



# **Subsidiary EDP SP's inadequate maintenance of electrical equipment and service failures in São Paulo, Brazil**

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Previously, EDP SP had been the subject of regulatory actions for similar issues. In October 2024, the National Electric Energy Agency (ANEEL) confirmed a fine of BRL 16.02 million (USD 2.59 million) against the company for prolonged electricity outages, inefficient emergency response and inadequate preventive maintenance between 2022 and 2023, especially during a storm in November 2023

### Source

<https://www.gov.br/aneel/pt-br/assuntos/noticias/2024/agencia-mantem-multa-de-r-16-02milhoes-a-edp-sao-paulo>

An appeal was filed, and in addition to the documents related to the aforementioned legal action, the recommendation for the renewal of EDP São Paulo's concession contract is available in Document 15 (Doc 15 dsp20251584 EDP SP- ANEEL DESPACHO nº 1.584 (27.05.2025)).

## Timeline of Regulatory Developments Regarding EDP São Paulo

In **November 2024**, EDP São Paulo filed a civil action seeking to suspend the enforceability of a fine imposed by ANEEL, requesting protection against coercive collection measures and the issuance of a fiscal clearance certificate. On **November 28, 2024**, the Federal Court granted the request for urgent relief, temporarily suspending the fine and ordering ANEEL to refrain from any collection actions.

Subsequently, in **May 2025**, ANEEL issued **Dispatch No. 1,584**, in which it formally **recommended to the Ministry of Mines and Energy the renewal of EDP São Paulo's electricity distribution concession contract (No. 202/1998)** (Document 15 -Doc 15 dsp20251584 EDP SP). This recommendation was based on EDP's compliance with performance indicators, financial and operational management standards, and legal, fiscal, and technical qualifications, as required by **Decree No. 12.068/2024**.

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### Fine – “November 3, 2023 Event”

Case No. 1092747-29.2024.4.01.3400 – On February 26, 2024, ANEEL issued Notification Term No. 0014/2024-SFT, alleging a supposed inadequacy in the service provided by EDP São Paulo. The notification was based on two main criteria:

- (i) an alleged deterioration in TMP and TMAE indicators between 2022 and 2023; and (ii) an increase in the time taken to restore power supply to consumers.



EDP São Paulo submitted a timely response on March 28, 2024, demonstrating that the parameters used by ANEEL (TMP and TMAE) are not regulated in terms of limits or targets, and therefore cannot be used to assess service quality or justify penalties.

Furthermore, EDP proved that it strictly complies with the global continuity indicators (DEC and FEC) established by ANEEL, which have clear and objective targets set by regulation. The data shows that

It is important to clarify that, in the second half of 2023, a working group called the "TMAE Committee" was created, involving the operational teams and senior management of the EDP SP and ES distribution companies (General Unit Director, Chief Executive Officer, Planning and Engineering Director), with the purpose of analyzing the issue and developing improvement actions related to the matter at hand. One of the main actions resulting from this committee was the "Resilience Project," which aimed to hire additional emergency response crews for the year 2024 in order to strengthen the capacity to respond to incidents in the electrical system. The set of actions developed and implemented made it possible to achieve a reduction of approximately 45% in EDP SP's TMAE results between 2023 and 2024. The data shows that EDP São Paulo has consistently performed below regulatory limits, with continuous improvement and a downward trend in these indicators

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Nevertheless, ANEEL disregarded the arguments presented and, on June 24, 2024, issued Infraction Notice No. 0019/2024-SFT, imposing a fine of R\$16,021,418.97 based on an alleged violation of Clause Five of the Concession Contract and Article 4 of REN No. 1,000/2021.

EDP filed an administrative appeal, which was denied by ANEEL's Board of Directors on October 22, 2024, upholding the penalty in full.

EDP subsequently filed a lawsuit seeking annulment of the administrative act that imposed the fine of R\$16,021,418.97, issued through Infraction Notice No. 0019/2024-SFT and upheld by ANEEL's Board of Directors, under Administrative Process No. 48500.000647/2024-11.

#### Fine – "Critical Areas"

This refers to a common procedure lawsuit filed by EDP São Paulo, seeking, as an urgent measure, the suspension of the enforceability of administrative fines resulting from Infraction Notice No. 0015/2022-SFE/ANEEL, including prevention of registration as a defaulter or inclusion in the national debt registry.

In summary, the fine encompasses Notification Term No. 0008/2022-SFE, accompanied by Inspection Report No. 0016/2022-SFE/ANEEL, in which ANEEL stated that "it was determined that EDP São

Paulo has not been providing electricity services with adequate quality, showing deterioration in electricity supply in 2021.”

The Inspection Report referenced the “Performance Plan” signed with the Regulatory Agency for Public Services of the State of São Paulo – ARSESP for the year 2020 and its revision (due to the public emergency caused by the COVID-19 pandemic), with stricter targets for 2021. It also mentioned ARSESP’s monitoring of the plan’s implementation.

Thus, the Inspection Report concluded:

“Finally, considering the deterioration of the service provided by EDP São Paulo in the past year, corroborated by the unsatisfactory performance shown in the 2020–2021 Performance Plan, the analyses will be based on the regulatory limits established for the Distributor for the year 2021.”

Based on these assumptions, the Inspection Report and the Notification Term concluded that the following Non-Conformity allegedly occurred:

NC.1: “Quality of Electricity Supply” – “By failing to provide adequate service regarding the quality of electricity supply to consumers in its concession area, the Distributor did not comply with Article 2 of ANEEL Authorizing Resolution No. 8,316/2019, the First, Fifteenth, and Seventeenth Subclauses of Clause Two, and Item I of Clause Five of the Public Electricity Distribution Service Concession Contract No. 202/1998, as well as §1 and the main section of Article 4 of ANEEL Normative Resolution No. 1,000/2021.”

Source: Doc 14 ANEEL\_EDP SP