



## Investors & Analysts' Briefing

Reuters: EDP.LS  
Bloomberg: EDP PL

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## ANEEL APPROVES A +24.37% TARIFF UPDATE AT EDP SÃO PAULO

**Lisbon, October 18<sup>th</sup> 2017:** Pursuant to the terms and for the purposes of the article 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council and of article 248-A of the Portuguese Securities code, EDP - Energias de Portugal, S.A. ("EDP") is providing the following information to the market:

The Brazilian electricity regulator, ANEEL, approved a +24.37% annual tariff readjustment index for EDP São Paulo, for the period from October 23<sup>rd</sup>, 2017 to October 22<sup>nd</sup>, 2018.

Within the annual tariff readjustment process, ANEEL takes into consideration the variation in the companies' costs in the preceding 12 months. The formula includes controllable costs (Component B), which are updated by inflation (IGP-M index) and by the X-Factor, and non-controllable costs (Component A), such as electricity purchased from generators, sector costs and transmission charges, as well as financial adjustments recognized by ANEEL in the Component A's items (Variation Compensation Account - CVA and other accounts).

Component B was readjusted by -2.68%, considering an IGP-M of -1.45% and an X-Factor of 1.23%, which is composed by "Pd" (productivity gains) of 1.14%, "T" (trajectory to adequacy of operational costs) of -0.24% and "Q" (incentives to quality) of 0.33%. Furthermore, it is worth mentioning the impact of the new tariff for the use of transmission system, set forth through ANEEL's resolution nr. 2.259/2017, which incorporation in transmission costs determined a 10.70% effect on the average tariff increase perceived by consumers. Worth also noting the c.14% effect on average tariff related with deviations on previous period costs, mostly related with the unfavourable hydro scenario and consequent impact on energy costs.

**EDP – Energias de Portugal. S.A.**