



Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP PL

PORTUGUESE GOVERNMENT ANNOUNCES SET OF MEASURES FOR THE POWER SECTOR

Lisbon, May 17th 2012: The Portuguese Government, acting through the Ministry of Economy and Employment, has announced today a set of measures for the power sector, which mostly provide for two changes of immediate effects with economic and financial impact in the EDP Group.

On the one hand, it has been set out an adjustment to the interest rate applicable to the tariff repercussion of the yearly fixed amount of the costs for maintenance of the contractual balance (CMEC), which in average, for the period 2013 to 2027, is of € 13 millions per year, corresponding to a present value of € 120 millions. This adjustment results from the execution of the mechanism for calculation of the fixed amount interest rate under Decree-Law no. 240/2004, of December 27.

On the other hand, the incentive to investment in power generation resulting from capacity payments shall be reviewed. In particular, the capacity mechanism shall cease to be applicable to thermal power plants until 2013, reflecting the date for completion of the measures foreseen in the Financial Assistance Program for the energy sector, as per its 3rd review, although after such date the capacity amount shall correspond to € 6000/MW per year. The capacity payments are also maintained for new hydro power plants, during a period of 10 years, in an amount calculated on the basis of the current criteria for national supply coverage set out in regulations, which shall be reduced in fifty percent for capacity repowering in hydro plants with reversible pumping.

This new framework allows regulatory previsibility and stability in the Portuguese power sector, in the medium and long term, which has a significant importance for all the stakeholders of EDP, being estimated that, in global terms, the economic and financial impact for the EDP Group, once all the measures are in effect (2014), corresponds to 1% of EBITDA or 2.5% of EPS (earnings per shares) per year.

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