accreted on a straight-line basis from the funding date through the Flip Date.

03. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Board of Directors based on the best information available at 31 December 2015 and 2014, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Fair value measurement of contingent consideration

The contingent consideration, from a business combination or a sale of a minority interest while retaining control is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a minority interest. The contingent consideration is subsequently remeasured at fair value at balance sheet date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each balance sheet date. Changes in assumptions could have impact on the values of contingent assets and liabilities recognized in the financial statements.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non-financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Green Certificates

As a consequence of the regulatory framework in Romania related to Green Certificates (GCs), the Group has the following assumptions:

(i) For estimating the price of GCs, the model is based on current regulation including the latest developments published in the last months and estimations on renewable capacity to be added in the following years;

(ii) The GC model determines whether there will be excess or deficit of GCs to evaluate the price to apply;

"In order to determine whether there will be excess or deficit of GCs, we compare demand with supply of GCs. Demand of GCs is calculated by multiplying gross electricity consumption and quotas of renewable electricity. Electricity demand growth is based in latest external estimates, including those from Romanian regulator ANRE. EDPR has made sensitivity analyses to the quotas and has assumed a conservative scenario that considers the latest regulatory changes.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, the Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to variable returns and has the ability to affect those returns through its power over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact in the consolidated financial statements.

04. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. Recommendations to manage financial risks of EDP Renováveis Group are proposed by EDPR's Finance and Global Risk Departments and discussed in the Financial Risk Committee of EDP Renováveis, which is held quarterly. The pre-agreed strategy is shared with the Finance Department of EDP - Energias de Portugal, S.A., to verify the accordance with the policies approved by the Board of Directors of EDP. The evaluation of appropriate hedging mechanisms and the execution are outsourced to the Finance Department of EDP.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDPR/EDP Group’s Financial Department are responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. Dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Zloty, New Romanian Leu and Canadian Dollar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in BRL/EUR and in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2015 and 2014, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSANDS OF EUROS

	31 DEC 2015			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	-359	439	-	-
	-359	439	-	-

	31 DEC 2014			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	5,825	-7,119	-	-
	5,825	-7,119	-	-

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group’s operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group’s debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 11 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity analysis - Interest rates

EDPR/EDP Group's Financial Department are responsible for managing the interest rate risk associated to activities developed by the Group, contracting derivative financial instruments to mitigate this risk.

Based on the EDPR Group debt portfolio and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 31 December 2015 and 2014 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSANDS OF EUROS

	31 DEC 2015			
	PROFIT OR LOSS		EQUITY	
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	15,668	-16,388
Unhedged debt (variable interest rates)	-594	594	-	-
	-594	594	15,668	-16,388

	31 DEC 2014			
	PROFIT OR LOSS		EQUITY	
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	12,343	-12,844
Unhedged debt (variable interest rates)	-1,094	1,094	-	-
	-1,094	1,094	12,343	-12,844

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group counter-party risk exposure in financial and non-financial transactions is managed by an analysis of technical capacity, competitiveness and probability of default to the counter-party. EDP Renováveis has defined a counter-party risk policy inspired in Basel III, which is implemented across all departments in all EDP Renováveis geographies. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

Most relevant counterparties in derivatives and financial transactions are companies within EDP Group. Financial instruments contracted outside EDP Group are generally engaged under ISDA Master Agreements. The credit quality of external counterparties is analysed according to the counter-party risk policy of the Group and collaterals are required when exposure is above the pre-established limits.

In the specific case of the energy sales of EDPR EU Group, the Group's main customers are operators and distributors in the energy market of their respective countries (OMIE and MEFF in the case of the Spanish market). Credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries that set renewables incentives, which it is usually treated as regulatory risk.

In the specific case of EDPR NA Group, the Group's main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure to customers in long term contracts also comes from the mark-to-market of those contracts. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals depending on the exposure and on the rating.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2015, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain, France, Italy and Portugal through regulated tariffs whether in Romania and Poland most plants sell their electricity and green certificates under power purchase agreements with fixed prices or floors.

For the small share of energy, green certificates and RECs generated with market exposure, this risk is managed through electricity sales swaps and REC swaps. EDPR EU and EDPR NA have electricity sales and REC swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2016 to 2019 (see note 36). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

05. CONSOLIDATION PERIMETER

During the year ended in 31 December 2015, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- In September 2015, the ENEOP consortium members reached an agreement on the consortium's assets split which had been created for a wind power contract launched by the Portuguese Government in 2005-2006. In the terms of this agreement, EDPR Group began to hold the exclusive control of the following windfarm portfolio:

  Eólica do Alto da Lagoa, S.A.

  Eólica das Serras das Beiras, S.A.

  Eólica do Cachopo, S.A.

  Eólica do Castelo, S.A.

  Eólica da Coutada, S.A.

  Eólica do Espigão, S.A.

  Eólica da Lajeira, S.A.

  Eólica do Alto do Mourisco, S.A.

  Eólica dos Altos dos Salgueiros-Guilhado, S.A.

  Eólica do Alto da Teixosa, S.A.

  Eólica da Terra do Mato, S.A.

  Eólica do Velão, S.A.

  This transaction was treated as a business combination achieved in stages and generated a provisional gain on the revaluation of the previously held investment in the amount of 124,750 thousands of Euros, which is recognized under Other income (see note 43 and 8).

- EDP Renovables España, S.L. acquired 2% of the share capital of Acampo Arias, S.L., 24% of the share capital of Compañía Eólica, Campo de Borja, S.A., 5% of the share capital of D.E. Rabosera, S.A., 20% of the share capital of Molino de Caragüeyes, S.L., 5% of the share capital of Parque Eólico La Sotonera, S.L., 16% of the share capital of Eólica Alfoz, S.L., 40 % of the share capital of Investigación y Desarrollo de Energías Renovables, S.L., 40% of the share capital of Parques de Generación Eólica, S.L., 32 % of the share capital of Parque Eólico Altos del Voltoya, S.A. and 40% of the share capital of Desarrollos Catalanes Del Viento, S.L. with the subsequent gain of 100% of share interest in: Aprofitament D'Energies Renovables de L'Ebre, S.A., Aprofitament D'Energies Renovables de la Terra Alta, S.A., Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L.;

- EDP Renováveis, S.A. agreed to acquire 45% of share capital of EDP Renováveis Brasil, S.A. to EDP Energias do Brasil S.A. Subsequently to this agreement, EDP Renováveis Brasil, S.A performed a capital increase exclusively subscribed by EDP Renováveis, S.A., diluting the participation of EDP Energias do Brasil S.A. from 45% to 29%.
- EDPR Yield, S.A.U. acquired 100% of the share capital of EDPR Yield Spain Services, S.L.U.
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of Central Eólica Aventura II, S.A.;
- EDP Renewables, SGPS, S.A. acquired 19.40% of the share capital of WindPlus, S.A. and 100% of the share capital of Stirlingpower, Unipessoal Lda.
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the share capital of Brent Investments, S.A.

Total impact of the above acquisitions in Equity Holders of the Parent and in non-controlling interests amounts to 30,960 thousands euros and -97,321 thousands of euros respectively.

Disposal of non-controlling interests:

- EDP Renovables España, S.L. sold 6% of its interests in Iberia Aprovechamientos Eólicos, S.A.U. by 18 thousands of Euros;
- In the second quarter of 2015, EDP Renewables North America LLC. concluded the sale to Fiera Axium L.L.C., by 292,558 thousands of Euros that equals 324,716 thousands of US Dollar (corresponding to a sale price of 348,000 thousands of US Dollar deducted of 6,009 thousands of US Dollar of transaction costs and 17,275 thousands of US Dollar of capital distributions):

(i) 49% of its interests in the following companies:

- Blue Canyon Windpower V, L.L.C.;
- Paulding Wind Farm II L.L.C.;
- Headwaters Wind Farm L.L.C.;
- Rising Tree Wind Farm L.L.C.;
- Rising Tree Wind Farm II;
- 2009 Vento V, L.L.C.;
- 2011 Vento IX, L.L.C.;
- 2014 Vento XI, L.L.C.;
- 2014 Vento XII, L.L.C.;
- Horizon Wind Ventures III, L.L.C.;
- Horizon Wind Ventures IX, L.L.C.;
- EDPR Wind Ventures XI;
- EDPR Wind Ventures XII.

(ii) 25% of its interests in the following companies:

- Cloud County Wind Farm, L.L.C.;
- Pioneer Prairie Wind Farm I, L.L.C.;
- Arlington Wind Power Project L.L.C.;
- 2008 Vento III, L.L.C.;
- Horizon Wind Ventures IC, L.L.C.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 19,096 thousands of Euros, was booked against reserves under the corresponding accounting policy.

- In the second quarter of 2015, EDP Renewables North America LLC. sold to DIF Infra 3 US L.L.C. 49% of its interests, by 25,281 thousands of Euros that equals to 28,060 thousands of US Dollar (corresponding to a sale price of 30,000 thousands of US Dollar deducted of 1,940 thousands of US Dollar of transaction costs), in the following companies:

- EDPR Solar Ventures I;
- 2014 Sol I, L.L.C.;
- Lone Valley Solar Park I L.L.C.;
- Lone Valley Solar Park II L.L.C.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 427 thousands of Euros, was booked against reserves under the corresponding accounting policy.

- In the second quarter of 2015, EDP Renováveis Brasil, S.A. sold to Cwei Brasil Participações Lda (CWEI Brasil) 49% of its interests in a set of wind farm assets, by 66,962 thousands of Euros that equals to 247,664 thousands of Brazilian Real (corresponding to a sale price of 249,613 thousands of Brazilian Real deducted of 1,949 thousands of Brazilian Real of transation fees), in the following companies:

  - Central Eólica Aventura I, S.A.;
  - Central Nacional de Energia Eólica, S.A.;
  - Elebras Projetos Ltda;
  - Central Eólica Feijao I, S.A.;
  - Central Eólica Feijao II, S.A.;
  - Central Eólica Feijao III, S.A.;
  - Central Eólica Feijao IV, S.A.;
  - Central Eólica Jau, S.A

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 14,800 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies liquidated:

- EDPR Renovables España, S.L. liquidated Tratamientos Medioambientales del Norte, S.A. and Industrias Medioambientales Río Carrión, S.A;

Companies incorporated:

- Vientos de Coahuila, S.A. de C.V.;
- TACA Wind, S.R.L.;
- EDPR Yield France Services, S.A.S;
- EDPR Yield Portugal Services, Unip. Lda.
- EDPR PT - Parques Eólicos, S.A.
- EDPR Servicios de Mexico, S. de R.L. de C.V.;
- 2015 Vento XIII, LLC;
- 2015 Vento XIV, LLC *;
- EDPR Wind Ventures XIII, LLC;
- EDPR Wind Ventures XIV, LLC;
- EDPR Vento I Holding, L.L.C.;
- EDPR WF, L.L.C.
- Nation Rise Wind Farm GP Inc.*;
- Nation Rise Wind Farm LP;
- South Branch Wind Farm II GP Inc.*;
- South Branch Wind Farm II LP *;
- EDP Renewables Sharp Hills Project LP;

* EDP Renováveis holds, through its subsidiaries EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally established without share capital and that, as at 31 December 2015, do not have any assets, liabilities, or any operating activity.

During the year ended in 31 December 2014, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Polska, S.P. ZO.O acquired 100% of the share capital of Radziejów Wind Farm Sp. ZO.O.;
- EDP Renewables Italia, S.R.L. acquired 100% of the share capital of Wincap, S.R.L.
- EDP Renewables Europe, S.L. acquired 99.9667% of the share capital of Eólica de Coahuila, S. de R.L. de C.V, through its subsidiary Tarcan B.V. After the acquisition, the Company entered into an agreement for the future sale of a significant share capital and, therefore and considering the substance of the transaction and accounting impacts related to the purchase transaction, EDPR Group considered this investment as a joint venture with a shareholding equivalent to 51% of the share capital.

Disposal of non-controlling interests and companies liquidated:

- EDPR-France S.A.S. sold 49% of its interests, by 28,256 thousands of Euros (deducted of 153 thousands of Euros of transaction fees), in the following companies:

  - Parc Eolien du Clos Bataille, S.A.S.;
  - C.E. Canet-Pont de Salars, S.A.S.;
  - C.E. Gueltas Noyal-Pontivy, S.A.S.;
  - C.E. Patay, S.A.S.;
  - C.E. Saint Barnabe, S.A.S.;
  - Eolienne de Saugueuse, S.A.R.L.;
  - C.E. Segur, S.A.S.;
  - Parc Eolien de Varimpre, S.A.S.;
  - Parc Eolien des Vatines, S.A.S.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 5,299 thousands of Euros, was booked against reserves under the corresponding accounting policy.

- EDP Renewables Europe, S.L. sold 7% of its interests, by 6 thousands of Euros, of the following companies:

  - Les Eoliennes en Mer de Dieppe - Le Tréport, S.A.S.;
  - Les Eoliennes en Mer de Vendée, S.A.S.

- EDPR Renovables España, S.L. liquidated Sotromal, S.A. and Rasacal Cogeneración, S.A;
- EDP Renewables Canada, Ltd sold 49% of the share capital of SBWF GP Inc. and 49% the share capital of South Dundas Wind Farm LP through its subsidiary EDP Renewables Canada LP Holdings, Ltd. by 16,506 thousands of Euros (24,200 thousands of Canadian Dollar). This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 2,464 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- A 49% share interest in EDP Renewables France, S.A.S. was sold by 64,340 thousands of Euros (deducted of 256 thousands of Euros of transaction fees), with a subsequent loss of share interest in Parc Eolien du Clos Bataille, S.A.S., C.E. Canet-Pont de Salars, S.A.S., C.E. Gueltas Noyal-Pontivy, S.A.S., SOCPE Le Mee, S.A.R.L., Mardelle, S.A.R.L., C.E. Patay, S.A.S., SOCPE Petite Piece, S.A.R.L., Plouvien Breiz, S.A.S., Quinze Mines, S.A.R.L., Parc Eolien de Roman, S.A.R.L., C.E. Saint Barnabe, S.A.S., Eolienne de Saugueuse, S.A.R.L., SOCPE Sauvageons, C.E. Segur, S.A.S., Parc Eolien de Tarzy, S.A.R.L., Truc l'Homme , S.A.R.L., Vallée du Molain, S.A.R.L., Parc Eolien de Varimpre, S.A.S. and Parc Eolien des Vatines, S.A.S.

  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 9,808 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies merged:

- The following companies were merged into EDP Renewables Canada LP, Holdings Ltd.:

  - 8067241 BC, Ltd.;

  - 0867242 BC, Ltd.;

  - South Branch Wind Farm, Inc.

Companies incorporated:

- EDPR Wind Ventures XII *;
- EDPR Solar Ventures I;
- Parc Eolien de Boqueho - Pouagat, S.A.S.;
- Parc Eolien de Francourville, S.A.S. (Company was incorporated under the name of Parc Eolien de Preuseville, S.A.S. and was then renamed to Parc Eolien de Francourville, S.A.S.);
- 2014 Vento XII, L.L.C.;
- 2014 Sol I, L.L.C.;
- Parc Eolien d'Escardes, S.A.S.;
- Green Country Wind Farm, L.L.C. *;
- Central Eólica Aventura, S.A.;
- EDPR RO Trading S.R.L.

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2014 do not have any assets, liabilities, or operating activity.

Other changes:

- Increase of the financial interest in S.C. Ialomita Power, S.R.L. from 85% to 100% through a share capital increase fully subscribed by EDP Renewables Europe, S.L.;
- Due to the date of effectiveness of IFRS 10 - Consolidated Financial Statements, the EDPR Group changed the method of consolidation from Full Consolidated to the Equity Method in Ceprastur A.I.E.;
- Due to the date of effectiveness of IFRS 11 - Joint Arrangements, the EDPR Group changed the method of consolidation from Proportional Method to the Equity Method in the following companies:

  - Compañía Eólica Aragonesa, S.A.;

  - Desarrollos Energéticos Canários S.A.;

  - Evolución 2000, S.L.;

  - Flat Rock Windpower II, L.L.C.;

  - Flat Rock Windpower, L.L.C.;

  - Tébar Eólica, S.A.

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2015 and 2014 are listed in Annex I.

06. REVENUES

Revenues are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Revenues by business and geography		
Electricity in Europe	826,699	740,515
Electricity in North America	498,018	382,033
Electricity in Brazil	21,379	25,136
	1,346,096	1,147,684
Other revenues	315	306
	1,346,411	1,147,990
Services rendered	3,421	5,785
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	2,881	-1,249
Changes in inventories	-3,108	600
	-227	-649
Total Revenues	1,349,605	1,153,126

The breakdown of revenues by segment is presented in the segmental reporting (see note 44).

07. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 197,442 thousands of Euros (31 December 2014: 123,582 thousands of Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Sol I, Blue Canyon I, Vento I, II, III, IV, V, VI, VII, VIII, IX, X, XI, XII and XIII (see note 32).

08. OTHER INCOME

Other income is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Estimation of the revised selling price of EDPR PT	-	17,491
Gains related with business combinations	124,750	-
Amortisation of deferred income related to power \ purchase agreements	9,961	8,938
Contract and insurance compensations	11,905	5,204
Other income	14,944	14,034
	161,560	45,667

Gains related with business combinations include the profit resulting from the incorporation of ENEOP wind farms portfolio. These companies have been fully consolidated from the 1st of September 2015 (see note 43).

During 2014, according with the contract terms, the future adjustment in the selling price of EDPR PT was revised in the amount of 17,491 thousands of Euros. No further adjustments have been necessary in 2015.

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 33). This liability is amortised over the period of the agreements against Other income. As at 31 December 2015, the amortisation for the period amounts to 9,961 thousands of Euros (31 December 2014: 8,938 thousands of Euros).

09. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Rents and leases	47,021	40,130
Maintenance and repairs	169,457	148,578
Specialised works:		
- IT Services, legal and advisory fees	19,612	15,872
- Shared services	7,292	7,437
- Other services	12,248	11,119
Other supplies and services	37,098	33,509
	292,728	256,645

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Personnel costs		
Board remuneration	689	674
Remunerations	66,641	54,714
Social charges on remunerations	10,979	9,836
Employee's variable remuneration	15,336	11,837
Other costs	2,045	1,018
Own work capitalised	-20,770	-19,546
	74,920	58,533
Employee benefits		
Costs with pension plans	3,301	2,805
Costs with medical care plans and other benefits	4,560	3,506
Other	1,487	1,249
	9,348	7,560
	84,268	66,093

As at 31 December 2015, Costs with pension plans relates to defined contribution plans (3,284 thousands of Euros) and defined benefit plans (17 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2015 and 2014 is as follows:

	31 DEC 2015	31 DEC 2014
Board members	17	17
	17	17
Senior management / Senior officers	81	69
Middle management	561	547
Highly-skilled and skilled employees	260	222
Other employees	75	62
	977	900
	994	917

11. OTHER EXPENSES

Other expenses are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Taxes	79,207	64,707
Losses on fixed assets	72,248	4,547
Other costs and losses	37,861	27,187
	189,316	96,441

The caption Taxes, on 31 December 2015, includes the amount of 28,365 thousands of Euros (31 December 2014: 23,990 thousands of Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

In 2015, the EDPR Group proceeded to the write-off assets under construction, which refers to (i) 41,423 thousands of Euros related to the abandonment of ongoing projects in EDPR North America, which were considered to be economically unviable under current market conditions, due to the recent publication of new legislation – the final version of Clean Power Plan and Renewable Portfolio Standards; (ii) 20,638 thousands of Euros related to the abandonment of ongoing projects in EDPR Europe, following the reduced probability of their future development; and (iii) 5,395 thousands of Euros, due to damage in the met mast of the offshore wind park Moray Offshore Renewables Limited, a EDPR UK Limited subsidiary (see note 15).

12. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Property, plant and equipment		
Buildings and other constructions	795	687
Plant and machinery	551,560	458,783
Other	11,136	11,555
Impairment loss	21,542	15,578
	585,033	486,603
Intangible assets		
Industrial property, other rights and other intangibles	2,263	1,461
Impairment loss	-	11,434
	2,263	12,895
Impairment of goodwill	170	278
	587,466	499,776
Amortisation of deferred income (Government grants)	-22,837	-19,009
	564,629	480,767

In 2015 and 2014, the EDPR Group booked an impairment loss in Property, plant and equipment of 26,491 thousands of Euros (31 December 2014: 15,571 thousands of Euros in Property, plant and equipment and 11,434 thousands of Euros in Intangible assets) as a result of the recoverability assessment of wind farms and deferred green certificates in Romania (see note 15 and 16).

During 2015, the Group has reversed the previously recognized impairment of 5,000 thousand Euros related with a French wind farm (booked in 2011 as a civil action was instituted against the company who owns the windfarm) as due to the result of the legal processes the management has re-valuated the risk of dismantling the wind farm from probable to remote.

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Financial income		
Interest income	26,795	25,312
Derivative financial instruments:		
Interest	475	1,247
Fair value	20,154	66,958
Foreign exchange gains	13,946	7,944
Other financial income	106	66
	61,476	101,527
Financial expenses		
Interest expense	194,277	206,531
Derivative financial instruments:		
Interest	42,965	26,576
Fair value	17,716	29,515
Foreign exchange losses	14,150	46,939
Own work capitalised	-22,986	-26,814
Unwinding	83,421	60,818
Other financial expenses	17,416	7,841
	346,959	351,406
Financial income / (expenses)	-285,483	-249,879

Derivative financial instruments includes interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 36 and 38).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2015 amounted to 22,986 thousands of Euros (at 31 December 2014 amounted to 26,814 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 0.57% and 14.14% (31 December 2014: 1.12% and 13.24%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms of 4,006 thousands of Euros (31 December 2014: 3,752 thousands of Euros) (see note 31) and the implied return in institutional partnerships in U.S. wind farms of 78,953 thousands of Euros (31 December 2014: 56,551 thousands of Euros) (see note 32).

14. INCOME TAX EXPENSE

Main features of the tax systems of the countries in which the EDP Renewables Group operates

The statutory corporate income tax rates applicable in the countries in which EDP Renewables Group operates are as follows:

COUNTRY	31 DEC 2015	31 DEC 2014
Europe:		
Belgium	39,99%	39,99%
France	33,33% - 34,43%	33,33% - 34,43%
Italy	27,5% - 31,4%	27,5% - 31,4%
Poland	19%	19%
Portugal	21% - 29,5%	23% - 31,5%
Romania	16%	16%
Spain	28%	30%
United Kingdom	20% - 21%	21% - 23%
America:		
Brazil	34%	34%
Canada	26,50%	26,50%
Mexico	30%	30%
United States of America	38,2%	38,2%

EDP Renováveis S.A. and its subsidiaries file individual tax returns in accordance with the applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries in Spain are taxed under the tax consolidation group regime applicable according to the Spanish law. EDP - Energias de Portugal, S.A. - Sucursal en España (Branch) is the dominant company of this Group which includes other subsidiaries that are not within the renewables energy industry.

As per the currently applicable tax legislation, tax periods may be subject to examination by the various Tax Administrations during a limited number of years. Statutes of limitation differ from country to country, as follows: USA, Belgium and France: 3 years; Spain, United Kingdom, Italy and Portugal: 4 years or, in the case of Portugal, if tax losses/credits have been used, the number of years that such tax losses/credits may be carry forward; Brazil, Romania, Poland, Italy and Mexico: 5 years; and Canada: 10 years.

Tax losses generated in each year are also subject to Tax Administrations' review and reassessment. Losses may be used to offset yearly taxable income assessed in the subsequent periods, as follows: 5 years in Poland; 7 in Romania; 10 in Mexico; 12 in Portugal; 20 in the USA and Canada; and indefinitely in Spain, France, Italy, Belgium, Brazil and the United Kingdom. Moreover, in the United Kingdom tax losses may be carried back to the previous tax year and in the USA and Canada to the 2 and 3 previous years, respectively. However, the deduction of tax losses in Portugal, Spain, Brazil, France, Italy and Poland may be limited to a percentage of the taxable income of each period.

EDP Renewables Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the US which are the dominant form of wind remuneration in that country, and represent an extra source of revenue per unit of electricity ($23/MWh in 2015 and 2014), over the first 10 years of the asset's life.

EDP Renewables Group transfer pricing policy is in line with the rules, guidelines and best international practices applicable across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

Changes in the tax law with relevance to the EDP Renewables Group in 2015

The statutory corporate income tax rates applicable in Portugal, Spain and the United Kingdom were reduced in 2015, as follows:

- In Portugal, from 23% to 21%, as per Law 82-B/2014, published on 31 December 2014 (State Budget Law for 2015), effective from 1 January 2015, onwards;
- In Spain, from 30% to 28%, according to Law 27/2014, of 27 November 2014, also with effect from 1 January 2015 onwards; and
- In the United Kingdom, from 21% to 20% in 2015, effective from 1 April 2015, as per the Finance Act 2013.

Corporate income tax provision

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Current tax	-51,423	-49,997
Deferred tax	6,076	33,598
	-45,347	-16,399

The effective income tax rate as at 31 December 2015 and 2014 is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Profit before tax	290,838	194,286
Income tax expense	-45,347	-16,399
Effective Income Tax Rate	15,59%	8.44%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2015 and 2014 is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Profit before taxes	290,838	194,286
Nominal income tax rate (*)	28,00%	30.00%
Expected income taxes	-81,435	-58,286
Income taxes for the year	-45,347	-16,399
Difference	36,088	41,887
Accounting revaluations, amortizations, depreciations and provisions	-3,207	1,926
Tax losses and tax credits	-2,887	-2,004
Financial investments in associates	1,884	5,939
Difference between gains and accounting gains and losses	35,294	-
Effect of tax rates in foreign jurisdictions	-14,957	-10,340
Tax benefits	6,799	6,949
Other	13,162	39,417
	36,088	41,887

(*) Statutory corporate income tax rate applicable in Spain

On 31 December 2014, Other includes the amount of 30,059 thousands of Euros, related to the impact on deferred tax assets and liabilities, following the corporate income tax reduction from 30% to 28% in 2015 and to 25% from 2016 onwards, introduced by the Spanish Corporate Income Tax Reform (according to Law 27/2014, of 27 November 2014).

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Cost		
Land and natural resources	31,135	32,977
Buildings and other constructions	18,650	17,257
Plant and machinery:		
- Renewables generation	15,235,392	12,753,798
- Other plant and machinery	6,695	6,712
Other	100,754	88,046
Assets under construction	1,243,106	1,259,732
	16,635,732	14,158,522
Accumulated depreciation and impairment losses		
Depreciation charge	-563,491	-471,025
Accumulated depreciation in previous years	-3,368,734	-2,605,773
Impairment losses	-21,542	-15,578
Impairment losses in previous years	-69,513	-53,170
	-4,023,280	-3,145,546
Carrying amount	12,612,452	11,012,976

The movement in Property, plant and equipment during 2015, is analysed as follows:

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFFS	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	32,977	447	-3,493	74	1,077	53	31,135
Buildings and other constructions	17,257	802	-60	-	651	-	18,650
Plant and machinery	12,760,510	441,100	-4,026	619,659	693,611	731,233	15,242,087
Other	88,046	5,554	-51	2,441	4,764	-	100,754
Assets under construction	1,259,732	703,279	-72,795	-692,064	45,763	-809	1,243,106
	14,158,522	1,151,182	-80,425	-69,890	745,866	730,477	16,635,732

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS / WRITE-OFFS	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses								
Buildings and other constructions	9,755	795	-	-60	-	666	-	11,156
Plant and machinery	3,076,925	551,560	21,542	-1,737	-6,780	158,861	138,204	3,938,575
Other	58,866	11,136	-	-48	-3	3,598	-	73,549
	3,145,546	563,491	21,542	-1,845	-6,783	163,125	138,204	4,023,280

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Transfers from assets under construction into operation, refer mainly to wind and solar farms of the EDP Renováveis Group that become operational in Poland, Italy, France, United States of America, Spain and Romania. Additionally, the caption Transfers also contains the reclassification of the assets of the Polish wind farm J&Z to assets held for sale (see note 26) amounting to 63,151 thousands of Euros.

Impairment losses are related to wind farms in Romania. Impairment reverses are related to a wind farm in France (see note 12).

Disposals/Write-offs includes 68,134 thousands of Euros mainly disaggregated with: (i) 41,423 thousands of Euros related to the abandonment of ongoing projects in EDPR North America; (ii) 20,638 thousands of Euros related to the abandonment of ongoing projects in EDPR Europe; and (iii) 5,395 thousand Euros, due to damage in the met mast of the offshore wind park of Moray (see note 11).

The caption Changes in perimeter/Other includes the impact of the consolidation of new wind farms in EDPR Group in result of ENEOP consortium's deal with an impact of 594,492 thousands of Euros. Additionally, the effect of the revaluation of these assets of ENEOP amounting to 249,671 thousands of Euros is included in the caption Additions (see note 43).

The Company has taken out an insurance global program to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

Loans with credit institutions formalized as ‘Project Finances’ are secured by the shares of the corresponding wind farms and, ultimately, by the fixed assets of the wind farm to which the financing is related (see note 30). Additionally, the construction of certain assets have been partly financed by grants received from different Government Institutions.

The movement in Property, plant and equipment during 2014, is analysed as follows:

	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFFS	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	32,546	436	-1,210	-	1,205	-	32,977
Buildings and other constructions	16,095	111	-	-	1,051	-	17,257
Plant and machinery	11,402,185	33,257	-2,803	561,673	727,006	39,192	12,760,510
Other	73,568	2,704	-73	7,602	4,666	-421	88,046
Assets under construction	1,058,677	712,378	-2,687	-569,275	58,832	1,807	1,259,732
	12,583,071	748,886	-6,773	-	792,760	40,578	14,158,522

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES / REVERSES	DISPOSALS/ WRITE-OFFS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses							
Buildings and other constructions	8,333	687	-	-	735	-	9,755
Plant and machinery	2,435,384	458,783	15,571	-675	158,492	9,370	3,076,925
Other	43,895	11,555	7	-50	3,416	43	58,866
	2,487,612	471,025	15,578	-725	162,643	9,413	3,145,546

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Transfer from assets under construction into operation, refer mainly to wind and solar farms of EDP Renováveis that become operational in Poland, Italy, France, United States of America and Canada.

Impairment losses / Reverses are related to wind farms in Romania (see note 12).

The caption Changes in perimeter/Other includes the effect of the acquisition of Wincap, S.R.L by EDP Renewables Italia, S.R.L. (see note 5).

Assets under construction as at 31 December 2015 and 2014 are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
EDPR EU Group	439,333	639,286
EDPR NA Group	698,693	559,853
Other	105,080	60,593
	1,243,106	1,259,732

Assets under construction as at 31 December 2015 and 2014 are essentially related to wind farms under construction and development in EDPR Europe and EDPR North America.

Financial interests capitalised amount to 22,986 thousands of Euros as at 31 December 2015 (31 December 2014: 26,814 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 20,770 thousands of Euros as at 31 December 2015 (31 December 2014: 19,546 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Cost		
Industrial property, other rights and other intangible assets	190,068	145,482
Intangible assets under development	24,785	8,622
	214,853	154,104
Accumulated amortisation		
Amortisation charge	-2,263	-1,461
Accumulated amortisation in previous years	-40,462	-23,505
Impairment losses	-	-11,434
	-42,725	-36,400
Carrying amount	172,128	117,704

Industrial property, other rights and other intangible assets include 100,987 thousands of Euros and 14,106 thousands of Euros related to wind generation licenses of EDPR NA Group (31 December 2014: 91,359 thousands of Euros) and EDPR Portugal (31 December 2014: 14,035 thousands of Euros), respectively, and 55,990 thousands of Euros related with deferred green certificates in Romania (31 December 2014: 37,426 thousands of Euros) (see note 2 i)).

The movement in Intangible assets during 2015, is analysed as follows:

	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS / WRITE-OFFS	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN THE PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Industrial property, other rights and other intangible assets	145,482	18,432	-	456	9,598	16,100	190,068
Intangible assets under development	8,622	5,910	-	-498	-864	11,615	24,785
	154,104	24,342	-	-42	8,734	27,715	214,853

	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	IMPAIRMENT	DISPOSALS / WRITE-OFFS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated amortisation							
Industrial property, other rights and other intangible assets	36,400	2,263	-	-	1,063	2,999	42,725
	36,400	2,263	-	-	1,063	2,999	42,725

Additions include the recognition of deferred green certificates rights in Romania in the amount of 19,239 thousands of Euros.

The caption Changes in perimeter/Other includes the impact of the consolidation of new wind farms in EDPR Group in result of ENEOP consortium's deal with an impact of 22,436 thousands of Euros (see note 43) .

The movement in Intangible assets during 2014, is analysed as follows:

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFFS	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Industrial property, other rights and other intangible assets	105,514	29,481	-	-	10,484	3	145,482
Intangible assets under development	4,862	3,754	-	-	6	-	8,622
	110,376	33,235	-	-	10,490	3	154,104

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	IMPAIRMENT	DISPOSALS/ WRITE-OFFS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated amortisation							
Industrial property, other rights and other intangible assets	22,443	1,461	11,434	-	1,062	-	36,400
	22,443	1,461	11,434	-	1,062	-	36,400

Additions include the recognition of deferred green certificates rights in Romania in the amount of 24,885 thousands of Euros.

Impairment losses are related to deferred green certificates in Romania (see note 12).

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Goodwill booked in EDPR EU Group:	636,288	635,111
- EDPR Spain Group	490,385	492,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	43,712	42,915
- Other	40,731	38,351
Goodwill booked in EDPR NA Group	724,813	651,264
Other	916	1,341
	1,362,017	1,287,716

The movements in Goodwill, by subgroup, during 2015 are analysed as follows:

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIR-MENT	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
EDPR EU Group:							
- EDPR Spain Group	492,385	-	-2,000	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	-	61,460
- EDPR Portugal Group	42,915	797	-	-	-	-	43,712
- Other	38,351	2,499	-	-	-119	-	40,731
EDPR NA Group	651,264	-	-	-	73,549	-	724,813
Other	1,341	51	-	-170	-306	-	916
	1,287,716	3,347	-2,000	-170	73,124	-	1,362,017

The movements in Goodwill, by subgroup, during 2014 are analysed as follows:

THOUSANDS OF EUROS

	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIR-MENT	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
EDPR EU Group:							
- EDPR Spain Group	492,213	172	-	-	-	-	492,385
- EDPR France Group	64,047	-	-2,587	-	-	-	61,460
- EDPR Portugal Group	42,915	-	-	-	-	-	42,915
- Other	37,856	651	-	-	-156	-	38,351
EDPR NA Group	574,867	-	-	-	76,397	-	651,264
Other	1,602	-	-	-278	17	-	1,341
	1,213,500	823	-2,587	-278	76,258	-	1,287,716

EDPR EU Group

During 2015, EDPR EU Group mainly presents a decrease in goodwill movement in the amount of 2,000 thousands of Euros and an increase in the amount of 2,499 thousands of Euros that are principally related to the contingent price revision related to the purchase agreements of three projects in EDPR Spain and several projects in EDPR Poland, respectively.

The decrease in goodwill movement in EDPR EU Group in the year 2014 is related with the cancellation of the success fee associated to a project in EDPR France.

Transactions related to movements in goodwill disclosed above were made before 1 January 2010, date of the adoption of the revised IFRS 3, therefore have been accounted for as described in the accounting policy 2 b.

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;
- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;
- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;
- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;
- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;
- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

THOUSANDS OF EUROS

	2015	2014
Europe	3.8% - 6.0%	4.0% - 6.4%
North America	4.5% - 6.6%	5.1% - 7.1%
Brazil	9.6% - 11.7%	8.6% - 10.3%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed the following sensitivity analyses in the results of impairment tests performed in Europe, North America and Brazil in some of the key variables, such as:

- 5% reduction of Merchant Prices used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country, except for Romania amounting to 9,392 thousands of Euros.

- 100 basis points increase of the discount rate used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country, except for Romania amounting to 9,392 thousands of Euros.

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Investments in associates		
Interests in joint ventures	298,017	294,146
Interests in associates	35,783	75,645
Carrying amount	333,800	369,791

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of joint ventures and associated companies is presented in this caption.

The movement in Investments in joint ventures and associates, is analysed as follows:

THOUSANDS OF EUROS

	2015	2014
Balance as at 1 January	369,791	338,646
Acquisitions / Increases	9,553	6,178
Share of profits of joint ventures and associates	-1,517	21,756
Dividends received	-11,540	-18,132
Exchange differences	22,959	25,838
Hedging reserve in joint ventures and associates	3,094	-4,488
Changes in consolidation method	-44,107	-
Transfers to assets held for sale	-14,433	-
Others	-	-7
Balance as at 31 December	333,800	369,791

The variation in Investments in associates is mainly explained by the change regarding the control over the companies under the ENEOP consortium, which start consolidating by the full consolidation method from 1st of September 2015 onwards, in the amount of 44,107 thousands of Euros (see note 43) and by the transfer of the investment in Inch Cape Offshore Limited to assets held for sale in the amount of 14,433 thousands of Euros (see note 26).

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2015:

THOUSANDS OF EUROS

	FLAT ROCK WIND-POWER	FLAT ROCK WIND-POWER II	COMPAÑÍA EÓLICA ARAGONESA	OTHER
Companies' financial information of joint ventures				
Non-Current Assets	301,415	121,644	130,283	73,399
Current Assets (including cash and cash equivalents)	4,631	393	6,038	9,742
Cash and cash equivalents	2,557	104	4,965	7,553
Total Equity	301,530	120,202	105,421	20,337
Long term Financial debt	-	-	-	13,600
Non-Current Liabilities	3,737	1,420	27,653	16,380
Short term Financial debt	-	-	-	29,590
Current Liabilities	779	415	3,247	46,424
Revenues	25,791	5,437	17,835	4,238
Fixed and intangible assets amortisations	-21,479	-7,339	-10,306	-3,433
Other financial expenses	-213	-64	-159	-1,100
Income tax expense	-	-	-95	399
Net profit for the year	-8,834	-6,116	379	-991
Amounts proportionally attributed to EDPR Group				
Net assets	150,765	60,101	61,846	25,305
Goodwill	-	-	39,558	2,667
Dividends paid	5,293	747	5,000	246

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2014:

THOUSANDS OF EUROS

	FLAT ROCK WIND-POWER	FLAT ROCK WIND-POWER II	COMPAÑÍA EÓLICA ARAGONESA	OTHER
Companies' financial information of joint ventures				
Non-Current Assets	289,039	115,477	134,860	67,013
Current Assets (including cash and cash equivalents)	4,392	869	16,560	11,983
Cash and cash equivalents	2,525	534	12,677	8,982
Total Equity	290,048	115,012	108,144	19,273
Long term Financial debt	-	-	-	40,070
Non-Current Liabilities	3,156	1,215	30,066	43,590
Short term Financial debt	-	-	-	6,331
Current Liabilities	227	119	13,210	16,133
Revenues	31,488	8,392	14,167	10,106
Fixed and intangible assets amortisations	-18,206	-6,165	-5,257	-6,078
Other financial expenses	-147	-57	-174	-1,479
Income tax expense	-	-	2,531	815
Net profit for the year	2,403	-1,345	4,282	-793
Amounts proportionally attributed to EDPR Group				
Net assets	145,024	57,506	66,657	24,959
Goodwill	-	-	39,558	2,667
Dividends paid	11,689	2,813	2,500	737

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2015:

THOUSANDS OF EUROS

	PAQ. EOLICO BELMONTE	LES EOLIENNES EN MER DE DIEPPE – LE TREPORT	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates				
Non-Current Assets	21,936	13,577	53,199	80,619
Current Assets	1,187	6,211	6,874	17,586
Equity	4,494	13,423	23,531	52,321
Non-Current Liabilities	4,544	-	1,883	28,464
Current Liabilities	14,085	6,365	34,659	17,420
Revenues	3,933	-	10,146	8,215
Net profit for the year	275	-625	1,623	-13,042
Amounts proportionally attributed to EDPR Group				
Net assets	3,070	5,772	9,883	17,058
Goodwill	1,726	-	-	6,479
Dividends paid	-	-	-	254

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2014:

THOUSANDS OF EUROS

	INCH CAPE OFFSHORE LTD	ENEOP	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates				
Non-Current Assets	46,688	1,296,820	55,915	96,497
Current Assets	2,662	365,479	9,145	12,748
Equity	-3,228	98,056	21,909	47,822
Non-Current Liabilities	46,169	1,399,319	2,644	46,031
Current Liabilities	6,408	164,923	40,508	15,505
Revenues	-	212,687	8,990	11,211
Net profit for the year	-1,201	36,167	-390	-4,467
Amounts proportionally attributed to EDPR Group				
Net assets	14,190	35,261	9,202	16,992
Goodwill	15,772	-	-	8,205
Dividends paid	-	-	-	393

During 2015, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSANDS OF EUROS

	EQUITY	% EM	FAIR VALUE ADJUSTM.S	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	301.530	50,00%	-	-	-	150,765
Flat Rock Windpower II LLC	120.202	50,00%	-	-	-	60,101
Compañía Eólica Aragonesa	105.421	50,00%	9,136	-	-	61,846
Parque Eólico Belmonte	4.494	29,90%	-	1,726	-	3.070
Les Eoliennes en Mer de Dieppe	13.423	43,00%	-	-	-	5.772
Parque Eólico Sierra del Madero	23.531	42,00%	-	-	-	9.883

During 2014, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSANDS OF EUROS

	EQUITY	% EM	FAIR VALUE ADJUSTM.S	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	290,048	50.00%	-	-	-	145,024
Flat Rock Windpower II LLC	115,012	50.00%	-	-	-	57,506
Compañía Eólica Aragonesa	108,144	50.00%	12,585	-	-	66,657
Inch Cape Offshore Limited	-3,228	49.00%	-	15,772	-	14,190
ENEOP - Éolicas de Portugal, SA	98,056	35.96%	-	-	-	35,261
Parque Eólico Sierra del Madero	21 909	42.00%	-	-	-	9,202

Operating guarantees granted by joint ventures included in the Group consolidated accounts under the equity method, as at 31 December 2015 and 2014, are disclosed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Guarantees of operational nature		
Compañía Eólica Aragonesa	920	1,440
Others	180	307
	1,100	1,747

The commitments relating to short and medium-long term financial debt, finance lease commitments, other long term commitments and other liabilities relating to purchases and future lease payments under operating leases for joint ventures included in the Group consolidated accounts under the equity method are disclosed, as at 31 December 2015 and 2014, are as follows:

THOUSANDS OF EUROS

	2015				
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	21,673	14,745	5,166	1,762	-
Operating lease commitments	19,666	1,356	2,755	2,814	12,741
Purchase obligations	7,975	5,058	2,587	330	-
	49,314	21,159	10,508	4,906	12,741

THOUSANDS OF EUROS

	2014				
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	23,814	3,356	7,043	7,341	6,074
Operating lease commitments	22,178	1,344	2,727	2,779	15,327
Purchase obligations	9,019	4,612	3,841	567	-
	55,011	9,312	13,611	10,687	21,401

19. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

THOUSANDS OF EUROS

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Tax losses brought forward	975,700	848,119	-	-
Provisions	22,506	24,382	10,700	5,956
Derivative financial instruments	10,469	12,488	6,081	3,300
Property, plant and equipment	48,391	50,935	480,097	430,175
Allocation of fair value to assets and liabilities from business combinations	-	-	432,064	357,768
Income from institutional partnerships in U.S. wind farms	-	-	430,304	389,475
Non-deductible financial expenses	32,562	27,621	-	-
Netting of deferred tax assets and liabilities	-1,042,947	-917,062	-1,042,947	-917,062
Other	407	5	198	780
	47,088	46,488	316,497	270,392

Deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

THOUSANDS OF EUROS

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Europe:				
Tax losses brought forward	42,978	25,724	-	-
Provisions	18,812	16,854	10,700	5,956
Derivative financial instruments	10,331	12,399	2,572	1,810
Property, plant and equipment	43,545	47,631	53,865	52,542
Non-deductible financial expenses	32,562	27,621	-	-
Allocation of fair value to assets and liabilities from	-	-	274,644	231,219
Netting of deferred tax assets and liabilities	-101,872	-84,371	-101,872	-84,371
Other	408	4	199	780
	46,764	45,862	240,108	207,936
United States of America:				
Tax losses brought forward	928,626	820,673	-	-
Provisions	3,531	7,310	-	-
Derivative financial instruments	-	-	3,508	1,490
Property, plant and equipment	4,846	3,304	422,776	376,403
Allocation of fair value to assets and liabilities from	-	-	154,204	122,009
Income from institutional partnerships in U.S. wind farms	-	-	429,628	389,475
Netting of deferred tax assets and liabilities	-936,813	-831,287	-936,813	-831,287
	190	-	73,303	58,090

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

THOUSANDS OF EUROS

	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Balance as at 1 January	46,488	109,213	-270,392	-367,184
Charges to the profit and loss account	19,607	13,360	-13,531	20,238
Charges against reserves	-1,753	3,312	9,187	-2,867
Exchange differences and other variations	-17,254	-79,397	-41,761	79,421
Balance as at 31 December	47,088	46,488	-316,497	-270,392

The Group tax losses carried forward are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Expiration date:		
2015	-	103
2016	322	1,435
2017	2,763	4,787
2018	15,146	26,610
2019	17,337	20,538
2020	13,953	4,236
2021 to 2035	2,381,728	2,137,058
Without expiration date	285,208	279,280
	2,716,457	2,474,047

20. INVENTORIES

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Advances on account of purchases	2,832	4,367
Finished and intermediate products	4,611	3,793
Raw and subsidiary materials and consumables	15,319	13,160
	22,762	21,320

21. TRADE RECEIVABLES

Trade receivables are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Trade receivables - Non-current		
Europe	4,407	4,879
	4,407	4,879
Trade receivables - Current		
Europe	150,253	95,579
North America	65,905	43,960
Brazil	2,319	2,948
	218,477	142,487
Impairment losses	-1,342	-1,342
	217,135	141,145
	221,542	146,024

Trade receivables - Non- Current, is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014 (see note 1).

22. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Debtors and other assets		
from commercial activities - Non-current		
Deferred costs	10.632	11,380
Sundry debtors and other operations	24,534	24,940
	35,166	36,320
Debtors and other assets		
from commercial activities - Current		
Prepaid turbine maintenance	4,988	6,839
Services rendered	8,158	6,495
Advances to suppliers	2,893	2,903
Sundry debtors and other operations	26,784	25,327
	42,823	41,564
	77,989	77,884

23. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Other debtors and other assets - Non-current		
Loans to related parties	1,036	359,133
Derivative financial instruments	29,480	16,365
Sundry debtors and other operations	45,139	21,482
	75,655	396,980
Other debtors and other assets - Current		
Loans to related parties	28,609	246,587
Derivative financial instruments	25,792	32,514
Sundry debtors and other operations	11,632	15,545
	66,033	294,646
	141,688	691,626

The movement in Loans to related parties - Non-Current and Current is mainly due to the control acquisition of the ENEOP wind farms portfolio, which start to consolidate as full from the 1st of September 2015 (358,120 and 35,343 thousands of Euros respectively at 31 December 2014).

Sundry debtors and other operations- Non Current includes 33,717 thousands of Euros of financial assets advance payments regarding to Banzi Project by EDP Renewables Italia SRL.

Loans to related parties - Current mainly includes 12,754 thousands of Euros of loans to Parque Eólico Sierra del Madero, S.A. (31 December 2014: 12,929 thousands of Euros), 8,504 thousands of Euros of loans to Eolica de Coahuila, SRL (31 December 2014, 2,177 thousands of Euros). Also, at 31 December 2014 this caption included 168,935 thousands of Euros of loans to EDP Servicios Financieros España, S.A. Additionally, they have been reclassified to non-current assets held for sale 25,731 thousands of Euros corresponding to loans granted by EDPR UK Limited to Inch Cape Offshore Limited (see note 26).

24. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Income tax	20,631	12,336
Value added tax (VAT)	95,796	71,512
Other taxes	2,231	5,245
	118,658	89,093

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Cash	3	-
Bank deposits		
Current deposits	189,665	246,652
Term deposits	70,815	16
Specific demand deposits in relation to institutional partnerships	38,048	78,855
	298,528	325,523
Other short term investments	138,201	43,100
	436,732	368,623

Term deposits include temporary financial investments to place treasury surpluses.

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 32), under the accounting policy 2 w). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

As at December 31, 2015 the caption “Other short term investments” includes the balance of the current account with EDP Servicios Financieros España S.A. amounting to 138,201 thousands of Euros in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015.

26. ASSETS AND LIABILITIES HELD FOR SALE

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDPR Group’s consolidated financial statements, are presented under accounting policies - note 2 j).

In October 2015, management committed to a plan to do a cross sale of two wind farms in Poland. EDPR would be acquiring remaining 35% in the Company Molen Wind II, S.P. ZO.O and would sell 60% of company J&Z Wind Farms SP. ZO.O. Accordingly, assets and liabilities related to J&Z Wind Farms SP. ZO.O are presented as assets and liabilities held for sale. Efforts to sell the these assets and liabilities have started and a sale is expected during 2016.

No impairment losses has been recognized since fair value less costs to sell is higher than carrying value.

At 31 December 2015, the assets and liabilities held for sale were stated at carrying value being the lower between carrying value and fair value less costs to sell, and comprised the following assets and liabilities:

THOUSANDS OF EUROS

ASSETS	31 DEC 2015
Property, plant and equipment	61,975
Deferred tax assets	708
Collateral deposits associated to financial debt	3,201
Trade and other receivables	2,977
Cash and cash equivalents	666
Assets held for sale	(*) 69,527

(*) Includes exchange rates effect

THOUSANDS OF EUROS

LIABILITIES	31 DEC 2015
Financial Debt	35,188
Deferred tax liabilities	475
Provisions	351
Trade and other payables	19,392
Liabilities held for sale	(*) 55,406

(*) Includes exchange rates effect

Cumulative income and expenses concerning derivatives financial instruments included in "Other comprehensive Income" relating to the assets and liabilities held for sale for the company J&Z Wind Farms SP. ZO.O amounts to 201 thousands of Euros.

Additionally, during 2015 EDPR reached an agreement with Repsol Nuevas Energías S.A. by which, under the terms of the contracts, EDPR agreed to buy from Repsol 33% equity interest in the Moray offshore project, and to sell to Repsol 49% equity interest in Inch Cape Offshore Limited offshore project. The transaction was subject to the customary regulatory approvals and has beed closed during the first quarter of 2016 (see note 40). Accordingly, the value of the investment that the EDPR Group holds over the associated company Inch Cape Offshore Limited amounting to 14,433 thousands of Euros and credit receivables amounting to 25,731 thousands of Euros that the parent company, EDPR UK Ltd, holds against the associated company, are presented as assets held for sale.

There are no cumulative income or expenses included in "Other comprehensive Income" relating to company Inch Cape Offshore Limited.

27. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2015 and 2014, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 31 December 2015 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	676,283,856	77.53%	77.53%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

On December 18th 2015, EDP S.A. - Sucursal en España ("EDP Branch") acquired to Hidroeléctrica del Cantábrico, S.A., its block of shares, so that, as at December 2015 EDP holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR. As a result of this acquisition, Hidroeléctrica del Cantábrico, S.A. no longer holds any shareholding in EDPR.

EDP Renováveis, S.A. shareholder's structure as at 31 December 2014 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008, the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

Share capital and Share premium are analysed as follows:

EUROS

	SHARE CAPITAL	SHARE PREMIUM
Balance as at 1 January 2015	4,361,540,810	552,034,743
Movements during the period	-	-
Balance as at 31 December 2015	4,361,540,810	552,034,743

The share premium is freely distributable.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	31 DEC 2015	31 DEC 2014
Profit attributable to the equity holders of the parent (in thousands of Euros)	166,614	126,007
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	166,614	126,007
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.19	0.14
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.19	0.14
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.19	0.14
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.19	0.14

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2015 and 2014.

The average number of shares was determined as follows:

	31 Dec 2015	31 Dec 2014
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

28. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 Dec 2015	31 Dec 2014
Other comprehensive income:		
Fair value reserve (cash flow hedge)	-22,356	-41,066
Fair value reserve (available-for-sale financial assets)	4,346	2,603
Exchange differences arising on consolidation	-18,928	-25,793
	-36,938	-64,256
Other reserves and retained earnings:		
Retained earnings and other reserves	810,436	710,278
Additional paid in capital	60,666	60,666
Legal reserve	56,646	35,375
	927,748	806,319
	890,810	742,063

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2015 profits distribution to be presented in the Annual General Meeting is as follows:

	EUROS
Base for distribution:	46,775,094.26
Profit for the period 2015	31,596,861.64
Retained earnings from previous years	15,178,232.62

	EUROS
Distribution:	46,775,094.26
Legal reserve	3,159,686.16
Dividends	43,615,408.10

The EDP Renováveis, S.A. proposal for 2014 profits distribution that was presented in the Annual General Meeting is as follows:

	EUROS
Profit for the period	212,703,502.15
Distribution:	
Legal reserve	21,270,350.22
Dividends	34,892,326.48
Retained earnings	156,540,825.46
	212,703,502.15

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

THOUSANDS OF EUROS

	EUROS
Balance as at 1 January 2014	3,242
Parque Eólico Montes de las Navas, S.L.	-639
Balance as at 31 December 2014	2,603
Parque Eólico Montes de las Navas, S.L.	1,743
Balance as at 31 December 2015	4,346

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

THOUSANDS OF EUROS

CURRENCY		EXCHANGE RATES AS AT 31 DECEMBER 2015		EXCHANGE RATES AS AT 31 DECEMBER 2014	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.089	1.110	1.214	1.329
Zloty	PLN	4.264	4.184	4.273	4.184
Brazilian Real	BRL	4.312	3.699	3.221	3.122
New Leu	RON	4.524	4.446	4.483	4.444
Pound Sterling	GBP	0.734	0.726	0.779	0.806
Canadian Dollar	CAD	1.512	1.419	1.406	1.466

29. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Non-controlling interests in income statement	78,877	51,880
Non-controlling interests in share capital and reserves	784,232	497,233
	863,109	549,113

Non-controlling interests, by subgroup, are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
EDPR NA Group	614,350	232,358
EDPR EU Group	208,211	283,543
EDPR BR Group	40,548	33,212
	863,109	549,113

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Balance as at 1 January 2015	549,113	418,057
Dividends distribution	-43,184	-34,382
Net profit for the year	78,877	51,880
Exchange differences arising on consolidation	16,415	26,913
Acquisitions and sales without change of control	306,529	94,539
Increases/(Decreases) of share capital	-45,439	-3,035
Other changes	798	-4,859
Balance as at 31 December 2015	863,109	549,113

30. FINANCIAL DEBT

Financial debt - Non-current is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	812,231	664,948
- EDPR BR Group	97,533	47,142
- EDPR NA Group	25,453	30,633
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	410,952	368,506
- EDP Renováveis Servicios Financieros, S.L.	2,485,106	2,595,344
Other loans:		
- EDPR EU Group	1,138	9,861
Total Debt and borrowings - Non-current	3,832,413	3,716,434
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-65.299	-65,597
Total Collateral Deposits - Non-current	-65.299	-65,597

Financial debt - current is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Financial debt - Current		
Bank loans:		
- EDPR EU Group	123,238	133,561
- EDPR BR Group	7,511	7,307
- EDPR NA Group	3,978	3,155
Non-convertible bonds:		
- EDPR BR Group	-	29,497
Loans received from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	241,000	-
Other loans:		
- EDPR EU Group	8,905	1,763
Interest payable	3,225	10,206
Total Debt and borrowings - Current	387,857	185,489
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-8,054	-15,141
Total Collateral Deposits - Current	-8,054	-15,141
	4,146,917	3,821,185

(*) Collateral deposits mainly refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (1,687,058 thousands of Euros) and by EDP Servicios Financieros España S.A. (1,209,000 thousands of Euros). These loans have an average maturity of 3 years and bear interest at fixed market rates.

Main events of the period:

i) Impact of changes in the scope of consolidation

Following the asset slip process of ENEOP consortium in Portugal (see note 43), the Group took control of an agreed wind farm portfolio which resulted in an increase in Financial debt as at 31 December 2015 in the amount of 240,708 thousands of Euros (221,805 thousands of Euros non-current and 18,903 thousands of Euros current). Additionally, Collateral deposits include 8,690 thousands of Euros.

ii) Financing and refinancing transactions

Taking into account the EDPR Group external debt profile as well as the favourable interest rate market conditions, EDPR Group has entered into several negotiation processes with different counterparties aiming to improve the average cost of debt, adjusting the debt service profile to the company updated cash flow forecast. The main transactions performed throughout the year are as following:

1) Three long term loans with EDPR Group were restructured for a total amount of 1,209,000 thousands of Euros, improving the average life of long term debt provided by EDP and the average cost;

2) Three Spanish project finance for a total amount of 155,367 thousands of Euros were restructured in order to adjust the Debt Service Schedule to the Updated Cash Flow profile, also improving the average cost of debt;

3) Two Spanish project finance and one Romanian project finance for a total amount of 42,496 thousands of Euros were early amortized in order to optimize excess cash allocation as well as improve the average cost of debt; and

4) Three new project finance for projects in Poland, Belgium and Brazil have been arranged for a total amount around 122,943 thousand of euros equivalent, taking advantage of the completive conditions and/or as part of EDPR Group financing strategy for forex exposure.

As at 31 December 2015, future debt and borrowings payments and interest by type of loan and currency are analysed as follows::

THOUSANDS OF EUROS

	2016	2017	2018	2019	2020	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	109,760	65,153	65,968	65,055	66,506	333,022	705,464
Brazilian Real	3,902	3,902	3,902	3,902	3,902	916	20,426
Others	23,804	26,914	29,081	30,790	30,473	205,731	346,793
	137,466	95,969	98,951	99,747	100,881	539,669	1,072,683
Loans received from EDP group companies							
Euro	241,000	121,300	241,600	362,900	483,200	-	1,450,000
American Dollar	486	-	1,352,791	334,267	-	-	1,687,544
	241,486	121,300	1,594,391	697,167	483,200	-	3,137,544
Other loans							
Euro	8,905	1,138	-	-	-	-	10,043
	8,905	1,138	-	-	-	-	10,043
	387,857	218,407	1,693,342	796,914	584,081	539,669	4,220,270

As at 31 December 2014, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

THOUSANDS OF EUROS

	2015	2016	2017	2018	2019	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	123,554	47,770	53,112	49,546	38,714	246,538	559,234
Brazilian Real	5,223	5,223	5,223	5,223	5,223	6,436	32,551
Others	24,589	20,395	22,926	25,662	27,836	182,895	304,304
	153,366	73,388	81,261	80,431	71,773	435,869	896,088
Non-convertible bonds:							
Brazilian Real	29,497	-		-		-	29,497
	29,497	-		-		-	29,497
Loans received from EDP group companies							
Euro	427	241,000	-	890,275	186,644	133,124	1,451,470
American Dollar	436	-	-	1,213,066	299,741	-	1,513,243
	863	241,000	-	2,103,341	486,385	133,124	2,964,713
Other loans							
Euro	1,763	8,905	957	-	-	-	11,625
	1,763	8,905	957	-	-	-	11,625
	185,489	323,293	82,218	2,183,772	558,158	568,994	3,901,923

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2015, these financings amount to 1,030,764 thousands of Euros (31 December 2014: 870,074 thousands of Euros), which are included in the total debt of the Group.

The fair value of EDP Renováveis Group's debt is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015		31 DEC 2014	
	CARRYING VALUE	MARKET VALUE	CARRYING VALUE	MARKET VALUE
Financial debt - Non-current	3,832,413	3,885,968	3,716,434	3,958,635
Financial debt - Current	387,857	387,857	185,489	185,489
	4,220,270	4,273,825	3,901,923	4,144,124

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

31. PROVISIONS

Provisions are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Dismantling and decommission provisions	117,228	96,676
Provision for other liabilities and charges	1,542	2,026
- Long-term provision for other liabilities and charges	623	2,026
- Short-term provision for other liabilities and charges	919	-
Employee benefits	2,663	209
	121,433	98,911

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects to 60,393 thousands of Euros for wind farms in North America (31 December 2014: 49,698 thousands of Euros), 56,351 thousands of Euros for wind farms in Europe (31 December 2014: 46,404 thousands of Euros) and 484 thousands of Euros for wind farms in Brazil (31 December 2014: 574 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Balance at the beginning of the year	96,676	62,461
Capitalised amount for the year	3,960	24,878
Changes in the perimeter	7,361	-
Unwinding	4,006	3,752
Other and exchange differences	5,225	5,585
Balance at the end of the year	117,228	96,676

Changes in the perimeter refer to the control acquisition of the ENEOP wind farms portfolio, which starts to fully consolidate (see note 43)

In 2014, capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Balance at the beginning of the year	2,026	1,877
Charge for the year	20	21
Write back for the year	-192	-
Other and exchange differences	-312	128
Balance at the end of the year	1.542	2,026

32. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Deferred income related to benefits provided	791,444	735,260
Liabilities arising from institutional partnerships in U.S. wind farms	1,164,773	1,066,703
	1,956,217	1,801,963

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Balance at the beginning of the period	1,801,963	1,508,495
Proceeds received from institutional investors	249,274	219,256
Cash paid for deferred transaction costs	-7,457	-1,780
Cash paid to institutional investors	-173,343	-69,616
Income (see note 7)	-197,442	-123,582
Unwinding (see note 13)	78,953	56,551
Exchange differences	206,537	212,639
Prepaid benefits	3,407	-
Transactions which flip date has been reached	-5,675	-
Balance at the end of the period	1,956,217	1,801,963

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During 2015 EDPR Group, through its subsidiary EDPR NA, has secured 233,240 thousand of USD (approximately 210,141 thousands of Euros) of institutional equity financing from MUFG Union Bank N.A. and another institutional investor in exchange for an interest in the Vento XIII portfolio. Additionally, the Group received proceeds amounting 43,435 thousand of USD (approximately 39,133 thousands of Euros) corresponding to the last tranche of institutional equity financing from MUFG Union Bank N.A secured in 2014 in exchange for an interest in the Vento XII portfolio.

Finally, EDPR Group has also secured in 2015, 238,252 thousand of USD (approximately 214,657 thousands of Euros) of institutional equity financing from an affiliate of Google Inc. in exchange for an interest in the Vento XIV portfolio, which proceeds have been received in 2016 (see note 40).

During 2014 EDPR Group, through its subsidiary EDPR NA, secured 192,778 thousand of USD (approximately 173,686 thousands of Euros) of institutional equity financing from BAL Investment & Advisory, Inc. (Bank of America) in exchange for an interest in the Vento XI portfolio, 109,654 thousand of USD (approximately 98,795 thousands of Euros) of institutional equity financing from MUFG Union Bank N.A. in exchange for an interest in the Vento XII portfolio which proceeds were partially received in 2014 (66,219 thousand of USD). Finally, it was secured 32,327 thousand of USD (approximately 29,126 thousands of Euros) of institutional equity financing from Firststar Development, LLC (US Bank).

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	435,753	430,426
Electricity sale contracts - EDPR NA	24,223	30,827
Other creditors and sundry operations	6,320	3,114
	466,296	464,367
Trade and other payables from commercial activities - Current		
Suppliers	79,886	68,343
Property and equipment suppliers	645,752	569,070
Other creditors and sundry operations	61,719	50,491
	787,357	687,904
	1,253,653	1,152,271

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 8).

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	10,764	10,707
Loans from non-controlling interests	180,679	227,819
Derivative financial instruments	521,004	192,194
Other creditors and sundry operations	58	715
	712,505	431,435
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	1,350	1,479
Derivative financial instruments	158,157	220,602
Loans from non-controlling interests	28,277	29,128
Other creditors and sundry operations	13,998	20,752
	201,782	271,961
	914,287	703,396

Success fees payable for the acquisition of subsidiaries non-current includes the amounts related to the contingent prices of several European projects (Poland, Romania and Italy). See note 43.

Derivative financial instruments non-current and current includes 449,706 and 139,247 thousands of Euros respectively (31 December 2014: 129,982 and 212,249 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

The caption Loans from non-controlling interests Current and Non-Current is mainly related to loan granted to EDPR Portugal by CTG, shareholder of EDP Group. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and the interests are paid half-yearly. At 31 December 2015, this loan, included accrued interest, amounts to 81,302 thousands of Euros (31 December 2014: 90,610 thousands of Euros). Additionally, the caption Loans from non-controlling interests Non-Current also includes the amount 76,328 thousands of Euros of loans granted by Vortex (31 December 2014: 93,553 thousands of Euros), due the sale of 49% of several interests of EDPR France to this company in 2014, the fixed rate used for this loans vary between 3.10% and 7.18%.

Other creditors and sundry operations - current include 11,545 thousands of Euros (31 December 2014: 6,292 thousands of Euros) related with the estimated corporate income tax due to EDP Energias de Portugal, S.A. Sucursal en España.

According to Spanish law 15/2014 of 3 December, which modified law 15/2010, the Group disclose in the annual accounts the average payments period from Spanish companies. Nevertheless, this is the first period of application of this standard, no comparative information for 2014 is presented corresponding to the new requirement.

The average payment information is the following:

	31 DEC 2015
DAYS	
Average payment period	70
Ratio paid operations	72
Ratio of pending operations	64
THOUSANDS OF EUROS	
Total payments made	106,480
Total outstanding payments	27,513

The Company has prepared the information according to criterion required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2016 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions.

35. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Income tax	10,883	11,833
Withholding tax	25,454	19,178
Value added tax (VAT)	17,540	13,370
Other taxes	10,408	12,323
	64,285	56,704

36. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2015, the fair value and maturity of derivatives is analysed as follows:

THOUSANDS OF EUROS

	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	14,509	-589,051	532,442	1,457,332	-	1,989,774
Currency forwards	554	-	15,812	-	-	15,812
	15,063	-589,051	548,254	1,457,332	-	2,005,586
Cash flow hedge						
Power price swaps	31,015	-14,660	206,763	127,604	-	334,367
Interest rate swaps	-	-64,092	105,629	491,140	523,650	1,120,419
	31,015	-78,752	312,392	618,744	523,650	1,454,786
Trading						
Power price swaps	4,679	-4,109	38,199	15,232	-	53,431
Interest rate swaps	-	-65	941	1,881	-	2,822
Cross currency rate swaps	2,503	-	-	98,482	-	98,482
Currency forwards	2,012	-7,184	486,224	-	-	486,224
	9,194	-11,358	525,364	115,595	-	640,959
	55,272	-679,161	1,386,010	2,191,671	523,650	4,101,331

As of 31 December 2014, the fair value and maturity of derivatives is analysed as follows:

THOUSANDS OF EUROS

	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	13,894	-342,231	1,252,469	722,733	-	1,975,202
	13,894	-342,231	1,252,469	722,733	-	1,975,202
Cash flow hedge						
Power price swaps	16,706	-8,683	199,744	129,680	-	329,424
Interest rate swaps	8	-55,410	83,567	167,005	245,262	495,834
	16,714	-64,093	283,311	296,685	245,262	825,258
Trading						
Power price swaps	5,404	-6,371	45,457	26,517	-	71,974
Interest rate swaps	-	-101	470	1,411	-	1,881
Cross currency rate swaps	2,943	-	-	69,750	-	69,750
Currency forwards	9,924	-	365,957	-	-	365,957
	18,271	-6,472	411,884	97,678	-	509,562
	48,879	-412,796	1,947,664	1,117,096	245,262	3,310,022

The fair value of derivative financial instruments is recorded under other debtors and other assets (note 23) or other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 38 and 39. The net investment derivatives also include Currency forwards in CAD and CIRS in PLN and BRL with EDP with the purpose of hedging EDPR Group's operations in Canada, Poland and Brazil.

Interest rate swaps relate to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short-term volatility of certain un-contracted generation of its wind farms.

In certain U.S. power markets, EDPR NA is exposed to congestion and line loss risks, which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights (“FTR”) and a three year fixed for floating Locational Marginal Price (LMP) swap.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting. These include a USD/EUR forward contract with EDP Servicios Financieros used to mitigate the exchange rate risk arising from the net assets in USD, as a complement of the net investment hedge.

Fair value of derivative financial instruments is based on quotes indicated by external entities. These entities use discounted cash flows techniques usually accepted and data from public markets. The only exceptions are the CIRS in USD/EUR with EDP Branch and the USD/EUR forward contract with EDP Servicios Financieros, which fair values are determined by the Financial Department of EDP, using the same above-mentioned discounted cash flows techniques and data. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of Level 2 (note 39), and the fair value of the CIRS in USD/EUR with EDP Branch and the USD/EUR forward contract with EDP Servicios Financieros is classified as of Level 3 (note 39).

The changes in the fair value of hedging instruments and risks being hedged are as follows:

THOUSANDS OF EUROS

			31 DEC 2015		31 DEC 2014	
			CHANGES IN FAIR VALUE		CHANGES IN FAIR VALUE	
			INSTRUMENT	RISK	INSTRUMENT	RISK
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN, BRL	-246,205	244,777	-258,003	257,877
Net Investment hedge	Currency forward	Subsidiary ACCOUNTS in CAD	554	-807	-2,360	2,158
Cash-flow hedge	Interest rate swap	Interest rate	-8,690	-	-22,997	-
Cash-flow hedge	Power price swaps	Power price	8,332	-	9,237	-
Cash-flow hedge	Currency forward	Exchange rate	-	-	-169	-
			-246,009	243,970	-274,292	260,035

During 2015 and 2014 the following market inputs were considered for the fair value calculation:

INSTRUMENT	MARKET INPUT
Cross currency interest rate swaps	Euribor 3M, Libor 3M, daily brazilian CDI, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN e EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibor 6M and CAD Libor 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, CAD/USD and EUR/CAD.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Balance at the beginning of the year	-52,568	-40,804
Fair value changes	17,930	-20,527
Transfers to results	2,404	-1,396
Non-controlling interests included in fair value changes	-1,230	5,404
Effect of acquisitions without changes of control of EDPR Spain subsidiaries	-7,760	-
Effect of the sale without loss of control of Pioneer Prairie Wind Farm I, LLC	-1,472	-
Effect of the Asset Split ENEOP (see note 43)	15,330	-
Effect of the sale without loss of control of EDPR France and its subsidiaries	-	4,755
Balance at the end of the year	-27,366	-52,568

EDPR has adopted cash-flow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cernavoda, Pestera and VS wind farms in Romania. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Net investment hedge - ineffectiveness	-1,681	-328
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	-773	-10
Transfer to results from hedging of commodity prices	-1,631	1,406
Non eligible for hedge accounting derivatives	4,892	37,781
	807	38,849

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2015, were as follows:

	EDP RENOVÁVEIS GROUP		
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,05% - 0,03%]
Interest rate swaps	PLN	[2,48% - 5,41%]	[1,77% - 1,88%]
Interest rate swaps	CAD	[2,59%]	[0,84%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,70% - 5,80%]	[0,40% - 5,60%]
CIRS (currency interest rate swaps)	EUR/BRL	[11,45% - 13,16%]	[-0,13% - -0,04%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,32% - 2,11%]	[-0,13% - -0,07%]

The effective interest rates for derivative financial instruments associated with financing operations during 2014, were as follows:

	EDP RENOVÁVEIS GROUP		
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[1.36% - 4.45%]	[0.17% - 0.30%]
Interest rate swaps	PLN	[3.30% - 5.41%]	[2.05% - 2.06%]
Interest rate swaps	CAD	[2.59%]	[1.30%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0.61% - 4.26%]	[0.28% - 3.98%]
CIRS (currency interest rate swaps)	EUR/BRL	[9.02% - 9.37%]	[0.08%]
CIRS (currency interest rate swaps)	EUR/PLN	[1.08% - 2.07%]	[0.08% - 0.09%]

37. COMMITMENTS

As at 31 December 2015 and 2014, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
Guarantees of financial nature		
EDPR NA Group	12,061	3,706
	12,061	3,706
Guarantees of operational nature		
EDP Renováveis, S.A.	1,033,550	594,909
EDPR NA Group	1,227,058	830,645
EDPR EU Group	4,390	11,459
EDPR BR Group	11,478	16,932
	2,276,476	1,453,945
Total	2,288,537	1,457,651
Real guarantees	27,954	37,837

As at 31 December 2015 and 31 December 2014, EDPR has operational guarantees regarding its commercial activity, in the amount of 552,146 thousands of Euros and 142,867 thousands of Euros respectively, already reflected in liabilities.

The guarantees related to associated companies are presented in note 18.

Regarding the information disclosed above:

i) The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2015, these financings amount to 977,900 thousands of Euros (31 December 2014: 870,074 thousands of Euros), which are included in the total debt of the Group;

ii) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, wilful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2015 and 31 December 2014, EDPR's obligations under the tax equity agreements, in the amount of 1,165,270 thousands of Euros and 948,216 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in U.S. Wind Farms.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

THOUSANDS OF EUROS

	31 DEC 2015				
		DEBT CAPITAL BY PERIOD			
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,026,046	39,892	81,506	83,218	821,430
Purchase obligations	2,368,026	1,291,480	769,444	90,148	216,954
Other long term commitments	965	702	263	-	-
	3,395,037	1,332,074	851,213	173,366	1,038,384

THOUSANDS OF EUROS

	31 DEC 2014				
	DEBT CAPITAL BY PERIOD				
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	777,445	31,339	62,203	63,797	620,106
Purchase obligations	1,960,896	942,896	858,067	49,446	110,487
Other long term commitments	1,291	939	352	-	-
	2,739,632	975,174	920,622	113,243	730,593

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

The commitments related to the joint ventures companies are presented in note 18.

As at 31 December 2015 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, exercised the call option over Cajastur for all the shares held by Cajastur on company 'Quinze Mines' (51% of share capital) in July 2015 (see note 5).

- EDP Renováveis, through its subsidiary EDPR España S.L., exercised the put option over Turol Diversia, S.L for 6% of the share capital of the Spanish wind farm 'Iberia Aprovechamientos Eólicos S.A.U' (see note 5). Additionally, EDPR España S.L. holds a put option of 2% of the share capital of 'Iberia Aprovechamientos Eólicos S.A.U' that can be executed if new projects are awarded to the wind farm 'Acampo Arias S.L.'

- EDP Renováveis, through its subsidiary EDPR España S.L., holds a put option of 6% of the share capital of the Spanish wind farm 'Acampo Arias S.L.' that can be executed if new projects are awarded to the wind farm.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 35% of the share capital of Molen Wind II, S.P. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised until 2 years after the maturity of financial debt for the park construction.

Some of the disposal of non-controlling interests transactions retaining control carried out in 2015 an in previous years, namely the disposal of 49% of EDPR Portugal (see note 8) and disposal of 49% of certain subsidiaries of EDPR Brazil (see note 5), incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

38. RELATED PARTIES

The number of shares held by company officers as at 31 December 2015 and 2014 are as follows:

	31 DEC 2015	31 DEC 2014
	NO. OF SHARES	NO. OF SHARES
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	(*)	12,370
Miguel Dias Amaro	25	(**)
Acácio Jaime Liberado Mota Piloto	300	300
António do Pranto Nogueira Leite	100	100
Gabriel Alonso Imaz	26,503	26,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	(*)	1,200
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José António Ferreira Machado	630	630
José Fernando Maia de Araújo e Silva	(*)	80
	41,178	54,803

(*) Company officers that are not a member of the Executive Board of Directors as of December 31, 2015

(**) Company officers that were not a member of the Executive Board of Directors as of December 31, 2014

According to Article nr 229 of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatibility that could affect the performance of their duties.

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2015 and 2014 were as follows:

THOUSANDS OF EUROS

	31 DEC 2015	31 DEC 2014
CEO	-	-
Board members	689	674
	689	674

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves, António Mexia and João Marques da Cruz. This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2015 is 1,089 thousands of Euros (1,107 thousands of Euros in 2014), of which 1,029 thousands of Euros refers to the management services rendered by the Executive Members and 60 thousands of Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

Due to the termination of the expatriation conditions of the members of the Executive Committee that are also Officers (Rui Teixeira, CFO (first three month of the year); Miguel Dias Amaro, CFO (last nine months of the year); João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), new employment contracts were signed with other group companies, as follows: Rui Teixeira and Miguel Dias Amaro with EDP Energias de Portugal S.A. Sucursal en España; João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España and Gabriel Alonso with EDP Renewables North America LLC. The total remuneration of this three Officers in 2015, was 1,049 thousands of Euros (1,688 thousands of Euros in 2014), corresponding to the fixed remuneration and 2015 annual variable remuneration.

The Company has no pension or life insurance obligations with its former or current Board members in 2015 or 2014.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

With the sale of 49% of EDPR Portugal equity shareholding to CTG through CITIC CWEI Renewables S.C.A, the EDPR Group has loans of CTG in the amount of 81,302 thousands of Euros (9,812 thousands of Euros as current and 71,490 thousands of Euros as non-current).

Balances and transactions with EDP Group companies

As at 31 December 2015, assets and liabilities with related parties, are analysed as follows:

THOUSANDS OF EUROS

	ASSETS		
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	260	27,909	28,169
Hidrocantábrico Group companies (electric sector)	1	19,550	19,551
Joint Ventures and Associated companies	54,392	662	55,054
Other EDP Group companies	-	165,422	165,422
	54,653	213,543	268,196

THOUSANDS OF EUROS

	LIABILITIES		
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	550	4,249	4,799
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	607,226	607,226
Hidrocantábrico Group companies (electric sector)	20	718	738
Joint Ventures and Associated companies	-	45	45
Other EDP Group companies	3,137,835	9,535	3,147,370
	3,138,405	621,773	3,760,178

As at 31 December 2014, assets and liabilities with related parties, are analysed as follows:

THOUSANDS OF EUROS

	ASSETS		
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	22,730	22,730
Hidrocantábrico Group companies (electric sector)	1	21,793	21,794
Joint Ventures and Associated companies	436,034	4,522	440,556
Other EDP Group companies	168,934	19,675	188,609
	604,969	68,720	673,689

THOUSANDS OF EUROS

	LIABILITIES		
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	210	2,750	2,960
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	355,888	355,888
Hidrocantábrico Group companies (electric sector)	20	3,374	3,394
Joint Ventures and Associated companies	-	52	52
Other EDP Group companies	2,963,860	7,695	2,971,555
	2,964,090	369,759	3,333,849

Assets as at December 31, 2015 include the balance of the current account with EDP Servicios Financieros España S.A. amounting to 138,201 thousands of Euros in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015 (see note 25).

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 1,687,058 thousands of Euros (31 December 2014: 2,722,850 thousands of Euros) and from EDP Servicios Financieros España S.A. in the amount of 1,450,000 thousands of Euros (31 December 2014: 241,000 thousands of Euros).

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2015, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 589,036 thousands of Euros (31 December 2014: 342,231 thousands of Euros) (see notes 33 and 35).

Transactions with related parties for the year ended 31 December 2015 are analysed as follows:

THOUSANDS OF EUROS

	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	-	10,538	-10,557	-19,900
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-10,418	-22,041
Hidrocantábrico Group companies (electric sector)	350,091	-	-4,031	-1,073
Joint Ventures and Associated companies	4,827	17,156	-35	-
Other EDP Group companies	189,114	2,202	-4,011	-146,076
	544,032	29,896	-29,052	-189,090

Operating income includes mainly the electricity sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of subsidiaries of EDPR Group in Spain. Hidroeléctrica del Cantábrico (HC Energia) is the parent company of an industrial group that operates in the electricity and gas sectors in Spain. In the electricity sector, HC Energia generates, distributes and supplies electricity.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments, namely to a disqualification from cash flow hedge accounting of EDPR EU power swaps due to new regulation and to changes in market fair value.

Transactions with related parties for the year ended 31 December 2014 are analysed as follows:

THOUSANDS OF EUROS

	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	688	13,433	-1,845	-16,123
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-10,645	-8,081
Hidrocantábrico Group companies (electric sector)	315,703	-	-4,091	-1,216
Joint Ventures and Associated companies	2,653	21,786	-659	-
Other EDP Group companies	162,504	41,748	-5,591	-166,727
	481,548	76,967	-22,831	-192,147

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. As at 31 December 2015, EDP, S.A., Energias do Brasil and Hidrocantábrico granted financial (40,019 thousands of Euros, 31 December 2014: 42,158 thousands of Euros) and operational (293,314 thousands of Euros, 31 December 2014: 282,883 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37). In the normal course of its activity, the EDPR Group performs business transactions and operations with its related parties based on normal market conditions.

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2015 and 2014, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 DEC 2015		31 DEC 2014	
	CURRENCIES		CURRENCIES	
	EUR	USD	EUR	USD
3 months	-0,13%	0,61%	0.08%	0.26%
6 months	-0,04%	0,85%	0.17%	0.36%
9 months	0,00%	1,01%	0.25%	0.50%
1 year	0,06%	1,18%	0.33%	0.63%
2 years	-0,03%	1,18%	0.18%	0.90%
3 years	0,06%	1,42%	0.22%	1.30%
5 years	0,19%	1,59%	0.36%	1.78%
7 years	0,33%	1,74%	0.53%	2.05%
10 years	0,48%	1,85%	0.81%	2.28%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 36)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13 and 23.

The fair values of assets and liabilities as at 31 December 2015 and 31 December 2014 are analysed as follows:

THOUSANDS OF EUROS

	31 DECEMBER 2015			31 DECEMBER 2014		
	CARRYING AMOUNT	FAIR VALUE	DIFFE-RENCE	CARRYING AMOUNT	FAIR VALUE	DIFFE-RENCE
Financial assets						
Available-for-sale investments	6,257	6,257	-	6,336	6,336	-
Trade receivables	221,542	221,542	-	146,024	146,024	-
Debtors and other assets from	77,989	77,989	-	77,884	77,884	-
Other debtors and other assets	86,416	86,416	-	642,747	642,747	-
Derivative financial instruments	55,272	55,272	-	48,879	48,879	-
Financial assets at fair value through	-	-	-	-	-	-
Cash and cash equivalents	436,732	436,732	-	368,623	368,623	-
	884,208	884,208	-	1,290,493	1,290,493	-
Financial liabilities						
Financial debt	4,220,270	4,273,825	53,555	3,901,923	4,144,124	242,201
Suppliers	725,638	725,638	-	637,413	637,413	-
Institutional partnerships in U.S.	1,956,217	1,956,217	-	1,801,963	1,801,963	-
Trade and other payables from	92,262	92,262	-	84,432	84,432	-
Other liabilities and other payables	235,126	235,126	-	290,600	290,600	-
Derivative financial instruments	679,161	679,161	-	412,796	412,796	-
	7,908,674	7,962,229	53,555	7,129,127	7,371,328	242,201

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;

- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);

- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

THOUSANDS OF EUROS

	31 DECEMBER 2015			31 DECEMBER 2014		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Available-for-sale investments	-	-	6,257	-	-	6,336
Derivative financial instruments	-	55,272	-	-	48,879	-
	-	55,272	6,257	-	48,879	6,336
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	344	-	-	12,760
Derivative financial instruments	-	679,161	-	-	412,796	-
	-	679,161	344	-	412,796	12,760

The remaining assets and liabilities are valuated within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2015, there are no transfers between levels.

The movement in 2015 and 2014 of the financial assets and liabilities within Level 3 are analysed was as follows:

	AVAILABLE FOR SALE INVESTMENTS		TRADE AND OTHER PAYABLES	
	31 DEC 2015	31 DEC 2014	31 DEC 2015	31 DEC 2014
Balance at the beginning of the year	6,336	7,434	12,760	16,987
Gains / (Losses) in other comprehensive income	430	-1,048	-	-
Purchases	4	-	-	-
Fair value changes/Payments	-	-	-62	24
Disposals	-513	-50	-12,354	-4,251
Balance at the end of the year	6,257	6,336	344	12,760

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

The movements in 2015 and 2014 of the derivative financial instruments are presented in note 36.

40. RELEVANT AND SUBSEQUENT EVENTS

EDPR informs about wind offshore projects in the UK

In July 2015, EDPR through its subsidiary EDPR UK Limited, reached agreements with Repsol Nuevas Energías S.A. (“Repsol”) by which, under the terms of the contracts, EDPR agreed to buy from Repsol 33% equity interest in Moray offshore project, and to sell to Repsol 49% equity interest in Inch Cape offshore project.

With the closing of these transactions in January 2016, EDPR fully owns the Moray offshore project, while Repsol fully own the Inch Cape offshore project. Both projects are located in the UK.

In January 2010, Moray Offshore Renewable Limited was awarded the right, under a farm leasing programme conducted by The Crown Estate, to develop offshore wind energy in Zone 1 of the Third Offshore Wind Licensing Round (“UK Round 3”) and in March 2014 was granted consent, by the Scottish government, for up to 1,116 MW offshore wind development. The project may be divided in several phases, to allow a proper bidding strategy in the CfD allocation rounds.

EDPR informs about an agreement with CTG regarding wind offshore projects in the UK

In October 2015, EDPR, through its subsidiary EDPR UK Limited, entered in an Investment Cooperation Agreement with China Three Gorges (Europe) S.A., by which CTG proposes to invest in and develop the Moray wind offshore project, located in the North Sea off the coast of Scotland (Zone 1 of the Crown Estate’s Round 3 programme), alongside with EDPR and other potential investors.

Pursuant to the agreement, CTG intends to acquire up to 30% of the equity and shareholder loans directly or indirectly owned by EDPR in the Moray Offshore Renewable Limited in order to participate in the investment, development and operation of the Moray wind offshore project.

The transaction is expected to occur in two phases, with CTG investing between 10% to 20% following the announcement of a new Contract for Difference (“CfD”) auction allocation round, and an additional investment of up to 10% subject to MORL be successfully award with a CfD.

The transaction is subject to regulatory and third party approvals and other precedent conditions.

EDPR announces the sale of minority stakes in Poland and Italy

In December 2015, EDPR, through its subsidiary EDP Renewables Europe, S.L. entered into an agreement with ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both of which 100% owned by ACE Investment Fund LP – an entity participated of China Three Gorges Hong Kong Ltd (“CTG HK”), a fully-owned subsidiary of China Three Gorges (“CTG”) – to sell 49% of equity shareholding and shareholder loans in a portfolio of wind assets with 598 MW of capacity in Poland and Italy, for a total consideration of €392 million.

The transaction scope covers 392 MW in operation in Poland and 100 MW in Italy, with an average age of 4 years, as well as 107 MW under construction in Poland and in Italy.

The transaction is subject to the customary regulatory and other approvals and is expected to be completed within the first half of 2016.

The agreement reached today is made in the context of the €2bn strategic partnership established in Dec-11 between EDPR’s principal shareholder, EDP – Energias de Portugal, S.A., and CTG.

EDP Renováveis signs agreement to acquire licenses for 216 MW of wind energy in Portugal

On 7 October 2015, EDP Renováveis S.A. (EDPR), 77.5% controlled by EDP, informed that it has reached an agreement with Ventinveste S.A. (Ventinveste), a consortium led by Galp Energia, SGPS, S.A. and Martifer, SGPS, S.A., for the acquisition of a group of special purpose vehicles (SPVs) that hold licenses and interconnection rights corresponding to a total of 216.4 MW of wind energy capacity in Portugal, for a reference price of approximaly 17 millions of Euros.

This wind energy capacity was awarded with a long-term feed-in tariff in 2007, under the Phase B of a tender launched by the Portuguese Government. Following the agreement reached between the Portuguese Government and several operators in the wind energy sector in September 2012, the 216.4 MW will be remunerated according to a feed in-tariff for a 20-year period (or a maximum of 44 GWh/MW).

With this transaction EDPR intends to maximize the value created from projects since the early stages of development by applying its distinctive technical and wind assessment know-how. The commissioning and beginning of operations of EDPR’s new wind farms is expected to occur until 2018.

EDPR executes a new asset rotation transaction in the US

During the last quarter of 2015, EDP Renovaveis S.A., reached an agreement with a consortium of investors led by Axium Infrastructure (Axium), to sell a minority cash equity interest in a US wind portfolio with a total production capacity of 1,002 MW. Axium’s interest in the portfolio will represent 340MW and is the third asset rotation transaction announced by EDPR with Axium, further strengthening the existing partnership.

The portfolio is comprised of 6 operating wind farms. All of the wind farms have long-term offtake agreements in place.

Based on the i) the transaction price and ii) the outstanding and expected tax equity liabilities of the projects, the total enterprise value on the 340 MW portfolio amounts to US 590 million translating to 1.7 million of US dollar/MW

Fiera Axium funded $307.5 million in January 2016 after all assets involved had achieved commercial operations.

EDPR informs about new institutional partnerships structures in the US

In October 2015, EDPR has secured $238 million of institutional equity financing from an affiliate of Google Inc. , in exchange for an interest in the 199 MW Waverly wind project located in the State of Kansas, US. The project, currently under-construction, will sell its output through a 20-year Power Purchase Agreement.

Under the agreement, Google will invest its funds close to the project's start of operations, which is scheduled to occur by the end of 2015. This institutional partnership structure is EDPR's largest one with just one underlying project,

In November 2015, EDPR has secured $116 million of institutional equity financing from MUFG Union Bank N.A. and another leading institutional investor, in exchange for an interest in the 100 MW Arbuckle wind project, located in the State of Oklahoma. The project will sell its output through a 20-year Power Purchase Agreement.

The establishment of institutional partnership structures enables EDPR to efficiently utilize the tax benefits generated by the projects, improving the project's economics and maintaining its self-funding strategic pillar.

EDPR secures new PPAs for 100 MW wind farm in the US

In December 2015, EDPR, through its fully owned subsidiary EDP Renewable North America LLC, signed long-term Power Purchase Agreements ("PPAs") with commercial and industrial corporations, to sell the energy produced by 100 MW from Hidalgo wind farm extension.

Hidalgo wind farm project had initially secured two PPAs totalling 150 MW, as announced in Apr-2014. The project, that will now total 250 MW, is located in the State of Texas and is expected to be installed in 2016.

EDPR is awarded long-term contract for 140 MW at Brazilian energy auction

In November 2015, EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured a 20-year Power Purchase Agreements ("PPA") at the Brazilian energy LER 2015 auction to sell electricity in the regulated market. The energy will be produced by a 140 MW wind farm to be installed in the Brazilian State of Bahia with operations expected for 2018. The initial price of the long term contract was set at R$199.37/MWh, indexed to the Brazilian inflation rate.

With this new contract, EDPR has already secured PPAs for 377 MW of wind energy projects in Brazil (currently under construction/development) to start operations in 2016, 2017 and 2018.

The successful outcome from this auction reinforces EDPR presence in a market with a low risk profile through the establishment of long term PPA, attractive wind resource and strong prospects for the wind sector in the medium and long term.

EDP Renováveis awarded with 93 MW in the Spanish renewable energy auction

In January 2016, EDPR was awarded with rights for the pre-registry of 93 MW of wind energy capacity in Spain.

Following the outcome of the auction, the awarded capacity will be remunerated according with the Spanish wholesale market and could be installed until 2020. EDPR has already identified, within its pipeline, specific competitive projects with high load factors that could be allocated to this awarded capacity.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

Standards, amendments and interpretations issued effective for the Group

The new interpretation that has been issued and is already effective and that the EDPR Group has applied on its consolidated financial statements is the following:

• IFRIC 21 - Levies

The International Accounting Standards Board (IASB) issued, in May 2013, IFRIC 21 - Levies, with effective date of mandatory application for periods beginning on or after 17 June 2014, being allowed its early adoption.

This interpretation clarifies that:

- a levy is an outflow of resources embodying economic benefits that is imposed by governments on entities, in accordance with legislation;

- the recognition of the liability corresponds to the payment of a levy that results from the activity that triggers the payment of the levy, as identified by the legislation (obligating event).

The adoption of this interpretation does not impact the amounts presented on the annual consolidated financial statements, but only the amounts that were presented on the condensed consolidated financial statements of 2015.

The Group has performed an assessment on the impacts of the adoption of this interpretation concluding that the adoption of this Standard does not affect the figures presented in the Annual Consolidated Financial Statements, but rather, only those published on an interim basis. As a consequence, no restatement is applicable for the Annual Consolidated Statement of 2015.

The new standards and interpretations that have been issued and are already effective and that the Group has applied on its consolidated financial statements with no significant impact are the following:

• Annual Improvement Project (2011-2013)

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group, which impact is being evaluated, are the following:

● IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB), issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption. This standard, changed in July 2014, has not yet been adopted by the European Union.

This standard is included in the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;
- debt instruments can only be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value;
- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably select equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves cannot be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year;
- the exemption that allows unquoted equity investments and related derivatives to be measured at cost, under IAS 39, is not allowed under IFRS 9; and
- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

- IFRS 11 (Amended) - Accounting for Acquisitions of Interests in Joint Operations

  The International Accounting Standards Board (IASB), issued in May 2014, IFRS 11 (Amended) - Accounting for acquisitions of Interests in Joint Operations, with effective date of mandatory application for periods beginning on or after 1 January 2016, being allowed its early adoption.

  This amendment introduces guidance on accounting that should be made in the acquisition of participation in joint operations that qualifies as a business, by applying the principles of IFRS 3 - Business Combinations.

- IFRS 15 - Revenue from the Contracts with Customers

  The International Accounting Standards Board (IASB), issued in May 2014, IFRS 15 - Revenue from the Contracts with Customers, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption. This standard has not yet been adopted by the European Union.

  This new standard presents the principles that shall be applied by an entity in order to provide more useful information to users of financial statements about the nature, amount, term and uncertainty of revenue and cash flows arising from a contract with a client.

  The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology.

  The 5 steps methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

- IFRS 16 – Leases

  The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

  This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

  The main issues considered are as follows:

  - inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and

  - introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

- IAS 1 (Amended) - Disclosure Initiative

  Amendments to the International Accounting Standards Board (IASB), issued in December 2014, IAS 1 - Presentation of Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2016, being allowed its early adoption. This amendment has not yet been adopted by the European Union.

  The following narrow scope amendments have been made to IAS1:

  - Materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating our disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material;

  - Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated as relevant. Additional guidance has been on the presentation of subtotals in these statements;

- Presentation of items of Other Comprehensive Income ("OCI"): clarifies that an entity's share of OCI of equity-accounted a in associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Notes: clarifies that entities have the flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes.

● IAS 7 (Amended) - Disclosure Initiative

The International Accounting Standards Board (IASB) issued, in January 2016, amendments to IAS 7 - Statement of Cash Flows, with effective date of mandatory application for periods beginning on or after 1 January 2017, being allowed its early adoption.

These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, such as:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates; or
- Changes in fair values.

These disclosures may be presented by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The standards, amendments and interpretations issued but not yet effective for the Group with no significant impact are the following:

● IFRS 10 (Amended) and IAS 28 (Amended) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

● IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) - Investment Entities: Applying the Consolidation Exception

● IFRS 14 - Regulatory Deferral Accounts

● IAS 16 (Amended) and IAS 38 (Amended) - Clarification of Acceptable Methods of Depreciation and Amortisation

● Annual Improvement Project (2010-2012)

● Annual Improvement Project (2012-2014)

42. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, according to IAS 16.

During the year, the environmental expenses recognised in the income statement in the amount of 3,467 thousands of Euros (31 December 2014: 2,849 thousands of Euros) refer to costs with the environmental management plan.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lives. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 117,228 thousands of Euros as at 31 December 2015 (31 December 2014: 96,676 thousands of Euros) (see note 31).

43. BUSINESS COMBINATIONS

Asset Split ENEOP

In 2006, EDPR Group (through its subsidiary EDP Renováveis Portugal) entered into a joint business with Generg, Finerge (together with EDPR the "Wind Promoters") and Enercom to develop 1,200 Mw of renewable energy in Portugal. At that moment it was agreed that at the time that all the assets would be in production, the "Consortium" (ENEOP) would be splited once the pertinent authorities would authorize it.

The consortium (ENEOP), through two different subsidiaries fully held by ENEOP, carried the following two activities connected with the industrial and wind farm project:

- ENEOP 2: construction, maintenance and exploitation of the wind farms;
- ENEOP 3: construction and exploitation of the industrial part of the project.

It was agreed that the split will be performed on three steps:

- Merger of Eneop 2 and Eneop;
- Demerger of ENEOP, with its dissolution, and incorporation of 4 NewCos (that issue shares to all the shareholders of ENEOP on a proportional basis), to which each one of the respective portfolios of wind farm SPVs and ENEOP 3 are transferred; and
- Cross-sell disposal of the investment in the NewCos between the wind promoters and Enercon, such that each owns 100% of the respective portfolio of wind farm SPVs (in respect to the WPs) and ENEOP 3 (regarding Enercon).

On September 19th, even though the above transactions were not yet been legally performed, all the conditions needed for the asset split to be performed were obtained, namely, the approval and authorisation of the competition authority (AdC), Direção Geral de Energia e Geologia (DGEG) and banks (BEI and commercial banks). This, together with the shareholders agreement signed between the wind promoters and the change of the corporate bodies of the SPVs, gave EDPR the effective control over the agreed EDPR portfolio, as the pending issues to be closed for the legal Asset Split to take place were not relevant in terms of control assesment.

For simplification purposes, and considering this does not have a material effect, the Group used the financial statements as at 31st of August, 2015, of the twelve companies, to determine pre-acquisition results and, consequently, these companies have been fully consolidated from the 1st of September, 2015.

As of 31st December 2015 all the transactions have been legally closed so that the Asset Split process is legally finished.

Since the date of acquisition of full control over this portfolio, it has contributed to the consolidated financial statements with Revenues from energy sales in the amount of 33,917 thousands of Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 4,148 thousands of Euros. If this acquisition had occurred in the beginning of the exercise, it would have contributed to the consolidated financial statements with Revenues from energy sales in the amount of 102,698 thousands of Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 11,777 thousands of Euros, referring to the twelve-month period ended at 31 December 2015. Until the date in which the control was obtained, the shareholding previously held was being included in the consolidated financial statements under the equity method, therefore the result was incorporated under this method until this date in the amount of 5,986 thousands of Euros.

At the acquisition date, EDPR Group has determined the fair value of the assets acquired and liabilities assumed, based on a valuation performed by an independent third party. This valuation, which was based on the discounted cashflow method, came to an equity fair value of the portfolio in which EDPR takes control in the amount of 230,791 thousands of Euros . Fair value of identifiable assets and liabilities at the acquisition date is presented as follows:

THOUSANDS OF EUROS

	BOOK VALUE AT ACQUISITION DATE	FAIR VALUE ADJUSTMENT	FAIR VALUE AT ACQUISITION DATE
Assets			
Property, plant and equipment	594,492	249,671	844,163
Intangible assets	22,436	-	22,436
Deferred Tax assets	2,621	-	2,621
Inventories	299	-	299
Other debtors and other assets	31,608	-	31,608
Cash and cash equivalents	99,147	-	99,147
Total Assets	750,603	249,671	1,000,274
Liabilities			
Financial Debt	250,805	-	250,805
Provisions	7,361	-	7,361
Other liabilities and other payables	455,798	55,519	511,317
Total Liabilities	713,964	55,519	769,483
Net assets	36,639	194,152	230,791
Gain with the remeasurement to fair value of the previously held investment in Eneop (netted of the cash-compensation)			124,750
Control acquisition gain at EDPR level			124,750
Acquisition cashflow:			
Cash and cash equivalents of Eneop			99,147
Acquisition payment			-50,497
Net cash outflow			48,650

The cash compensation was paid at the legal asset split transaction.

The above mentioned Eneop's valuation has determined a fair value for Property, plant and equipment in the amount of 844,163 thousand Euros, based on discounted cash-flows method, generating a fair value adjustment of 249,671 thousand Euros and a corresponding deferred tax liability in the amount of 55,519 thousand Euros (see note 15 and 19).

As EDPR Group had already a 35,95% stake in Eneop, this transaction was treated as a step acquisition under IFRS 3. Consequently, the previously held investment in Eneop was remeasured to fair value, and the corresponding difference for its book value, was recorded under Other income (see note 8). The total impact of the transaction gain also include the transfer to results of cash flow hedge reserves previously recognised under Other comprehensive income at EDPR level, in the amount of 11,955 thousand Euros.

Acquisition-related costs were expensed and are recognised under Supplies and services, in the amount of 837 thousands of Euros.

Other information for business combinations included in 2015

During 2015 the EDPR Group has paid an amount of 159,318 thousands of Euros (31 December 2014: 19,790 thousands of Euros) with the following breakdown:

- Acquisition of the ENEOP portfolio (see note 43): 50,497 thousands of Euros
- Acquisition of non-controlling interests: 71,416 thousands of Euros which includes 45,781 thousands of Euros corresponding to the acquisition of the non-controlling interests in EDPR Brazil (see note 5).
- Advanced payments on acquisitions: 22,467 thousands of Euros for the acquisition of the Italian project Banzi by EDP Renewables Italia SRL and 1,500 thousands of Euros for the acquisition of the Portuguese project Ventinveste by EDP Renewables SGPS, S.A. These operations are expected to be closed during 2016.
- Capital contributions mainly in the associated offshore French companies consolidated under equity method: 9,908 thousands of Euros
- Acquisition of companies, success fees and exercise of put options: 3,530 thousands of Euros

Other business combinations

During 2015, EDPR Group acquired 100% of the following companies: Central Eólica Aventura II, S.A. and Stirlingpower, Unipessoal Lda. (see note 5), with the following aggregated impacts:

THOUSANDS OF EUROS

	ASSETS AND LIABILITIES AT FAIR VALUE
Property, plant and equipment	21
Other assets (including licenses)	8
Total assets	29
Deferred tax liabilities	-
Current liabilities	1
Total liabilities	1
Net assets	28
Non-controlling interests	-
Net assets acquired	28
Consideration transferred	876
Goodwill	848

Other information for business combinations included in 2014

During 2014, EDPR Group acquire 100% of the following companies: Wincap, S.R.L. and Radziejów Wind Farm Sp. ZO.O. (see note 5), with the following aggregated impacts:

THOUSANDS OF EUROS

	ASSETS AND LIABILITIES AT FAIR VALUE
Property, plant and equipment	1,387
Other assets (including licenses)	422
Total assets	1,809
Deferred tax liabilities	-
Current liabilities	-
Total liabilities	375
Net assets	1,434
Non-controlling interests	-
Net assets acquired	1,434
Consideration transferred	2,085
Goodwill	651

44. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR NA and EDPR Canada Group companies that operate in United States of America and Canada, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

45. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2015 and 2014. This company and the other related entities and persons in accordance with Royal-Decree 1/2011 of 1 July, have invoiced for the year ended in 31 December 2015 and 2014, fees and expenses for professional services, according to the following detail:

THOUSANDS OF EUROS

	31 DECEMBER 2015					
	PORTUGAL	SPAIN	BRASIL	U.S.A.	OTHER	TOTAL
Audit and statutory audit of accounts	85	1,080	105	1,113	729	3,112
Other audit services	-	453	-	-	18	471
	85	1,533	105	1,113	747	3,583
Tax consultancy services	-	340	-	116	16	472
Other services	11	254	-	-	1	266
	11	594	-	116	17	738
Total	96	2,127	105	1,229	764	4,321

THOUSANDS OF EUROS

	31 DECEMBER 2014					
	PORTUGAL	SPAIN	BRASIL	U.S.A.	OTHER	TOTAL
Audit and statutory audit of accounts	141	588	138	760	632	2,259
Other audit services	-	229	-	-	17	246
	141	817	138	760	649	2,505
Tax consultancy services	-	53	-	135	-	188
Other services	11	-	-	-	3	14
	11	53	-	135	3	202
Total	152	870	138	895	652	2,707

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2015 and 2014, are as follows:

			2015		2014	
COMPANY	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
GROUP'S PARENT HOLDING COMPANY AND RELATED ACTIVITIES:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renováveis Servicios Financieros, S.L.	Oviedo	n.a.	100,00%	100,00%	100,00%	100,00%
EUROPE GEOGRAPHY / PLATFORM:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
Acampo Arias, S.L.	Zaragoza	KPMG	100,00%	100,00%	98,19%	98,19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61,50%	61,50%	61,50%	61,50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	60,63%	60,63%	60,63%	48,70%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	100,00%	100,00%	75,83%	75,83%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	100,00%	100,00%	60,00%	60,00%
Desarrollos Eólicos Almarchal, S.A.U.	Cádiz	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos Buenavista, S.A.U.	Cádiz	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Corme, S.A.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Lugo, S.A.U.	Lugo	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Tarifa, S.A.U.	Cádiz	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51,00%	51,00%	51,00%	51,00%
Desarrollos Eólicos Dumbria, S.A.U.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos Rabosera, S.A.	Huesca	KPMG	100,00%	100,00%	95,08%	95,08%
EDP Renovables España, S. L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renováveis Cantabria, S.L.	Madrid	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Yield Spain Services, S.L.U.	Madrid	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Yield, S.A.U.	Oviedo	n.a.	100,00%	100,00%	100,00%	100,00%
Energías Eólicas de la Manchuela, S.L.U.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Arlanzón, S.A.	Madrid	KPMG	77,50%	77,50%	77,50%	77,50%
Eólica Campollano, S.A.	Madrid	KPMG	75,00%	75,00%	75,00%	75,00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica de Radona, S.L.U.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica del Alfoz, S.L.	Madrid	KPMG	100,00%	100,00%	83,73%	83,73%
Eólica Don Quijote, S.L.	Albacete	KPMG	100,00%	100,00%	100,00%	100,00%

			2015		2014	
COMPANY	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Eólica Dulcinea, S.L.	Albacete	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Garcimuñoz, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica La Brújula, S.A.	Madrid	KPMG	84,90%	84,90%	84,90%	84,90%
Eólica La Janda, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica La Navica, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Muxía, S.L.	La Coruña	n.a.	100,00%	100,00%	100,00%	100,00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	94,00%	94,00%	100,00%	100,00%
Investigación y Desarrollo de Energías Renovables IDER, S.L.	León	KPMG	100,00%	100,00%	59,59%	59,59%
Molino de Caragüeyes, S.L.	Zaragoza	KPMG	100,00%	100,00%	80,00%	80,00%
Neo Energía Aragón, S.L.	Madrid	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	60,00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	60,00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	60,00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	92,50%	92,50%	61,00%	61,00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	69,84%	69,84%	64,84%	64,84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico Santa Quiteria, S.L.	Huesca	KPMG	100,00%	83,96%	100,00%	83,96%
Parques de Generación Eólica, S.L.	Burgos	KPMG	100,00%	100,00%	60,00%	60,00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90,00%	90,00%	90,00%	90,00%
South África Wind & Solar Power, S.L.U.	Oviedo	n/a	100,00%	100,00%	100,00%	100,00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51,00%	51,00%	51,00%	51,00%
EDP Renewables SGPS, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR PT - Parques Eólicos, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR Yield Portugal Services, Unipessoal Lda.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60,00%	30,60%	60,00%	30,60%
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica da Lajeira, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50,10%	25,55%	50,10%	25,55%
Eólica da Terra do Mato, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%

			2015		2014	
COMPANY	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Eólica das Serras das Beiras, S.A.	Arganil	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	KPMG	50,10%	25,55%	50,10%	25,55%
Eólica do Alto da Lagoa, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Alto da Teixosa, S.A.	Cinfães	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Alto do Mourisco, S.A.	Boticas	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Cachopo, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Castelo, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Espigão, S.A.	Miranda do Corvo	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica do Velão, S.A.	Porto	Mazars	100,00%	100,00%	0,00%	0,00%
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	Mazars	100,00%	100,00%	0,00%	0,00%
Gravitangle - Fotovoltaica Unipessoal, Lda.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	51,00%
Stirlingpower, Unipessoal Lda.	Braga	n.a.	100,00%	100,00%	0,00%	0,00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	51,00%	51,00%	51,00%	51,00%
EDPR France Holding, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Bourbriac II, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Centrale Eolienne Canet-Pont de Salars, S.A.S.	Paris	KPMG	50,96%	25,99%	50,96%	25,99%
Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Neo Truc de L'Homme, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Centrale Eolienne Patay, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Saint Barnabé, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Segur, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
EDPR Yield France Services, S.A.S.	Paris	KPMG	100,00%	100,00%	0,00%	0,00%
Eolienne de Callengeville, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Eolienne de Saugueuse, S.A.R.L.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Eolienne D'Etalondes, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Monts de la Madeleine Energie, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Neo Plouvien, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Éolien d'Escardes, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Boqueho-Pouagat, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Dammarie, S.A.R.L.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Francourville, S.A.S	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eolien de La Hetroye, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eolien de Mancheville, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Preuseville, S.A.R.L.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%

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Parc Eolien de Roman, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Éolien de Tarzy, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Eolien de Varimpre, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Parc Eolien des Longs Champs, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eolien des Vatines, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Parc Eolien du Clos Bataille, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
SOCPE de la Mardelle, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
SOCPE de la Vallée du Moulin, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
SOCPE de Sauvageons, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
SOCPE des Quinze Mines, S.A.R.L.	Paris	KPMG	100,00%	75,99%	49,00%	24,99%
SOCPE Le Mee, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
SOCPE Petite Pièce, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
Poland:						
EDP Renewables Polska, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Brent Investments, S.A.	Warsaw	KPMG	100,00%	100,00%	0,00%	0,00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
J&Z Wind Farms, Sp. z o.o. (*)	Warsaw	KPMG	60,00%	60,00%	60,00%	60,00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Masovia Wind Farm I, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Molen Wind II, Sp. z o.o.	Warsaw	KPMG	65,07%	65,07%	65,07%	65,07%
Morska Farma Wiatrowa Gryf, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Morska Farma Wiatrowa Pomorze, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Radziejów Wind Farm, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Relax Wind Park I, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Relax Wind Park II, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Relax Wind Park III, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Relax Wind Park IV, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Rowy-Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Romania:						
EDP Renewables România, S.R.L.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
EDPR RO PV, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR RO Trading, S.R.L.	Bucharest	n.a.	100,00%	100,00%	100,00%	100,00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Cujmir Solar, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Foton Delta, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Foton Epsilon, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%

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Potelu Solar, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
S. C. Ialomita Power, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Sibioara Wind Farm, S.R.L.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Studina Solar, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Vanju Mare Solar, S.R.L.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
VS Wind Farm, S.A.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100,00%	100,00%	100,00%	100,00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	100,00%	66,64%	100,00%	66,64%
Moray Offshore Renewables Limited	Cardiff	KPMG	66,64%	66,64%	66,64%	66,64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	100,00%	66,64%	100,00%	66,64%
Telford Offshore Windfarm Limited	Cardiff	n.a.	100,00%	66,64%	100,00%	66,64%
Italy:						
EDP Renewables Italia, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renewables Italia Holding, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
Castellaneta Wind, S.r.l.	Milano	n.a.	100,00%	100,00%	100,00%	100,00%
Laterza Wind, S.R.L.	Milano	n.a.	100,00%	100,00%	100,00%	100,00%
Pietragalla Eolico, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
Re Plus, S.r.l.	Milano	n.a.	80,00%	80,00%	80,00%	80,00%
TACA Wind, S.r.l.	Milano	KPMG	100,00%	100,00%	0,00%	0,00%
Villa Castelli Wind, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
WinCap, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
Belgium:						
EDP Renewables Belgium, S.A.	Brussels	KPMG	100,00%	100,00%	100,00%	100,00%
Greenwind, S.A.	Louvain-la-Neuve	KPMG	100,00%	100,00%	100,00%	100,00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100,00%	100,00%	100,00%	100,00%
NORTH AMERICA GEOGRAPHY / PLATFORM:						
México:						
EDPR Servicios de México, S. de R.L. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	0,00%	0,00%
Vientos de Coahuila, S.A. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	0,00%	0,00%
USA:						
EDP Renewables North America, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
2007 Vento I, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2007 Vento II, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2008 Vento III, L.L.C.	Texas	KPMG	100,00%	75,00%	100,00%	100,00%
2009 Vento IV, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%

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2009 Vento V, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2009 Vento VI, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2010 Vento VII, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2011 Vento IX, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2011 Vento X, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2014 Sol I, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2014 Vento XI, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2014 Vento XII, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2015 Vento XIII, L.L.C.	Texas	KPMG	100,00%	100,00%	0,00%	0,00%
2015 Vento XIV, L.L.C.	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Arbuckle Mountain Wind Farm, L.L.C.	Oklahoma	KPMG	100,00%	100,00%	100,00%	100,00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100,00%	75,00%	100,00%	100,00%
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100,00%	100,00%	100,00%	100,00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
AZ Solar, L.L.C.	Arizona	n.a.	100,00%	100,00%	100,00%	100,00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower III, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower IV, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100,00%	51,00%	100,00%	100,00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower VII, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Broadlands Wind Farm II, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Broadlands Wind Farm III, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%

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Broadlands Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100,00%	75,00%	100,00%	100,00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Crossing Trails Wind Power Project, L.L.C.	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Solar Ventures I, L.L.C.	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
EDPR Vento I Holding, L.L.C.	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR WF, L.L.C.	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
EDPR Wind Ventures XII, L.L.C.	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
EDPR Wind Ventures XIII, L.L.C.	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Wind Ventures XIV, L.L.C.	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Five-Spot, L.L.C.	California	n.a.	100,00%	100,00%	100,00%	100,00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Green Country Wind Farm, L.L.C.	Oklahoma	n.a.	100,00%	100,00%	100,00%	100,00%
Green Power Offsets, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100,00%	51,00%	100,00%	100,00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	100,00%	51,00%	100,00%	51,00%
High Trail Wind Farm, L.L.C.	Illinois	KPMG	100,00%	100,00%	100,00%	100,00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%

		2015			2014	
COMPANY	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	75,00%	75,00%	100,00%	100,00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lone Valley Solar Park I, L.L.C.	California	n.a.	100,00%	51,00%	100,00%	100,00%
Lone Valley Solar Park II, L.L.C.	California	n.a.	100,00%	51,00%	100,00%	100,00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100,00%	100,00%	100,00%	100,00%
Machias Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Madison Windpower, L.L.C.	New York	KPMG	100,00%	100,00%	100,00%	100,00%
Marble River, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm III, L.L.C.	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Mesquite Wind, L.L.C.	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100,00%	100,00%	100,00%	100,00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	100,00%	51,00%	100,00%	51,00%

COMPANY	HEAD OFFICE	2015 AUDITOR	2015 % OF CAPITAL	2015 % OF VOTING RIGHTS	2014 % OF CAPITAL	2014 % OF VOTING RIGHTS
OPQ Property, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100,00%	51,00%	100,00%	100,00%
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm IV, L.L.C.	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
Peterson Power Partners, L.L.C.	California	n.a.	100,00%	100,00%	100,00%	100,00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100,00%	100,00%	100,00%	100,00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100,00%	75,00%	100,00%	100,00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100,00%	100,00%	100,00%	100,00%
Post Oak Wind, L.L.C.	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100,00%	100,00%	100,00%	100,00%
Rail Splitter Wind Farm, L.L.C.	Illinois	KPMG	100,00%	100,00%	100,00%	100,00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Rising Tree Wind Farm II, L.L.C.	California	KPMG	100,00%	51,00%	100,00%	100,00%
Rising Tree Wind Farm III, L.L.C.	California	KPMG	100,00%	100,00%	100,00%	100,00%
Rising Tree Wind Farm, L.L.C.	California	KPMG	100,00%	51,00%	100,00%	100,00%
Rush County Wind Farm, L.L.C.	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100,00%	100,00%	100,00%	100,00%
Sardinia Windpower, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Stone Wind Power, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Sustaining Power Solutions, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	100,00%	51,00%	100,00%	51,00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100,00%	100,00%	100,00%	100,00%
Verde Wind Power, L.L.C.	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Wheatfield Holding, L.L.C.	Oregon	KPMG	51,00%	51,00%	51,00%	51,00%

			2015		2014	
COMPANY	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Wheatfield Wind Power Project, L.L.C.	Oregon	KPMG	100,00%	51,00%	100,00%	51,00%
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100,00%	100,00%	100,00%	100,00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100,00%	100,00%	100,00%	100,00%
Wind Turbine Prometheus, L.P.	California	n.a.	100,00%	100,00%	100,00%	100,00%
WTP Management Company, L.L.C.	California	n.a.	100,00%	100,00%	100,00%	100,00%
Canada:						
EDP Renewables Canada	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Canada LP Holdings Ltd.	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Sharp Hills Project GP Ltd.	Alberta	n.a.	100,00%	100,00%	0,00%	0,00%
EDP Renewables Sharp Hills Project LP	Alberta	n.a.	100,00%	100,00%	0,00%	0,00%
Nation Rise Wind Farm GP Inc.	Bristish Columbia	n.a.	100,00%	100,00%	0,00%	0,00%
Nation Rise Wind Farm LP	Ontario	n.a.	100,00%	100,00%	0,00%	0,00%
SBWFI GP Inc	Ontario	n.a.	51,00%	51,00%	51,00%	51,00%
South Branch Wind Farm II GP Inc.	Bristish Columbia	n.a.	100,00%	100,00%	0,00%	0,00%
South Branch Wind Farm II GP LP	Ontario	n.a.	100,00%	100,00%	0,00%	0,00%
South Dundas Wind Farm LP	Ontario	KPMG	51,00%	51,00%	51,00%	51,00%
SOUTH AMERICA GEOGRAPHY / PLATFORM:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	100,00%	100,00%	55,00%	55,00%
Central Eólica Aventura I, S.A.	Natal	n.a.	50,99%	50,99%	100,00%	55,00%
Central Eólica Aventura II, S.A.	Natal	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Baixa do Feijão I, S.A.	Natal	KPMG	51,00%	51,00%	100,00%	55,00%
Central Eólica Baixa do Feijão II, S.A.	Natal	KPMG	51,00%	51,00%	100,00%	55,00%
Central Eólica Baixa do Feijão III, S.A.	Natal	KPMG	51,00%	51,00%	100,00%	55,00%
Central Eólica Baixa do Feijão IV, S.A.	Natal	KPMG	51,00%	51,00%	100,00%	55,00%
Central Eólica JAU, S.A.	Natal	KPMG	51,00%	51,00%	100,00%	55,00%
Central Nacional de Energia Eólica, S.A.	Santa Catarina	KPMG	51,00%	51,00%	100,00%	55,00%
Elebrás Projetos, S.A.	Rio Grande do Sul	KPMG	51,00%	51,00%	100,00%	55,00%
SOUTH AFRICA GEOGRAPHY / PLATFORM:						
South Africa:						
EDP Renewables South Africa, Proprietary Limited	Cape Town	Mazars Inc.	100,00%	100,00%	100,00%	100,00%
Dejann Trading and Investments, Proprietary Limited	Cape Town	Mazars Inc.	100,00%	100,00%	100,00%	100,00%
Jouren Trading and Investments, Proprietary Limited	Cape Town	Mazars Inc.	100,00%	100,00%	100,00%	100,00%

(*) Balances related to the Polish company J&Z Wind Farms, Sp. z o.o. have been reclassified to assets and liabilities held for sale as of December 31, 2015 (see note 26)

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2015, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	Deloitte	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$114,443	Ciudad de Mexico	n.a.	99.97%	99.97%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$528,626,287	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

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Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$114,443	Ciudad de Mexico	n.a.	99.97%	99.97%
Evolución 2000, S.L.	€ 117,994	Albacete	Hispa-control	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$528,626,287	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2015, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,869,020	Barcelona	Jordi Guilera Valls	38,96%	23,62%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$42,316,480	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	€ 300,000	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	€ 2.391.900	Gran Canaria	KPMG	44.75%	44.75%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	€ 14,471,028	Bois Guillaume	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 17,187,000	Nantes	E&Y	43.00%	43.00%
Modderfontein Wind Energy Project, Ltd.	ZAR 1,000	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	€ 120,400	Asturias	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Soria	E&Y	42.00%	42.00%
Inch Cape Offshore Limited (*)	£1	Edinburgh	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

(*) Balances related to the company Inch Cape Offshore Limited have been reclassified to assets held for sale as of December 31, 2015 (see note 26)

The Associated Companies included in the consolidation under the equity method as at 31 December 2014, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,869,020	Barcelona	n.a.	38.96%	18.97%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$44,594,480	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	€ 300,000	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	€ 3,191,580	Gran Canaria	KPMG	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	€ 25,247,525	Lisboa	Mazars	35.96%	35.96%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	€ 4,367,538	Bois Guillaume	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 4,804,914	Nantes	E&Y	43.00%	43.00%
Modderfontein Wind Energy Project, Ltd.	ZAR 1,000	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	€ 120,400	Asturias	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Soria	E&Y	42.00%	42.00%
Inch Cape Offshore Limited	£1	Edinburgh	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%

The summarised financial information for subsidiaries with material non-controlling interests as at 31 December 2015, are as follows:

THOUSANDS OF EUROS

	HORIZON WIND VENTURES IB, L.L.C.	HORIZON WIND VENTURES IC, L.L.C.	EDPR WIND VENTURES XI, L.L.C.	EDP RENOVAVEIS FRANCE S.A.S.	EDP RENOVAVEIS PORTUGAL S.A
Non-Current Assets	446,759	374,436	167,955	136,441	459,174
Current Assets	4,126	-	-	12,931	39,047
Non-Current Liabilities	3,233	285,442	172,998	47,517	86,682
Current Liabilities	3,100	-	47	54,025	309,717
Revenues	-	-	-	29,892	136,603
Net profit for the year	27,044	31,052	2,258	4,213	47,442
Dividends paid to Non-controlling interests	-	-	-	-	33,246

THOUSANDS OF EUROS

	EDPR WIND VENTURES XII, L.L.C.	POST OAK WIND, L.L.C.	VS WIND FARM, S.A.	CERNAVODA POWER, S.R.L.	HORIZON WIND VENTURES IX, L.L.C
Non-Current Assets	96,520	64,102	79,528	88,291	87,123
Current Assets	-	4,126	8,735	14,808	-
Non-Current Liabilities	101,487	3,233	1,401	82,946	94,951
Current Liabilities	-	3,100	90,671	47,955	35
Revenues	-	23,466	5,630	19,119	-
Net profit for the year	-2,146	4,958	-6,285	-4,423	-832
Dividends paid to Non-controlling interests	-	-	-	-	-

ANNEX 2

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2015

THOUSANDS OF EUROS

	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	831,594	498,218	21,379	1,351,191
Income from institutional partnerships in U.S. wind farms	-	197,442	-	197,442
	831,594	695,660	21,379	1,548,633
Other operating income	140,191	19,620	622	160,433
Supplies and services	-150,845	-134,261	-5,549	-290,655
Personnel costs and Employee benefits expenses	-26,725	-40,159	-1,568	-68,452
Other operating expenses	-104,057	-78,963	-2,585	-185,605
	-141,436	-233,763	-9,080	-384,279
Gross operating profit	690,158	461,897	12,299	1,164,354
Provisions	-21	193	-	172
Amortisation and impairment	-289,290	-267,085	-5,072	-561,447
Operating profit	400,847	195,005	7,227	603,079
Share of profit of associates	11,952	-7,674	-	4,278
Assets	6,842,282	7,307,627	179,283	14,329,192
Liabilities	323,305	987,493	5,609	1,316,407
Operating Investment	183,736	645,991	72,902	902,629

Note: The Segment "Europe" includes: i) revenues in the amount of 378,781 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 3,005,689 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSANDS OF EUROS

Revenues of the Reported Segments	1,351,191
Revenues of Other Segments	16,747
Elimination of intra-segment transactions	-18,333
Revenues of the EDPR Group	1,349,605
Gross operating profit of the Reported Segments	1,164,354
Gross operating profit of Other Segments	-22,059
Elimination of intra-segment transactions	-
Gross operating profit of the EDPR Group	1,142,295
Operating profit of the Reported Segments	603,079
Operating profit of Other Segments	-
Elimination of intra-segment transactions	-25,241
Operating profit of the EDPR Group	577,838
Assets of the Reported Segments	14,329,192
Not Allocated Assets	1,235,566
Financial Assets	850,142
Tax assets	165,746
Debtors and other assets	219,677
Assets of Other Segments	24,468
Elimination of intra-segment transactions	146,932
Assets of the EDPR Group	15,736,157
Investments in joint ventures and associates	333,800
Liabilities of the Reported Segments	1,316,407
Not Allocated Liabilities	7,541,883
Financial Liabilities	4,220,270
Institutional partnerships in U,S, wind farms	1,956,217
Tax liabilities	380,782
Payables and other liabilities	984,614
Liabilities of Other Segments	17,273
Elimination of intra-segment transactions	-7,377,957
Liabilities of the EDPR Group	1,497,606
Operating Investment of the Reported Segments	902,629
Operating Investment of Other Segments	25
Operating Investment of the EDPR Group	902,654

THOUSANDS OF EUROS

	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Other operating income	160,433	1,128	-1	161,560
Supplies and services	-290,655	-20,145	18,072	-292,728
Personnel costs and Employee benefits expenses	-68,452	-15,817	1	-84,268
Other operating expenses	-185,605	-3,972	261	-189,316
Provisions	172	-	-	172
Amortisation and impairment	-561,447	-949	-2,233	-564,629
Share of profit of associates	4,278	-	-5,795	-1,517

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2014

THOUSANDS OF EUROS

	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	746,932	382,031	25,136	1,154,099
Income from institutional partnerships in U,S, wind farms	-	123,582		123,582
	746,932	505,613	25,136	1,277,681
Other operating income	26,553	17,024	14	43,591
Supplies and services	-141,382	-108,760	-6,118	-256,260
Personnel costs and Employee benefits expenses	-22,379	-27,821	-1,334	-51,534
Other operating expenses	-65,247	-26,774	-2,412	-94,433
	-202,455	-146,331	-9,850	-358,636
Gross operating profit	544,477	359,282	15,286	919,045
Provisions	-21	-	-	-21
Amortisation and impairment	-269,196	-202,440	-5,907	-477,543
Operating profit	275,260	156,842	9,379	441,481
Share of profit of associates	33,310	241	-	33,551
Assets	6,108,684	6,255,041	162,478	12,526,203
Liabilities	259,919	922,548	4,980	1,187,447
Operating Investment	141,717	543,016	25,462	710,195

Note: The Segment ‘Europe’ includes: i) revenues in the amount of 347,928thousands of Euros from Spanish companies, of which 31,567 thousands of Euros generated outside of Spain; ii) assets from Spanish companies in the amount of 1,976,737 thousands of Euros,

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSANDS OF EUROS	
Revenues of the Reported Segments	1,154,099
Revenues of Other Segments	13,172
Elimination of intra-segment transactions	-14,145
Revenues of the EDPR Group	1,153,126
Gross operating profit of the Reported Segments	919,045
Gross operating profit of Other Segments	-15,561
Elimination of intra-segment transactions	-288
Gross operating profit of the EDPR Group	903,196
Operating profit of the Reported Segments	441,481
Operating profit of Other Segments	-16,941
Elimination of intra-segment transactions	-2,131
Operating profit of the EDPR Group	422,409
Assets of the Reported Segments	12,526,203
Not Allocated Assets	1,730,579
Financial Assets	825,488
Tax assets	135,581
Debtors and other assets	769,510
Assets of Other Segments	2,861
Elimination of intra-segment transactions	56,676
Assets of the EDPR Group	14,316,319
Liabilities of the Reported Segments	1,187,447
Not Allocated Liabilities	6,800,670
Financial Liabilities	3,901,924
Institutional partnerships in U,S, wind farms	1,801,963
Tax liabilities	327,096
Payables and other liabilities	769,687
Liabilities of Other Segments	15,860
Elimination of intra-segment transactions	-18,417
Liabilities of the EDPR Group	7,985,560
Operating Investment of the Reported Segments	710,195
Operating Investment of Other Segments	100
Operating Investment of the EDPR Group	710,295

	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Other operating income	43,591	2,290	-214	45,667
Supplies and services	-256,260	-14,420	14,035	-256,645
Personnel costs and Employee benefits expenses	-51,534	-14,560	1	-66,093
Other operating expenses	-94,433	-2,043	35	-96,441
Provisions	-21	-	1	-20
Amortisation and impairment	-477,543	-1,380	-1,844	-480,767
Share of profit of associates	33,551	-264	-11,531	21,756

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT
2015

edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

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ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Castillo Garcimuñoz Wind Farm, Spain

ENERGY WITH INTELLIGENCE

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2015

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1. THE COMPANY

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Facaeni Wind Farm, Romania

ENERGY WITH INTELLIGENCE

MANAGEMENT
REPORT
2015

01. THE COMPANY

1. EDP RENOVÁVEIS IN BRIEF

1.1. VISION, VALUES AND COMMITMENTS

VISION

A GLOBAL ENERGY RENEWABLE COMPANY, LEADER IN VALUE CREATION, INNOVATION AND SUSTAINABILITY

MISSION:

AIM TO BE A LONG-TERM MARKET LEADER IN THE RENEWABLE ENERGY SECTOR, PURSUING CREDIBILITY THROUGH SAFETY, VALUE CREATION, SOCIAL RESPONSIBILITY, INNOVATION, AND RESPECT FOR THE ENVIRONMENT

VALUES

INITIATIVE	TRUST	EXCELLENCE	INNOVATION	SUSTAINA-BILITY
THROUGH BEHAVIOUR AND ATTITUDE OF OUR PEOPLE	OF SHAREHOLDERS, EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS	IN THE WAY WE PERFORM	TO CREATE VALUE IN OUR AREAS OF OPERATION	AIMED AT THE QUALITY OF LIFE FOR CURRENT AND FUTURE GENERATIONS
- We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work - We listen to our stakeholders and answer in a simple and clear manner - We surprise our stakeholders by anticipating their needs	- We ensure the participatory, competent and honest governance of our business - We believe that the balance between private and professional live is fundamental in order to be successful	- We fulfil the commitments that we embraced in the presence of our shareholders - We place ourselves in our stakeholder's shoes whenever a decision has to be made - We promote the development of skills and merit	- We are leaders due to our capacity of anticipating and implementing - We avoid specific greenhouse gas emissions with the energy we produce - We demand excellence in everything that we do	- We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operatin

COMMITMENTS

1.2. WORLD PRESENCE

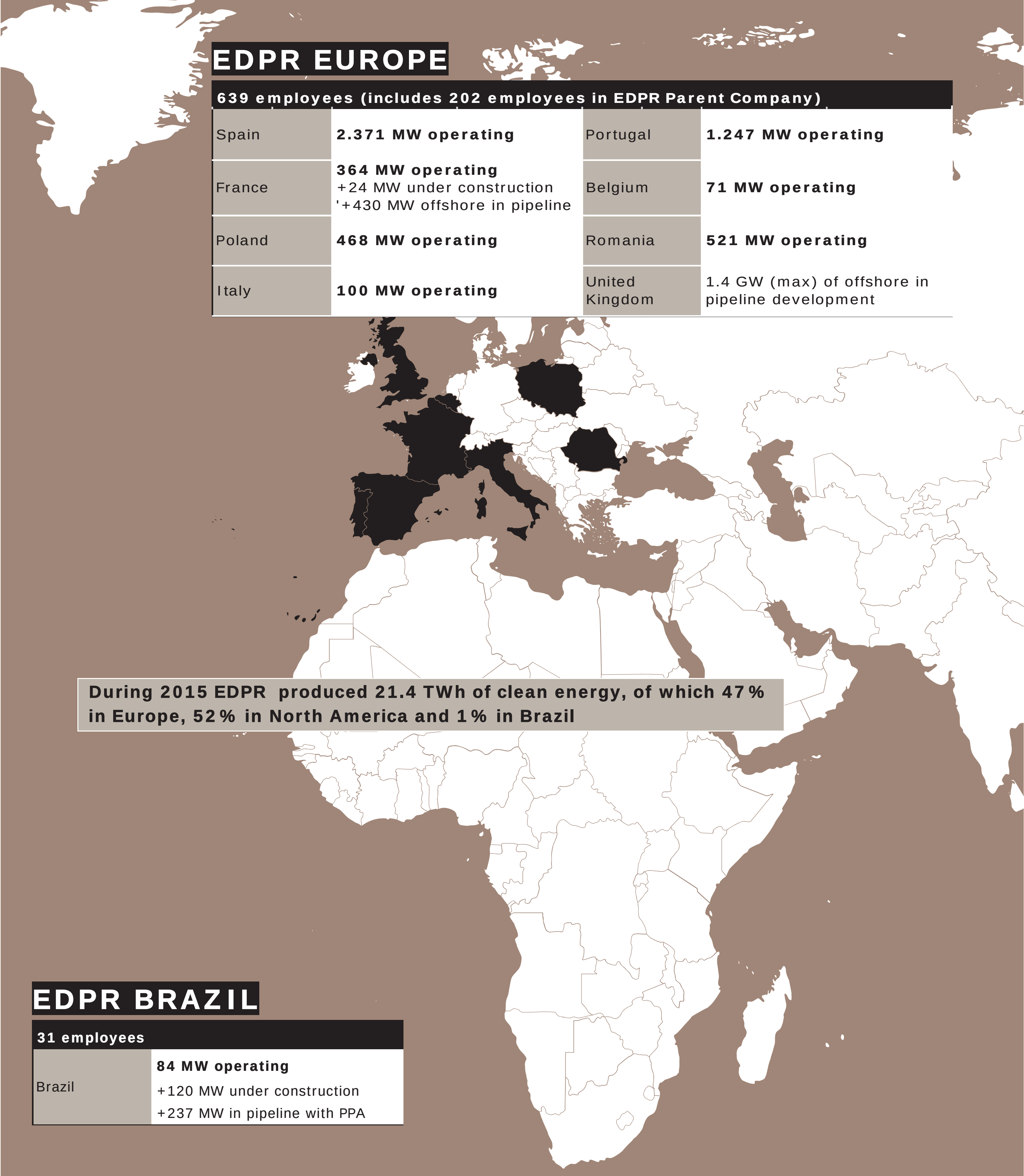
EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 9.6 GW of installed capacity, 344 MW under construction and much more in pipeline development, employing more than 1,000 employees

EDPR NORTH AMERICA

348 employees	
United States	**4.382 MW operating** +755 MW in pipeline with PPA
Canada	**30 MW operating**
Mexico	200 MW under construction

EDPR EUROPE

639 employees (includes 202 employees in EDPR Parent Company)			
Spain	**2.371 MW operating**	Portugal	**1.247 MW operating**
France	**364 MW operating** +24 MW under construction '+430 MW offshore in pipeline	Belgium	**71 MW operating**
Poland	**468 MW operating**	Romania	**521 MW operating**
Italy	**100 MW operating**	United Kingdom	1.4 GW (max) of offshore in pipeline development



During 2015 EDPR produced 21.4 TWh of clean energy, of which 47% in Europe, 52% in North America and 1% in Brazil

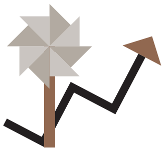
EDPR BRAZIL

31 employees	
Brazil	**84 MW operating** +120 MW under construction +237 MW in pipeline with PPA

1.3. BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and deliver clean electricity.



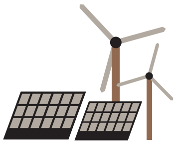
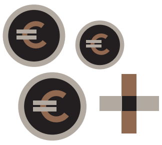


DEVELOPMENT

SITE IDENTIFICATION
Search for sites with top-class wind conditions or irradiance resource and analyse grid connection feasibility.

LANDOWNER AGREEMENT
Contact local landowners and negotiate leasing agreement.

RENEWABLE RESOURCE ANALYSIS
Install meteorogical equipment to collect and study wind profile and solar radiance.

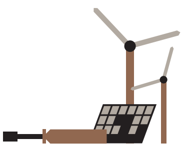
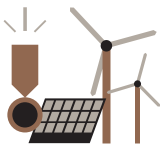
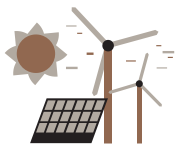




CONSTRUCTION | DEVELOPMENT

LAYOUT DESIGN AND EQUIPMENT CHOICE
Optimize the layout of the farm and select the best fit of equipment model based on the site characteristics.

PROJECT EVALUATION AND FUNDING
Evaluate potential operational and financial risks and find appropriate finance to the project.

OBTAIN CONSENTS AND PERMITS
Engage with local public authorities to secure environmental, construction, operating and other licenses.

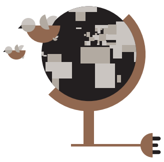
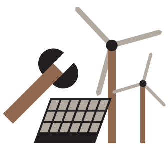
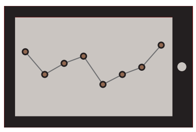




CONSTRUCTION | OPERATION

CONSTRUCTION
Build access roads, prepare foundations, assemble wind turbines or solar panels, construct substation.

OPENING CEREMONY
Celebrate the benefits of renewable energy with local communities, authorities and other stakeholders.

WIND AND SOLAR PLANT OPERATION
Complete grid connection and start to generate renewable electricity.

OPERATION

GENERATE AND DELIVER CLEAN ENERGY
Build access roads, prepare foundations, assemble wind turbines or solar panels, construct substation.

ONGOING MAINTENANCE SERVICE
Keep availability figures at the highest level possible and minimise failure rates.

DATA ANALYSIS
Monitor real-time operational data, analyse performance and identify opportunities for improvement.

1.4. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability – namely the economic, the environmental and the social – defining a strategy of best practices. Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2014-2017 Business Plan. This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: 1) Operational growth, 2) Risk controlling, 3) Economic value creation, 4) Environment, 5) Value circle, 6) People, 7) Governance, 8) Stakeholder Engagement, 9) Innovation and 10) Society. Defined goals make performance measurable to help drive the company as a growing leader in value creation, innovation and sustainability.

As of today, EDPR is successfully executing its sustainability roadmap creating solid foundations to outperform its 2014-2017 goals.

	Sustainability Roadmap (2014-17)	Execution 2015
Maintain leadership position in RENEWABLE ENERGY PRODUCTION	Installed capacity: > 2,000 MWs additions Avoided CO2: +7% (CAGR vs. 2013) < 1% emitted / avoided CO2	Added +1.1 GW in 2014-15 Avoided CO2: +7% (CAGR vs. 2013) 0.2% emitted / avoided CO2
CREATE VALUE while maintaining a LOW RISK profile	EBITDA: +9% (CAGR vs. 2013) Net Profit: +11% (CAGR vs. 2013) OPEX/MW: -2% (CAGR vs. 2013)	EBITDA: +11% (CAGR vs. 2013) Net Profit: +11% (CAGR vs. 2013) Lower OPEX/MW (CAGR vs. 2013)
Optimize ENVIRONMENTAL MANAGEMENT	100% Certified MWs (ISO 14001)	92% Certified MWs (ISO14001)
Maintain CIRCULAR ECONOMY in the internal management of the operations	Maintain hazardous wastes and used water per GWh ratios aligned with previous years > 90% Hazardous wastes recovered	32.7 Kg./GWh and 0.51 l/MWh 73% Hazardous wastes recovered
Ensure high SAFETY STANDARDS for employees and contractors	100% Certified MWs (OHSAS 18001) Zero accidents mind-set	93% Certified MWs (OHSAS 18001)
Ensure a high standard ETHICAL PROCESS	Zero tolerance for unethical behaviours	No communications regarding unethical behaviours to the Ethics Ombudsman
Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS	Stakeholders plan development in 3 geographies	Stakeholders plan developed in Spain
Invest in employees dev. of CORE COMPETENCIES and ensure continued compromise with society through VOLUNTEERING	>80% of employees in training activities >30% of employees in volunteering activities	99% of employees received training 66% of employees participated in volunteering activities
Promote INNOVATION in operation phase increasing assets efficiency	c. €10 million investment	€6 million investment
Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP	c. €500 thousand per year investment	€632 thousand investment in 2015

1.5. STAKEHOLDERS FOCUS

We aim to maintain an open and transparent dialogue with our stakeholders in order to build and strengthen trust, promote information and knowledge sharing, anticipate challenges and identify cooperation opportunities.

We do so through four main guiding commitments: Comprehend, Communicate, Collaborate and Trust. These commitments underlie a policy that aims to go beyond mere compliance with legal requirements, and to truly engage our different stakeholder groups.

COMPREHEND

Include, Identify, And Prioritize:

We have dynamically and systematically identified the Stakeholders that influence and are influenced by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

COLLABORATE

Integrate, Share, Cooperate, Report:

We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

COMMUNICATE

Inform, Listen, And Respond:

We are committed to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

TRUST

Transparency, Integrity, Respect, Ethics:

We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

Who is an EDPR stakeholder? Any person or entity that has an influence on or is influenced by our activities. They can be categorized into four segments: Democracy, Value Chain, Market and Social and Territorial Context.

The image below lists the different stakeholder groups, using Spain as an example:

IN SPAIN MOST STAKEHOLDERS RANK HIGH EDPR'S PERFORMANCE

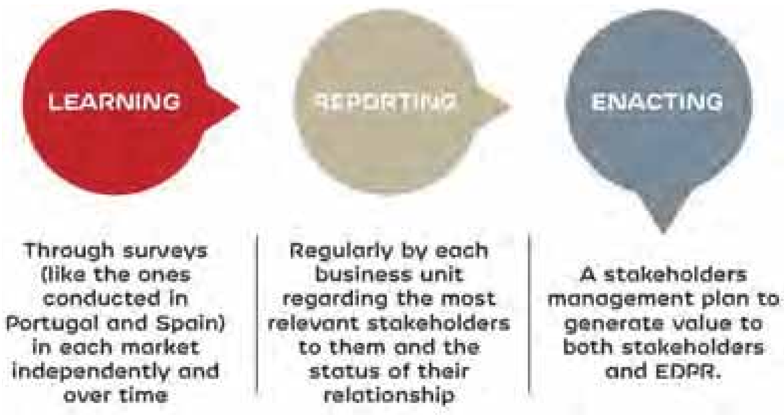
EDPR conducted its first Stakeholder Survey for the Spanish market in 2015 in order to better understand how to improve communication and relationships with its stakeholders. The study was conducted over a three months period, surveying opinions from 12 different groups of stakeholders, including associations, the media, universities, suppliers, analysts, banks, investors, NGOs, city administrators, regional administrators, landowners and employees. The information was collected through interviews conducted in person, on the phone, by mail, and online.

Similar to the survey conducted in Portugal by the EDP Group, this study looked at soft indicators such as satisfaction, relationship, credibility, relevance of issues for the stakeholder, delivery, transparecy, among others. But it also included new indicators, such as the degree of influence on the decision making process, as well as the relevance of issues for EDPR's business.

The analysis of the survey found that EDPR is recognized for its support of renewable energies, safety in energy generation and its quality R&D investments. Stakeholders also reported as some of the most important factors transparency, trustworthiness and a low environmental impact.

Surveying stakeholders helps us understand what influences our relationships with them, and how we can improve these relationships. In order to implement what we learned from the survey, each business unit will regularly report on their most relevant stakeholders and the status of the relationship with each group. We are also working to enact a stakeholder management plan, which will set actionable goals within a set time frame, to generate value for both stakeholders and EDPR.

HOW CAN WE IMPROVE OUR RELATIONSHIP WITH STAKEHOLDERS AND THEIR PERCEPTION TO POSITIVELY IMPACT EDPR BUSINESS?



As pointed out, the Spanish study follows a previous survey conducted in Portugal for the entire EDP Group. In the future, we plan to conduct similar studies in all EDPR markets around the world with the goal of further develop a global vision of the company's relationships with stakeholders across its different locations.

SURVEY FOR THE SPANISH MARKET

2015

3 months

12 different stakeholders

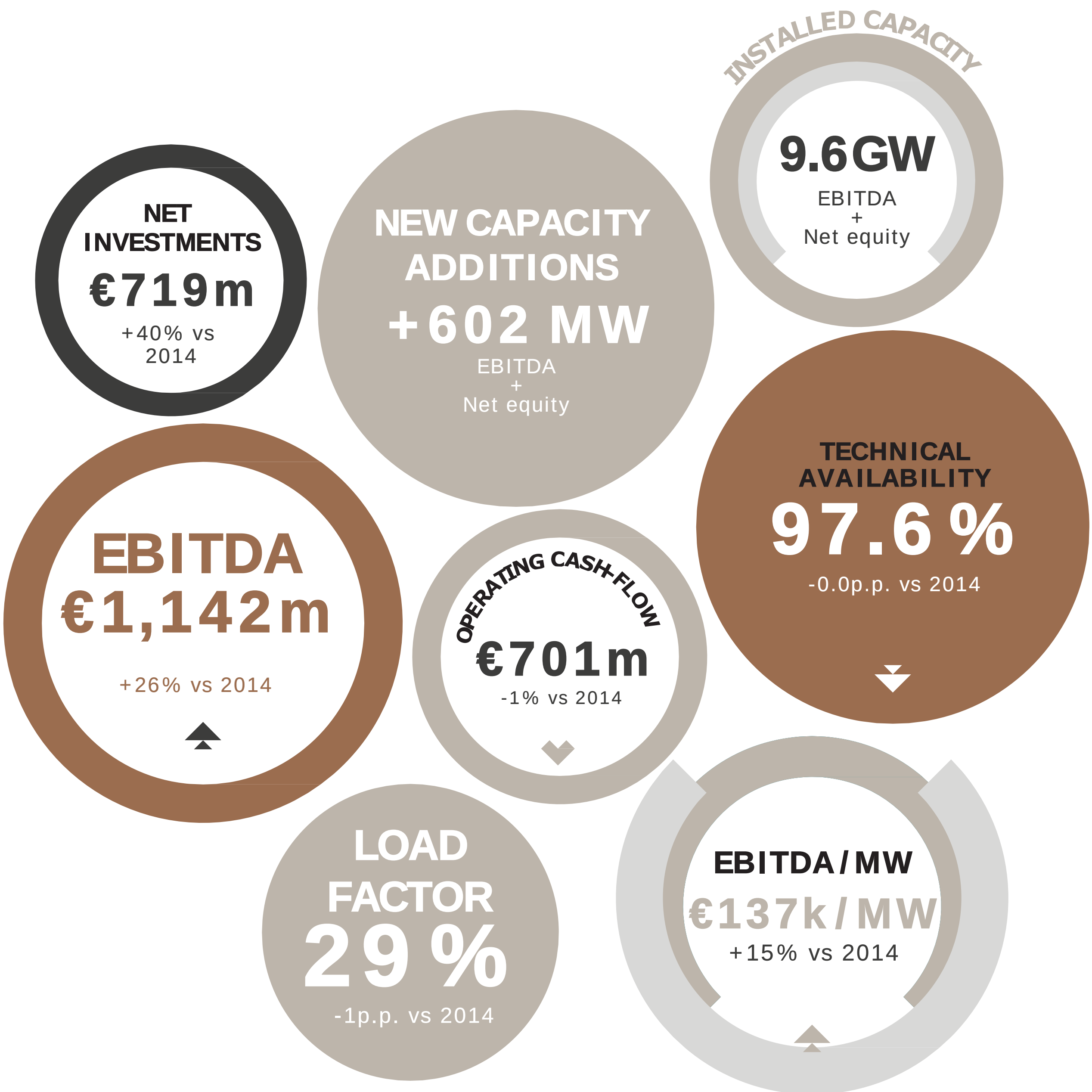
3000 interviews

EDPR'S BEST PERFORMING:

- Support for renewable energies
- Safety in energy generation
- Quality R&D investments
- Transparency
- Trustworthiness
- Low environmental impact

2. 2015 IN REVIEW

2.1. KEY METRICS SUMMARY



GENERATION
21.4 TWh
+8% vs 2014

EMISSIONS AVOIDED
18.7
mt CO_2
+10% vs 2014

NET PROFIT
€167m
+32% vs 2014

1,018
EMPLOYEES
+11% vs 2014

TRAINNING
99%
38hrs/employee

93%
CAPACITY CERTIFIED OHSAS 18001

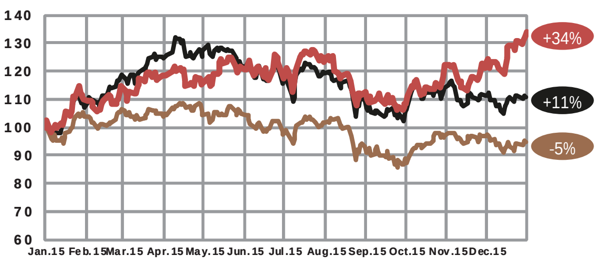
NET DEBT
€3.7 billion
+13% vs 2014

2.2. SHARE PERFORMANCE

Share price increased +34% in 2015, significantly outperforming NYSE Euronext Lisbon PSI20 and Dow Jones Eurostoxx Utilities SX6E.

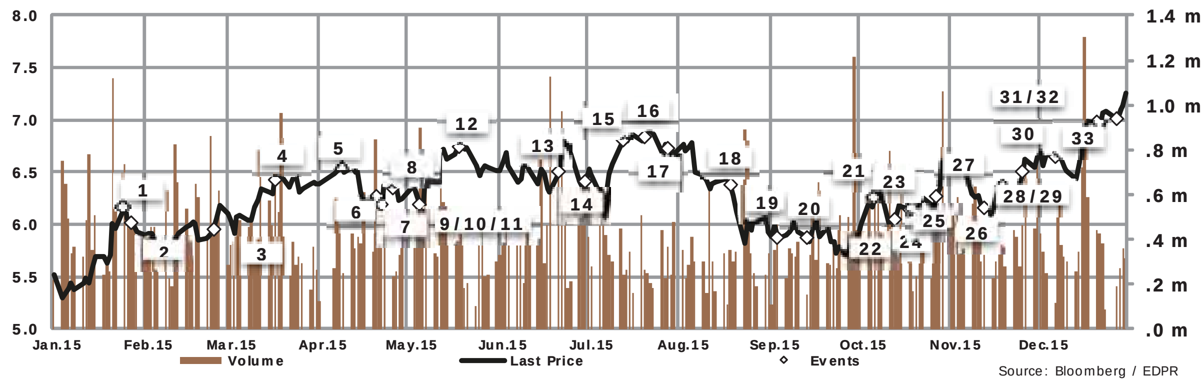
EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st 2015 EDPR had a market capitalization of 6.3 billion euro, +34% above from the 4.7 billion euro at previous year-end, and equivalent to € 7.25 per share. In 2015 total shareholder return was 35%, considering the dividend paid on May 8th of € 0.04 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



Source: Bloomberg

EDPR in Capital Markets	2015	2014	2013	2012	2011
Opening price (€)	5.40	3.86	3.99	4.73	4.34
Minimum price (€)	5.30	3.87	3.58	2.31	5.25
Maximum price (€)	7.25	5.7	4.36	4.86	3.89
Closing price (€)	7.25	5.4	3.86	3.99	4.73
Market capitalization (€ million)	6,324	4,714	3,368	3,484	4,124
Total traded volume: Listed & OTC (million)	289.22	396.84	448.15	446.02	463.56
...of which in NYSE Euronext Lisbon (million)	109.67	149.48	200.29	207.49	232.29
Average daily volume (million)	1.13	1.56	1.76	1.74	1.80
Turnover (€ million)	1,824.08	1,976.41	1,759.20	1,525.56	2,098.58
Average daily turnover (€ million)	7.13	7.75	6.9	5.96	8.17
Rotation of capital (% of total shares)	33%	46%	51%	51%	54%
Rotation of capital (% of floating shares)	148%	205%	229%	228%	239%
Share price performance	+34%	+40%	-3%	-16%	+9%
Total shareholder return	+35%	+41%	-2%	-16%	+9%
PSI 20	+11%	-27%	+16%	+3%	-28%
Down Jones Eurostoxx Utilities	-5%	+12%	+9%	-9%	-25%



Source: Bloomberg / EDPR

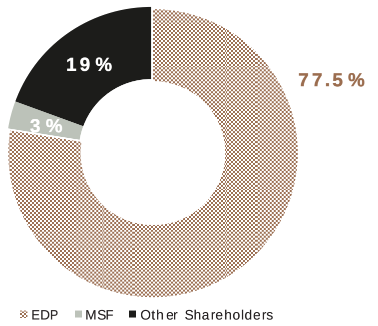
1 EDPR executes project finance for 120 MW in Brazil, 26-Jan
2 EDPR 2014 operating data, 28-Jan
3 EDPR releases FY 2014 results, 25-Feb
4 EDPR executes new asset rotation transaction in the US, 18-Mar
5 EDPR informs about resolutions of the Annual Meeting of Shareholders, 09-Apr
6 EDPR first quarter 2015 operating data, 21-Apr
7 EDPR announces dividend payment of €0.04 to occur in May 8th 2015, 23-Apr
8 EDPR acquires of 45% of EDPR Brasil from EDP Brasil, 27-Apr
9 EDPR informs about change in corporate bodies, 6-May
10 EDPR changes representative for relations with the market, 6-May
11 EDPR releases first quarter 2015 results, 6-May
12 EDPR informs about the sale of minority stakes in wind farms in Brasil to CTG, 19-May
13 EDPR informs about a complementary Asset Rotation program, 22-Jun
14 EDPR executes a new institutional partnership structure for 99 MW in the US, 1-Jul
15 EDPR first half 2015 operating data, 14-Jul
16 EDPR informs about wind offshore projects in the UK, 21-Jul
17 EDPR releases first half 2015 results, 29-Jul
18 EDPR informs about certain ENEOP assets, 19-Aug
19 EDPR informs about press news regarding its Asset Rotation program, 4-Sep
20 EDPR informs about its Asset Rotation program, 14-Sep
21 EDPR informs about agreement to acquire licenses for 216 MW in Portugal, 7-Oct
22 EDPR nine months 2015 operating data, 14-Oct
23 EDPR informs about agreement with CTG regarding offshore projects in the UK, 19-Oct
24 EDPR announces a new institutional partnership structure for 199 MW in the US, 20-Oct
25 EDPR releases nine months 2015 results, 28-Oct
26 EDPR informs about the award of LT contract for 140 MW at the Brazilian auction, 13-Nov
27 EDPR informs about a new PPA in the US, 20-Nov
28 EDPR informs about its 2014-17 asset rotation target and a new asset rotation transaction, 26-Nov
29 EDPR executes a new institutional partnership structure for 100 MW in the US, 26-Nov
30 EDPR informs about PPAs for 100 MW wind farm in the US, 7-Dec
31 EDPR informs about extension of key wind energy-related tax incentives in the US, 21-Dec
32 EDPR informs about the acquisition of 45% of EDP Renováveis Brasil from EDP Brasil, 21-Dec
33 EDPR executes the sale of minority stakes in Poland and Italy, 28-Dec

3. ORGANIZATION

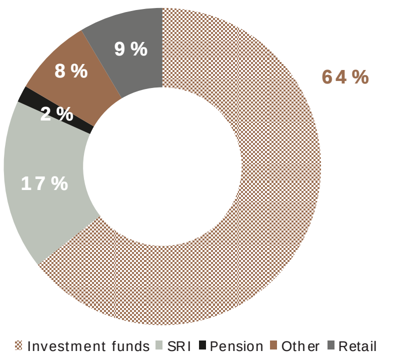
3.1. SHAREHOLDERS

EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

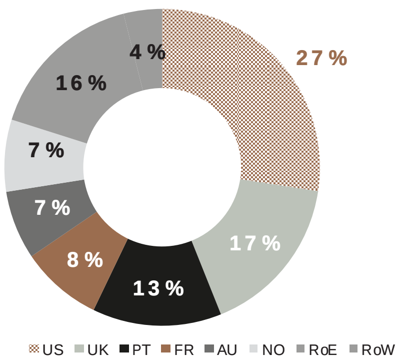
EDPR SHAREHOLDERS



SHAREHOLDER (EX-EDP) BY TYPE



SHAREHOLDER (EX-EDP) BY COUNTRY



EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872.308.162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

MAJOR SHAREHOLDER, THE EDP GROUP

The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008.

EDP ("Energias de Portugal") Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is the 4th largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries, with more than 10 million electricity customers and 1.2 million gas supply points and almost 12.000 employees around the world. In 2015, EDP had an installed capacity of 24.3 GW, generating 63.7 TWh, of which 34% come from wind. EDP has been recognised #1 worldwide in the Dow Jones Sustainability Index in the Utilities sector for the year 2013, and again in 2014, and member of the DJSI World for 8 years, following the group performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.

BROAD BASE OF INVESTORS

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise more than 72,000 institutional and private investors spread worldwide. Institutional investors represent about 91% of EDPR investor base (ex-EDP Group), while the remaining 9% stand private investors, most of whom are resident in Portugal.

Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 27% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, France, Australia and Norway. In Rest of Europe the most representative countries are Netherlands, Spain and Switzerland.

3.2. GOVERNANCE MODEL

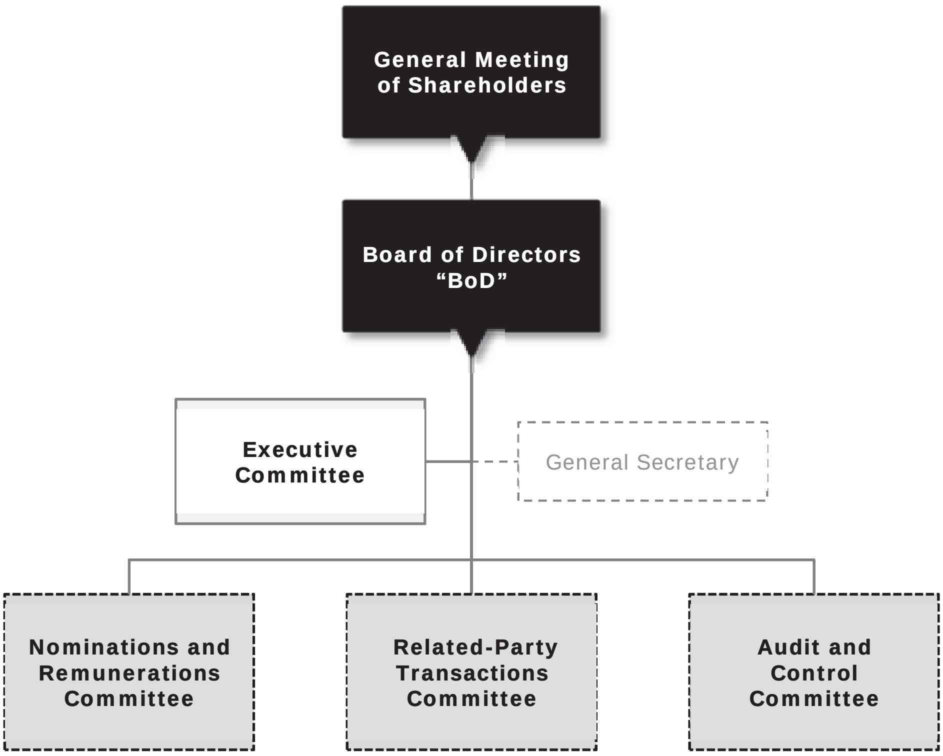
Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR's corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders' rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization's strategic response to risk management.

EDPR's corporate governance model is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities.

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions.

This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board.

EDPR's model attempts then to establish compatibility between two different systems of company law, through a Nominations and Remunerations Committee and Audit and Control Committee of independent members, although not exclusively separate from the Board of Directors ("BoD").



General Shareholders' Meeting

General Shareholders' Meeting is the body where the shareholders participate, it has the power to deliberate and adopt decisions, by majority, on matters reserved by the law or the articles of association.

BOARD OF DIRECTORS

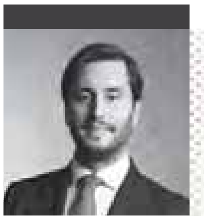
António Mexia
Chairman

Emilio García-Conde
General Secretary

João Manso Neto
Vice-Chairman and CEO

Miguel Dias Amaro
CFO

João Paulo Costeira
COO Europe & Brazil

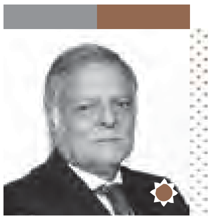


Gabriel Alonso
COO North America

Nuno Alves

João Lopes Raimundo

Jorge Santos
Chairman



João de Mello Franco
Chairman

José Ferreira Machado
Chairman

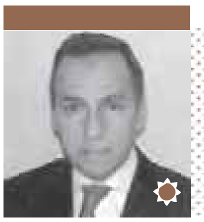
Manuel Menéndez

Allan J. Katz

António Nogueira Leite

Francisca Guedes de Oliveira

Gilles August



Acácio Piloto

Executive Committee
Audit and Control Committee
Nominations and Remunerations Committee
Related-Party Transactions Committee
Independent Member

Board of Directors

EDPR's BoD shall consist of no less than 5 and no more than 17 Directors, including a Chairperson. Currently it is composed by 16 board members, out of which 9 are independent. BoD members are elected for 3 years period and may be re-elected for equal periods.

EDPR's BoD has the broadest power for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law. Its members must meet at least 4 times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests.

Executive Committee

EDPR's Executive Committee (EC) is composed by five members, including a Chief Executive Officer (CEO). The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

The COO EU & BR and the COO NA coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD; they are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

Nominations and Remunerations, Related-Party Transactions and Audit and Control Committees

In addition to EC referred above, EDPR governance model contemplates permanent bodies with an informative, advisory and supervisory tasks independently from the BoD, such as:

Nominations and Remunerations Committee (independent members)	**Related-Party Transactions Committee**	**Audit and Control Committee** (independent members)
Functions		
Assist and report to the BoD about appointments, re-elections, dismissals and remunerations of: :: Members of the BoD :: Senior management personnel	Perform the duties of ratifying transactions: :: Between EDPR and EDP :: Its related parties, qualified shareholders, directors, key employees or his relatives	:: Propose the appointment of the company's auditors and the internal risk management and control systems :: Supervise internal audits and compliance :: Prepare an annual report on its supervisory activities

Remuneration Policy

EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators.

Fixed base cash compensation

+

Variable compensation
(Cash Bonus / No share compensation)

Annual
60-80%

Multiannual
80%-120%
deferred payment

Variable compensation defined through 12 KPI

Operational 28%

- Incremental MW
- Opex/MW
- Capex/MW
- Technical Availability

Economic 40%

- ROIC Cash
- EBITDA
- Net Profit
- Asset Rotation & Tax Equity

ESG 18%

- Sustainability performance (DJSI methodology)
- Employee satisfaction survey
- Appreciation of the Remuneration Committee

Total Shareholder Return 15%

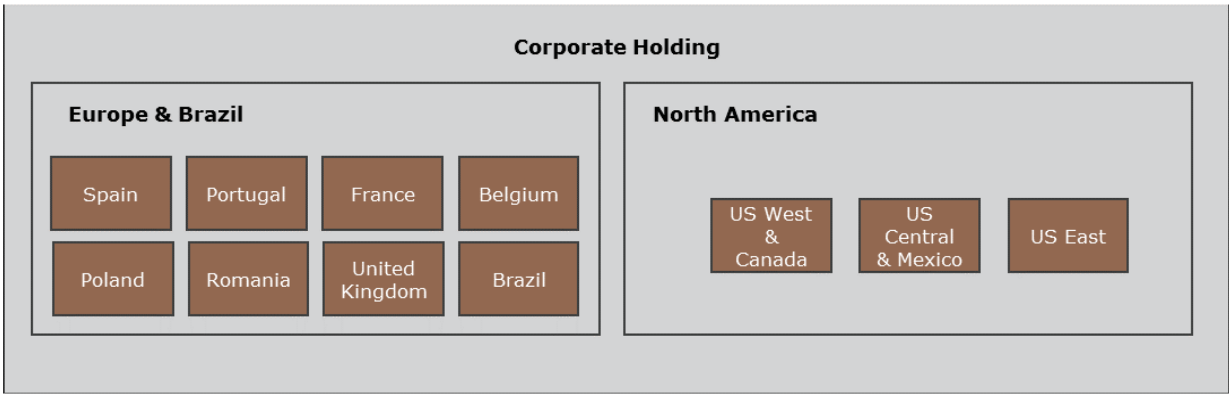
Total Shareholder Return vs. Peers & PSI 20

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2015 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

3.3. ORGANIZATION STRUCTURE

The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.

EDPR is organized around three main elements: a corporate Holding and two platforms that group all the business units where the company has presence.



ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: - Easy coordination, vertically (holding-platforms) and horizontally (across platforms); - Scalability and replicability to ensure efficient integration of future growth.

EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes - activities performed, processes steps, inputs and outputs, and decision-making mechanisms -, and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.

INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognizes its importance and complexity, and is committed to address ethics and its compliance. But is employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics and an Anti-Corruption regulation that go beyond just defining the company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the company stakeholders. The Code of Ethics has its own regulation that defines a process and channels to report any potential incident or doubt on the application of the code. The Ethics Ombudsman is behind this communication channel, and to analyse and present to the Ethics Committee any potential ethical problem. The code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

The Ethics Ombudsman plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

Identify an alleged violation of the code of ethics	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsman, indicating personal data and a detailed description of the situation.
Ombudsman performs a summary investigation	Ethics Ombudsman first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Ethics Committee decides if the complaint portrays a violation	Ethics Committee analyses every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in-house rules. After the investigation is complete, the Committee decides whether any corrective or disciplinary action is required.

In 2015 there were no communications to the Ethics Ombudsman regarding any irregularity at EDPR and no communications regarding any irregularity with material impact at EDPR though the whistleblowing channel.

ETHICS PROGRAM

Our commitment to ethics is reflected in our Ethics Program. Launched in 2010 and in order to renew ethical behaviours within the company and transmit the new additions to the code, was performed again during 2015.

The Ethics program is an important tool to assess the current status and promote awareness on the issue internally. The Program consists of an interpretative guide of the Code of Ethics, a survey to assess how ethics is understood by EDPR's workers and a training program. An online pilot training program was launched in 2015 to transmit general concepts to a group of employees, and after the great feedback provided by them it will be expanded to the rest of EDPRs personnel during 2016.

ANTI-CORRUPTION REGULATION

In order to ensure compliance with the standards of Anti-Corruption Regulation in all geographies where EDPR operates, the Company has developed an Anti-Corruption Policy of application to all EDPR Group, which was approved by its Board of Directors on December, 2014.

This Anti-Corruption Policy will involve a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group throughout 2015.

EMPLOYEE RELATIONS

EDPR is committed to respect freedom of trade union association and recognises the right to collective bargaining.

At EDPR, from 1,018 employees, 20% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

The collective bargaining agreements that are applied at EDPR are usually negotiated at state level or regional level, and EDPR may be just one of the players among other leading sectorial companies in the negotiation with employees' representatives, and in some cases, governmental representatives. In Portugal and Brazil, EDP negotiates its own agreements with employees, and those apply to all employee working for companies of the group, including EDPR.

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. EDPR organized training sessions for its employees to inform about the results of those negotiations.

During the last years, EDPR has performed different benchmark analysis of the benefits stated at the different collective bargaining agreements that apply to our employees, comparing them against the benefits offered by the company and, in general terms, the company offers a more competitive benefits package compared to what is stated in the collective bargaining agreement.

During 2015, representatives of the company held different meetings with employees' representatives to deal with some critical topics that affect EDPR, such as the health and safety of its employees, or the bonus payment that is being done in Brazil. In France, EDPR representatives defined a roadmap with the elected employees' representatives with the actions to follow in the short term.

A full description of the Ethics governance model can be found in the Corporate Governance Report

edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

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2. STRATEGY

ENERGY WITH INTELLIGENCE

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Margonin Wind Farm, Poland

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02. STRATEGY

1. BUSINESS ENVIRONMENT

1.1. TRANSITION TOWARDS A LOW CARBON ECONOMY

The world is currently facing vital decisions about the energy of tomorrow. While global primary energy demand is likely to grow by more than 30% over the next 20 years, the need to tighten greenhouse gas (GHG) emissions to address climate change is one of the main challenges of this century. This challenge, and in particular, the goal of limiting global warming below 2°C recently agreed at COP 21, requires an urgent shift towards a low-carbon economy.

The scientific consensus is that the Earth's climate system is unequivocally warming, and this is extremely likely attributable to GHG emissions from human activities.

Indeed, climate scientist have observed that carbon dioxide (CO_2) concentrations in the atmosphere have been increasingly rising over the past century: from the pre-industrial level of around 280 ppm (parts per million), to 397 ppm in 2014. This represents approximately a 40% increase, a trend that is inevitably leading to a rise in temperature levels due to the "greenhouse effect" (by which GHG trap heat in the atmosphere). It has been commonly regarded as an adequate mean to stop this trend and avoid the worst impacts of climate change, to keep global warming below 2°C compared to the pre-industrial average.

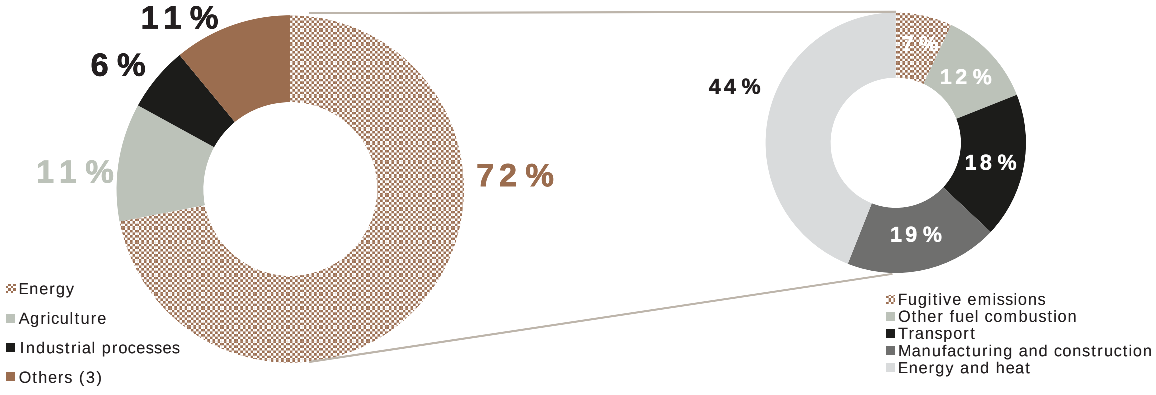
> **"Scientific evidence for warming of the climate system is unequivocal"**
>
> Intergovernmental Panel on Climate Change (IPCC)

THE ENERGY CONTRIBUTION

The energy sector is responsible for approximately two thirds of GHG emissions, being the power sector the largest emitter of CO_2. This suggest that we are not able to effectively fight against climate change without a shift in the way we produce energy, and in particular, electricity. Therefore, a key pillar of mitigation strategies is the decarbonisation of the energy sector through renewable energy deployment.

However, current deployment of renewables, especially in the heating sector and in transport, is still not enough to achieve the required energy-related CO_2 reductions, to keep global warming below 2°C. Therefore, the fundamental shift towards decarbonisation is still underway.

GLOBAL GREENHOUSE GAS EMISSIONS BY SECTOR



Source: World Resource Institute (2015)

COP 21 AGREEMENT REACHED IN PARIS

In December 2015, the COP 21 UN Climate Change Conference reached an historical agreement. A legally binding commitment signed by 195 countries aiming at keeping global warming below 2°C.

ROAD TO PARIS AGREEMENT

The Agreement reached at Paris in 2015 is the result of a process that started in Rio de Janeiro Earth Summit back in 1992. The United Nations Framework Convention on Climate Change (UNFCCC) was adopted, acknowledging the existence of anthropogenic climate change.

Industrialized countries had the major responsibility for combating it, and the Kyoto Protocol in 1997 provided those countries with binding GHG emissions reduction targets for the period 2008-2012, which entered into force in 2005.

In 2009, countries failed to extend the Kyoto Protocol, but they managed to recognize the common objective of keeping global temperature increase below 2°C.

In 2011, the Durban Platform for Enhanced Action (ADP) was created in order to seek an agreement before 2015, with legal force, applicable to both developed and developing countries, to be applicable in 2020.

In the run-up of the Paris Conference, 186 countries submitted their commitment to fight climate change (INDCs), with GHG reductions targets for 2025-2030.

The submitted INDCs showed that pledges would still result in a global warming between 2.4°C and 2.7°C, therefore, above the 2°C threshold.

1992	Acknowledged a human induced climate change
1997	GHG reduction binding targets for industrialized countries
2009	Recognized <2°C common objective
2011	Developed and developing countries to agree on a protocol with legal force
2015	INDCs commitments by country to reduce emissions by 2025/30
Next steps	Enter into force when 55% of GHG emissions ratify the aggrement

KEY ELEMENTS OF PARIS AGREEMENT

After a four-year negotiation round, bythe end of 2015, the so-called Paris Agreement was finally achieved with 195 countries agreing to curb greenhouse gas emissions in order to avoid the worst impacts of global warming. The agreement can be considered as historical as it reached the following key factors:

- **195 countries** participated in an agreement that reflects a "hybrid" approach, blending a top-down rules-based system and a bottom-up system of voluntary pledges to provide flexibility.
- **Keeping average warming below 2°C** was reaffirmed as the common goal, with some parties that should make efforts to limit it to 1,5 °C.
- **Aims to peak GHG emissions as soon as possible**, and to achieve "balance" between emissions and sinks in the second half of the century.
- **Sets mechanisms to rise targets periodically,** since submitted INDCs don't seem to be enough. Every country is bound to submit a new Nationally Determined Contribution (NDC) every 5 years, being each NDC progressively more ambitions than the previous one. However, NDCs are not binding.
- **Places a legal obligation on developed countries to provide climate finance to developing countries,** including a provision, stating prior to 2025, where countries should agree a "new collective quantified goal" from the floor of US$ 100 bn per year
- The Agreement is a treaty under international law, although not every provisions are legally binding.

NEXT STEPS

The Paris Agreement will be open for signature on April 22, 2016, and will enter into force on the 30th day, after at least 55 parties accounting for 55% of global greenhouse gas emissions have ratified it. Therefore, the earliest possible date of which the Agreement could enter into force is end-May 2016 but its unlikely to be so straightforward, with governments needing time to push ratification through their respective governments.

1.2. RENEWABLE ENERGY ADVANTAGES

In the current decarbonization scenario, with the commitment to keep global warming below +2°C, renewables are expected to play a key role within an energy sector that is the largest contributor to GHG emissions. Renewable energy has proven to be a competitive source of energy, with a strong contribution to GDP growth while on top of mitigating the potential impacts in the economy that climate change would bring.

A. AN IMMEDIATE PATH TO DECARBONISE THE GLOBAL ENERGY MIX

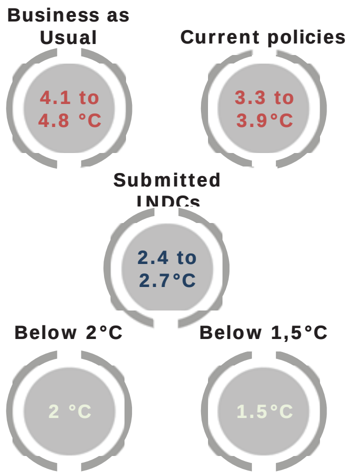
Ramping renewables is essential to meet climate goals without decelerating economic growth and reducing welfare. In the submitted INDCs prior to COP 21, the growth of the renewable energy capacity (including hydro) is expected to go from 29% in 2013 to a 44% in 2040, about 34% of the generation.

However, the fully implementation of the submitted INDCs and policies of similar strength after 2030, probably will still lead to a warming of around 2.4-2.7°C by 2100.

To achieve the 2°C target scenario, it would require emissions to be close to zero in 2100, while the 1.5° would even require negative emissions from 2080 onwards, which could be achieved with CO_2 removal technologies.

According to “IRENA” (International Renewable Energy Agency), doubling the share of renewable energy by 2030 could deliver around half of the required emissions reductions and, coupled with energy efficiency, keep the average rise in temperatures below 2°C, preventing, ultimately, the worst impacts of climate change. Most precisely, doubling the share of renewable energy by 2030 would allow to reduce 8.6 Gt of energy-related CO_2 every year until 2030.

PROJECTED TEMPERATURES INCREASE(1) IN 2100



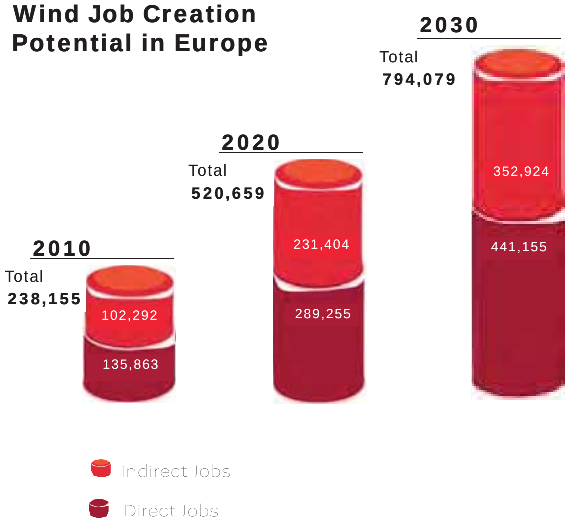
(1) Median values have been taken
Source: Climate action tracker / EDPR

B. BRINGING ECONOMIC GROWTH & IMPROVING ENERGY SECURITY

Today, renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognised as investments that can provide direct and indirect economic advantages by reducing dependence on imported fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development and creating jobs.

- ***GDP growth*** is one of the outputs of the large deployment of renewables worldwide, thanks to the development of a new industry, which has been representing an increasingly share of the global economy.

Wind Job Creation Potential in Europe



- ***Job creation*** has been asserted by several studies as one of the benefits of renewables, as they recognize this industry is more labour-intensive compared to fossil fuel technologies which are more mechanized and capital intensive. This means that, on average, more jobs are created for each unit of electricity generated from renewable than from fossil fuels. According to IRENA, the sector employed 7.7 million people in 2014, directly and indirectly, around the world (excluding large hydropower), an 18% increase from 2013. Wind energy, is responsible for more than 1 million, 31% of them in Europe.

- ***Reducing country energy dependency*** is possible because wind, solar and hydro technologies use endogenous resources. Countries enhance their security of energy supply and minimize their exposure to potential increases in fuel prices. Fuel resources are scarce and concentrated in some geographies which explains its high and volatile price.

- ***Reduce wholesale prices***, thus, energy-consumers' bills, because renewable generation is bid its output in wholesale markets at zero cost as wind or solar energy has no marginal cost. Power prices are determined by the intersection of power supply and demand, bids at zero displace more expensive technologies shifting, consequently, the supply curve. For a same level of demand, when wind production is available, the market price goes down (the so-called "merit order effect").

WIND EFFECT IN SPAIN POOL PRICE

It´s a fact that wind power reduces the price of electricity: the more the wind blows, the lower the pool or wholesale electricity market price is, which benefits consumers and companies in their electricity bills. This fact is easily observed in the Spanish market, for instance, in the first two weeks of 2015. At that time, the average daily market price, which is the basis for calculating the energy term of the electricity bill, reached 55.66 €/MWh, representing an increase of more than 67% over the same period of the previous year. What was the reason behind this? Low wind generation. According to data released by the Spanish Transmission System Operator (REE) on January 15th, wind production was 1,494 GWh that is 50% lower than in the early days of 2014.

C. RENEWABLES ARE FEASIBLE AND ECONOMICALLY VIABLE

Wind power is cheaper

€/MWh

Based on levelized cost of Energy (LCOE)

Source: EDPR analysis

Plummeting costs for renewable energy technologies are making a global energy transition not only possible, but actually, less expensive than the alternative. This is the reason why an increasingly number of private companies are opting for renewables to provide their energy needs, including some of the biggest worldwide as Apple, Ikea, Amazon, Wal-Mart and Lego.

- Onshore wind is the least expensive in many regions of the world, mainly due to the drop in wind turbines prices (almost a third in the last 6 years). Its increasingly competitiveness is therefore expected to drive future deployment. Bloomberg expects wind capacity worldwide to reach more than 2,000 GW in 2040 (compared to ~370 GW at the end of 2014).
- Solar PV has also experienced dramatic costs reductions that have boost its competitiveness. Solar PV modules prices have dropped 75% since 2009, and this trend is expected to continue. According to Bloomberg, solar PV is expected to dominate new build around the world with almost 5,000 GW of installed capacity by 2040 (from 177 GW in 2014YE).

D. THE COSTS OF ADDRESSING CLIMATE CHANGE MAY BE LOWER THAN THE COSTS ASSOCIATED TO INACTION

Many studies have also analysed the costs of addressing climate change compared to the costs of "inaction" (business as usual). Most of the studies agree on the fact that, if we don't act now, the overall costs and risks of climate change would outweigh the costs of current mitigation options. Most of the studies conclude that, potential impacts of climate change on water resources, food production, health and the environment among others, will provoke important losses for the economies. Instead, the costs of mitigation options (mainly renewables' deployment) will have a negligible impact on aggregate terms.

Focusing on the energy sector, Citi has conducted a study ("Energy Darwinism II"), in which it concludes that the expenditure on energy over the next quarter century, on an undiscounted basis, is remarkably similar in a low-carbon scenario compared to business-as-usual one. More precisely, the cost of following a low-carbon route in the next 25 years would be of US$190.2 trillion which is even cheaper than the cost in an "inaction" scenario (US$192.0 trillion). This is due to the rapid drop of renewables' costs, which, combined with lower fuel usage from energy efficiency investments, result in significantly lower long-term fuel bill.

Therefore, from an economic perspective, the transition towards a low-carbon economy would have positive effects, not only in aggregate terms, but even in the energy sector.

YES TO WIND POWER

THE SUCCESSFUL "YES TO WIND POWER" CAMPAIGN WAS LAUNCHED IN SPAIN IN EARLY 2015, AND WILL BE ROLLED OUT TO SEVERAL OTHER MARKETS IN 2016 SUCH AS POLAND, ROMANIA AND ITALY.

CAMPAIGN OBJECTIVES:

"Yes to Wind Power" works to spread the word that renewable energy is now one of the least expensive generation technologies in the world, even beating out traditional sources like gas and coal. In addition to the economic benefits, the campaign also emphasizes that promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change. Wind power's scalability, speed of deployment and falling costs make it the best choice to achieve emissions reductions.

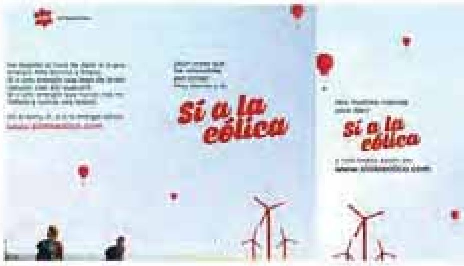
The end goal of the campaign is to create more advocates for renewables, and increase societal support for the continued development of wind power and other renewable methods of energy generation.

CAMPAIGN MEDIA:

VIRAL VIDEO

WEBSITE: www.yestowindpower.com

YOUTUBE, FACEBOOK; TWITTER



LEAFLET

Through "energetic hipster", a character created to reach the younger public, the campaign has already reached more than 5 million people, offering scientific data in an easy to read and access format. EDPR created a viral video and a web site full of well-researched and credible information including scientific articles and reports about the benefits of wind power and other types of renewable energy. This is made available to the press, opinion leaders and the general public.

"Yes to Wind Power" also has a social media component that aims to build an online community around it. The campaign has been featured in thousands of news reports and blogs, including an article in The Wall Street Journal.

CAMPAIGN'S REACH:

1,235,989 hits

1.3. SUPPORTIVE POLICY INSTRUMENTS

Wind economics, energy policies and environmental concerns continue to drive renewables capacity growth globally.

2015 HIGHLIGHTS

2015 was a record year for the wind industry as annual installations crossed the 60 GW mark for the first time, bringing total capacity to 432 GW.

By region, 2015 was undoubtedly a great year for **China** that surpassed for the first time the astonishing figure of 30.5 GW, a record figure never seen before and clearly above expert's estimates.

In **Europe**, 12.8 GW of wind were installed during 2015, a 6.5% increase compared to 2014 installations. Germany, that added 6 GW, was again the largest market, both in terms of cumulative capacity and new installations. Poland came second with 1.3 GW added, more than twice the annual installations in 2014. France was third with 1.1 GW, followed by UK which managed to connect 1 GW.

Although 2015 was a relatively quiet year for European onshore wind, it was an outstanding year for offshore. EWEA (European Wind Energy Association) reported that 3,019 MW offshore wind capacity were installed in European waters, a 108% increase over 2014. These results make cumulative installed capacity amounting to 11,027 MW, consolidating European leadership in terms of offshore wind. This impressive achievement was primarily driven by the German market, where 75.4% of all new capacity was brought online (2,282.4 MW), a four-fold increase compared to 2014. The second largest market was the UK (566.1 MW, or 18.7% share), followed by the Netherlands (180 MW, or 5.9% share). However, despite German additions, UK continues to be the largest offshore market, with 5 GW of installed capacity representing nearly half of total European capacity.

Overall, in Europe, wind power was the energy technology with the highest installation rate, reaching 44% of all new installations. Solar PV came second with 8.5 GW (29% of 2015 installations) and coal third with 4.7 GW (16%). Globally, renewables accounted for 77% of new installations.

2015 was also a very good year for **North American** wind, primarily driven by US installations: 8,598 MW (a 77% increase over 2014). The US ended 2015 with 74,472 MW, consolidating its second position (after China) in terms of total installed capacity. Mexico installed 714 MW, amid the implementation of its comprehensive electricity market reform, while Canada 1,508 MW, slightly less than in 2014.

In **Latin America**, Brazil lead the way, installing a record 2,754 MW, with cumulative capacity reaching 8.7 GW. It also worth noting that Uruguay added 316 MW, 60% increase versus its 2014 capacity.

Other **emerging economies** also achieved important additions as for example India (2,623 MW, surpassing Spain and becoming the fourth largest market), South Africa (483 MW), Panama (235 MW) or Ethiopia (153 MW), among others.

In 2015, the main drivers for wind energy growth were its increasing competitiveness, the need to fight climate change and reduce pollution (particularly choking smog that is dangerously threatening people's health in many countries). Energy security, increasing power demand in emerging countries, insulation from volatile fuel markets, job creation and local industrial development were also decidedly key, but price and environmental concerns stood out as main drivers in 2015.

EUROPE:

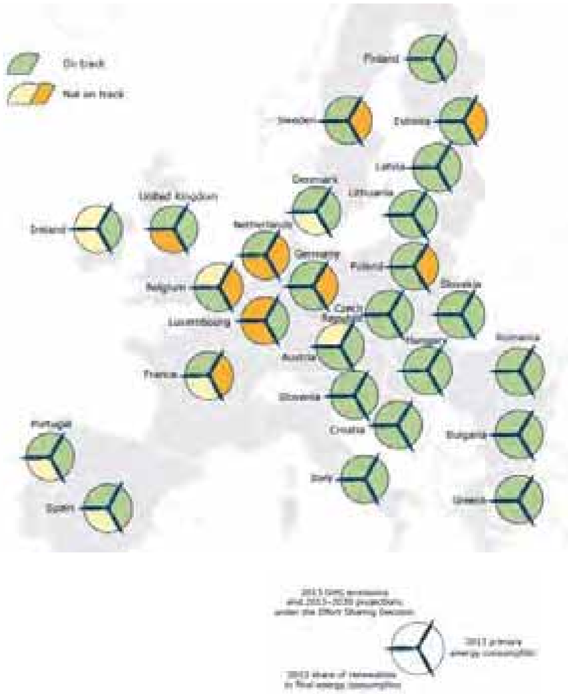
In October 24th European Council reached an agreement on 2030 Climate and Energy Policy Framework. A binding renewable energy target of at least 27% was set at European level, a binding EU target to reduce domestic greenhouse gas emissions by 40% compared to 1990 levels and a non-binding energy efficiency target of 27% (to be re-visited by 2020). The framework does not mention individual targets for state implementation so it is still not clear how efforts will be conducted at the national level. European Institutions have now to work in the governance system to set the framework to reach this 2030 targets.

	Renewable energy	CO_2 emissions reduction	Energy efficiency
2020 targets	20%	20%	20%
2030 targets	At least 27%	At least 40%	At least 27%

In October 2015, the European Environment Agency published its “Trends and projections” report, according to which the EU would be on tract to meets its climate and energy targets set for 2020. The report states that GHG emissions were already in 2013 19.8% below 1990 levels (and therefore, very close to the 20% target). Regarding renewables share, the 2020 target could be meet, provided that Member States sustain the speed of renewables’ development.

Progress on member states towards 2020 targets

- The situation differs significantly among countries:
  - **24 are on track to meet their GHG targets** (all except Austria, Belgium, Ireland and Luxembourg);
  - **20 are on track to achieve their renewable energy targets** (all except Denmark, France, Ireland, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom);
  - **20 are on track to achieve their energy efficiency targets** (all except Belgium, Estonia, France, Germany, Malta, the Netherlands, Poland and Sweden);
  - **13 Member States** (including Italy and Romania) **are on track to deliver on their national targets in all three areas**
- This is an improvement vs 2014 report, where only 9 Member States were on track to deliver on their national targets in all three areas



SPAIN:

On January 14th 2016 the first auction of RES capacity under the RD 413/2014 framework was held.

The auction was designed to provide a similar remuneration scheme that the one that applies to current installations (RD 413/2014).

Developers were bidding to build 500 MW of wind energy and 200 MW of biomass plants.

The auction was very competitive, around 5 times oversubscribed for onshore wind, and awarded contracts without any incentive, this is, at 100% discount to the opening price. EDPR was awarded 93 MW of wind energy.

The Government has announced that more auctions will be organised, possibly in 2016, to contract the capacity that Spain needs to comply with its 2020 targets.

In connection with 2020 targets, the ministry of Industry, Energy and Tourism published in December its "National Energy Infrastructure Plan 2015-2020" which includes government's view on capacity additions by technology throughout the period. According to this document, and in order to comply with the 2020 targets, around 4.5-6.5 GW of wind capacity would be needed.

FRANCE:

In France, the "Energy Transition bill", whose aim is to build a long-term and comprehensive energy strategy, was finally passed in July 2015. In 66 articles, the text targets to cut France's GHG emissions by 40% between 1990 and 2030 (and divide them by four by 2050), to halve the country's energy usage by 2050, to reduce the share of fossil fuels in energy production, to cap the total output from nuclear power at 63.2 GW and bring the share of renewables up to 32% of the energy mix.

Following the provisions of the "Energy Transition Law", the French government disclosed a draft decree with the details of a new remuneration scheme for renewables. According to this text, renewables will be remunerated by contract-for-difference scheme. However, the implementation for wind energy will probably be delayed to 2018 and up until then, new wind farms will be remunerated according to the current feed-in tariff scheme.

POLAND:

In Poland, a new Renewables' Act was approved in February 2015, introducing a different support system for new renewables plants. According to the law, the current Green Certificate (GC) system will be replaced by a tender scheme. However, the current GC scheme will be maintained (with some adjustments) for operating plants. These plants will have the choice to remain under the GC scheme or shift to the new scheme through specific tenders for operating assets.

ITALY:

In Italy a new draft decree envisaging new wind tenders for at least the two next years. According to the draft, 800 MW of onshore wind could be tendered, with a reference tariff of 110€/MWh. The publication of the final decree is expected for the first quarter of 2016.

UNITED KINGDOM:

On February 26, DECC (Department of Energy and Climate Change) and National Grid, published the results of the first "Contract for Difference" (CfD) auction. Over 2.1 GW of capacity across 27 projects was awarded a CfD contract. Successful projects include 15 onshore wind projects, 2 offshore wind and 5 solar PV, among others.

UK energy secretary Amber Rudd announced a "new direction for UK energy policy" in a speech on 18 November. According to it, the strategy is likely to be focused on gas, nuclear, and provided it cuts its costs, offshore wind. With regards to offshore, she announced that the government would fund three auctions before the end of the decade, with the first probably to be held by end 2016. However, this funding will depend on offshore wind capacity to lower its costs.

ROMANIA:

The European Commission (DG Competition) disclosed in May 2015, its clearance to the Romanian Renewables support scheme amendments notified in 2013 and 2014. Therefore, the amendments have been declared compatible with European regulation, specifically, the European Energy and Environmental State aid Guidelines (EEAG).

On December 2015 the Government finally set the value of the GC quota for 2016 at 12.15%, the same value that was proposed by ANRE by the end of July (well below the original 17% set in the original RES Law)

BRAZIL:

There are two types of renewable reverse auctions in Brazil: energy auctions and capacity auctions. Energy auctions result in long-term power purchase agreements (PPAs) being signed between generators and distributors in order to satisfy distribution companies' demand. Capacity auctions result in long-term PPAs signed between generators and Brazil's wholesale market operator, being the main purpose to guarantee the country's reserve margin and grid safety.

In 2015, renewables' projects participated in four auctions. EDPR was awarded 140 MW of wind in an auction held on November 13th.

EUROPEAN TRADING SYSTEM REFORM

The EU emissions trading system (EU ETS) is a cornerstone of the European Union's policy to address climate change and it represents a key tool for reducing GHG emissions cost-effectively.
However, the scheme has been witnessing severe challenges. To address them, the European Commission has approved a range of measures.

BACKGROUND:

The EU's emissions trading scheme (EU ETS) was launched in 2005 to promote the reduction of GHG emissions in a cost-effective and economically efficient way. It works on a “cap and trade” principle. A cap, set by the EU, is set on the total amount of certain GHG that can be emitted by the industries, power plants and other installations in the system. The cap is reduced over time so that total allowed emissions gradually decreases. Within the cap, companies receive or buy emission allowances which they can trade as needed.

However, in recent years, weak demand for allowances, largely due to the economic crisis, has led to a surplus of allowances, which has depressed the carbon price.

THE REFORM:

To address the problem, the EU Commission has introduced two mechanisms: backloading in 2014 and the Market Stability Reserve in 2015.

The Backloading was implemented through an amendment to the EU ETS Auctioning Regulation which entered in force on February 2014. It has been designed as a short-term mechanism that consists on postponing the auctioning of allowances. In particular, the auction volume has been reduced by 900 million allowances (400 million in 2014, 300 million in 2015 and 200 million in 2016). By such, the backloading is aimed at rebalancing supply and demand in the short term, and reducing price variations.

The Market Stability Reserve (MSR) is a long-term, structural measure approved by the European Parliament of 7 July 2015 and by the Council on 6 October 2015. The MSR aims at reducing the historical surplus of allowances and improving the resilience of the EU ETS by adjusting the supply of allowances to be auctioned. The scheme will start operating in 2019 and is expected to put Europe on the right track to achieve its ambition to cut greenhouse gas emissions by 40% in 2030 compared to 1990 levels.

In accordance with the MSR, when in a given year the total emission allowances exceeds a certain threshold, a percentage of allowances will be automatically withdrawn from the market and placed into the reserve. In the opposite case, allowances will be returned from the reserve to the market.

Under the scheme, backloaded allowances (900 million postponed allowances withdrawn from the market at least until 2019), will be placed in the reserve when in starts in 2019. Unallocated allowances from the period 2013-2020 will be also added in the reserve as soon as in 2020.

For the period 2021-2030, market imbalances would also be addressed by a faster reduction of the annual emissions cap. The European Commission is proposing reducing the overall number of allowances by 2.2% each year compared to the current figure of 1.74%.

U.S. TO CONTINUE LEADING THE WAY

Growth in the US expected to add +18 GW of renewable capacity per year until 2020 to meet environmental (RPS) targets and wind energy competitiveness, according to NREL. Incentives as PTCs and the prevalence of PPAs also play a key role.

Historically, the typical framework of wind development in the US has been decentralised, with no national feed-in tariff. It involves the combination of two key drivers of the top line:

- PTCs: production tax credits are the dominant form of wind remuneration in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2015), over the first 10 years of the asset's life. There are other mechanisms as well, such as ITCs, investment tax credits equal to 30% of the initial capex usable in lieu of PTCs.
- PPAs: long-term bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for inflation or a negotiated escalator. Demand for PPAs has been very strong, driven mainly by the need to meet renewable portfolio standards (RPS) targets but also from increasing improving relative competitiveness of wind energy.

The PPA + PTC combination allow wind energy companies to 'lock-in' a return over the life of the assets. The final goals targeted by the application of this framework involve cost competiveness and affordability, security of supply and environmental concerns.

LONG TERM VISIBILITY OF INCENTIVES

Historically, eligibility for production tax credits incentives has been made possible for a couple of years at a time, over a limited period, without any visibility on any further extensions. After many extensions in a 'stop and go' approach, companies required visibility on the investment horizon for wind energy companies.

The President of the US signed in December 2015 the Consolidated Appropriations Act, 2016, which includes the extension of energy-related tax incentives for renewable energy in the country. As a result of this Act, wind energy projects that begin construction before January 1st 2020 will qualify for 10 years of Production Tax Credits ("PTC") on the electricity output. Previous to this extension, PTCs were available for wind energy projects that had begun construction before January 1st 2015.

The 5-year extension also includes a phase down according to which the PTC value shall be reduced by 20% in the case facility construction begins after December 31st, 2016, and before January 1st, 2018; by 40% if construction begins after December 31st, 2017, and before January 1st, 2019; and by 60% if construction begins after December 31st, 2018, and before January22020. Projects also have the option to choose, in lieu of the PTC, an Investment Tax Credit ("ITC") on the project cost during the same period and with the same phase down percentages.

This framework provides long-term visibility and an improved environment for the development of new wind and solar projects, thus creating conditions to allow EDPR to further execute competitive projects in the US and strengthen its presence in a country that is already its main growth market.

PTCs are currently crucial, but their relative importance is likely set to decrease over time. The economics of wind power in the U.S. are rapidly improving, necessitating lower and lower PPA prices, to the point where wind is competitive on its own in some areas against other traditional technologies, on a 'new-build' basis. The various RPS and other environmental goals will still represent a substantial incentive, PTCs notwithstanding.

WIND ENERGY COMPETITIVENESS

The improving wind energy economics include decreasing capex and opex per MW, and even more per MWh due to the increase in load factors via technology improvements in wind turbines and also overall excellent wind resources in the US, especially in the regions with best resource available. In the west and east states, load factors are typically within 25-30%, while in the central states those are typically of 30-45%. This naturally makes wind energy further more competitive from a fundamental standpoint, even without incentives.

RPS DEMAND

The renewable portfolio standards (RPS) are designed to require power suppliers to provide a minimum share of electricity from renewable sources, on a state-by-state basis. Such standards have increased and by 2015 a total of 31 states have binding RPS objectives, as shown in the table below, which excludes the 7 states with voluntary goals. Although those are implemented by states all-round the US, however a strong cluster is observed in the west/pacific cost and the north east. This typically represents 10% to 25% to be reached by 2020-25 for most states, and often foreseeing a gradual increase in the mandated percentage.

Renewable Portfolio Standards (RPS) set penalties to utilities that do not procure a certain percentage of generation from renewable resources. Utilities can either invest directly in renewable generation assets, purchasing electricity from other renewable generators or purchase RECs. As a result, many utilities setup auction systems (RFPs) to seek long-term power purchase agreements with renewable energy generators. Due to the competitiveness of wind energy, this technology has received the largest share of awarded PPAs.

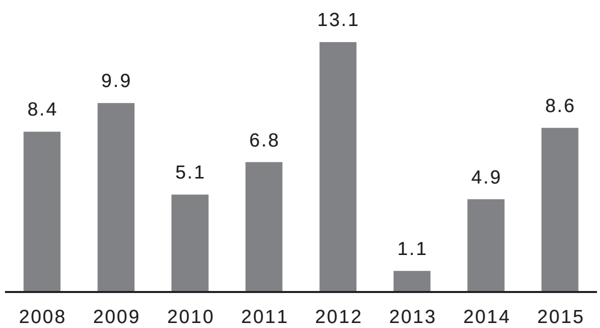
RPS objective	2015	2020+	RPS objective	2015	2020+
Arizona	4.5%	15%	Montana	15%	15%
California	23%	33%	Nevada	20%	22%
Colorado	17.3%	28.8%	New Hampshire	13.8%	23.8%
Connecticut	16%	27%	New Jersey	12.2%	20.5%
Delaware	13%	25%	New Mexico	15%	20%
District of Columbia	9.5%	20%	New York	9.3%	9.3%
Hawaii	15%	25%	North Carolina	8%	12.5%
Illinois	10%	20.5%	Ohio	3.5%	8.5%
Iowa	0.7%	0.7%	Oregon	15%	20%
Kansas	15%	20%	Pennsylvania	14%	18.5%
Maine	8%	13%	Rhode Island	9.2%	16%
Maryland	13%	20%	Texas	5%	8.6%
Massachusetts	8%	15%	Vermont	8%	10.5%
Michigan	10%	10%	Washington	3%	15%
Minnesota	20%	30%	Wisconsin	10%	10%
Missouri	8%	15%			

Moreover, the U.S. administration has also recently announced (August 2015) the Clean Power Plan by the U.S. Environmental Protection Agency (EPA), a plan to help cut carbon pollution from the power sector by 32% by 2030 (against 2005 levels). Power plants are responsible for about one-third of all US greenhouse gas emissions. This plan implies greater reliance on gas (CCGTs account for c. 40% of the planned reduction emissions), but also on alternative energy sources (c. 25% of the planned reduction emissions), and especially wind.

GROWTH PROSPECTS

Demand growth in the U.S. market could still be motivated by other existing forces, primarily the planned coal capacity retirements, wind energy competitiveness as well as RPS compliance in several states. Approximately 42 GW of coal capacity has been announced to retire through 2020 of which we expect wind to absorb a significant share in the replacement of such retirements. Furthermore, renewable energy generation becomes more competitive as a direct result from coal retirement. A higher penetration of energy generated from natural gas can lead to more flexible grids, benefitting intermittent resources such as renewables.

US wind energy additions (GW)



Regarding RPS targets in place to encourage renewable energy demand, we estimate 22 GW of wind will need to be added until 2020 in order to fulfil compliance with targets already established. From wind energy competitiveness alone, we believe an additional 7 GW can be added.

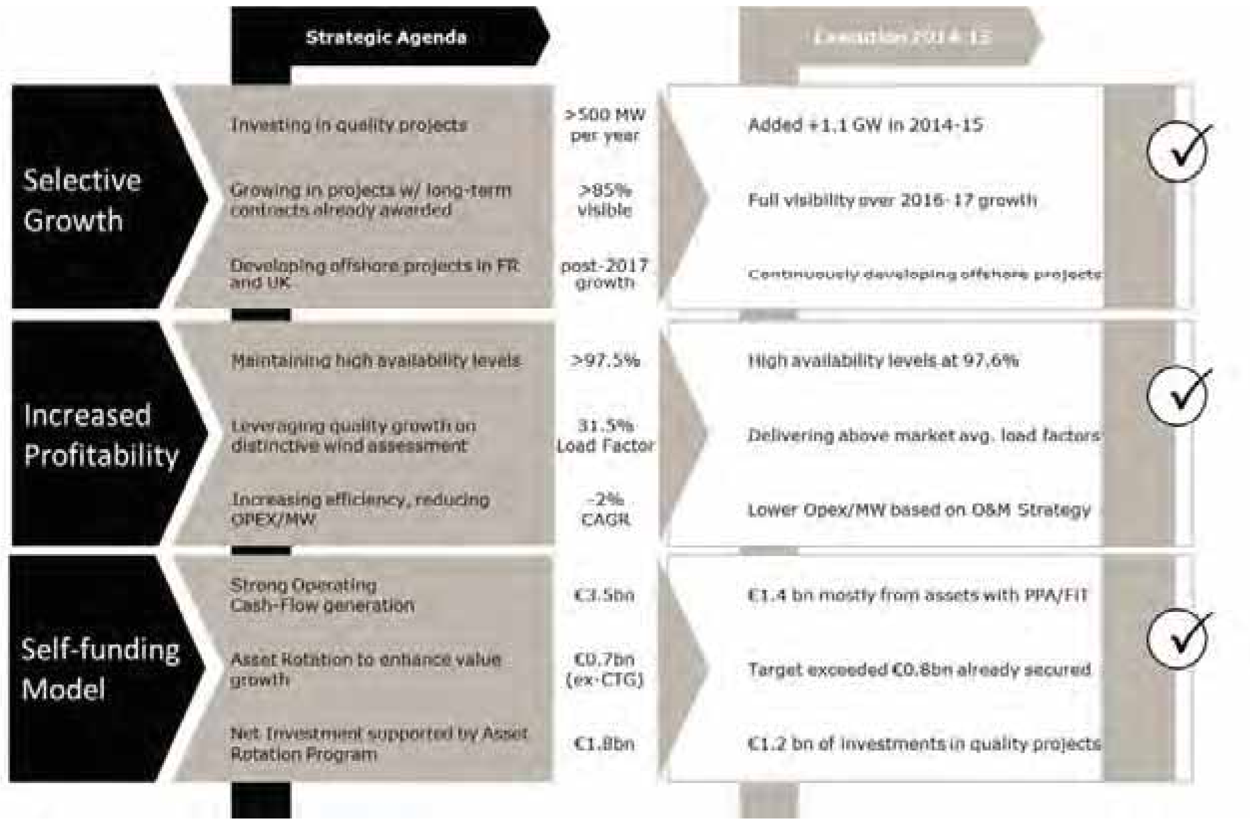
2. BUSINESS PLAN 2014-17

EDPR's value creation strategic plan through 2017 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Increased Profitability and Self-funding Model.

On May 2014, EDPR presented to the financial community its Business Plan for 2014-17 at the EDP Group Investor Day held in London, in which were present c.200 financial markets participants.

Since its inception, EDPR has been performing a strategy focused on selective growth, by investing in quality projects with predictable future cash-flows, and seamless execution, supported by core competences that yield superior profitability, all embedded within a distinctive and renowned self-funding model designed to accelerate value creation. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a global leading company in the renewable energy industry.

As of today, EDPR is successfully executing its strategic agenda creating solid foundations to outperform its 2014-17 goals.



EDPR on-target execution will allow the company to deliver solid growth targets...

ELECTRICITY OUTPUT	EBITDA	NET PROFIT	DIVIDEND PAY-OUT
9% CAGR 13-17	**9%** CAGR 13-17	**11%** CAGR 13-17	**25-35%**

...and continue to lead in a green and sustainable sector with increased worldwide relevance.

2.1. SELECTIVE GROWTH

The selective growth strategic pillar is the guiding principle behind EDPR's investment selection process, it ensures that the projects that are finally built have the best fit with the Company's low risk profile at superior profitability. This strategy can be seen in the 2014-17 Business Plan growth options, as projects have been selected according to two key guidelines:

1) Low risk profile - New capacity benefits from long-term PPAs already awarded or under stable regulatory frameworks. This guarantees high visibility of the project's future cash-flows, reducing risk and locking-in project profitability.

2) High operational performance – The projects selected exhibit strong operating metrics, namely above portfolio average load factors. This improves project competitiveness and drives higher profitability.

EDPR is well on track to deliver on its business plan target growth of +2 GW (>500 MW/year). EDPR's Extensive pipeline has been an important contributing factor to the successful execution of this strategy. The availability of multiple projects coupled with strong development expertise guarantees that only the best, fully optimized, projects are finally selected for investment.

60% GROWTH FROM US, DRIVEN BY PPAS ALREADY SIGNED

The United States is EDPR main growth driver for the 2014-17 Business Plan timeframe. The PTC tax benefit scheme, strong demand for long-term PPAs from wind energy projects, combined with EDPR's deep portfolio of projects in this market support this solid growth opportunity. Additionally, self-funding is available through tax equity partnerships with the possibility of asset rotation transactions as well, given the strong interest from infrastructure and pension funds for equity stakes.

The December 2015 extension of the Production Tax Credit, that includes a gradual phase down of the PTC value for projects that start construction before 2020, provides further long-term visibility and an improved environment for the development of new wind energy projects. This extension provides visibility to US growth beyond the 2014-17 timeframe, further strengthens the strong fundamental of the US wind market, and support EDPR's choice to shift growth to the US.

Project economics on all of the new investments in the US are strong, with average load factors of about 43%, earning average PPA prices in the first year of $48/MWh, leading to double-digit IRR percentages.

20% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provide good growth opportunities supported by regulatory frameworks that provide a low risk environment.

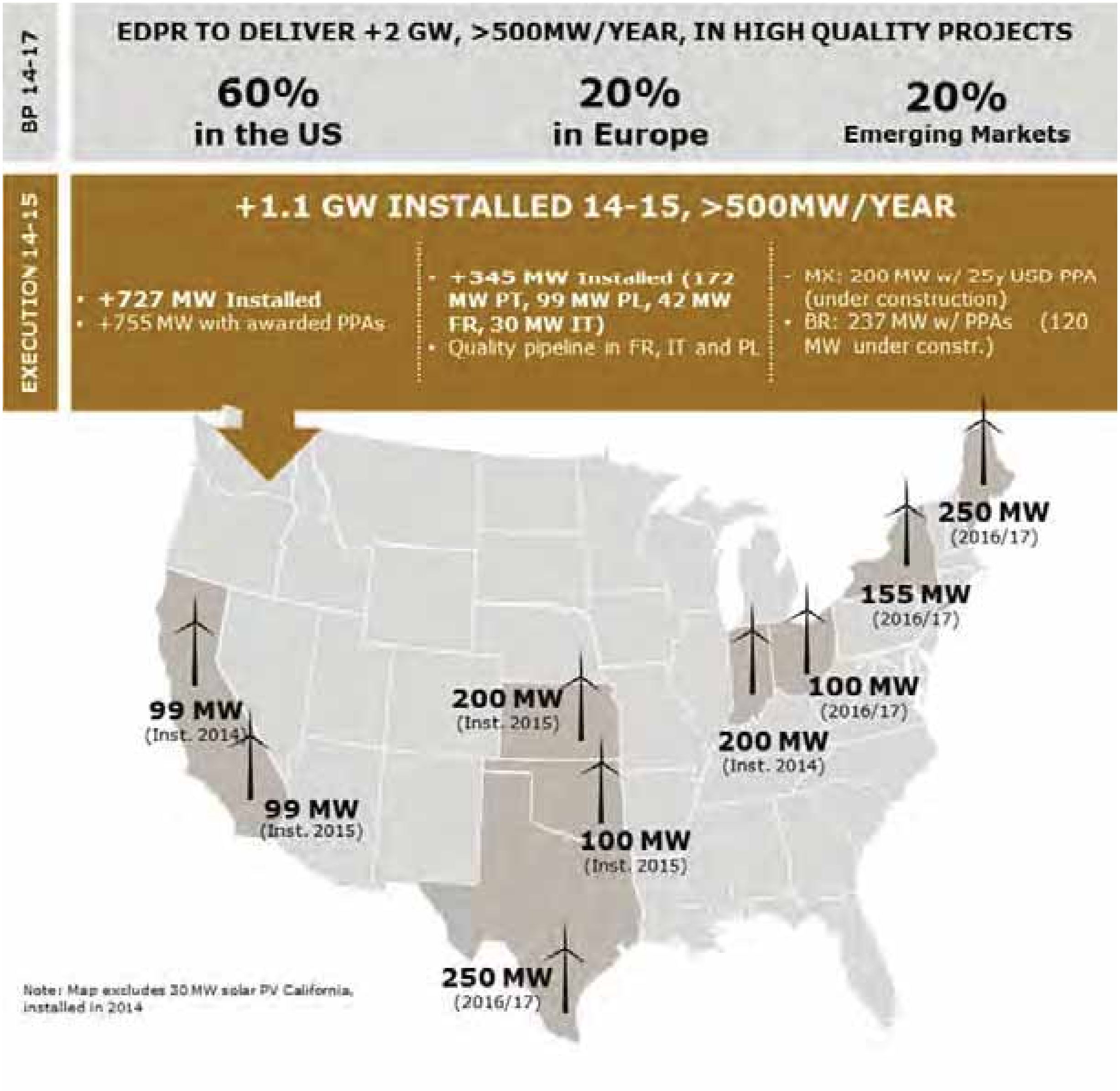
France's existing feed-in tariff regime provides a stable growth opportunity in Europe. For the 2014-17 Business Plan EDPR targets additions of 60-70 MW through pipeline development, having already installed 42 MW by December 2015. In Italy, EDPR has installed the 30 MW awarded in 2013, and intends to participate in future energy auctions to generate new possible additions. In Poland, EDPR has already installed 99 MW in 2014 and 2015 under the current Green Certificate regime, whilst further growth remains contingent to the approval of a new energy law, expected to be based in energy auctions, where EDPR maintains competitive projects in pipeline. Finally, in Portugal, the total capacity awarded back in 2006 to the ENEOP consortium has been fully installed, the consequent asset splitting executed, and EDPR now fully consolidates 613 MW.

20% FROM SELECTED EMERGING MARKETS, IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR will install in 2015-17 the projects with PPA awarded in 2011 and 2013 for a total 236 MW, thus representing a significant increase in capacity from current portfolio of 84 MW.

In 2014 EDPR has entered the Mexican energy market signing a long-term electricity supply agreement, for the energy of a 200 MW wind farm to be installed in 2016, representing a sizeable entry into a low risk and attractive market. Mexico is as a country with great potential for wind energy and this entry can provide a solid platform for further growth in this market.

Additionally, EDPR is to remain actively prospecting opportunities in new markets with strong fundamentals, namely high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements awarded through competitive schemes.



+1.5 GW FOR US GROWTH UNDER PPA

Power Purchase Agreements are a fundamental tool to accomplish EDPR low risk approach in the US market. They ensure that a project's energy is sold at a pre-determined price for long time period, generally between 15-20 years. This shields EDPR from any volatility in energy market price, locking-in project profitability.

Since 2013 EDPR has signed 1.8 GW in long-term sale agreements providing full visibility to its growth target in US for 2014-17 and to the profitability of our existing fleet with 0.3 GW of new PPAs for operational projects.

During 2015 EDPR successfully signed two additional PPA for 200 MW of new capacity, relating to wind farms in Texas and Ohio, to be installed in 2016. These two agreements that were signed with commercial and industrial corporations, one of which Amazon Web Services Inc., are a clear sign of the growing demand for green affordable energy from corporate players. Previously the demand for PPAs came only from traditional utilities, however recently the direct procurement from corporations has increased substantially, adding new demand for EDPR US wind and solar projects.

These long term sale agreements demonstrate not just EDPR's skill in closing commercial deals but foremost the company's strong ability to position effectively a pipeline of quality projects, in suitable locations and stages of development as a key success factor to capture growth opportunities on-time.

2.2. INCREASED PROFITABILITY

One of the strategic pillars and that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind farms and solar plants. In this area, EDPR's teams, namely in operations and maintenance, have established a strong track record that support challenging targets set in the 2014-17 Business Plan. For this period, EDPR has set targets for three key metrics: Availability, Load Factor and Opex/MW. These three metrics provide an overall view of the progress in our operations and maintenance, wind assessment and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.

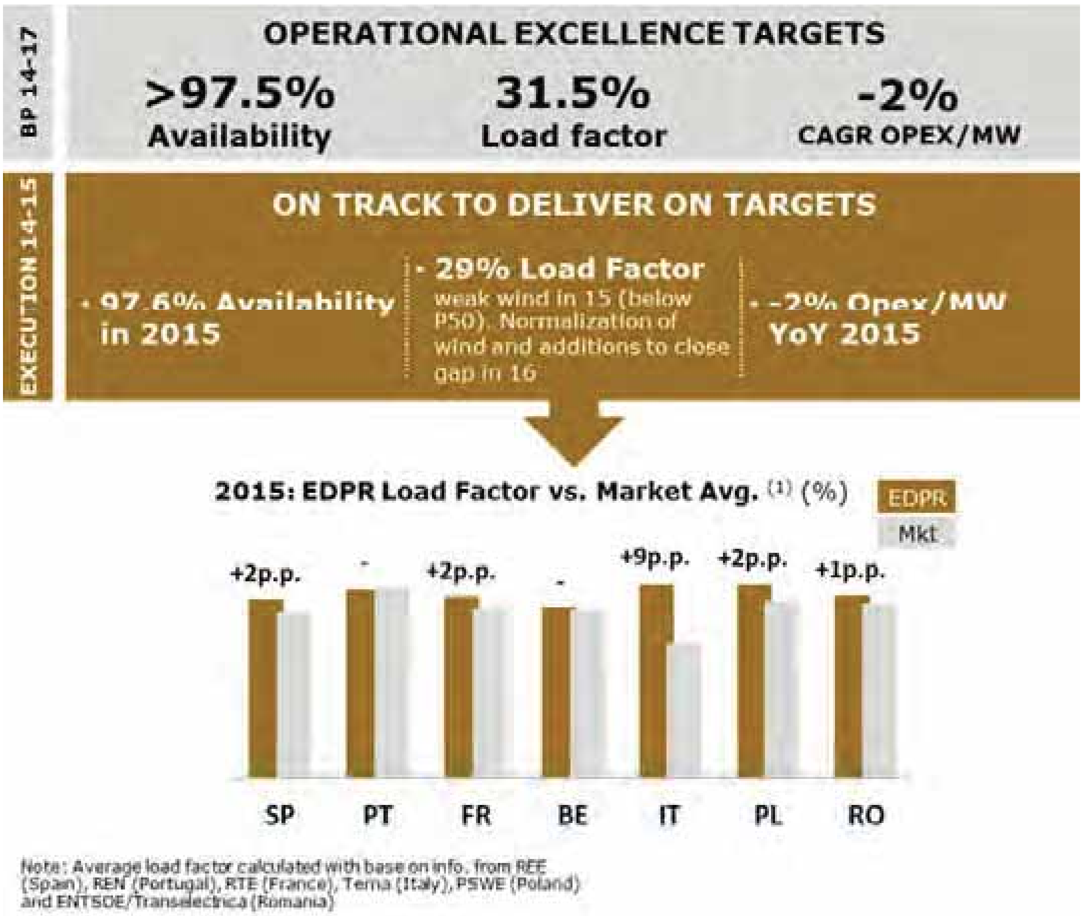
MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

Availability measures the percentage of time the fleet is fully operational. If an equipment has a 97.5% availability metric this means that, in a given period, it was available to generate energy 97.5% of the time, which leaves only 2.5% for preventative maintenance or repairs. Availability is a clear indicator of performance of the company's operations and maintenance practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

The company always maintained high levels of availability and has registered availability of above 97.6% in 2015, in line with its 2014-17 Business Plan target. EDPR will continue to look for further increases in availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARD 31.5% LOAD FACTOR

Load factor (or net capacity factor) measures the speed and quality of the renewable resource at the wind turbines or solar panels. A load factor of 31.5% means the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period. For example, for 1MW over a year, it equals to the production of 2.759,4 MWh (31.5% x 1 MW x 24 hours x 365 days).



Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is linked to improving availability as described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, designing an optimal layout of the plant, by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 29.2% in 2015, which is slightly below the 29.4% P50 (mean probability) assessment for the current fleet, and has set a target of 31.5% until the end of the 2014-17 period.

INCREASING TURBINE PRODUCTION

EDPR is also creating value by improving its assets implementing new technologies on the turbines to boost the power output without requiring major component changes. EDPR's Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology.

By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads envelope, thus increasing the power output. The extra output increases the revenues of the wind farm, without major investments needed. This technology has successfully being applied on many turbines and it will keep being developed in the following years.

INCREASING EFFICIENCY, REDUCING OPEX/MW -2%

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time, we set a target in the 2014-17 Bussiness Plan to reduce Opex/MW by -2% CAGR 2013- 2017. Despite the natural aging of its installed asset base, the company is on track to achieve this objective, with a registered reduction on OPEX of -2% CAGR 2013-15. A strict control over costs has been applied to reduce the manageable company costs structure, also benefiting from the economies of scale of a growing company. With regards to O&M, representing c. 30% of total Opex, EDPR has already delivered results form the implementation of its M3 system and self-perform program to some of the wind farms that are no longer subject to initial warranty contracts.

M3 PROGRAM AND SELF-PERFORMANCE

As EDPR's fleet becomes more mature the initial Operations and Maintenance (O&M) contracts signed with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service with the OEM or insourcing activities to operate the wind farm on its own, whilst maintaining high levels of availability.

"M3" Modular Maintenance Model	EDPR	3rd parties	OEM[1]
Maintenance management	✓		
Day-to-day work execution		✓	
Logistics for regular spare parts	✓	✓	✓
Large correctives	✓	✓	
Technological support			✓

[1] Original Equipment Manufacturers

The M3 (Modular Maintenance Model) program is our solution. Based on EDPR's expertise, our O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, labor-intensive tasks.

This strategy resulted in estimated savings of around 20% in the wind farms where the M3 system was implemented, which account for 40% of Europe's fleet.

In the US, during 2014 we expanded the M3 model to a pilot self-perform program in the Blue Canyon V wind farm. After a market review and a bottom-up analysis, we identified potential savings by fully insourcing O&M activities, given the in-house capabilities developed over the last years.

This new program immediately showed savings in operational expenses and increased control over quality. During 2015 self-perform maintenance was implemented in additional facilities whose maintenance contracts were up for renewal.

2.3. SELF-FUNDING MODEL

EDPR self-funding model has been a cornerstone of EDPR strategy and its success has been crucial for funding growth. The self-funding model relies on a combination of cash-flow from operating assets, external funds from tax equity and other structured project finances as well as proceeds from asset rotation transactions to finance the profitable growth of the business. This model substitutes the previous financing strategy that depended on corporate debt from EDPR's majority shareholder EDP.

OPERATING CASH-FLOW

The primary source of funds for the company is the operating cash flow generated from the existing assets, which is firstly used to pay for the debt service and capital distributions to equity partners, while the excess is available to pay dividends to the shareholders of EDPR or to fund new investments.

A strong operating cash-flow generation of about € 3.5 billion is expected for the period 2014-17.

EDPR has indicated a dividend pay-out ratio policy in the range of 25-35% of its annual net profit, thus allowing that most of the cash-flow available to fund growth. The dividends paid in 2015 amounted to about € 35 million corresponding to the low end of the range relative to the net profit of the previous year, representing only a small share of the available cash-flow generated in the period.

US TAX EQUITY AND OTHER PROJECT FINANCE STRUCTURES

EDPR always aims to find external financing to its projects, namely through tax equity structures, typical of the US, and through other project finance structures, available in other geographies. The use of such structures fit in the self-funding model because they substitute the need of corporate debt.

Moreover, the case of tax equity in the US also enables an efficient utilization of the tax benefits provided by the project thus improving its economics. In a simple view, under the tax equity partnerships, tax equity investors contribute a sizable part of the initial project investment, receiving in return almost all of the PTCs granted to the project for first ten years of operation.

In the case of project finance, it is also a means to contract long-term debt in local currency at competitive costs in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and expenses.

In 2015 EDPR signed three tax equity transactions relating to the total 398 MW capacity added in the US this year, and corresponding to tax equity financing proceeds of US$ 473 million. These transactions bring total tax equity financing proceeds ever raised by EDPR up from US$ 3.1 billion.

Signing	Project name	Location	MW	Million	Timing	Counterparty
Nov-15	Arbuckle	Oklahoma	100	USD 116	4Q15	MUFG + (undisclosed)
Oct-15	Waverly	Kansas	199	USD 240	4Q15	Affiliate of Google Inc.
Jul-15	Rising Tree South	California	99	USD 117	2Q15	MUFG + (undisclosed)
Oct-14	Rising Tree North	California	99	USD 109	4Q14	MUFG Union Bank
Set-14	Lone Valley	California	30	USD 33	4Q14	(undisclosed)
Jul-14	Headwaters	Indiana	200	USD 190	4Q14	BofA Merrill Lynch
	US Tax equity:		727			
Jul-15	Polish Wind Farm	Poland	54	PLN 167	3Q15	(undisclosed)
Apr-15	Belgium Wind Farm	Belgium	14	EUR 16	2Q15	(undisclosed)
Jan-15	Baixa do Feijão	Brazil	120	BRL 306	1Q15	BNDES
Aug-14	Korsze	Poland	70	PLN 220	3Q14	Bank of China
Mar-14	Solar PV plants	Romania	50	EUR 30	3Q14	EBRD + BSTDB
Jan-14	South Branch	Canada	30	CAD 49	1Q14	(undisclosed)
	Project finance:		338			

With regards to project finance, in 2015 EDPR closed an important project finance deal for its Baixa do Feijão wind farm in Brazil, with proceeds amounting to R$ 306 million. This project is a good example of the benefits of using project finance as it provides competitive financing from the Brazilian Development Bank (BNDES) as well as a natural hedging for currency volatility in the Brazilian real.

ASSET ROTATION

Proceeds from asset rotation transactions are also important sources of funds for the self-funding model of EDPR in financing the profitable growth of the business. Such model enables the company to advance the value yet to be realized from the future cash-flows of its existing projects over their long remaining lifetime, and reinvest the corresponding proceeds in the development of new value accretive projects, with superior returns to the costs of the asset rotation proceeds themselves. These transactions involve the company selling minority stakes at the level of the projects (typically of 49%), and still maintaining full management control over these projects. Moreover, the scope of projects for these transactions tend to be mature projects, generally already operating and thus significantly de-risked, with high visibility of future cash-flows, that can be attractive to low risk institutional investors from whom EDPR can then source a competitive cost of finance.

In 2015, two transactions were signed in the United States. The first transaction includes the sale of 49% of EDPR's Lone Valley, 30 MW, solar PV plant to an infrastructure fund. This transaction was completed at a competitive multiple and is EDPR's first asset rotation transaction involving non-wind assets. The second, the Company's second largest to date, involves the sale of 34% of a portfolio of operating and under construction wind farms amounting to 1,002 MW in the US. The completion of these two transactions brings the total asset rotation proceeds for 2014 and 2015 to € 800 million, having clearly surpassed EDPR's Business Plan target of € 700 million. The early completion of this target is a clear indicator of the quality of the company's installed asset base that has attracted the interest of many institutional investors.

During 2015, significant progress was also made with regards to the CTG strategic partnership. Under this agreement EDPR will sell 49% of Polish and Italian assets totalling 598 MW. The transaction scope covers 392 MW in operation in Poland and 100 MW in Italy with an average age of 4 years, as well as 107 MW under construction in Poland and Italy. This transaction adds to the Brazil and Portugal transactions signed with CTG in 2014 and 2012 respectively, as well as the MoU relating to the future sale of 49% stake in the ENEOP consortium signed in December 2013.

For the record, the referred strategic partnership between EDP (EDPR's main shareholder) and CTG was established at the end of 2011 and entered into force in May 2012, foreseeing a total € 2 billion investment by CTG until 2015 (including co-funding capex) in operating and ready-to-build renewable energy generation projects, that may include wind energy assets from EDPR and, as after agreed, selected hydro power plants from other EDP business units.

3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company achieving its financial targets, while minimizing fluctuations of results without compromising returns.

RISK MANAGEMENT PROCESS

EDPR's Risk Management Process is an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and transparency. This process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions:

- **RISK PROFILER**: Responsible for identification and analyses of risks, defining policies and limits for risk management within the company;
- **RISK MANAGER**: Responsible for day to day operational decisions and for implementing approved risk policies;
- **RISK CONTROLLER**: Responsible for follow up of the result of risk taking decisions and for verification of alignment of operations with general policy approved by the Executive Committee.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

- **RESTRICTED RISK COMMITTEE**: Held every month, it is mainly focused on development risk and market risk from electricity price. It is the forum to discuss the execution of mitigation strategies to reduce merchant exposure. Its purpose is also to control the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- **FINANCIAL RISK COMMITTEE**: Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- **RISK COMMITTEE**: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

RISK MAP AT EDPR

Risk Management at EDPR is focused on covering all market, credit and operational risks of the company. In order to have a holistic view of risks, they are classified in Risk Areas, covering the entire business cycle of EDPR, and in Risk Categories, following a generalized classification of risks. Risk Areas are Countries & regulations, Revenues, Financing, Wind turbine contracts, Pipeline development, and Operations.

Risk Categories are Market, Counterparty, Operational, Business and Strategic, and they refer to the following risks:

- MARKET RISK: It refers to the risk to an institution resulting from movements in market prices, in particular, changes in electricity prices, interest rates, foreign exchange rates and other commodity prices.
- COUNTERPARTY RISK: Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract.
- OPERATIONAL RISK: Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (other than counterparty);
- BUSINESS RISK: Potential loss in the company's earnings due to adverse changes in business volume, margins, or both. Such losses can result above all from a serious deterioration of the weather conditions, or changes in the regulatory environment. Changes in electricity prices are considered a market risk;
- STRATEGIC RISK: It refers to risks coming from macroeconomic, political or social situation in countries where EDPR is present, as well as those coming from a change in the competitive landscape, from technology disruptions, from investment decisions criteria or from reputational issues;

Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter.The following graph summarizes the Risk Categories and Risk Groups within EDPR.

RISK CATEGORIES

- Risk Management mitigation strategies at EDPR

MARKET RISKS

- Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges
- Natural hedging, maintaining debt and revenues in same currency
- Execution of FX forwards to eliminate exchange rate transaction risk
- Fixed interest rates
- Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements

COUNTERPARTY RISKS

- Counterparty credit and operational analysis
- Collateral requirement following the policy
- Monitoring of counterparty risk limits

OPERATIONAL RISKS

- Supervision of EDPR's engineering team
- Flexible CODs in PPAs to avoid penalties
- Partnerships with strong local teams
- Track recurrent operational risks during construction and development
- Insurance against physical damage and business interruption
- Attractive remuneration packages and training
- Revision of all regulations that affects EDPR activity (environmental, taxes…)
- Control of internal procedures
- Redundancy of servers and control centres of wind farms

BUSINESS RISKS

- Careful selection of energy markets based on country risk and energy market fundamentals
- Diversification in markets and remuneration schemes
- Active involvement in all major wind associations in all markets where EDPR is present
- Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
- Relying on a large base of turbine suppliers to ensure supply and signing contracts before engaging in tender auctions

STRATEGIC RISKS

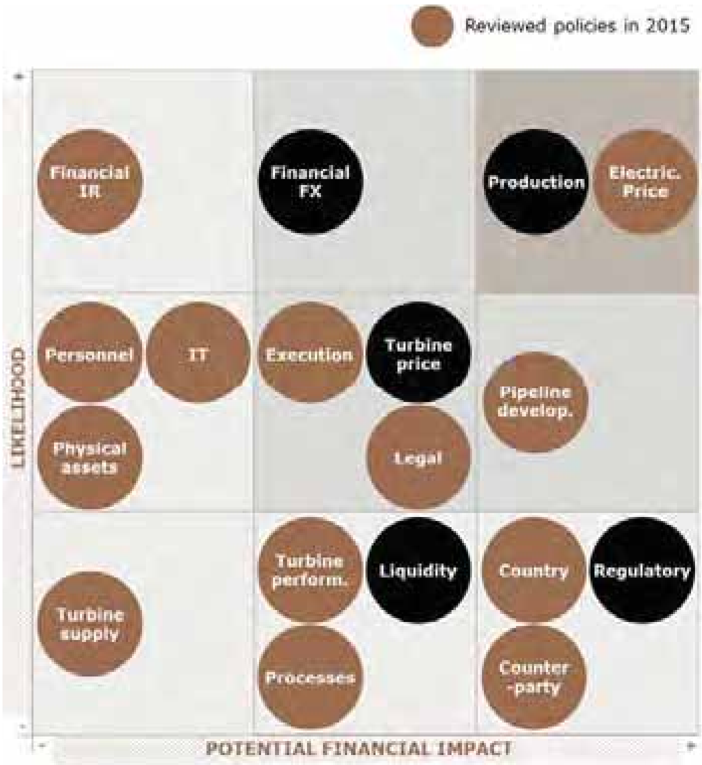
- Careful selection of countries
- Profitability analysis of every new investment considering all risks above
- Follow-up of cost effectiveness of renewables technologies and potential market disruptions

During 2015, EDPR reviewed or defined four Global Risk Policies:

- Energy Price Hedging Policy: Exposure limits were reviewed.
- Counterparty Credit Risk Policy: Exposure limits were reviewed.
- Operational Risk Policy: A full revision of the policy was approved following the guidelines established in 2014.
- Country Risk Policy: A full revision of the policy was reviewed, merging internal and external measures of country risk.

Reviewed policies during 2015 focused on risks with different level of impacts in EDPR's financial results.

EDPR RISK MATRIX BY RISK GROUP



FOCUS ON COUNTRY RISK AT EDPR

WHAT IS COUNTRY RISK?

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political/social issues, natural disasters or legislative decisions.

SOURCES OF COUNTRY RISK

- **Economic**: Risks from the country's economic evolution, affecting revenues or costs of the investments. It can be divided in macroeconomics (the conditions of domestic economy) and external sector (international transactions between the country and the rest of the world).
- **Political and social**: Includes all possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country (i.e. war, civil disturbances, etc.).
- **Natural disasters**:Natural phenomena (i.e. seismicity, weather) that may impact negatively in the business conditions.

METHODOLOGY FOR COUNTRY RISK ASSESSMENT AT EDPR

Country Risk Assessment is based on an external assessment consensus of country risk and an internal assessment performed by EDPR, which is used to identify the specific source of risk in order to apply potential mitigation strategies.

- **External Assessment**:
  It is the consensus from third parties assessments
  - ECAs
  - Private consultants
  - Credit rating agencies
  - Market indexes.

- **Internal Assessment**:
  It is an internal estimate of country risk which allows to differentiate the specific source of risk
  - Economic sector
    - Macroeconomics
    - External sector
  - Political Risk
  - Natural Disaster

USE OF COUNTRY RISK

Country Risk of EDPR's geographies is monthly monitored and is considered for new investment decisions

edp renováveis

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

index

3. EXECUTION

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

Lone Valley Solar Farm, USA

ENERGY WITH INTELLIGENCE

MANAGEMENT REPORT 2015

03. EXECUTION

1. ECONOMIC

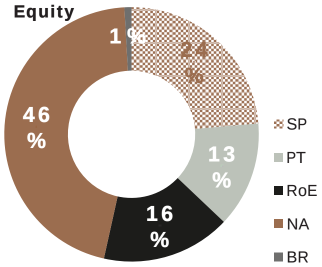
1.1. OPERATIONAL PERFORMANCE

In the year EDPR installed over 600 MW and over 1 GW after accounting for the consolidation of ENEOP.

	MW			NCF			GWh		
	YE15	YE14	Var.	YE15	YE14	Var.	YE15	YE14	Var.
Spain	2,194	2,194	-	26%	28%	-2pp	4,847	5,176	-6%
Portugal	1,247	624	+623	27%	30%	-3pp	1,991	1,652	+21%
Rest of Europe	1,523	1,413	+111	27%	24%	+3pp	3,225	2,495	+29%
Europe	4,965	4,231	+734	26%	27%	-1pp	10,062	9,323	+8%
US	4,203	3,805	+398	32%	33%	-1pp	11,031	10,145	+9%
Canada	30	30	-	27%	27%	+1pp	72	59	+23%
North America	4,233	3,835	+398	32%	33%	-1pp	11,103	10,204	+9%
Brazil	84	84	-	30%	32%	-2pp	222	236	-6%
EDPR: EBITDA	**9,281**	**8,149**	**+1132**	**29%**	**30%**	**-1pp**	**21,388**	**19,763**	**+8%**
ENEOP	-	533	-533						
Other equity consolidated	356	353							
Spain	177	174	+3						
United States	179	179							
EDPR: EBITDA + Equity consolidated	**9,637**	**9,036**	**+602**						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

9.6 GW EBITDA + Net Equity



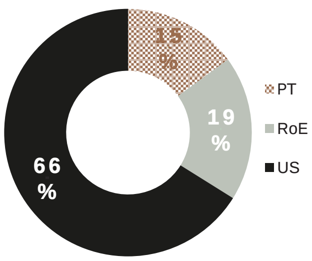
With a top quality portfolio present in ten countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 9.6 GW is not only young, on average 6 years, it is also mostly certified in terms of environmental and health and safety standards.

Since 2008, EDPR has doubled its installed capacity with the additions of 5.2 GW, resulting in a total installed capacity of 9,637 MW (EBITDA + Net Equity). As of year-end 2015, EDPR had installed 5,142 MW in Europe, 4,412 MW in North America and 84 MW in Brazil.

During 2015 EDPR added 602 MW to its installed capacity, of which 398 MW were in North America and 204 MW in Europe.

2015 INSTALLATIONS CONCENTRATED IN THE UNITED STATES

+602 MW in 2015



The largest growth in installed capacity occurred due to the completion of 398 MW in the U.S. All of the MW had previously secured long-term power purchase contracts, thus providing long term stability and visibility on the revenue stream.

Total EBITDA + Net Equity installed capacity surpassed 4.4 GW in the U.S.

In Europe, half of the growth in capacity came from additions in Rest of Europe. Iberia also contributed with 93 additional MW, mainly due to ENEOP asset split, which as of September 1st was 100% consolidated in EDPR.

In Poland, EDPR continues to see positive growth with the installation of 77 MW, 47 MW from the Tomaszów wind farm located in the central region and 30 MW from Poturzyn.

EDPR added 24 MW to its installed capacity in France with the completion of the Escardes and Montagne Fayel project, both of them with 12 MW of installed capacity. Finally, EDPR was able to deliver on 10 MW in Italy with the Parco la Rocca project.

Project Name	Country	MW
ENEOP	Portugal	80
Miscellaneous	Portugal	10
Miscellaneous	Spain	3
Tomaszów	Poland	47
Poturzyn	Poland	30
Escardes	France	12
Montagne Fayel	France	12
Parco la Rocca	Italy	10
Arbuckle	US	100
Rising Tree South	US	99
Waverly	US	199
2015 additions		602

MORE THAN HALF OF 2016 CAPACITY ADDITIONS ALREADY UNDER CONSTRUCTION

By the end of 2015, EDPR had 344 MW under construction all related to projects to be delivered in 2016 with long term secured remuneration.

In Mexico, EDPR started the works of its first wind farm in the country, 200 MW with a secured PPA in the state of Coahuila.

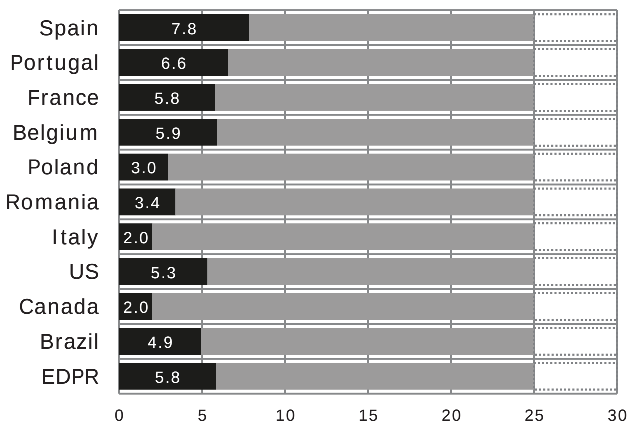
In Brazil EDPR has 120 MW under construction related to the Baixa do Feijão projects after successfully bidding in the A5 auction for 20 year PPAs schedule to start in 2016.

Finally in Europe, 24 MW were under construction in France, where EDPR has a solid long-term growth strategy.

92% OF EDPR'S INSTALLED CAPACITY IS COVERED BY ISO 14001 CERTIFICATION

The Environmental Management System (EMS) is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. These consensus standards are considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance. For more information regarding the MW certified please refer to page 82.

Assets' Average Age and Useful Life



In addition to operating high quality and safe assets, EDPR also has a young portfolio with an average operating age of 6 years, with an estimate of over 19 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 6 years, in North America 5 years, and in Brazil 5 years.

Throughout the entire process, from development to operations, EDPR maintains the highest standards in construction quality, integrity, and sustainability.

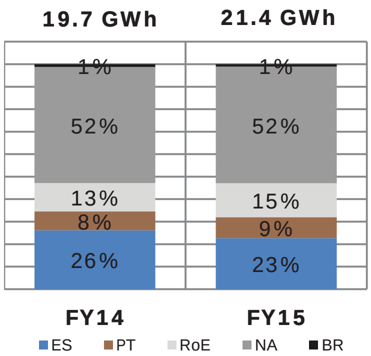
As an exemple, EDPR made numerous efforts to minimize impacts and promote environmental stewardship at Arbuckle Mountain. Despite the project representing a very low impact risk to bald eagles, EDPR and its consultant developed an Eagle Conservation Plan, and sited turbines away from potential bald eagle nesting habitat to further reduce risk. Certain construction activities, including ground disturbance and clearing, were conducted early in the year to minimize risk to nesting ground birds. In addition, while highly unlikely to be present in this area, efforts were taken to minimize potential impacts to the endangered American Burying Beetle, whose modeled range includes a small portion of the project area.

EDPR also extends its postive impact to the local committies, funding their festivities, like the 4th of July celebration in the small town of Davis or supporting important institutions, such us the fire department which needed a new insulation and shelving that was funded by EDPR.

In Poland, the towns of Tomaszów and Jarczów where positively impacted by the construction of the Tomaszów wind farm, as local roads, sidewalks and bus stops were replaced. From an environmental point of view monitoring of bats, birds and hamsters was performed.

All in all, the total intrinsic value created by the installation of more than 0.6 GW is greatly positive.

8% INCREASE IN YOY GENERATION



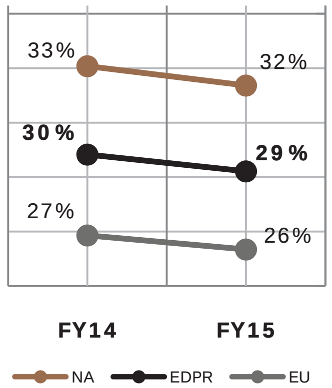
EDPR generated 21.4 TWh during 2015. When adding the over 1 TWh produced from our equity projects, enough clean energy was produced to serve nearly 50% of the electricity demand of Portugal.

The 8% year-on-year increase in the electricity output benefited from the capacity additions over the last 12 months and ENEOP consolidation.

Due to a lower wind resource, EDPR achieved a 29% load factor during 2015, which compares with a 30% load factor achieved in 2014.

EDPR also achieved a stellar 98% availability. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to minimize the wind volatility risk.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main driver for the electricity production growth in 2015, increasing by +9% YoY to 11.1 TWh and represented 52% of the total output (stable year-on-year). This performance was driven by EDPR's unique ability to capture the wind resource available along with the contribution from new additions. EDPR achieved a 32% load factor in North America, -1pp vs. 2014.

Production growth in Europe was mainly due to reaping the benefits from the installed capacity in 2014, which help offset the decline in year over year load factor. All countries deliver positive growth except for Spain where 2014 was considered an outstanding year in terms of wind resource.

Spain (-2pp) and Portugal (-3pp) capacity factors were lower YoY, although the efficiency achieved was in line normal expectations. Moreover, EDPR delivered once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 27% load factor (24% in 2014) and posted higher year over year generation. Poland and Romania lead the increase in production with +572 GWh YoY as new capacity and a solid resource contributed to the strong performance. Higher production in Italy (+44 GWh) and France (+90 GWh) was due to a mix of new capacity and stronger wind resource. The remaining countries delivered stable growth of 23 GWh.

In 2015, EDPR's output in Brazil decreased 6% YoY to 222 GWh, as a result of a weaker wind resource during the year, and led to a lower load factor of 30% (-2pp).

CARBON FREE ENERGY

The 21.4 TWh of electricity produced by EDPR has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 18.7 million tons of CO_2 equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.

1.2. FINANCIAL PERFORMANCE

REVENUES TOTALLED 1.5 BILLION EUROS AND EBITDA SUMMED 1.1 BILLION EUROS.

In 2015, EDPR revenues totalled 1,547 million euros, an increase of 270 million euros when compared to 2014 mainly driven by forex appreciation (+110 million euros), higher volumes (+106 million euros), higher average selling price (+28 million euros) and an update of TEI's post-flip residual interest accretion (30 million euros). EDPR's output in the period increased 8% and the average selling price increased by 9% as the result of higher average selling price in Europe.

EBITDA decreased 239 million euros year on year to 1,142 million euros, as a result of the top-line evolution and partially offset by higher Net operating costs, +31 million euros to 405 million euros. Net operating costs were positively impacted by higher Other operating income, +116 million euros, mainly explained by the gain subsequent to the control acquisition of certain assets of ENEOP, and on the other hand by higher Operating Costs. In the period, Other operating costs increased by +147 million euros, mainly due to write-off impact, following a strict focus of the development efforts in regions with sound business fundamentals, and at lesser extent to forex translation. As a result, EBITDA margin increased from 71% to 74%.

Financial Highlights (€m)	2015	2014	▲% / €
Income Statement			
Revenues	1,547	1,277	+21%
EBITDA	1,142	903	+26%
Net Profit (attributable to EDPR equity holders)	167	126	+32%
Cash-Flow			
Operating Cash-Flow	701	707	(1%)
Net investments	719	515	+40%
Balance Sheet			
Assets	15,736	14,316	+1,420
Equity	6,834	6,331	+503
Liabilities	8,902	7,986	+916
Liabilities			
Net Debt	3,707	3,283	+425
Institutional Partnerships	1,165	1,067	+98

NET PROFIT REACHED 167 MILLION EUROS

Impacted by the top line evolution, Net Profit increased 32% year over year to 167 million euros, while Adjusted Net Profit decreased 13% to 108 million euros, adjusted for non-recurring events, forex differences and capital gains.

ROBUST CASH-FLOW

Operating Cash-Flow reached 701 million euros and net investments reached 719 million euros, benefiting from the execution of the asset rotation strategy. In 2015, EDPR received proceeds of 395 million euros from the sale of non-controlling interests. On the back of its asset rotation strategy, was completed the settlement of Fiera Axium transaction, signed in 2014, and the financial closing of the sale of a minority interest in an operating solar PV power plant in the US. As a result, for both transactions, EDPR received a net amount of 316 million euros, considering agreed transaction values, less cash owed from the signing to the settlement dates and net of transactions costs. In 2015, also occurred the financial closing of the sale of Brazilian minority interests assets to CTG, in the context of the partnership with EDP.

Capital expenditures (Capex) totalled 903 million euros reflecting the capacity additions in the year and the capacity under construction. Financial investments totalled 157 million, mainly related with settlement of ENEOP asset split, the acquisition of a 45% stake in EDPR Brasil and the acquisition of minority stakes in already controlled SPVs in Spain. As a result of forex translation (impact 130 million euros), investments done in the period, robust cash-flow generation, the execution of the asset rotation strategy and close monitoring of operating costs, Net Debt increase by 425 million euros, reflecting 3.2x Net Debt to EBITDA, versus 3.6x in 2014.

INCOME STATEMENT

SOLID TOP LINE PERFORMANCE

EDPR revenues totalled 1,547 million euros, a 21% increase on the back of the forex translation, higher volumes and higher selling prices along with other effects.

Other operating income increased by 116 million euros, mainly explained by the gain subsequent to the control acquisition of certain assets of ENEOP, while Operational expenses (Opex) – defined as Operating costs excluding Other operating income - increased by 147 million euros, with the increase mainly explained by the write-off impact and forex translation. Reflecting control over costs and EDPR's asset management strategy, Supplies and services and Personnel costs per Avg. MW, adjusted by forex impact, decreased by 1% YoY, and Supplies and services and Personnel costs per Avg. MWh stood stable YoY, given lower wind resource in the period.

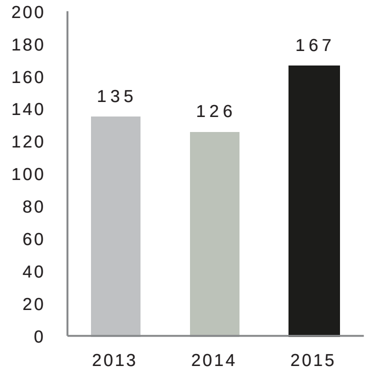
In 2015, EBITDA increased by 26% to 1,142 million euros, while EBITDA margin improved to 74% versus 71% in 2014.

Operating income (EBIT) increased by 37% versus 2014 to 578 million euros, reflecting EBITDA performance and the 84 million euros higher depreciation and amortisation costs, including net impairments, along with higher capacity in operation and forex.

At the financing level, Net Financial Expenses increased 14%. Net interest costs decreased 8% due to lower cost of debt, reduced from 5.2% to 4.3% in December 2015. Institutional Partnership costs were 22 million euros higher, reflecting mainly forex translation and new tax equity deals, while capitalized expenses decreased by 14% versus 2014. Forex differences and derivatives had a negative impact of 3 million euros.

Pre-Tax Profit increased to 291 million euros and income taxes increased to 45 million euros. Non-controlling interests in the period totalled 79 million euros, an increase of 27 million euros on the back of the non-controlling interests sold to EFG Hermes, Northleaf, DIF III and Fiera Axium as part of the execution of the asset rotation strategy, and to CTG. All in all, Net Profit increased to 167 million euros and Adjusted Net Profit increased 13% year on year.

Net Profit Evolution (€m)



Consolidated Income Statement (€m)	2015	2014	▲% / €
Revenues	**1,547**	**1,277**	**+21%**
Other operating Income	162	46	+254%
Supplies and services	(293)	(257)	+14%
Personnel costs	(84)	(66)	+27%
Other operating costs	(189)	(96)	+96%
Operating Costs (net)	**(405)**	**(374)**	**+8%**
EBITDA	**1,142**	**903**	**+26%**
EBITDA/Net Revenues	*74%*	*71%*	+3pp
Provisions	0.2	(0.0)	-
Depreciation and amortisation	(587)	(500)	+18%
Amortization of government grants	23	19	+20%
EBIT	**578**	**422**	**+37%**
Financial Income / (expenses)	(285)	(250)	+14%
Share of profits of associates	(2)	22	-
Pre-tax profit	**291**	**194**	**+50%**
Income taxes	(45)	(16)	+177%
Profit of the period	245	178	+38%
Net Profit Equity holders of EDPR	**167**	**126**	**+32%**
Non-controlling interest	79	52	+52%

BALANCE SHEET

TOTAL EQUITY INCREASES BY 503 MILLION EUROS

Total Equity of 6.8 billion euros increased by 503 million euros in 2015, of which 314 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 189 million euros is due to mainly the 167 million euros of Net Profit, reduced by the 35 million euros in dividend payments.

Total liabilities increased 11% by +916 million euros, mainly in accounts payable (+375 million euros), financial debt (+318 million euros) and institutional partnerships (+98 million euros).

With total liabilities of 8.9 billion euros, the debt-to-equity ratio of EDPR stood at 130% by the end of 2015, which is an increase from the 126% in 2014. Liabilities were mainly composed of financial debt (47%), liabilities related to institutional partnerships in the US (13%) and accounts payable (26%).

Liabilities to tax equity partnerships in the US stood at 1,165 million euros, and including +254 million dollars of new tax equity proceeds received in the 2015. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totalled 15.7 billion euros in 2015, the equity ratio of EDPR reached 43%, versus 44% in 2014. Assets were 80% composed of net PP&E - property, plant and equipment, reflecting the cum ulative net invested capital in renewable energy generation assets.

Total net PP&E of 12.6 billion euros changed to reflect 898 million euros of new additions during the year, 844 million euros due to ENEOP consolidation and 583 million euros from forex translation (mainly as the result of a US Dollar appreciation), reduced by 694 million euros for depreciation charges, reclassification of assets to held for sale, impairment losses and write-offs.

Net intangible assets mainly include 1.5 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)	2015	2014	▲% / €
Assets			
Property, plant and equipment, net	12,612	11,013	+1,599
Intangible assets and goodwill, net	1,534	1,405	+129
Financial investments, net	340	376	(36)
Deferred tax assets	47	46	+1
Inventories	23	21	+1
Accounts receivable – trade, net	222	146	+76
Accounts receivable – other, net	338	859	(520)
Collateral deposits	73	81	(7)
Cash and cash equivalents	437	369	+68
Assets held for sale	110	0	+110
Total Assets	**15,736**	**14,316**	**+1,420**
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	891	742	+149
Net profit (equity holders of EDPR)	167	126	+41
Non-controlling interests	863	549	+314
Total Equity	**6,834**	**6,331**	**+503**
Liabilities			
Financial debt	4,220	3,902	+318
Institutional partnerships	1,165	1,067	+98
Provisions	121	99	+23
Deferred tax liabilities	316	270	+46
Deferred revenues from institutional partnerships	791	735	+56
Accounts payable – net	2,288	1,912	+375
Total Liabilities	**8,902**	**7,986**	**+916**
Total Equity and Liabilities	**15,736**	**14,316**	**+1,420**

CASH FLOW STATEMENT

STRONG OPERATING CASH FLOW

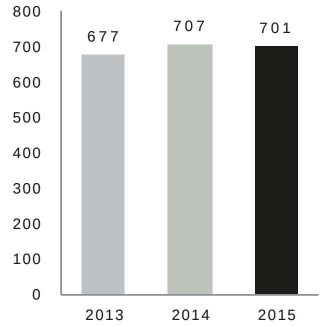
In 2015, EDPR generated Operating Cash-Flow of 701 million euros. EDPR continues to benefit from the strong cash-flow generation capabilities of its assets in operation.

The key items that explain 2015 cash-flow evolution are the following:

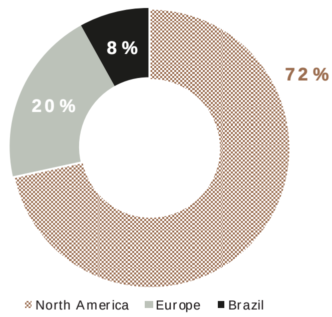
- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to 901 million euros;
- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and write-offs) and net of changes in working capital, totalled €707m.
- Capital expenditures with capacity additions, ongoing construction and development works totalled 903 million euros. In Europe capex totalled 184 million euros, mainly in Rest of Europe, while 646 million euros were invested in North America, the core growth of EDPR 2014-17 business plan. Other net investing activities amounted to +129 million euros, mainly reflecting ENEOP asset split settlement, the investment done in Brazil following the 45% acquisition of EDPR Brasil, the acquisition of minority stakes in already controlled SPVs in Spain and equipment suppliers invoices already booked but not yet paid.
- On the back of its asset rotation strategy, in the period, was completed the settlement of Fiera Axium transaction and the financial closing of the sale of a minority interest in an operating solar PV power plant in the US. In 2015, also occurred the financial closing of the sale of Brazilian minority interests assets to CTG, in the context of the partnership with EDP.
- Net proceeds from Institutional Partnerships reached 68 million euros. In 2015, EDPR received the last tranche of a structure signed in the 4Q 2014, and the proceeds from the 99 MW Rising Tree South and the 100 MW Arbuckle wind farm institutional partnerships.
- Total net dividends and other capital distributions paid to minorities amounted to 115 million euros, including 35 million euros of dividends paid to EDPR shareholders. Forex & Other had a negative impact increasing Net Debt by 277 million euros, also explained by ENEOP consolidation and the impact of US dollar appreciation and other forex translation (+130 million euros in 2015).

All in all, Net Debt increased by 425 million euros, to 3,707 million euros by year end.

Operating Cash Flow Evolution (€m)



Capex Breakdown by Platform



Cash Flow (€m)	2015	2014	▲% / €
EBITDA	**1,142**	**903**	**+26%**
Current Income Tax	(51)	(50)	+3%
Net interest costs	(188)	(207)	(9%)
Share of profits of associates	(2)	22	(107%)
FFO (Funds from operations)	**901**	**668**	**+35%**
Net interest costs	188	207	(9%)
Income from associated companies	2	(22)	(107%)
Non-cash items adjustments	(263)	(130)	+103%
Changes in working capital	(127)	(16)	-
Operating Cash Flow	**701**	**707**	**(1%)**
Capex	(903)	(732)	+23%
Financial Investments	(157)	(19)	+708%
Changes in working capital related to PP&E suppliers	26	192	(86%)
Government Grants	1	22	(93%)
Net Operating Cash Flow	**(330)**	**169**	**-**
Sale of non-controlling interests and shareholders' loans	395	215	+84%
Proceeds/(Payments) related to Institutional partnerships	68	(70)	(198%)
Net interest costs (post capitalisation)	(165)	(180)	(8%)
Dividends net and other capital distributions	(115)	(79)	+46%
Forex & Other	(277)	(60)	+361%
Decrease / (Increase) in Net Debt	**(425)**	**(5)**	**-**

FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's total Financial Debt increased by 326 million euros to 4.1 billion euros, reflecting US Dollar appreciation, investments done in the period and the proceeds from the execution of the asset rotation transactions. Loans with EDP group, EDPR's principal shareholder, accounted or 74% of the debt, while loans with financial institutions represented 26%.

To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2015, EDPR closed three project finance transactions: i) in Brazil for wind farms under construction with total capacity of 120 MW, in a total amount of 306 million reais; in Belgium for a 14 MW wind farm in operation, for 16 million euros; and in Poland for a 54 MW wind farm in operation, for 167 million of Polish Zlotys.

As of December 2015, 51% of EDPR's financial debt was Euro denominated, 40% was funded in US Dollars, related to the company's investment in the United States, and the remaining 9% was mostly related with debt in Polish Zloty and Brazilian Real.

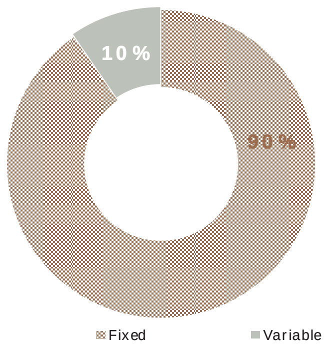
EDPR continues to follow a long-term fixed rate funding strategy, matching the Operating Cash-Flow profile with its financial costs and therefore mitigating interest rate risk. Therefore, as of December 2015, 90% of EDPR's financial debt had a fixed interest rate and only 14% had maturity schedule until 2018. 40% of EDPR's financial debt had maturity in 2018, reflecting a set of 10-year loans granted by EDP in 2008, and 46% in 2019 and beyond. As of December 2015, the average interest rate was 4.3%, lower versus 5.2% in December 2014.

INSTITUTIONAL PARTNERSHIPS

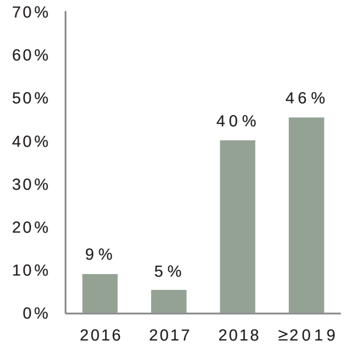
Liabilities referred to Institutional Partnerships increased to 1,165 million euros from 1,165 million euros in 2014, due to US dollar appreciation, the benefits captured by the tax equity partners and the establishment of new institutional tax equity financing structures during the period.

Financial Debt (€m)	2015	2014	▲ €
Nominal Financial Debt + Accrued interests	4,220	3,902	+318
Collateral deposits associated with Debt	73	81	(7)
Total Financial Debt	**4,147**	**3,821**	**+326**
Cash and Equivalents	437	369	+68
Loans to EDP Group related companies and cash pooling	3	170	(167)
Financial assets held for trading	0	0	-
Cash & Equivalents	**439**	**538**	**(99)**
Net Debt	**3,707**	**3,283**	**+425**

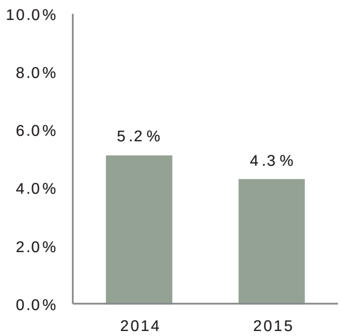
Debt Interest Rate type profile



Debt Maturity Profile (%)



Cost of Debt (%)

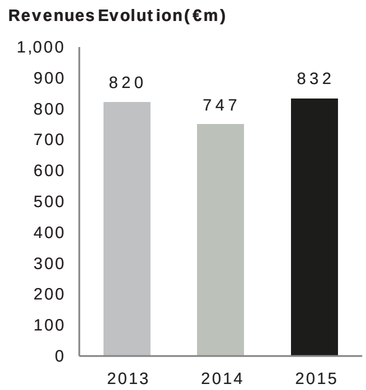


EUROPE

REVENUES

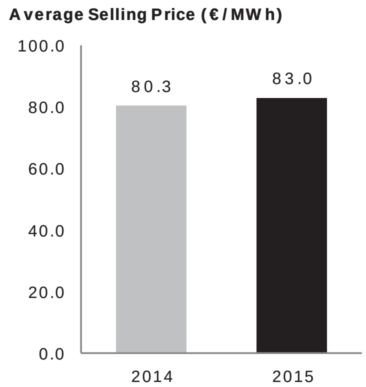
In Europe, EDPR delivered revenues of 832 million euros, an increase of 85 million euros versus 2014, reflecting the impact from higher electricity output, increasing 8% versus 2014 to 10,062 GWh, and higher average selling price, increasing by 3% versus 2014 to 83 euros per MWh.

In detail, the decrease in revenues was a result of higher revenues in Rest of Europe (+38 million euros), Portugal (+24 million euros) and Spain (+21m million euros, including hedges). Consequently, the contribution from Spain totalled 45%, while contribution from Portugal and Rest of Europe totalled 23% and 32%, respectively.



AVERAGE SELLING PRICE

The average selling price in Europe increased 3% to 83 euros per MWh, mainly driven by higher average selling price in Spanish, following 2014 abnormally low selling price due to weather conditions. In Portugal the average selling price was 95 euros per MWh, lower versus 2014, reflecting ENEOP consolidation since 1st September. In Rest of Europe the average selling price was lower versus 2014, reaching 86 per MWh, mainly impacted by the lower realised price in Romania, with green certificates being sold at the floor of the regulated collar.



NET OPERATING COSTS

Net Operating Costs decreased by 61 million euros, to 141 million euros, mainly explained by the increase in Other operating income following the gain subsequent to the control acquisition of certain assets of ENEOP, partially mitigated by the increase in Other operating costs on the back of write-offs of certain projects, higher rents and taxes due to the higher capacity in operation. In 2015, Supplies & Services and Personnel Costs per average MW in operation decreased 1% YoY to 41 thousand euros, supported by EDPR's asset management strategy and higher capacity in operation. Reflecting the lower wind resource in the period, Supplies & Services and Personnel Costs per MWh stood stable YoY at 17.6 euros.

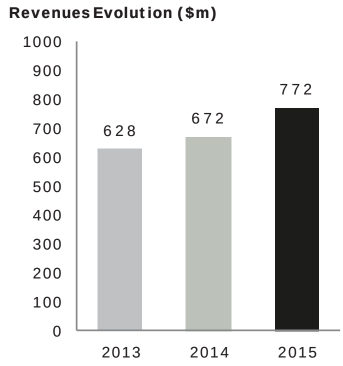
All in all, EBITDA in Europe totalled 690 million euros, leading to an EBITDA margin of 83%, while EBIT reached 401 million euros.

Europe Income Statement (€m)	2015	2014	▲% / €
Revenues	**832**	**747**	**+11%**
Other operating income	140	27	+428%
Supplies and services	(151)	(141)	+7%
Personnel costs	(27)	(22)	+19%
Other operating costs	(104)	(65)	+59%
Operating Costs (net)	**(141)**	**(202)**	**(30%)**
EBITDA	**690**	**544**	**+27%**
EBITDA/Net Revenues	*83%*	*73%*	+10pp
Provisions	(0)	(0)	+0%
Depreciation and amortisation	(291)	(271)	+8%
Amortization of government grants	2	2	+24%
EBIT	**401**	**275**	**+46%**

NORTH AMERICA

REVENUES

In 2015, Revenues increased 15% to 772 million US Dollars, supported by 9% increase in production and stable overall average selling price.



AVERAGE SELLING PRICE

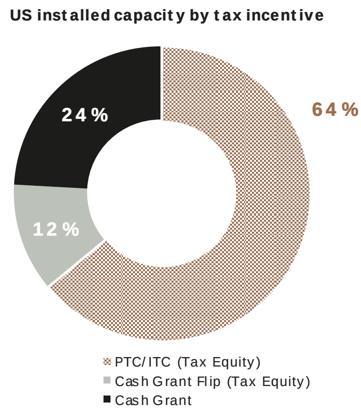
Average selling price in the region stood unchanged versus 2014, at $51 per MWh, In the US the average selling price increased to $51 per MWh, versus $50 per MWh in 2014, benefiting from higher production towards PPA/Hedge along with higher realised merchant price, as in the 2014 prices were impacted by extreme weather conditions that increased balancing and congestion costs, and in 2015 prices increased mostly due to an increase of REC prices. In Canada, EDPR average selling price was $113 per MWh, lower versus 2014 mainly reflecting forex translation.

NET OPERATING COSTS

Net Operating Costs increased to 259 million US Dollars, mainly due to the increase in Other operating costs and in Personnel costs, at a lower extend. The increase in Other operating costs was driven by write-offs and by the booking of property taxes related to new wind farms. Reflecting control over costs and strong efficiency levels, Supplies & Services and Personnel Costs per Avg. MW in operation decreased 3% YoY, and decreased by 2% per MWh, impacted by the lower wind resource in the period.

INSTITUTIONAL PARTNERSHIPS AND GOVERNMENT GRANTS

Income from Institutional Partnerships increased to 219 million US Dollars, reflecting in part an one-off event from an update of tax equity investors' post-flip residual interest accretion. The projects that opted for the cash grant benefited from lower depreciation charges, booked in the income statement as amortisation of government grants, totalling 23 million US Dollars.



In 2015, EDPR received 268 million US Dollars from institutional tax equity financing structures, related to proceeds of the last tranche of an institutional tax equity financing structure signed in October 2014 and from two institutional partnership structures signed 2015, for 99 MW of Rising Tree South and 100 MW Arbuckle wind farm.

In addition, in 2015, EDPR signed an institutional partnership structure for the 199 MW Waverly wind farm, which financial closing occurred in the beginning of 2016.

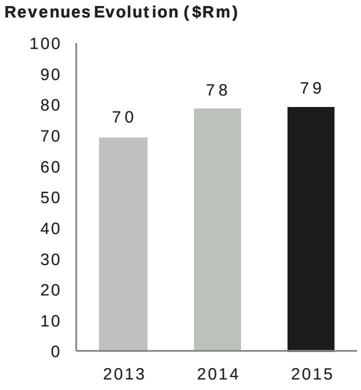
All in all, EBITDA went up 7% to 513 million US Dollars, leading the EBITDA margin to increase to 66%.

North America Income Statement (US$m)	2015	2014	▲% / €
Electricity Sales & Other	553	508	+9%
Income from Institutional Partnerships	219	164	+33%
Revenues	**772**	**672**	**+15%**
Other operating income	22	23	(4%)
Supplies and services	(149)	(145)	+3%
Personnel costs	(45)	(37)	+21%
Other operating costs	(88)	(36)	+146%
Operating Costs (net)	**(259)**	**(194)**	**+33%**
EBITDA	**513**	**477**	**+7%**
EBITDA/Net Revenues	*66%*	*71%*	(5pp)
Provisions	0.2	0.0	-
Depreciation and amortisation	(320)	(292)	+9%
Amortization of government grants	23	23	+0.1%
EBIT	**216**	**208**	**+4%**

BRAZIL

REVENUES

In Brazil, EDPR reached revenues of 79 million reais, representing a year on year increase of 1%, explained by the higher average selling price.



AVERAGE SELLING PRICE

The average selling price in Brazil increased 7% to R$370 per MWh, basically reflecting the PPA update price according with inflation type adjustment.

In Dec-15, EDPR had 84 MW of wind installed capacity in Brazil, being all under incentive programs for renewable energy development. Under these programs the projects were awarded with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.

NET OPERATING COSTS

Net Operating Costs increased during the year by 3 million reais, mainly due to higher Other operating costs and at a lesser extend due to the increase in personnel costs and in supplies and services. Following the outstanding top line performance, in 2015, EBITDA reached 45 million reais, a decrease of 5% versus previous year, with the EBITDA margin decreasing to 58%.

Brazil Income Statement (R$m)	2015	2014	▲% / €
Revenues	**79**	**78**	**+1%**
Other operating income	2	0	-
Supplies and services	(21)	(19)	+7%
Personnel costs	(6)	(4)	+39%
Other operating costs	(10)	(8)	+27%
Operating Costs (net)	**(34)**	**(31)**	**+9%**
EBITDA	**45**	**48**	**(5%)**
EBITDA/Net Revenues	*58%*	*61%*	(3pp)
Provisions	0.0	0.0	-
Depreciation and amortisation	(19)	(19)	+3%
Amortization of government grants	0.1	0.1	+10%
EBIT	**27**	**29**	**+18%**

OTHER REPORTING TOPICS

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2015 that have an impact in 2016 and subsequent events from the first months of 2016 until the publication of this report.

- EDPR informs about wind offshore projects in the UK
- EDPR informs about an agreement with CTG regarding wind offshore projects in the UK
- EDPR announces the sale of minority stakes in Poland and Italy
- EDP Renováveis signs agreement to acquire licenses for 216 MW of wind energy in Portugal
- EDPR executes a new asset rotation transaction in the US with a total production capacity of 1,002 MW
- EDPR informs about new institutional partnerships structures in the US for an interest in the 199 MW Waverly
- EDPR secures new PPAs for 100 MW wind farm in the US
- EDPR is awarded long-term contract for 140 MW at Brazilian energy auction
- EDP Renováveis awarded with 93 MW in the Spanish renewable energy auction

For Additional information on these events, please refer to Note 40 of EDPR Consolidated Annual Accounts.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2015 total payments made from Spanish companies to suppliers, amounted to €106,480 thousands with a weighted average payment period of 70 days, slightly above the payment period stipulated by law of 60 days.

Notwithstanding, the company is maintaining an optimization of its internal processes in order to settle all payments due within the maximum legal period.

2. STAKEHOLDERS

2.1. EMPLOYEES

EDPR growth over the past years has been supported by our employees' flexibility and team work that have provided the company with the ability to adapt to a changing business in the different realities of the markets where we have presence. As a result, our employees' growth and development are key priorities – we strive to offer outstanding training programs and job opportunities, to provide an interesting career within the Company to our employees and to prepare them for future challenges. As a result, geographical and functional mobility is a fundamental pillar in our HR strategy.

In 2015, EDPR increased its total headcount by 11% when compared to the previous year, exceeding for the first time one thousand employees and closing the year with 1018 employees. 2015 personnel increase follows a solid annual growth rate (CAGR) of 7% since 2008. Our employees are distributed globally, with 20% working at EDPR Holding, 43% within the European Platform, 34% in North American and 3% in Brazil.

2.1.1. OPPORTUNITIES

The Group's growth and development of the business have led EDPR to invest in people with potential, who can contribute to the value creation.

Our objective is to attract talented people but also to create opportunities for current employees through mobility and development actions, as we believe in the potential of our employees. The HR strategy supports different initiatives to give them visibility and employability throughout the Company. New positions are always offered internally allowing them to grow within the Company. Accordingly, in 2015, 100% of the new Directors have been hired internally and there has been a total of 81 promotions.

MOBILITY

Mobility, both functional and geographical, is considered by EDPR as a human resources management tool for organizational development. Therefore, it is strongly supported also as a way of stimulating employees' motivation, skills, productivity, and personal fulfilment.

The Mobility processes within EDPR aim to respond to the different challenges and needs of the Group, considering specific characteristics of the different geographical locations.

2015 Internal Mobility

- Functional: 31
- Geographical: 16
- Functional & Geographical: 9

EXTERNAL RECRUITMENT

EDPR is recognized for hiring exceptional people. Our aim is to position the Company in the labour market as an "employer first choice". In this sense, different initiatives are carried out to enhance employer branding by participating in various employer forums and hosting visits from top-tier universities.

Additionally, EDPR offers an internship program in order to provide young professionals with work experience and to identify future employees who can contribute to the future development of the business.

During 2015, EDPR offered 53 long term internships and 30 summer internships, 19% of which were finally hired. Moreover, in 2015 EDPR hired 189 employees, 37% of which are women.

Visit to one Wind Farm on EDPR Welcome Day

Our selection processes ensure non-discriminatory practices. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

INTEGRATION

As EDPR has a strong company culture, we want new hires to adopt this culture and quickly integrate it in the day-to-day activities. To facilitate this process, new hires are involved in numerous workshops and team building activities focused on improving integration and gaining a better knowledge of the company.

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic acquaintance of the company and our business. Depending on the employee's profile, we offer them a visit to one of the wind farms or the remote control dispatch centre.

2.1.2. DEVELOPMENT

The development of our employees is a strategic target at EDPR. We offer employees an attractive career development program, as well as a continuing education and training opportunities to stimulate the acquisition of new knowledge and individual skills, while aligning people's training with the Company's internationalization and competitiveness challenges.

In order to support the Company's growth, aligning current and future organization demands with employees' capabilities and to fulfil their professional development, EDPR has designed Development Programs adapted to Middle Management whose main target is to provide tools that may be helpful for facing new responsibilities.

During 2015, EDPR carried out the following Programs:

- LEAD NOW PROGRAM: an advanced development program intended for EDPR Middle Managers to support the team leader role assumed. During the program, participants have the chance to self-assess their management style, go deep into the skills needed for leading effectively and get to know their new role in the different HR Processes of the company.
- EXECUTIVE DEVELOPMENT PROGRAM: a customized development program carried out along with a leading Business School designed to increase business skills and leadership capabilities of top-performing employees from across all disciplines to help them taking management decisions in a fast-paced and competitive business. During the program, employees are involved in core business areas, working on a Business Case for EDPR to analyse new strategic opportunities for the company, resulting in the creation of different work groups to implement the recommendations once the program ended.

- COACHING PROGRAM: intended for employees who have previously participated in the High Potential Program. Conducted by an external coach, provides guidance to Directors of the Company that act as Coaches for the Participants along the Program. This Program allows participants to fine-tune their skills with the support of a Director during the Coaching Sessions.

In addition to these specific Development Programs, each year, a customized Training Plan is created for all our employees based on the results of a 360 potential appraisal process to define their training needs, providing a framework that aims to align current and future organization demands.

In 2015, we spent a total of 38.618 training hours, representing 37.9 hours of training per employee. Almost all the employees (99%) received training during 2015.

RENEWABLE ENERGY SCHOOL

To achieve our training and new employees' integration strategy, the Renewable Energy School plays a fundamental role. Created in 2011 in the framework of the corporate EDP University, shares the mission of promoting the development of individuals, facilitating learning and sharing of knowledge generated within the Group and developing the skills needed to ensure the sustainability of the businesses operated by EDP in all the geographic settings in which the company is present. The ambition of the School goes beyond pure training, the School emerged as a platform for sharing knowledge, experience and best practices across the company.

During the year, 33 training sessions were delivered in Europe, United States, and Brazil, representing a total of 7.042 training hours and 780 attendances (540 employees reached which represents 53% of the headcount). The School engaged 103 experts within the organization to deliver the training sessions, 48% of whom were Directors and Head of department, which enhances the transfer of knowledge.

POTENTIAL APPRAISAL

Current challenges of EDP Group include new requirements so this year our potential analysis model have been improved with two main goals:

- Align all segments of the organization with the current strategy and projects, capitalising on new business opportunities, all in a more global and diversified context.
- Strengthen the employees' life cycle momentum in which their professional and personal development is promoted.

Amplify is the new model for analysing skills and potential and for identifying development actions to help employees on their goals achievement. This process builds the future, taking into account that the better our skills are, the better way we impact both the people around us and the organisation.

This model is intended to promote a culture where employees receive feedback on an ongoing basis, because this is essential to ensure alignment with EDP group and to promote development.

2.1.3. REWARD AND WORK LIFE BALANCE

We want to recognize the work and talent of our employees, so we are committed to offer a competitive compensation and benefits packages. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. The fixed base compensation is completed by a variable component that depends on an individual evaluation measured against individual, area and company KPIs.

In addition, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity and morale. Work Life Balance (WLB) for us is more than measures for employees with children, it is a set of initiatives to promote a positive work climate where employees can develop their career and give their best. And we believe that WLB must be a shared responsibility. We seek to constantly improve our WLB program and provide the most suitable benefits to employees. We even define often specific benefits that are tailored and applicable to certain countries where EDPR is present.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR-Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification has been renovated and taking the recognition to the next level defining EDPR as a "Proactive Company", which reflects our commitment to promote a healthy work-life balance for our employees.

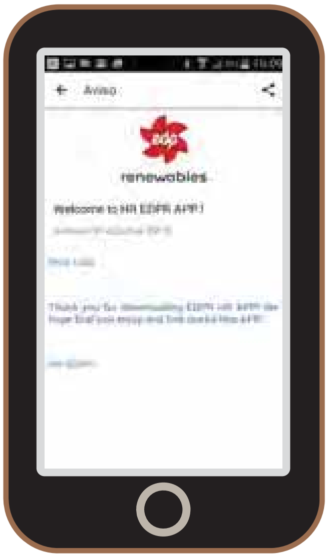
In addition, EDPR has been ranked one more year among the 50 best companies to work in 2015 as determined by the Great Place to Work rankings in Spain and Poland. We are sure that a motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results.

2.1.4. INTERNAL COMMUNICATION

Our focus in 2015 has been to continue improving our internal communications, and to keep employees informed, motivated, and committed to the company's strategy. Moreover, our global presence with employees from 28 nationalities require us to listen and provide feedback on the different ambitions and expectations. In 2015, we have developed a Climate survey with new topics and questions in an effort to better reflect employees' reality. EDPR and EDP Group have strategically invested in this area with innovative communication channels that have consistently been recognized internationally for their mix of dynamism and creativity.

These are our internal communication channels that keep employees informed and connected every day:

- INTRANET**:** Our award-winning intranet platform takes online interaction among employees to a new level, by including social media-style features and advanced customization options. It's a place to share information, work together, and learn about the projects and news from EDPR and EDP
- EDPON RENEW MAGAZINE: Our print magazine has been a mainstay of EDP Group's internal communications since 1988. The OnRenew edition, specific to EDPR, shows the company and its people through stories, opinion articles and editorials.
- EDPON TV: Our TV Channel has been broadcasting on our offices and online over the past 8 years. Includes dynamic news reports and interviews on news and events. It is the medium that truly puts a face on our projects and initiatives.
- HR PHONE APP: In 2015, EDPR has created a new phone app to provide employees with news, access to selection processes or measures in a practical and simple way. This tool proves to be particularly useful to keep connected to often-travelling and geographically dispersed employees.
- INTERNAL NEWSLETTERS**:** Monthly newsletters give a broader reach to news and information regarding our projects, teams, successes, and strategies.



In addition to these communication channels, we hold companywide Annual Meetings that allow employees to streamline their long-distance communication to improve their day-to-day work, share their concerns, and get to know the business goals set by EDPR's top management. We also hold meetings and team building events; conference calls regarding results, and a robust website that informs both internal and external stakeholders.

In this sense, in 2015 we have initiated the "Talking to Improve" initiative, where different departments are invited to share with the CEO its surveys services results, with the internal feedback provided by other departments about the service offered, and identify areas for improvement and strengths.

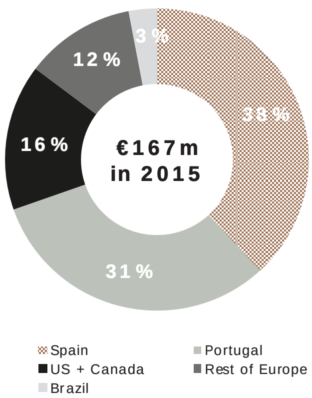
All of these communication efforts work to motivate employees, promote knowledge sharing and bring people together.

2.2. COMMUNITIES

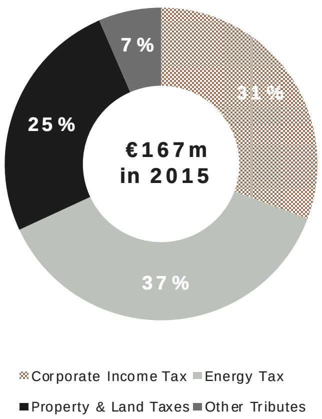
TAX REPORTING

It is an ethical and civic duty to contribute to the financing of the general functions of the States where the Group is present through the payment of taxes and contributions due in accordance with the applicable Constitution and remaining laws of those States, contributing to the welfare of citizens, to a sustainable development of the Group's local businesses and to the value creation for shareholders.
The total tax contribution of EDPR Group to the public finances amounts to €167m in year 2015. Moreover, EDPR's Social Security contribution amounts to €11m.

DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY COUNTRY



DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY TYPE OF TAX



EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the purpose of contributing to the sustainable development of its business and in order to uphold its strategic vision.

The goal is to make a positive impact on the communities where we operate, and to maintain and enhance our reputation as a responsible company working for the common good. EDPR plans for the results it intends to achieve, and evaluates projects it is involved in, according to international standards for corporate social investments (London Benchmarking Group).

EDPR IN 2015:

- 1.2 million euros invested
- More than 100 initiatives with the community

We are also well aware of the impact our activity has on the local communities where our wind farms and solar PV plants are located. We work to maximize the potential benefits for the company and for the residents of those communities through open communication with our stakeholders.

Maintaining an ongoing dialog with community members is an integral part of our business activity. We carry on discussions and meetings with local stakeholders during all phases of the development and operation of our power plants, to learn about their concerns and to determine the best way to address them. It is also an opportunity to communicate some of EDPR's core values to the local community.

EDP FOUNDATION IN SPAIN

The mission of the EDP Foundation in Spain is to strengthen the commitment of the EDP Group with sustainable development across the country. The foundation puts a special emphasis on social, cultural, environmental and educational initiatives. During 2015, the EDP Foundation in Spain has supported a series of initiatives that were funded by EDPR.

EDP Solidaria

The EDP Solidaria program gives recognition and financial support to projects created by associations, institutions and NGOs with the aim of improving the quality of life and helping to socially integrate the most in-need populations.

In this first edition of EDP Solidaria 2015, the EDP Foundation in Spain received a total of 37 nominations for the awards. 11 of the proposed projects were selected and will receive a total contribution of 344,000 euros. The jury for the awards consisted of officials from different areas of the EDP group and the project implementation will be overseen by managers and volunteers from the company.

The selected projects were all related to a priority area identified, including support for in-need populations, the integration of communities at risk of social exclusion and the promotion of employment and entrepreneurship.

ENGANGING WITH OUR COMMUNITIES

France: crowdfunding project
The project for Escardes Wind Farm, in France, has taken community involvement to a different level by allowing people to participate financially.

As a result of growing demand for increased financial participation from local authorities and residents, a crowdfunding initiative has been launched for this windfarm of 12MW, now under construction and with expected completion in the first half of 2016. The purpose was to raise a debt tranche to be held by local community members.

This kind of local participative investment (either in the form of local shareholdings or local loans) is seen as a means to increase public support, minimize litigation, reduce the “Not In My Backyard” attitude, and align interests toward the development of renewable energy projects.

180 PEOPLE HAVE SUPPORTED THE CAMPAIGN

Europe: Generation EDPR
At EDPR, we believe it is essential to meet today's objectives without compromising tomorrow's.

That's why we not only focus on producing clean energy, but also work to support future generations with projects like University Challenge (in its 7th edition), a project that aims to promote the education, creativity and development of university students; Your Energy, an international program that helps children discover the world of renewable energies; and Green Education, an international project to support the education of children and teenagers of families with limited resources.

These projects exist because we believe there is no better way to contribute to society than to support the education and training of generations to come.

generationedpr.edpr.com

Your Energy
More than 800 primary school students in Poland; and participation of more than 1,000 students in Italy

Green Education
71 scholarships in Spain, 9 in Italy

EDPR University Challenge
113 projects, with 284 students from 53 universities

Poland: for and with local communities
To maintain strong and positive long-term relationships with local communities in Poland, the company has organized several events and activities to involve and engage all of the people living in the areas surrounding its wind farms.

During the year, EDPR has been involved in more than 28 events supporting more than 10 communities. Local sports championships, cultural activities promoted with local organizations, educational and environmental activities are among the many initiatives held in Poland in 2015.

Spain: Solidarity team building
In 2015, 600 employees in Europe were invited to be part of something different. Taking advantage of the fact that most of them were gathered together in activity was to put together humanitarian aid kits destined for 329 Syrian refugees in Spain.

United States: Volunteers give back to children

EDPR North America supports the local community with many initiatives. One of them was the volunteer work conducted by employees with "Undies for Everyone", a nonprofit organization providing clean underwear to economically disadvantaged children in the Houston area.

2.3 SUPPLIERS

2.3.1 OUR SUPPLY CHAIN

The performance of suppliers is essential for the success of EDPR. The company bases its relationship with suppliers on trust, collaboration and creation of shared value, and this results in a joint capacity to innovate, strengthen sustainability policy and improved quality of operations. This significantly contributes to EDPR keeping the leadership in its areas of operation and it is a factor inducing competitiveness in the markets in which it operates.

EDPR carried out a study to characterize its Supply Chain, including the analysis of the exposure to economic, social and environmental risks. Through this study, EDPR aims to identify areas where should focus its improvement activities in order to significantly reduce its exposure to risk and optimize impacts.[1]

At EDPR, 89% of the external spend is concentrated on purchases of good and products (including turbines) and other supplies for energy generation, construction works and other services related to O&M.

Over

6400*

Suppliers contribute to our success

99%*

Local Purchases

(purchases in countries of operation of EDPR)

EDPR's suppliers are segmented from the point of view of criticality for the business:

- **Critical suppliers**: Turbines, BOP (Balance of Plant) and O&M (Operation & Maintenance), and;
- **Non-critical suppliers**: (indirect purchases).

2.3.2 SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

EDPR has defined **policies, procedures and standards** to ensure the several aspects that fill in with the sustainability of the supply chain, as well as the management and mitigation of environmental, social or ethical risks.

PROGRESS

2015

EDPR has defined a procurement policy, in order to guarantee the integration of sustainability requirements inpurchases exceeding 500.000€ (policy 0090 and 0080).The company takes into account the specific criteria to adopt the 10 principles of the UN Global Compact, the adherence to the Ethical Code, the Health & Safety and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.

~80% of EDPR's suppliers in Corporate and Europe and 65%**in North America have requirements related to Global Compact and EDPR's Code of Ethics**

[1] Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. Data presented in this chapter resulting from this study is marked with an *.
** Europe information is based on number of transactions and US information scope is for suppliers above 500k€.

1 - Policies, Procedures and Standards	
Procurement Manual	EDP Group and EDPR have a Procurement Manual, which includes guidance to each Purchasing Department to put our values and principles into practice.
EDPR's Code of Ethics	EDPR´s suppliers shall know the principles established in the Code of Ethics and they shall agree with them. EDPR requires the formal adherence of the supplier with the principles of the Code of Ethics, through a written declaration of acceptance. EDPR's Code of Ethics is available in www.edpr.com
UN Global Compact	EDPR´s suppliers shall accept to comply with the UN Global Compact's ten principles. The suppliers shall either provide the confirmation as signatories of the United Nations Global Compact directives or provide a written declaration of their acceptance.
Health & Safety System and OH&S Policy	Health & Safety System, based on the OSHAS 18001:2007 specifications require our employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in our EDPR's OH&S Policy. The health and safety management system is supported by different manuals, control procedures, instructions and specifications. The Health and Safety Management Manual ensures the effective execution of EDPR's OH&S policy. EDPR´s Health & Safety Policies are available in www.edpr.com
EDPR´s Environment and Biodiversity Policies	EDPR´s suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management. EDPR has implemented, for all its wind farms in operation, an Environmental Management System (EMS) developed and certified according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. Supplier shall make the EMS available to its employees and subcontractors. EDPR´s Environment and Biodiversity Policies are available in www.edpr.com

EDPR works with mature suppliers and companies that look to meet the demanding requirements on quality, environment and prevention, as well as to comply with the economical/financial solvency requirements.

The rule "pass or fail" is applied to providers. If they do not meet the main requirements set by EDPR they will not be selected to provide services.

Contracts contain specific clauses regarding to the criteria of service quality, the adoption of the 10 principles of the UN Global Compact, adherence to the EDPR's Code of Ethics and the requirements for health, safety and environmental management.

EDPR SUPPLIERS IN REPROSYSTEM

For all suppliers considered critical, EDPR secures from the bidding to the time of providing the service (work execution or maintenance) that aspects of technical quality, economical/financial solvency, health, safety and environmental management are suitable. One of the requirements is for providers to have quality, environmental, health and safety management certificates.

2.3.3 MANAGEMENT AND MITIGATION OF ENVIRONMENTAL, SOCIAL OR ETHICAL RISKS

EDPR monitors Critical suppliers during their services delivery, taking into account aspects as quality, safety, health and environment. EDPR also ensures the compliance with standards, commitments and procedures of EDPR in all value chain.

A) During the construction process, the construction manager is accompanied by a health supervisor and a safety and environmental supervisor and helds weekly meetings with suppliers, including performance reports. Contactors receive feedback and improvement plans are established in the areas of quality, health, safety and environment.
In addition, the company also has external supervision in aspects of quality and safety and health.

B) During the process of wind farms operation, EDPR counts with supervision by the Wind farmmanager, responsible for service quality and compliance with the rules and health, safety and environmental procedures. These processes are reinforced by the management systems of health and safety and environmental management, supported by safety, health and environmental technicians.
Contractors integrate these management systems, as their health, safety and environmental performance is crucial for EDPR.

Providers share with EDPR their new solutions, products or upgrades to improve collaborati on between both parties.

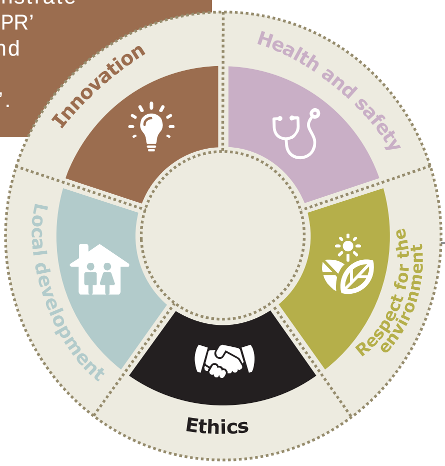
The relevant aspects for EDPR in relation to sustainability in the supply chain are: Health and Safety, Respect for the Environment, Ethics, Local Development and innovation.These aspects are expressed in Procurement Manual.

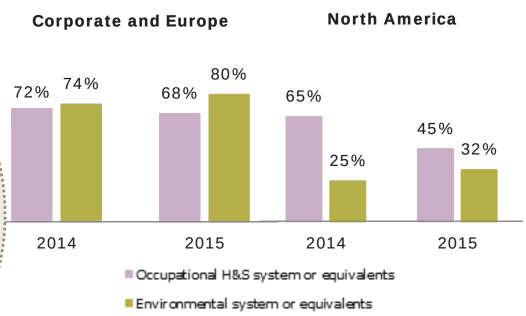
On june, the main companies working with EDPR met at our Madrid offices for the Workshop on the Coordination of Business Activities
The goals defined for this occasion focused mainly on sharing the company's health and safety policy aspects that affect collaborating companies working at our facilities as well as to inform them about the internal procedures that all companies collaborating with EDPR must follow.
With this new action, we aim to demonstrate the commitment and leadership of EDPR' Management with respect to health and safety, with the ultimate purpose of achieving our goal of "Zero Accidents".

68% of EDPR's suppliers in Corporate and Europe and **45%** in North America had Occupation Health & Safety System (OHS)
(Corporate and Europe includes suppliers above 500k euros)

11 338 Hours of training on OHS to EDPR's Suppliers, involving **147 companies** and **2378 workers**

552 Audits to Suppliers in the scope of OHS





~80% of EDPR's suppliers in Corporate and Europe and 65% in North America were screened using criteria for impacts on society

More than 20 000* employment associated to EDPR's Supply Chain

More than 735* Million EUR gross value added associated to EDPR's Supply Chain

~80%* of EDPR's suppliers in Corporate and Europe and **65%*** in North America were screened using labour practices criteria and human rights criteria

~0%* EDPR's direct suppliers identified as having significant risk for incidents of child labour, forced or compulsory labour, freedom of association

80% of EDPR's suppliers in Corporate and Europe and **32**% in North America had environmental systems (Corporate and Europe includes suppliers above 500k euros)

300* Thousand ton GHG emissions associated to EDPR's direct and indirect Supply Chain, **5%*** of which related to Tier1 Suppliers

** Europe information is based on number of transactions and US information scope is for suppliers above 500k€.

3. SAFETY FIRST

ZERO ACCIDENTS MINDSET

Guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR, and this commitment is supported by our Health and Safety policy.

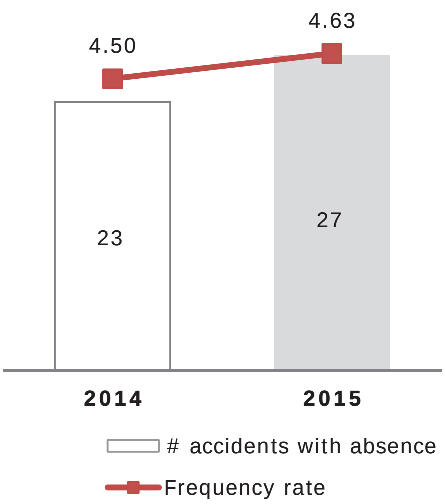
At EDPR, we are conscious that we work in a sector that is particularly sensitive to the occupational risk. Therefore, we place special emphasis on prevention by training, communicating and certifying our facilities.

As an integral part of our health and safety strategy, employees participate in training courses and risk assessment activities based on the potential risks associated with their position. Our employees follow the guidelines rigorously and strive to achieve a safe workplace for all those who provide services in our facilities.

Committees and subcommittees throughout EDPR support the implementation of health and safety measures. These committees collect information from different operational levels and involve employees with the creation and communication of a preventative plan.

In order to achieve our zero accidents goal, EDPR has implemented health and safety management systems based on the OSHAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specifics of each geography where they are implemented, and are developed based on country regulation and industry best practices. Our commitment to the health and safety of our employees and contractors is further supported through the OHSAS 18001 certification. EDPR is working actively to have all installed capacity certified by 2017.

INDICATORS:



The implementation of our health and safety management systems allow us to record and monitor the number of accidents, which aids us in achieving our zero accident goal. During 2015, EDPR registered 27 accidents. The trend is decreasing in Europe and US but it is compensated by higher short-term absence accidents in Brazil, impacted by higher construction activity in the country, which led to an increase in the frequency rate. Additionally, the severity rate increased, due to one long-term absence coming from 2014 and three during 2015, which have led to 63% of the total days lost.

Overall, the trend is improving despite the increase in number of accidents in Brazil. A greater focus on communication of our policies, plus the realization of the benefits from OHSAS certification that occurred at the end of this year in Brazil, will help drive the improvement of these statistics.

EUROPE AND US HAVE LOWER H&S INDICATORS DUE TO MORE TRAINING HOURS AND EMERGENCY PLANS BOTH FOR STAFF AND CONTRACTORS.

TRAINING & EMERGENCY PLANS:

Training *(hours)*	Drills (#)	Certified MW* *(%)*
20k	233	93%

*OHSAS 18001 certification *Calculation based on 2014YE installed capacity. Installation are certified the year after been reported.

4. POSITIVE BALANCE ON THE ENVIRONMENT

EDPR is committed to protect the environment, we complement our strategy of fighting against climate change with an environmentally responsible management of our wind farms. This strategy is based on the Environmental and Biodiversity policies. Our policies reflect a responsible management of the environment along the whole value chain.

The operation stage of wind farms, with a useful life of 25 years, stands as the core of our business. According to this, we are really conscious of the importance of proper management of environmental matters in our facilities in operation, which is assured through the Environmental Management System (EMS).

The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization.This standard is considered the world's benchmark for EMS Management Systems and is a guarantee that EDPR sites, regardless of its regulatory environment are aligned and at the same level of compliance. 92%* of EDPR's installed capacity is covered by ISO 14001 certification. Additionally, in the frame of the Sustainability roadmap 2013-2017, EDPR has the goal to certify 100% of the installed MWs by end 2017.

EDPR is committed to promote environment conservation and aspires to have an active role in contributing to the world's objective of reducing climate change. To do so, we take environment into consideration in all our business activities, seeking a positive balance.

18,717 kt CO_2

AVOIDED

Growth in wind and solar installations will lead to a substantial reduction in CO2 emissions.

Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change.

*Calculation based on 2014YE installed capacity. Installation are certified the year after been reported.

BIODIVERSITY

Aspect: EDPR co-exists peacefully and abundantly with most wildlife. Even though mitigating climate change is the best way to protect biodiversity, we are aware that our operations can have an impact on the local flora and fauna where our windfarms are constructed and operated.

MITIGATION OR COMPENSATION MEASURES:

- **Prevent**: Potential environmental impacts are analysed in detail in the environmental impact studies of the projects.
- **Correct and / or Compensate:** EDPR respects biodiversity in all phases of the plant's life-cycle.

WATER & WASTES**

Aspect: We produce clean and green energy, water-free and with low wastes generation. Even though we are in a clean energy business, we go beyond our commitment with the close monitoring of operations and by fostering a corporate culture of responsibility.

MITIGATION OR COMPENSATION MEASURES:

- Therefore we are committed to measure the footprint from our administrative activities and plants electricity consumption, representing 0.2% of the emissions avoided.
- The company has been actively working to improve the recovery rate of its hazardous wastes reaching a rate of 73%, 98% without considering the soil removed from the mentioned spillage.

EMERGENCIES

Aspect: Given our activity and locations, oil spills and fires are the major environmental-related emergency risks. The EMS is designed to prevent emergency situations but in case they happen, the system covers the management of these, including the near-miss situations.

MITIGATION OR COMPENSATION MEASURES:

- EDPR defined a new Crisis Management Plan in Europe during 2015.
- During 2015, EDPR conducted 216 environmental drills to guarantee that our employees and contractors are familiar with the risks and have received the appropriate training to prevent and act, if necessary. A total of 46 near-misses were reported and acted upon.
- In 2015, we had only 1 significant spill. The contamined soil was removed and fully restored.

COMMUNITY

Aspect: EDPR considers local communities at the centre of its operations creating shared value but we are also aware that our operations could impact local neighbours with discomforts such as visual impact or noise.

MITIGATION OR COMPENSATION MEASURES:

- **Prevent:** We elaborate social impact studies during development of the windfarms that may impact the layout of the windfarm if necessary.
- **Communicate:** EDPR has in place open channels for claims reporting. During 2015, registered a total of 94 environmental-related complains mainly due to TV interferences that were promptly and satisfactorily corrected.
- **Compensate:** During 2015, EDPR participated in environmental related activities such as environmental volunteering programs or partnerships with public entitites.

**Waste ratios do not include ENEOP data.

5. INNOVATION

Innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do.

Our company has been implementing successful innovative solutions to increase the operational and economic performance of our assets for years, throughall the lifecycle of our projects: improving the design of the layouts to achieve the best wind resource, decreasing construction costs and risks and increasing the production of our operational power plants developing new technological solutions designed in-house.

After great results, the innovation efforts will continue in our onshore operations, as well as EDPR's new focus on finding feasible solutions in the offshore section of our business. To do so our company participates in two projects that focus on the foundations, one of the most important elements of the power plant. Both based in the coast of Aguçadoura (north of Portugal), thus sharing knowledge and resources, WindFloat and DEMOGRAVI3 will help to reduce costs opening new markets for the offshore wind industry.

WINDFLOAT

The 'WindFloat' project is one of the flagstaffs of the renewable R&D project list at EDP, with a deep waters offshore prototype that has reported excellent results after four years in operation under harsh conditions, having to endure waves up to 15 meters high, off the northern coast of Portugal.

This is the most ambitious innovation project on floating offshore technology conducted worldwide so far, the first wind energy turbine in open waters in the Atlantic ocean, and also the first time for a triangular semi-submersible floating structure supporting a 2 MW wind turbine allowing the utilization of offshore winds with great stability at water depths below 40 meters, existing at long distances from the coast. It is the first offshore wind energy project in the world not requiring the use of any heavy offshore lifting equipment. The whole process of final assembly, installation and commissioning was performed on land, in a controlled environment. When the construction on land was completed in dry docks, the structure was towed for about 350 kilometres in the open water. The capability to undertake the towing operation under such circumstances can be attributed to the performance and stability of WindFloat. These factors also allow any ready-to-use commercial wind turbines of any manufacturer to be installed on WindFloat. The project is a partnership between EDP, Repsol, Principle Power, A. Silva Matos, Vestas and InovCapital and is also supported by the Innovation Support Fund (FAI), involving more than 60 suppliers, more than two thirds are Portuguese.

After successfully finalizing the first phase of the project, next steps consists on the installation of a full scale floating wind farm of 27 MW.

DEMOGRAVI3

In November 2015 EDP was granted European funding to develop new technology for offshore wind power. DEMOGRAVI3 is a project that aims to develop an innovative gravity based foundation for offshore wind turbines and will be funded by the European Commission's Horizon 2020 programme.

The consortium developing this new project will be coordinated by EDP, through EDPR. DEMOGRAVI3 will test a wind turbine with an innovative gravitational foundation made of concrete and steel. The project will last for four years, including the installation of a wind turbine taking advantage of the underwater cable connecting the WindFloat turbine to a substation on land.

Unlike the solution based on a floating platform successfully tested with Windfloat, DEMOGRAVI3 will be installed on the seabed, although it will already be assembled and floated to the mooring place. The whole structure of the turbine and its constituent elements will be assembled on shore and then transported. The main innovation of this structure thus avoids the necessity for heavy lift vessels to anchor and assemble all the turbine components in an offshore environment.

The project includes other technological partners such as: TYPSA, ASM Energia, Univ. Politécnica de Madrid, WavEC, Acciona Infraestructuras, Fraunhofer Gesellschaft IWES, Gavin & Doherty Geo Solutions and Global Maritime AS.

edp renováveis

ENERGY WITH INTELLIGENCE

CORPORATE GOVERNANCE
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PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
LEI:...........................529900MUFAH07Q1TAX06

Bloomberg Ticker (NYSE Euronext Lisbon): ....EDPR PL
Reuters RIC: .... EDPR.LS

EDPR main shareholder is EDP – Energias de Portugal, S.A., Sucursal en España (hereinafter referred as "EDP"), with 77.5% of share capital and voting rights. Excluding EDP Group , EDPR shareholders comprise more than 72,000 institutional and private investors spread across 23 countries with main focus in the United States.

Institutional Investors represent about 91% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsable investors ("SRI"), while Private Investors, mostly Portuguese, stand for 9%.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 60 days of the change of control event.

In the cases of intra-group services agreements and according to the Frame Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31st 2015.

On December 18th 2015, EDPR received a notification regarding EDP qualified holdings. According to this notification a block of 135.256.700 ordinary shares representative of 15.5% of EDPR share capital and voting rights, previously held by Hidroeléctrica del Cantábrico, S.A., were attributed to EDP as a result of a direct holding under the terms and for the purposes of the first part of article 20 of the Portuguese Securities Code.

The change on the type of attribution of voting rights to EDP results from the acquisition by EDP to Hidroeléctrica del Cantábrico, S.A. ("HC"), a company wholly owned by EDP, of such block of shares.

As a result of the change on the type of attribution of voting rights, EDP now holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR, corresponding to 676,283,856 ordinary shares. Also, as a result of the above mentioned acquisition, HC no longer holds any qualified shareholding in EDPR.

As of December 31st 2015 the following qualified holdings were identified:

SHAREHOLDER	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	**676,283,856**	**77.5%**	**77.5%**
EDP detains 77.5% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	**27,149,038**	**3.1%**	**3.1%**
MFS Investment Management is an American based active and global asset manager. In September 24th 2013, MFS Investment Management reported to Comisíon Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
Total Qualified Holdings	**703,432,894**	**80.6%**	**80.6%**

As of December 31st 2015, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st of 2015. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Shares	Price	Direct	Indirect	Total
António Mexia					3,880	320	4,200
João Manso Neto					-	-	-
Nuno Alves					5,000	-	5,000
Miguel Dias Amaro					25	-	25
João Paulo Costeira					3,000	-	3,000
Gabriel Alonso					26,503	-	26,503
João Manuel de Mello Franco					380	-	380
Jorge Santos					200	-	200

Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Shares	Price	Direct	Indirect	Total
João Lopes Raimundo					170	670	840
António Nogueira Leite					100	-	100
Manuel Menéndez Menéndez					-	-	-
Gilles August					-	-	-
José Ferreira Machado					630	-	630
Acácio Piloto					300	-	300
Francisca Guedes de Oliveira					-	-	-
Allan J. Katz					-	-	-

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labour courts and the labour sections ("Juzgados de lo Social y Salas de lo Social") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

As of April 9th 2015 the General Shareholder's Metting approved the delegation to the Board of Directors of the power to issue in one or more occasions any:

- fixed income securities or other debt instruments of analogous nature, as well as
- fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize, at the Board of Directors' discretion, the right of subscription or acquisition of shares of EDP Renováveis, S.A., or of other companies, up to a maximum amount of three hundred million Euros (€ 300.000.000) or its equivalent in other currency.

As part of such delegation, the General Sharholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above, during a five year period since this resolution was adopted. This delegation may be exercised by the Board of Directors within the limits provided under the law and the By-Laws

Additionally, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or partially and may also decide not to perform it in consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

On December 24^{th}, 2014 a modification to the Spanish Companies Law entered into force (Ley 31/2014). This Law is applicable as of January 2015. Accordingly to these modifications, EDPR has modified its Articles of Association and the regulations of the Board of Directors including, among others, the following modifications:

- The Board of Directors of EDPR shall meet at least once every quarter.
- Non-executive Directors, can only be represented by other Non-executive Director.
- To include a wider list of non-delegable powers by the Board of Directors, listed in topic 29 of the present Report

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company is described on topic 90 of this Report.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairman of the General Shareholders' Meeting, the Chairman of the Board of Directors, or his substitute, the other Directors, and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8^{th} 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on the General Shareholder's Meeting of April 9^{th}, 2015 for a three-year term.

The Secretary of the General Shareholders' Meeting is Emilio García-Conde Noriega who was nominated as Secretary of the Board of Directors on December 4^{th}, 2007. The Secretary of the Board of Directors mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore, in addition to the resources provided by the Company' Secretary the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. VOTING RIGHTS RESTRICTIONS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend at General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in its Summon and Shareholders Guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder with the right to attend may be represented at the General Shareholders' Meeting by a third party, even if this person is not a shareholder. Such Power of Attorney is revocable. The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail post.

Shareholders may vote on the meeting's agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for that purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at www.edprenovaveis.com.

Votes by mail shall be sent in writing to the place indicated on the Summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of Article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

In order to vote by electronic communication, the shareholders who requested it will receive a password within the time limit and in the form established in the Summon of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM

EDPR has approved on the last General Shareholders Meeting of April 9th, a modification of the Articles of Association in order to adapt them to the changes introduced by the regulation set by the New Spanish Law, which are more favourable to the shareholders, and more protective of their position. Among others, one of such modifications was related to the qualified quorum and the reinforced majority as described below.

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present.

To validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination of preemptive rights of new shares and in general any necessary amendment to the Articles of Association, in the Ordinary or Extraordinary Shareholders' Meeting, it is required that on first call, the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on second call, at least twenty five percent (25%) of the subscribed voting capital.

In relationto the quorum required to validly approve these matters, in accordance with the Law and the Articles of Association, when the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the above mentioned resolutions will be validly adopted by absolute majority and in the case the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50%)- but without reaching it- the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to approve these resolutions.

EDPR has not established any mechanism that may intend to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided by the law.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM- Portuguese Securities Market Commission-) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model aims to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

EDPR has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company posts its updated Articles of Association as well as its Committees Regulations at www.edprenovaveis.com.

The governance model of EDPR was designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-option), re-elections, dismissal and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers have the best qualities to fulfil the role of Board Member. The Board of Directors submit a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Articles 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Directors, and in such case said shareholders are entitled to nominate a number of Directors equal to the result of the fraction using only whole amounts. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Articles 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st, 2011. The current members of the Board of Directors are:

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
Miguel Dias Amaro*	Director	05/05/2015	-	Until the next General Shareholder's Meeting
Gabriel Alonso	Director	21/06/2011	09/04/2015-	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015-	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018

*On May 5th 2015, Miguel Amaro was elected by co-option as Member of the Board of Directors. The co-option proposal was made in accordance to the Article 23.2 of EDPR's Articles of Association. The term of this co-option will be in full force until the next General Shareholder's Meeting, to which a proposal of ratification will be submitted according to the terms explained in the topic 16 above.

At the last Ordinary General Shareholder's Meeting, which took place on April 9th, 2015 fourteen (14) Members of the Board were re-elected for a three-year term (3), and two new directors were nominated. Likewise, during

2015, Rui Teixeira, Jose Araújo e Silva, Rafael Caldeira Valverde and João Marques da Cruz ceased to be Members of the Board.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, people, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions, among others, are not allowed to be Directors.

The Chairman of EDPR's Board of Directors does not have executive duties.

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Executive Director	-
Miguel Dias Amaro	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2015, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

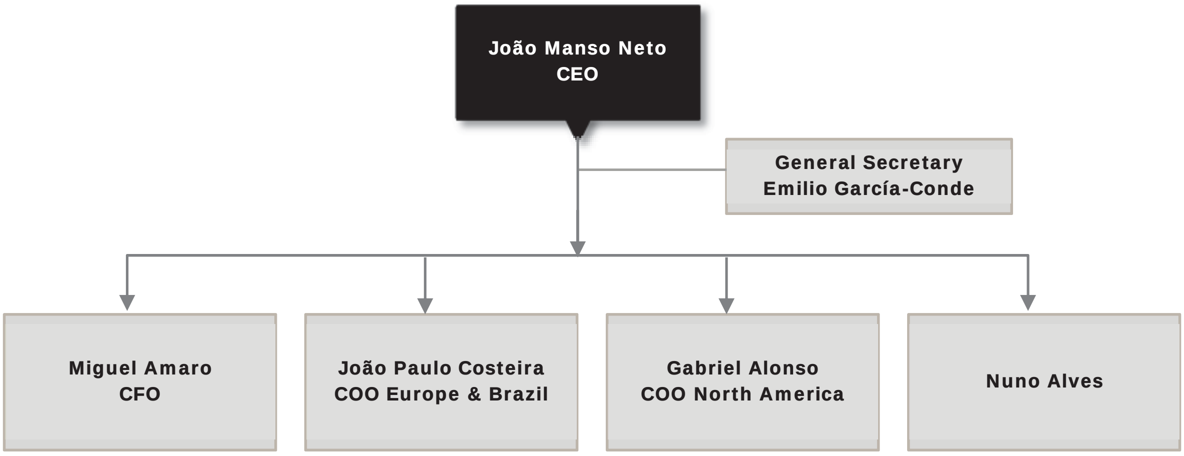
- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;

Or employees in other companies belonging to EDP's group, which are the following:

- Miguel Dias Amaro;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.



B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

The Board of Directors held seven (7) meetings during the year ending on December 31st, 2015. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2015:

Board Member	Position	Attendance
António Mexia	Chairman and Non-Executive	85,71%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Executive	85,71%
Miguel Dias Amaro	Executive	100%
Gabriel Alonso	Executive	100%
João Paulo Costeira	Executive	85,71%

Board Member	Position	Attendance
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	100%
Gilles August	Non-Executive and Independent	43%
Acácio Piloto	Non-Executive and Independent	85,71%
António Nogueira Leite	Non-Executive and Independent	100%
José Ferreira Machado	Non-Executive and Independent	85,71%
Allan J. Katz	Non-Executive and Independent	100%
Francisca Guedes de Oliveira	Non-Executive and Independent	100%

The percentage reflects the meetings attended by the Members of the Board, provided that Miguel Amaro, Allan J.Katz and Francisca Guedes de Oliveira joined the Board as of the May 5th 2015 and April 9th 2015 respectively, and therefore, the percentage expressed is calculated over the meetings celebrated since then. During 2015, only João Paulo Costeira delegated once his voting rights to the Vice-Chairman of the Board

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 BIS of the Spanish Companies Law, the Board of Directors supervises de effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria's for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

The Board of Directors' Committees regulations are available to the public at the Company's website, www.edprenovaveis.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

The Board of Directors established the number of members of the Executive Committee in five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairman and CEO
- Nuno Alves
- Miguel Dias Amaro
- Gabriel Alonso

- João Paulo Costeira

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008 and last amended on April 9th 2015, in order to adapt them to the changes of the New Spanish Law. The committee regulations are available to the public at www.edprenovaveis.com.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairman, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, shall send to the Chairman of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairman of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

The composition of the Executive Committee is described on the previous topic.

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation and drafting of the Annual Report and Management Reports and submission to the General Shareholders' Meeting;
- Change of registered office;
- Drafting and approval of the proposal for mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors, its committees and the performance of delegated bodies and appointed directors.
- Definition of the Company´s general policies and strategies including the policy of own shares
- Authorization or waiver of the obligations arising from duty of loyalty;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, as well as their general contractual conditions including remuneration;
- The faculties that the General Meeting may have delegated on the Board of directors, except forthe cases expressly authorized by the first to subdelegate them.

2015 ACTIVITY

In 2015 the Executive Committee held 49 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which he may be re-elected for another term of three (3) years. Jorge dos Santos was first elected on April 8th, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31st, 2015, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman

- João Manuel de Mello Franco
- João Lopes Raimundo

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor nomination;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;
- Establishing a permanent contact with the external auditors to assure the conditions of independence, the adequate provision of services, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company;
- Drafting reports at the request of the Board and its committees;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008 and amended on May 4th, 2010 available to the public at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2015 ACTIVITY

In 2015, the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, the first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Assessment of the external auditor's work, especially concerning the scope of work in 2015 and approval of all "audit related" and "non-audit" services;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Pre-approval of the 2015 Internal Audit Action Plan;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Reflection on the corporate governance system adopted by EDPR;
- Information about the whistle-blowing;
- Quarterly and annual report of its activities.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st, 2015 is available to shareholders at www.edprenovaveis.com.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2015 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 52 of the Unified Code of Good Governance (Código Unificado de Buen Gobierno) approved by the Board of CNMV February 18th 2015. The code lays down that the Nominations and Remunerations Committee must be entirely constituted by external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto

At the General Shareholder's Meeting celebrated on April 9th 2015 Rafael Caldeira Valverde, ceased to be member of the Board of Directors of EDP Renováveis S.A., and therefore member of the Nominations and Remunerations Committee. In order to fill this vacancy, on the meeting of the Board of Directors celebrated on April 9th, 2015 after the General Shareholder's Meeting, Acácio Jaime Liberado Mota Piloto was nominated as member of the Nominations and Remunerations Committee.

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members;
- Proposing the appointment and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th, 2008. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

2015 ACTIVITY

In 2015 the Nominations and Remunerations Committee activities were:

- Proposing the reelection of the members of the Board of Directors to be submitted to the Board and approved by the General Shareholder's Meeting.
- Proposing the names of the candidates for the election and also election by co-option, of new members of the Board of Directors due to the vacancy position, to be submitted to the Board and approved by the General Shareholder's Meeting.
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be and currently are independent.The only non-independent member of this Committee is Nuno Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

Until the Board of Directors Meeting celebrated on April9th 2015, the members of this Committee were José Ferreira Machado, Joao Manuel de Mello Franco and Nuno Alves. At the celebration of this meeting, and in accordance of the policy of rotation of the committees' members and the entrance of new ones, Francisca Guedes de Oliveira was nominated as member of the Nominations and Remunerations Committee. As of this date and currently, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Nuno Alves
- Francisca Guedes de Oliveira

Additionally, Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds € 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year ;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to € 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the third bullet point above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and amended on February 28th, 2012. The committee's regulations are available at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2015 ACTIVITY

In 2015, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edprenovaveis.com and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2015, the Audit and Control Committee held sixteen (16) meetings, six (6) of those meetings were formal and the other ten (10) were with the different departments whose activity development was discussed with the Committee.

On March 18th and 19th the Chairman of the Committee and the vocal João de Mello Franco, visited EDPR NA in Houston, where met the local teams to acknowledge the development of their activities.

The Audit and Control Committee also attended three meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees' of EDP's Group.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee by its members. During the year 2015 none of the members delegated their votes in other member.

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	66,66%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group, and other relevant activities undertaken by members of this Committee throughout the financial year arelisted in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2015.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2015 such services reached only around 17% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2015 financial year and should be highlighted:

- Nominate and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 ofNovember 20th 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor' independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41.

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is nominated by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

The External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties during eight consecutive years from the date EDPR became Public Interest Entity.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. On the other hand, according to the personal Law of EDPR -the Spanish Law-, recently amended in October 2015, the maximum term for an auditing firm is established in a 10 year term, from the date the company is declared a "Public Interest Entity".

In the case of EDPR, this date when the IPO was launched is 2008. On of December 31st, 2015, KPMG Auditores S.L. has ended its eighth (8th) consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity.

The Company is compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code and also with its personal Law.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2015, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2015 by the External Auditor for EDPR's business units:

- KPMG's assistance in the process of IRS tax examination and Tax Equity investments.
- Tax services to prepare technical memos on PTC qualification for different wind farms.
- KPMG's assistance in divestment and acquisition structures and financial restructurings.

KPMG was engaged to provide the above mentioned services due to it's in depth knowledge of the Group's activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2015

€ thousand	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	85	1 080	105	1 113	729 173	3 112	72,0%
Other assurance and reliability services	-	453	-	-	18	471	10,9%
Sub-total audit related services	855	1 533	105	1 113	747	3 583	82,9%
Tax consultancy services	-	340	-	116	16	472	10,9%
Other services unrelated to statutory auditing	11	254	-	-	1	266	6,1%
Sub-total non-audit related services	11	594	-	116	18	738	17,1%
Total	**96**	**2 127**	105	**1 229**	**764**	**4 321**	**100%**

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with absolute majority. If the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50% -but without reaching it- the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to approve these resolutions.

Accordingly with theentering into force of the new wording of the Spanish Companies Law ("Ley de Sociedades de Capital"), Ley 31/2014, EDPR made the necessaryamendments to the Articles of Association to adapt them to the Law. The modifications introduced were approved on the last General Shareholders' Meeting of April 9th 2015.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2015 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings.

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2015 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

The Ethics Code is available at our website www.edprenovaveis.com

ANTI-CORRUPTION POLICY

In order to ensure compliance with the standards of Anti-Corruption Regulation in every geography where EDPR operates, the Company developed in 2014 an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19th, 2014. This Anti-Corruption Policy implies a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and also made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at our website www.edprenovaveis.com

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR Internal Audit Department is composed by seven people. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

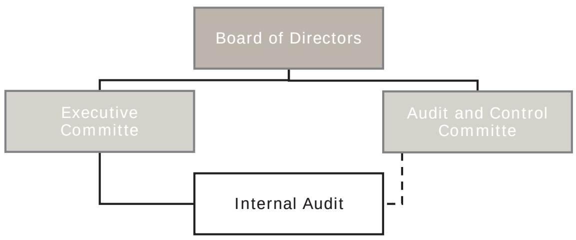
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board, must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice to the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the company. It includes from strategic planning to evaluation of new investments and contracts.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Market, credit and operational risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2015, EDPR defined or reviewed four Global Risk Policies: Energy Hedging Policy, Counterparty Risk Policy, Operational Risk Policy and Country Risk Policy. These policies are already implemented.

53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Areas, covering the entire business cycle of EDPR, and in Risk Categories, following a standard classification of risks.

Risk Areas are Countries & regulations, Revenues, Financing, Wind turbine contracts, Pipeline development, and Operations. Within each Risk Area, risks are classified in Risk Groups.

Risk Categories are Market, Counterparty, Operational, Business and Strategic. Each Risk Group can also be classified into a Risk Category. Thus, for each Risk Group there is a corresponding Risk Area and Risk Category.

The definition of Risk Categories at EDPR is as follows:

1. Market Risk - It refers to the risk to an institution resulting from movements in market prices, in particular, changes in electricity prices, interest rates, foreign exchange rates and other commodity prices.

2.Counterparty Risk (credit and operational) - Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract

3. Operational Risk (other than counterparty) – Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (other than counterparty).

4. Business Risk - Potential loss in the company's earnings due to adverse changes in business volume, margins or both. Such losses can result above all from a serious deterioration of the weather conditions, or changes in the regulatory environment. Changes in electricity prices are considered a market risk.

5. Strategic Risk - It refers to risks coming from macroeconomic, political or social situation in countries where EDPR is present, as well as those coming from a change in the competitive landscape, from technology disruptions, from investment decisions criteria or from reputational issues.

1. Market Risk

1. i) Electricity price risk

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or REC price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some wind farms with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current PPAs in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional RPS programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's wind farms in the US do not have PPA and are selling merchant with exposure to electricity and REC price risks. Additionally, some wind farms with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2015, EDPR signed new long-term PPAs in the US for 517 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure (i.e. no financial derivatives exist for green certificates nor RECs).

In 2015, EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US. As aforementioned, some US wind farms have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

1. ii) Risks related to financial markets

EDPR finances its wind farms through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results.

1. ii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

Taking into account risk management policy and approved exposure limits, the Finance team submits the financial strategy appropriate to each project/location for the Executive Committee's approval. Global Risk Area supports the Finance team in interest rate hedging decisions.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for interest rate hedging.

1. ii) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating wind farms is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investments in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. ii) c) Inflation risk

In some countries, regulated remuneration is linked to inflation.

Exposure to inflation may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

1. ii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates.

EDPR tracks liquidity risk in the short term (margin calls, etc) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity for financing planned projects.

1. iii) Commodity price risk (other than electr.)

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge some of the market exposure in OTC/future commodity markets depending on the potential losses and the cost of the hedge.

2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

During 2015, EDPR updated its Global Counterparty Risk Policy.

2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established as defined in Basel Standards and re-evaluated monthly. If threshold is surpassed by any counterparty or by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

2. ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit notation and replacement cost of the counterparty.

3. Operational Risk

3. i) Development Risk

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (connection of the wind farm to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, lay-out, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a wind farm, and the installation of the wind turbines, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the wind farm:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a wind farm has a PPA, a delay of the commercial operation date might imply the payment of LDs , with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan.

3. iii) Physical assets

Wind farms in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All wind farms are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenues lost due to the event.

3. iv) Information Technology

IT (Information Technologies) risk may occur in the technical network (information network for wind farms operation) or in the office network (information network of corporate services: ERP, accounting…)

EDPR mitigates this risk creating redundancy of servers and control centers of wind farms. Redundancy is created in a different location to anticipate potential natural disasters, etc.

3. v) Legal claims (compliance)

EDPR faces potential claims of third parties and fraud of its employees.

EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes…)

3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2015, EDPR was elected as "Great Place to Work" in Spain and Poland.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

3. vii) Processes

Internal processes are subject to potential human errors.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

4. Business Risk

4. i) Energy Production Risk

The amount of electricity generated by EDPR's wind farms is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower. Generation profile will affect the discount in price of a wind farm versus a baseload generation.

Finally, curtailment of a wind farm will also affect its production. Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

EDPR mitigates wind resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different wind farms in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset wind variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico (no generation).

In some geographies there is an inverse correlation between wind volume and electricity price, implying a natural hedge.

EDPR has analysed in detail the potential use of financial products to hedge wind risk, and EDPR might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the wind farm. Generation profile and curtailment of EDPR's wind farms are constantly monitored by Risk department to detect potential future changes.

4. ii) Equipment Performance Risk

Output from wind farms and solar plants depends upon the operating availability of the turbines and solar panels and the operating performance of the equipment, mainly the components of wind turbines and transformers.

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk.

Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program. EDPR externalized non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

4. iii) Regulatory Risk (renewables)

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR's geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

4. iv) Wind Turbine Price Risk

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand of wind turbines.

For every new project, EDPR secures the demand risk that might increase price of the turbines.

4. v) Wind Turbine Supply Risk

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.

EDPR faces limited risk to the availability and price increase of WTG´s due to existing framework agreements with major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify wind turbine supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

5. Strategic Risk

5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country´s economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

During 2015, EDPR updated its Global Country Risk Policy.

5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of wind farms, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk for EDPR.

To mitigate the risks, at EDPR there is a clear knowledge of our competitive advantages and try to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects or offshore construction, in order to benefit from their knowledge and become a more competitive consortium.

5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR focuses in onshore wind technology, which in most geographies is the most competitive renewable technology at the moment. However, EDPR is progressively investing in other technologies that are starting to be competitive and may become more efficient in the future, like PV solar and wind offshore.

5. iv) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

5. v) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future for our children, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

- Restricted Risk Committee: Held every month, it is mainly focused on development risk and market risk from electricity price. It is the forum to discuss the execution of mitigation strategies to reduce merchant exposure. Its purpose is also to control the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- Financial Risk Committee: Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- Risk Committee: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR´s overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

During 2015, EDPR defined or reviewed four Global Risk Policies, which are already implemented:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Operational Risk Policy
- Country Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

SCOPE REVISION AND UPDATE

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

CONTROL ACTIVITIES

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

SCIRF SUPERVISION

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit and Control Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervise the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Audit Department obtain the opinion of the Audit and Control Committee. The Internal Audit Department reports to the Audit and Control Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit and Control Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2015, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit and Control Committee, which regularly monitors the results of the audit work.

Additionally, in 2015 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on the SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in access the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisíon Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2015, EDPR made 49 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Calle Serrano Galvache 56 Centro Empresarial Parque Norte Edificio Olmo – 7th floor 28033 – Madrid – España Website: www.edprenovaveis.com/investors E-Mail: ir@edpr.com Phone: +34 902 830 700 / Fax: +34 914 238 429

In 2015, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 12 broker conferences, held 20 roadshows and reverse roadshows, along with conference calls and meetings, totalling more than 370 interactions with institutional investors in more than 10 of the major financial cities across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2015, as far as the Company is aware, sell-side analysts issued more than 150 reports evaluating EDPR's business and performance.

At the end of the 2015, as far as the Company is aware of, there were 22 institutions elaborating research reports and following actively EDPR activity. As of December 31st, 2015, the average price target of those analysts was of Euro 6.9 per share with the majority reporting "Buy" recommendations on EDPR's share: 15 Buys, 5 Neutrals and 2 Sell.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 7.10	Buy
BBVA	Daniel Ortea	€ 7.50	Outperform
Berenberg	Lawson Steele	€ 5.75	Buy
BPI	Flora Trindade	€ 7.80	Buy
Caixa BI	Helena Barbosa	€ 7.70	Accumulate
Citigroup	Akhil Bhattar	€ 6.45	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 7.00	Hold
Exane BNP	Manuel Palomo	€ 5.70	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	Hold
Goldman Sachs	Manuel Losa	€ 6.90	Neutral
Haitong	Nuno Estácio	€ 7.80	Buy
HSBC	Pablo Cuadrado	€ 7.00	Buy
JP Morgan	Javier Garrido	€ 6.50	Overweight
Kepler Cheuvreux	Jose Porta	€ 6.19	Reduce
Macquarie	Shai Hill	€ 6.60	Outperform
Main First	Fernando Garcia	€ 7.00	Outperform
Morgan Stanley	Carolina Dores	€ 7.60	Overweight
Natixis	Philippe Ourpatian	€ 6.40	Neutral
RBC	Martin Young	€ 7.25	Outperform
Santander	Bosco Mugiro	€ 6.50	Buy
Société Générale	Jorge Alonso	€ 7.00	Buy
UBS	Hugo Liebaert	€ 7.50	Buy

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

58. INFORMATION REQUESTS

In 2015, EDPR was present in several events with analysts and investors, such as roadshows, conferences, meetings, conference calls and other presentations, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 550 information requests and interacted more than 370 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one week time. As of December 31st 2015 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edprenovaveis.com

Information:	Link:
Company information	www.edprenovaveis.com/investors/corporate-governance/companys-name www.edprenovaveis.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/investors/corporate-governance
Members of the corporate bodies	www.edprenovaveis.com/investors/corporate-governance/directors
Market relations representative, IR department	www.edprenovaveis.com/investors/contact-ir-team
Means of access	www.edprenovaveis.com/our-company/contacts/contact-us
Financial statements documents	www.edprenovaveis.com/investors/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/investors/calendar
General Shareholders' Meeting information	www.edprenovaveis.com/investors/shareholders-meeting-2

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above mentioned proposals except concerning the Declaration on the Remuneration Policy.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

II. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2015.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was € 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum annual remuneration approved by the General Shareholders Meeting for the variable remuneration for all the executive members of the Board of Directors was € 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees don't accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2014-2016 as proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

The Remuneration Policy, including the minor amendments approved by the General Shareholders' Meeting held on April 9th, 2015, remained unaltered during 2015. On the topic below can be found a reminder of the KPIs (Key Performance Indicators) stated in the Remuneration Policy for variable annual and multi-annual variable components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi- annual variable.

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's. For the years 2015 and 2016 and in order to align the indicators with the company objectives a new KPI has been included "Asset Rotation & Tax Equity". The indicators are as follows:

Target Group	Key Performance Indicator	Weight
	Total Shareholder Return vs. Peers & PSI 20	15%
Growth	Incremental MW (EBITDA + Net Equity)	10%
	Asset Rotation & Tax Equity	7.5%
Risk – Return	ROIC Cash %	8%
	EBITDA	12%
	Net Income	12%

Target Group	Key Performance Indicator	Weight
Efficiency	Technical Availability	6%
	Opex / MW	6%
	Capex / MW	6%
Other	Sustainability	7.5%
	Employee satisfaction	5%
	Appreciation of the Remuneration Committee	5%

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

72. MULTI-ANNUAL REMUNERATION

The Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. In 2015, the non-monetary benefits amounted to €123.355.

The Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 9th, 2015 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2015 was as follows:

Remuneration	Fixed	Annual	Multi-annual	Total
Executive Directors				
João Manso Neto*	0	0	0	0
Nuno Alves*	0	0	0	0
Rui Teixeira**	20,601	0	0	20,601
Joao Paulo Costeira	61,804	0	0	61,804

Remuneration	Fixed	Annual	Multi-annual	Total
Executive Directors				
Miguel Amaro***	41,203			41,203
Gabriel Alonso	0	0	0	0
Non- Executive Directors				
António Mexia*	0	0	0	0
Joao Marques da Cruz [*] [**]	0	0	0	0
João Lopes Raimundo	60,000	0	0	60,000
António Nogueira Leite	55,000	0	0	55,000
Rafael Caldeira Valverde**	18,333	0	0	18,333
Francisco José Queiroz de Barros de Lacerda	0	0	0	0
João Manuel de Mello Franco	60,000	0	0	60,000
Jorge Henriques dos Santos	80,000	0	0	80,000
Gilles August	45,000	0	0	45,000
Manuel Menéndez Menéndez	45,000	0	0	45,000
Jose Araujo e Silva**	15,000	0	0	15,000
Acácio Jaime Liberado Mota Piloto	52,500	0	0	52,500
José A. Ferreira Machado	60,000	0	0	60,000
Francisca Guedes de Oliveira***	41,250			41,250
Allan J.Katz***	33,750			33,750
Total	**689,441**	**0**	**0**	**689,441**

a) [*] António Mexia, João Manso Neto, Nuno Alves and João Marques da Cruz do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

[**] Rui Teixeira, João Marques da Cruz, Rafael Caldeira Valverde and José Araujo e Silva amounts reflect the ones corresponding to the 2015 period up to their resignation.

[***] Miguel Amaro, Francisca Guedes de Oliveira and Allan Katz amounts reflect the ones corresponding to the 2015 period since their appointment.

b) Rui Teixeira, Gabriel Alonso, Miguel Amaro and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2015 is €1,089,484, of which €1.029,484 refers to the management services rendered by the Executive Members and €60,000 to the management services rendered by the non-executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

78. REMUNERATION FROM OTHER GROUP COMPANIES

The total remuneration of the Officers, ex-CEO, was the following:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Gabriel Alonso	366.897$	119.000$	0$	485,897$
Rui Teixeira*	228,196€	90,000€	0€	318,196€

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Joao Paulo Costeira	228,196€	80,000€	0€	308,196€
Miguel Amaro**	141,103€	0€	0€	141,103€

*] Rui Teixeira amounts reflect the ones corresponding to the 2015 period up to his resignation.

[**] Miguel Amaro amounts reflect the ones corresponding to the 2015 period from his appointment.

All the amounts are in Euros, except Gabriel Alonso ones, which are in USD.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€)(*)
Jorge Santos	Chairman	80.000
João Manuel de Mello Franco	Vocal	60.000
João Lopes Raimundo	Vocal	60.000

(*) The non-executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2015, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was € 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84.

EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88.

EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2015

During 2015, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

The contracts signed between EDPR and its related parties have been analysed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The total amount of supplies and services in 2015 incurred with or charged by the EDP Group was € 15.8 million, corresponding to 5.4% of the total value of Supplies & Services for the year (€ 293.1 million).

The most significant contracts in force during 2015 are the following:

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP Energias do Brasil S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR1.089.484,80 for the management services rendered in 2015.

ACQUISITION OF 45% OF THE SHARE CAPITAL OF EDP RENOVÁVEIS BRASIL S.A. BY EDP RENOVÁVEIS S.A.

Following the Memorandum of Understanding ("MoU") executed with EDP Energias do Brasil, S.A. ("EDP Brasil") on November 27th, 2014, EDP Renováveis, S.A. signed an agreement with EDP Brasil for the acquisition of 45% of EDP Renováveis Brasil, S.A. on April 27th 2015. This transaction finally concluded on December 21st 2015.

The agreed transaction price totals R$190 million, divided in R$ 176 million at closing and up to R$ 14 million in earn-out payments.

FINANCE AGREEMENTS AND GUARANTEES

The most significant finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR and EDPR Servicios Financieros SA(as the borrower) have loan agreements with EDP Finance BV and EDP Servicios Financieros España (as the lender), a companies 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, up to 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31st 2015, such loan agreements totalled USD 1,836,699,611 and EUR 1,450,000,000.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, Sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st 2015, such counter-guarantee agreements totalled € 14,001,170 and USD 507,747,430.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertake on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2015, such counter-guarantee agreements totalled BRL 350,486,830.

CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR Servicios Financieros SA signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2015, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SFE for a total amount of €90,895,672 in favour of EDPR SF;
- in EUR, EDPR SF with EDP SFE for a total amount of €47,305,519 in favour of EDPR SF.

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR Group companies settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000;
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 924,312,841

HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energías de Portugal S.A. and Servicios Financieros España SLU, with the purpose of managing the transaction exposure related to the short term or transitory positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2015, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 678,027,680 (FWDs);
- Romanian operations, for EUR/RON a total amount of RON 70,075,674 (FWDs);
- US operations, for EUR/USD a total amount of USD 316,000,000 (NDF);
- Canada operations, for EUR/CAD a total amount of CAD 22,950,000 (NDF).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2015 for a total volume of 2.644.328MWh (sell position) and 98.280MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2015 the estimated cost of these services is €4.411.787,33. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação S.A. (hereinafter EDP Inovação), an EDP Group Company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The fee corresponding to this agreement in 2015 is €644.380.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1st, 2003, EDPR - Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR – Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2015 totalled €973.412. The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year's notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2015 totalled €404.506,64.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred by EDP Brasil for the services provided in 2015 totalled BRL135.000.

The initial duration of the agreement is one (1) year from the date of signing and it is tacitly renewed for a new period of one (1) year.

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2015, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognised by an initiative by Deloitte that rewards top performers in the Portuguese financial market: EDPR's 2014 Annual Report was granted as part of the Investor Relations & Governance Awards (IRG Awards), and recognized as the best in the non financial sector. This award distinguishes top performers and highlights policies and attitudes of transparency, the quality of information and investor relations. The initiative was developed in partnership with Diário Económico.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
I.	VOTING AND CORPORATE CONTROL
I.1. **Adopted**	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Chapter B – I, b), topic 12 and 13	
I.2. **Adopted**	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Chapter B – I, b), topic 14	
I.3. **Adopted**	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Chapter B – I, b) topic 14	
I.4. **Not Applicable**	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Chapter A – I, topic 5	

#.#. CMVM RECOMMENDATIONS

Statement of compliance

I.5. **Adopted**	Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Chapter A – I, Topic 2 and 4

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. SUPERVISION AND MANAGEMENT

II.1.1. **Adopted**	Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Chapter B – II, Topic 21, 28 and 29

II.1.2. **Adopted**	The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

Chapter B- II, Topic 29

II.1.3. **Not Applicable**	The General and Supervisory Board, in addition to its supervisory duties , shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)

II.1.4. **Adopted**	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. **Adopted**	The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. **Adopted**	The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.1.7. **Adopted**	Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Chapter B – II, Topic 18	
II.1.8. **Adopted**	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Chapter B – II, C) - Topic 29	
II.1.9. **Adopted**	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Chapter B – II, C) - Topic 29	
II.1.10. **Not applicable**	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
(The Chairperson of EDPR's Board of Directors does not have executive duties)Chapter B – II, A) – Topic 18	
II.2	SUPERVISION
II.2.1. **Adopted**	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2. **Adopted**	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3. **Adopted**	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4. **Adopted**	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Chapter B – II, Topic 29; and Chapter B – III, C) – III	
II.2.5. **Adopted**	The Audit Committee, the General and Supervisory Board and the Supervisory Board on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Chapter B – II, Topic 29	
II.3.	REMUNERATION SETTING

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.3.1. **Adopted**	All members of the Remuneration Committee or equivalent should be independent from the executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Chapter D – II – Topic 67 and 68	
II.3.2. **Adopted**	Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of Directors, the board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Chapter D – II – Topic 67	
II.3.3. **Adopted**	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Chapter D – III – Topic 69	
II.3.4. **Not Applicable**	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Chapter V – III, Topic 73 and 85-88	
II.3.5. **Adopted**	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Chapter D – III, Topic 76	

III.	REMUNERATION
III.1. **Adopted**	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Chapter D – III, Topic 69, 70, 71 and 72	
III.2. **Adopted**	The remuneration of non-executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3. **Adopted**	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Chapter D – III, Topic 71 and 72	
III.4. **Adopted**	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Chapter D – III, Topic 72	
III.5. **Adopted**	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Chapter D – III, Topic 69	
III.6. **Not Applicable**	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Chapter D – III, Topic 73	

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
III.7. **Not Applicable**	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Chapter D – III, Topic 74	
III.8. **Adopted**	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Chapter D – III, Topic 69 and 72	

IV.	AUDITING
IV.1. **Adopted**	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Chapter B – III – V, Topic 45	
IV.2. **Adopted**	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Chapter B – III – V, Topics 37 and 46	
IV.3. **Adopted**	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Chapter B – III – V, Topic 44	

V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1. **Adopted**	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Chapter B – C), Topic 90	
V.2. **Adopted**	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Chapter B – C), Topic 89 and 91	

VI.	INFORMATION
VI.1. **Adopted**	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Chapter B – C) – V, Topics 59-65	
VI.2. **Adopted**	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Chapter B – C) – IV, Topic 56	

ANNEX

PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

ANTÓNIO MEXIA
BORN: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman of the Executive Board of Directors of EDP Energias de Portugal SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil SA
- Member of de Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:
- Member of the General Supervisory Board of Banco Comercial Português (BCP) 2008
- President of the Board of Directors of Union de l'Industrie Electrique

Main positions in the last five years:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade

Other previous positions:
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

JOÃO MANSO NETO
BORN: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.A.
- Executive Director of EDP Energias de Portugal SA,
- Director of EDP Energía Gás SL,
- Member of the Board of Directors of EDP Energia Ibérica SA, Hidroeléctrica del Cantábrico SA,Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A

Main positions in the last five years:
- Member of the Executive Board of Directors of EDP Energias de Portugal SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal) SGPS SA

Other previous positions:
- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico,
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland- at Banco Comercial Português
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

Education:
- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa

- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES

BORN: 1958

Current positions in EDPR or EDP group of companies:

- Executive Member of the Board of Directors, Member of the Executive Committee and Member of the Related Party Transactions Committee of EDP Renóvaveis S.A.
- Chairman of the Board of Directors of EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde SA
- Member of the Executive Board of Directors of EDP Energias de Portugal SA,Member of the Executive Comittee of EDP Energias do Brasil SA and member of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Permanent Representative and Member of the Executive Comitee of EDP Energias de Portugal SA Sucursal en España,
- Manager of Balwerk Consultadoria Económica e Participações Sociedade Unipessoal Lda
- Representative of relations with the Market and CMVM of EDP Energias de Portugal S.A.

Main positions in the last five years:

- Member of the Executive Board of Directors of EDP Energias de Portugal SA (CFO)
- Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Estudos e Consultoria SA,

Other previous positions:

- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:

- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

GABRIEL ALONSO

BORN: 1973

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- CEO of EDP Renewables North America LLC
- Chief Executive Officer and Sole Manager of the EDPR NA subsidiaries
- Chief Executive Officer and Director of the Canadian entities
- President of Vientos de Coahuila, S.A. de CV

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:

- (none)

Other previous positions:

- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:

- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOÃO PAULO COSTEIRA

BORN: 1965

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT-Parques Eólicos SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:
- (none)

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

MIGUEL DIAS AMARO
BORN:1967

Current positions in EDPR or EDP group of companies:
- CFO, Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis S.A.
- Member of the Board of Directors of EDP Renewables Canada, Ltd., EDP Renováveis Servicios Financieros, S.L., EDP Renewables Polska SP. Z O.O, EDP Renewables UK Ltd, EDP Renewables, SGPS, S.A, EDP Renováveis Portugal, S.A., EDP Renewables Europe, S.L. , EDPR PT – Parques Eólicos SA, and EDPR PT – Promoção e Operação, S.A.

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- Board Member, CFO and COO Distribution of EDP – Energias do Brasil

Other previous positions:
- Head of Corporate Internal Audit at Portugal Telecom I
- Assistant to the CEO at Portugal Telecom
- Senior Financial Analyst at Telecommunications Sector at Espírito Santo BM
- Assistant to the Secretary of State for Treasury and Finance
- Financial Analyst – Retail and Pulp and Paper Sectors at Espírito Santo Dealer

Education:
- MBA at Universidade Nova de Lisboa
- Mechanical Engineering degree, by the Instituto Superior de Engenharia de Lisboa (ISEL)
- Bachelor in Mechanical Engineering by the Instituto Superior de Engenharia de Lisboa (ISEL)

JOÃO LOPES RAIMUNDO
BORN: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors and of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the CAE of Montepio Holding S.A
- Member of the CAE of Caixa Económca Montepio Geral ("CEMG")
- Chairman of Montepio Investimento S.A.
- Member of the CAE of Montepio Recuperação de Crédito ACE

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc.,
- General Manager of Banco Comercial Portugês
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)

- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:

- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOÃO MANUEL DE MELLO FRANCO

BORN: 1946

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee, Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Villas Boas ACP – Corretores de Seguros, S.A
- Member of the Board of ACP-Mediaçao de Seguros, S.A.

Main positions in the last five years:

- Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA.
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Other previous positions:

- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA

Education:

- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS

BORN: 1951

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors and Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Director at "Fundação Económicas"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:

- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- President of the General Assembly of IDEFE

Other previous positions:

- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:

- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree(MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ

BORN: 1960

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Chairman of the Board of Directors of Naturgás Energía Grupo SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO of Liberbank SA

Main positions in the last five years:
- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SLU
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:
- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

GILLES AUGUST
BORN: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Fondation Chirac
- Lawyer and founder of August & Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:
- Lawyer and founder of August & Debouzy Law Firm

Other previous positions:
- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges
- Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:
- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

ACÁCIO PILOTO
BORN: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominatios and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

Main positions in the last five years:
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:
- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:
- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post-Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank

- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTÓNIO NOGUEIRA LEITE

BORN: 1962

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors and Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board at HipogesIberia--Advisory, SA
- Director of MP - Microprocessador, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of “Fórum para a Competitividade”
- Chairman of the Board at Forum Oceano

Main positions in the last five years:

- Group Caixa Geral de Depósitos (Portugal’s largest banking group)
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board at Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA
- Group José de Mello (one of Portugal’s leading private groups)
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal’s National Debt Agency, (2002-2011)

Other previous positions:

- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:

- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSÉ FERREIRA MACHADO

BORN: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors and Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent’s University London

Main positions in the last five years:

- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O So
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa l

Other previous positions:

- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:

- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

ALLAN J. KATZ

BORN: 1947

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board member of the International Relation Council of Kansas City
- Distinguished Professor, University of Missiouri at Kansas City
- Creator of Katz, Jacobs and Associates, LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

Main positions in the last five years:

- Ambassador of the United States of America to the Republic of Portugal

Other previous positions:

- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative counsel to Congressman Bill Gunter and David Obey
- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Assistant Insurance Commissioner and Assistant Treasurer for the State of Florida
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

Education:

- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974

FRANCISCA GUEDES DE OLIVEIRA

BORN: 1973

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.
- Member Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:

- Associate Dean at Católica Porto Business School (responsibility of Faculty Management)
- Associate Dean for the Master Programmes at Católica Porto Business School

Main positions in the last five years:

- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at School of Economics and Business at Universidade Católica PortuguesaTeaching

Other previous positions:

- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:

- PHD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PHD scholarship from Fundação para a Ciência e Tecnologia

EMILIO GARCÍA-CONDE NORIEGA

BORN: 1955

Current positions in EDPR or EDP group of companies:

- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:

- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

Education:

- Law Degree from the University of Oviedo

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 23 September 2015, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2015, based on the criteria established in the Internal Control–Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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N.I.F. B-78510153

In our opinion, the Group's system of internal control for financial reporting at 31 December 2015 is effective in all material aspects, according to the criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 25 February 2016, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2015, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao Belda

25 February 2016

edp renováveis

Report from Management concerning responsibility for the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2015 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2015 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2015 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

23 February 2016

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31st and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 23rd, 2016.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Nuno Maria Pestana de Almeida Alves	Miguel Dias Amaro
João Paulo Nogueira da Sousa Costeira	Gabriel Alonso Imaz
Acácio Jaime Liberado Mota Piloto	António do Pranto Nogueira Leite
João Manuel de Mello Franco	João José Belard da Fonseca Lopes Raimundo
Jorge Manuel Azevedo Henriques dos Santos	José António Ferreira Machado
Gilles August	Manuel Menéndez Menéndez
Allan J. Katz	Francisca Guedes de Oliveira