



ANEEL APPROVES REGULATORY TERMS AT EDP SÃO PAULO FOR 2019-2023

Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP.PL

Lisbon, October 22nd 2019: The Brazilian electricity regulator, ANEEL, approved the 5th Periodic Tariff Revision for EDP São Paulo (“EDP SP”), a subsidiary of EDP – Energias do Brasil, S.A., in which EDP holds a 51% stake. The new tariffs (average decline for consumers of 5.3% YoY), effective as from October 23rd, 2019 onwards, represent to EDP SP annual allowed revenues for Parcel B of R\$ 987 million (vs. R\$ 961 million in 2018).

In the periodic tariff review process at EDP SP, occurring every 4 years, ANEEL recalculates the regulatory costs that can be managed by the distributor (Parcel B) which includes: (i) operational costs and (ii) capital costs (remuneration and depreciation). Non-manageable costs (Parcel A), that includes energy purchases from generators, cost of energy transportation, sector charges and financial adjustments are adjusted based on price variation during the preceding twelve months.

In this regard, the net Regulatory Asset Base was set at R\$ 2.42 billion (+45% vs. the previous R\$ 1.67 billion, which was defined in 2015) for the starting 4-year regulatory period. The rate of return on the Regulatory Asset Base is 8.09% net of taxes.

Finally, the regulatory index for Technical Losses was set by ANEEL at 4.06% (vs. 4.59% in the previous period). For Low Voltage, the Non-Technical Losses regulatory index was set at 8.57%, for the first year, which is expected to follow a declining trajectory to reach 7.86%, in 2023.

This information is disclosed 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.

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