



Investors & Analysts` Briefing

Reuters: EDPR.LS
Bloomberg: EDPR PL

Spain fully approves the new remuneration framework for wind energy assets

Madrid, June 23rd 2014: The Spanish Government published last Friday in the Official State Gazette the Order IET/1045/2014 (“Order 1045/2014”), which includes the parameters to remunerate the renewable energy assets, under the new remuneration framework that was approved by the Royal Decree 413/2014 (“RD 413/2014”) of June 2014.

The new framework was announced in July 2013 through the Royal Decree-Law 9/2013 (“RDL 9/2013”) and included in the Law 24/2013 (“Energy Law”) of December 2013. The above-mentioned regulatory modification is effective from July 12th 2013.

New Regulation for wind energy assets

The remuneration is now structured in order for a standard asset to receive a pre-tax return defined as the yield of the Spanish 10-year bonds plus 300 bps. The return is based on the assets’ regulatory life (20 years for wind energy assets).

Main details of the new framework:

- Regulatory periods: 6 years
- Remuneration for the first regulatory period: 7.4% pre-tax
- Revenue type: pool price + capacity complement per MW
- Capacity complement: depending on the entry into service of the asset and defined based on a standard asset for each year (see Annex I)
- Pool price: standard production to get caps and floors (see Annex II)
- Interim revisions: every 3 years, adjusting pool price deviations from caps and floors and defining expected future pool price for capacity complement calculation

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EDP Renováveis (“EDPR”) expects this regulatory change to have a total annual impact of around -€30 million at EBITDA level (under an average windy year), when compared with the previous framework defined by Royal Decree-Law 2/2013.

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Annex I – Capacity Complement

Date	Capacity Complement (€/MW)
<2004	0
2004	8,294
2005	19,484
2006	41,342
2007	74,254
2008	107,220
2009	115,550
2010	124,803
2011	109,114
2012	104,995

Annex II – Pool price: standard production to get caps and floors

€/MWh	2014	2015	2016	2017
High Cap	56.21	57.52	57.75	60.0
Low Cap	52.21	53.52	53.75	56.0
High Floor	44.21	45.52	45.75	48.0
Low Floor	40.21	41.52	41.75	44.0

Standard production (MWh):

1) is exposed to prices fluctuations when the wholesale price is between the “High Floor” and the “Low Cap”

2) benefits 50% when the wholesale price is between the “High Cap” and “Low Cap” and are 50% protected of the price between “High Floor” and “Low Floor”

3) isn’t exposed to prices fluctuations when the wholesale price is higher than the “High Cap” or below the “Low Floor”

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