





OPERATIONAL INDICATORS

RENEWABLES	UN	9M19	9M18	9M17	9M16
WIND AND SOLAR INSTALLED CAPACITY					
Installed Capacity	MW	10,425	10,897	10,321	9,379
Portugal	MW	1,164	1,280	1,253	1,251
Spain	MW	1,969	2,312	2,244	2,194
Rest of Europe	MW	1,263	1,612	1,560	1,497
North America	MW	5,562	5,363	5,060	4,233
Brazil	MW	467	331	204	204
Capacity under Construction	MW	834	900	675	788
Portugal	MW	-	76	-	-
Spain	MW	24	-	68	-
Rest of Europe	MW	230	89	41	232
North America	MW	580	598	303	429
Brazil	MW	-	137	263	127
Equity Installed Capacity ¹	MW	411	331	331	356
Portugal	MW	-	-	-	-
Spain	MW	152	152	152	177
Rest of Europe	MW	-	-	-	-
North America	MW	259	179	179	179
Brazil	MW	-	-	-	-
WIND AND SOLAR NET ELECTRICITY GENERATION					
	GWh	21,893	20,667	19,817	18,054
Portugal	GWh	2,187	2,133	2,208	2,317
Spain	GWh	3,902	3,760	3,730	3,982
Rest of Europe	GWh	2,488	2,363	2,575	2,282
North America	GWh	12,058	11,575	10,739	9,033
Brazil	GWh	1,258	836	564	440
WIND AND SOLAR TECHNICAL AVAILABILITY					
		97	97	98	98
Portugal	%	98	98	99	98
Spain	%	97	97	97	97
Rest of Europe	%	96	97	98	98
North America	%	97	97	98	98
Brazil	%	98	98	98	99

¹ Share of the MW installed in plants owned by companies equity consolidated

RENEWABLES		UN	9M19	9M18	9M17	9M16
HYDRO INSTALLED CAPACITY						
Installed Capacity	M W		8,785	9,019	9,104	8,106
Portugal	MW		6,759	6,862	6,932	5,934
Spain	MW		426	426	426	426
Brazil	MW		1,599	1,731	1,746	1,745
Capacity under Construction	M W		-	-	-	1,019
Portugal	MW		-	-	-	1,019
EQUITY HYDRO INSTALLED CAPACITY ¹						
Installed Capacity	M W		551	539	306	296
Brazil	MW		551	539	306	296
Capacity under Construction	M W		-	-	231	231
Brazil	MW		-	-	231	231
HYDRO NET ELECTRICITY GENERATION						
Electricity Generation	GWh		8,964	15,206	8,794	17,893
Portugal	GWh		5,458	10,212	5,629	13,664
Spain	GWh		476	885	321	839
Brazil	GWh		3,030	4,109	2,844	3,390
HYDRO TECHNICAL AVAILABILITY						
Portugal	%		90	92	89	94
Spain	%		100	100	100	100
Brazil	%		98	93	94	96

¹ Share of the MW installed in plants owned by companies equity consolidated

NETWORKS	UN	9M19	9M18	9M17	9M16
ELECTRICITY DISTRIBUTED	GWh	59,184	60,114	58,508	58,635
Portugal	GWh	33,802	34,480	33,221	33,412
Spain	GWh	6,266	6,998	6,940	6,915
Brazil	GWh	19,115	18,636	18,346	18,308
ELECTRICITY SUPPLY POINTS	'000	10,426	10,301	10,199	10,098
Portugal	'000	6,269	6,217	6,177	6,137
Spain	'000	668	666	663	661
Brazil	'000	3,490	3,419	3,359	3,299
GRID EXTENSION	Km	340,437	338,822	338,000	337,156
Portugal	Km	226,729	226,240	226,076	225,366
Overhead lines	Km	177,780	177,445	177,339	176,826
Underground lines	Km	48,948	48,795	48,737	48,540
Spain	Km	20,729	20,662	20,555	20,448
Overhead lines	Km	15,719	15,707	15,679	15,661
Underground lines	Km	5,010	4,955	4,875	4,787
Brazil	Km	92,980	91,920	91,370	91,342
Overhead lines	Km	92,724	91,673	91,127	91,106
Underground lines	Km	255	247	243	236
GRID LOSSES					
Portugal	%	9.8	9.7	10.6	9.5
Spain	%	3.5	3.4	3.4	4.0
Brazil	%	9.8	10.0	10.5	11.1
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time ¹	M in	38	44	37	36
Spain					
Installed Capacity Equivalent Interruption Time ¹	M in	13	14	19	19
Brazil					
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	7.6	7.6	8.2	9.3
EDP Espírito Santo	Hours	8.6	8.2	8.8	9.2
Frequency of Interruptions per Consumer					
EDP São Paulo	#	4.7	4.9	5.2	5.6
EDP Espírito Santo	#	4.9	5.0	5.2	5.6
TRANSMISSION					
GRID EXTENSION	Km	1,299	1,299	-	-
Grid extension in Operation	Km	113	-	-	-
Grid extension Under Construction	Km	1,186	1,299	-	-

¹ ICEIT in MV grid, excluding extraordinary events

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	9M19	9M18	9M17	9M16
ELECTRICITY CUSTOMERS	'000	9,814	9,837	9,862	9,792
Portugal	'000	5,167	5,267	5,387	5,437
Last Resort	'000	1,055	1,147	1,251	1,468
Liberalised Market	'000	4,112	4,121	4,135	3,969
Market Share EDP - Liberalised Market	%	n.a.	n.a.	84	85
Spain	'000	1,158	1,151	1,116	1,056
Last Resort	'000	228	216	220	230
Liberalised Market	'000	930	935	896	827
Brazil	'000	3,489	3,418	3,359	3,299
Last Resort	'000	3,489	3,418	3,359	3,299
Liberalised Market	'000	0.4	0.4	0.3	0.2
Social Tariff	'000	833	855	886	820
Portugal	'000	609	624	675	584
Spain	'000	51	73	59	59
Brazil	'000	173	158	151	177
Special Needs	'000	0.8	0.7	1.2	1.0
Portugal	'000	0.1	0.0	0.6	0.5
Brazil	'000	0.686	0.645	0.643	0.499
Green Tariff	'000	1,066	1,023	932	829
Portugal	'000	8	0	3	4
Spain	'000	1,058	1,023	929	825
Brazil	'000	n.a.	n.a.	n.a.	n.a.
ELECTRICITY SUPPLIED	GWh	44,865	48,982	48,706	49,758
Portugal	GWh	15,152	15,718	15,909	16,879
Last Resort	GWh	1,965	2,149	2,362	3,245
Liberalised Market	GWh	13,187	13,569	13,547	13,634
Market Share EDP - Liberalised Market	%	n.a.	n.a.	43	46
Spain	GWh	9,358	9,431	10,623	12,680
Last Resort	GWh	332	325	331	352
Liberalised Market	GWh	9,025	9,106	10,292	12,328
Market Share EDP - Liberalised Market	%	7	6	7	9
Brazil	GWh	20,355	23,833	22,174	20,200
Last Resort	GWh	10,546	10,265	10,194	11,236
Liberalised Market	GWh	9,810	13,568	11,980	8,964
Social Tariff	GWh	421	136	251	128
Portugal	GWh	130	45	162	36
Spain	GWh	80	91	89	92
Brazil	GWh	211	214	201	285
Green Tariff	GWh	3,973	4,159	4,165	3,616
Portugal	GWh	12	7	7	40
Spain	GWh	3,962	4,152	4,158	3,576
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
GAS CUSTOMERS	'000	1,598	1,591	1,561	1,480
Portugal	'000	697	699	692	632
Last Resort	'000	38	42	46	54
Liberalised Market	'000	659	658	646	579
Spain	'000	901	891	869	847
Last Resort	'000	52	51	53	56
Liberalised Market	'000	849	840	817	791
GAS SUPPLIED	GWh	13,068	13,443	12,454	18,636
Portugal	GWh	2,858	2,822	2,881	2,966
Last Resort	GWh	154	185	194	244
Liberalised Market	GWh	2,704	2,637	2,687	2,722
Market Share EDP - Liberalised Market	%	n.a.	n.d.	7	n.a.
Spain	GWh	10,210	10,621	9,573	15,670
Last Resort	GWh	172	189	172	174
Liberalised Market	GWh	10,038	10,432	9,401	15,496
Market Share EDP - Liberalised Market	%	3	3	3	3

CLIENT SOLUTIONS AND ENERGY MANAGEMENT		UN	9M19	9M18	9M17	9M16
THERMAL INSTALLED CAPACITY						
Installed Capacity	MW		7,084	7,058	5,885	7,065
Portugal	MW		3,236	3,236	2,063	3,243
CCGT	MW		2,031	2,031	2,039	2,039
Coal	MW		1,180	1,180	-	1,180
Cogeneration	MW		24	24	24	24
Spain	MW		3,128	3,102	3,102	3,102
CCGT	MW		1,698	1,698	1,698	1,698
Coal	MW		1,250	1,224	1,224	1,224
Nuclear	MW		156	156	156	156
Cogeneration and Waste	MW		25	25	25	25
Brazil	MW		720	720	720	720
Coal	MW		720	720	720	720
Equity Installed Capacity ¹	MW		10	41	41	41
Portugal	MW		-	32	32	32
Spain	MW		10	10	10	10
THERMAL NET ELECTRICITY GENERATION						
Net Electricity Generation	GWh		17,307	18,195	22,806	16,711
Portugal	GWh		8,318	9,041	11,914	7,964
CCGT	GWh		4,519	3,099	4,659	2,016
Coal	GWh		3,667	5,800	7,176	5,809
Cogeneration	GWh		132	142	79	139
Spain	GWh		6,468	5,956	7,621	5,408
CCGT	GWh		2,945	851	1,290	910
Coal	GWh		2,541	4,154	5,341	3,513
Nuclear	GWh		889	856	895	898
Cogeneration and Waste	GWh		93	96	95	88
Brazil	GWh		2,522	3,197	3,272	3,339
Coal	GWh		2,522	3,197	3,272	3,339
THERMAL TECHNICAL AVAILABILITY						
Portugal	%		94	87	96	92
CCGT	%		96	83	96	92
Coal	%		90	93	97	93
Cogeneration	%		100	97	59	94
Espanha	%		96	96	95	90
CCGT	%		96	99	99	97
Coal	%		97	91	89	81
Nuclear	%		89	86	89	90
Cogeneration	%		100	100	96	98
Waste	%		87	90	100	93
Brazil	%		97	89	91	87
Coal	%		97	89	91	87

¹ Share of the MW installed in plants owned by companies equity consolidated

SUSTAINABILITY INDICATORS HISTORICAL

Environmental Indicators	UN	9M19	9M18	9M17	9M16
ENVIRONMENTAL CERTIFICATION (ISO 14001)					
ISO 14001 Certification ¹	%	96	90	88	87
PRIMARY ENERGY CONSUMPTION					
	TJ	145,617	165,023	202,109	155,301
Coal	TJ	82,894	124,654	148,255	122,966
Fuel oil	TJ	270	218	139	339
Natural gas	TJ	51,951	29,085	42,199	22,760
Residual gases	TJ	10,208	3,413	3,957	2,836
Diesel oil	TJ	139	118	179	185
Fuel for vehicle fleet	TJ	155	170	182	184
ENERGY INTENSITY²					
	MJ/EUR	13.9	14.6	17.3	14.7
ELECTRICITY CONSUMPTION					
Generation self-consumption	MWh	2,337,687	2,561,797	3,257,034	2,506,618
Administrative service	MWh	24,962	28,177	27,619	26,220
Grid losses	%	9.1	9.0	9.6	9.4
GHG EMISSION					
Direct emissions (scope 1)					
	ktCO _{2eq}	11,106	13,937	16,972	11,153
Stationary combustion ³	ktCO _{2eq}	11,089	13,920	16,953	11,132
SF6 Emissions	ktCO _{2eq}	6	5	5	3
Company fleet	ktCO _{2eq}	11	12	12	13
Natural gas consumption	ktCO _{2eq}	0.13	0.14	0.17	0.44
Indirect emissions (scope 2)⁴					
	ktCO _{2eq}	581	572	694	556
Electricity consumption in office buildings	ktCO _{2eq}	13	18	2.9	13
Electricity losses	ktCO _{2eq}	562	552	685	537
Renewable plants self-consumption	ktCO _{2eq}	18.0	18.9	6.0	18.2
GHG EMISSIONS INTENSITY⁵					
	kgCO ₂ /EUR	1.1	1.3	1.5	1.1
CO₂ AVOID EMISSIONS					
	ktCO ₂	19,908	24,083	20,620	29,281
SPECIFIC OVERALL EMISSIONS					
CO ₂ ^{3,6}	g/kWh	231	258	332	253
NO _x	g/kWh	0.2	0.2	0.2	0.3
SO ₂	g/kWh	0.2	0.3	0.4	0.3
Particulate matter	g/kWh	0.02	0.03	0.02	0.02
WATER COLLECTED					
	10 ³ x m ³	853,904	1,111,275	1,331,671	1,012,182
Salt (ocean)					
	10 ³ x m ³	830,617	1,088,634	1,297,331	990,927
Fresh					
	10 ³ x m ³	23,287	22,641	34,340	21,255
Surface	10 ³ x m ³	23,095	22,485	34,214	21,144
Groundwater	10 ³ x m ³	192	156	125	112
WASTE SENT TO FINAL DISPOSAL					
Total waste	t	168,670	253,854	359,023	321,621
Total hazard waste	t	3,485	3,904	4,602	4,382
Recovered Waste	%	89	74	64	63
SUSTAINABLE MOBILITY					
Light-duty fleet electrification	%	7.0	n.a.	n.a.	n.a.
Electric charging points	#	701	n.a.	n.a.	n.a.
Customers with electric mobility solutions	#	9	n.a.	n.a.	n.a.

¹ Aggregated certification indicator due to assets with potential environmental impacts.

² Primary energy consumption by turnover.

³ The stationary emissions do not include those produced by the burning of ArcelorMittal steel gases in EDP's power plant in Spain.

⁴ Calculation according with GHG Protocol based location methodology.

⁵ Scope 1 and Scope 2 emissions by turnover.

⁶ Includes only stationary combustion emissions.

Social Indicators	UN	9M19	9M18	9M17	9M16
EMPLOYMENT					
Employees	#	11,599	11,555	11,716	11,975
Executive Board of Directors	#	9	9	8	8
Senior Management	#	809	799	757	739
Supervisors	#	772	754	754	779
Specialists	#	4,468	4,219	4,100	3,976
Technicians	#	5,541	5,774	6,098	6,474
Male employees	%	75	75	76	76
Female employees	%	25	25	24	24
Employees by types of contract	#	11,599	11,555	11,716	11,975
Executive bodies	#	56	57	54	52
Male	#	52	52	51	49
Female	#	4	5	3	3
Permanent workforce	#	11,496	11,429	11,582	11,836
Male	#	8,628	8,623	8,807	9,054
Female	#	2,868	2,806	2,775	2,782
Fixed-term contracts	#	47	69	80	87
Male	#	29	37	44	49
Female	#	18	32	36	38
Employees by occupational contract	#	11,599	11,555	11,716	11,975
Full-Time	#	11,556	11,515	11,678	11,938
Male	#	8,704	8,707	8,898	9,147
Female	#	2,852	2,808	2,780	2,791
Part-time	#	43	40	38	37
Male	#	5	5	4	5
Female	#	38	35	34	32
New employees	#	958	883	729	529
Male	#	699	626	503	368
Female	#	259	257	226	161
F/M new admissions rate	x	0.37	0.41	0.45	0.44
Employees leaving	#	990	985	1,005	645
Male	#	750	771	756	507
Female	#	240	214	249	138
Turnover	%	8.54	8.03	7.32	6.13
Average age of workforce	years	43	44	45	45
Absenteeism rate	%	2.82	2.99	3.20	3.62
Pay ratio by gender (F/M)	x	1.05	1.04	1.02	1.03
TRAINING					
Total hours of training	hours	257,666	253,625	265,558	212,443
Average training per employee (h/p)	h/p	22.2	21.9	22.7	17.7
Employees with training	%	87	92	86	82
HEALTH AND SAFETY (H&S)					
Employees					
Accidents ¹	#	20	22	21	22
Fatal accidents	#	0	1	0	0
Total lost days due to accidents	#	1,358	1,768	1,908	1,411
Frequency rate ²	Tf	126	145	132	139
Severity rate ³	Tg	86	112	120	89
Contractors					
Accidents ¹	#	58	75	89	124
Fatal accidents	#	0	3	2	2
Working days	#	4,357,533	4,517,771	4,112,817	4,075,996
Frequency rate ²	Tf	1.75	2.30	2.85	4.26
Severity rate ³	Tg	94	104	154	226
EDP employees and contractors					
Frequency rate ²	Tf_total	159	2.03	2.33	3.25
Severity rate ³	Tg_total	91	106	142	178
Fatal electrical accidents involving third parties ⁴	#	5	6	7	5
Near accidents ⁵	#	332	317	1,075	306
VOLUNTEER INVESTMENT IN THE COMMUNITY (LBG METHODOLOGY)					
Volunteer investment/EBITDA	%	0.32	0.41	0.31	0.46

¹ Accidents at the workplace in worktime and accidents on the way to or from work, with an absence of one more calendar days and fatal accidents.

² Work accidents by a million worked hours.

³ Number of calendar days lost due to work accident by a million worked hours.

⁴ Accidents occurred in the premises of the company plants or equipment.

⁵ Campaign started in the second half of 2017, in Brazil, to report dangerous situations.

Economic Indicators	UN	9M19	9M18	9M17	9M16
ECONOMIC VALUE GENERATED	'000€	11,185,514	11,983,287	12,902,220	11,618,337
Economic value distributed	'000€	9,830,413	10,873,318	10,996,670	10,709,233
Economic value accumulated	'000€	1,355,101	1,109,969	1,905,550	909,104
ENERGY EFFICIENCY AND SUPPLEMENTARY ENERGY SERVICES REVENUES	'000€	742,667	744,261	795,355	814,512
Energy efficiency services revenues	'000€	119,496	100,375	84,738	34,114
Supplementary energy services revenues ²	'000€	623,171	643,886	710,617	780,398
FINES AND PENALTIES	'000€	6,756	4,666	23,559	5,623
ENVIRONMENTAL MATTERS ³	'000€	259,111	179,470	76,773	95,154
Investments	'000€	56,421	39,621	38,720	52,754
Expenses	'000€	202,690	139,849	38,053	42,400
SOCIAL MATTERS					
Personnal costs	'000€	426,460	427,176	449,903	435,307
Employee benefits	'000€	53,563	44,805	49,505	51,488
Direct training investment	'000€	2,002	2,817	3,619	2,796
Direct training investment per employee	€/p	173	244	309	233
HC ROI per employee	€/p	6.59	6.75	6.84	7.37

¹ Energy Efficiency and Supplementary Energy Services: services provided under energy supply, instalation of more efficient and/or building retrofit, and sustainable mobility, which generate revenues for the company.

² Supplementary energy services revenues include the following categories: Energy Management, Maintenance and Operation, Property/Facility Management, Energy and/or Equipment Supply, Provision of Service (example: steam) and other.

³ Following an analysis to the expenses of an environmental nature incurred by EDP Group, the environmental matters reporting procedures changed. Therefore, the consumptions CO₂ emissions licenses were included in the 2018 report, as a environmental expenses, in the amount correspondent to Cost of energy sales booked in the Group consolidated accounts.





**Condensed Financial Statements
30 September 2019**

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EDP - Energias de Portugal

Condensed Consolidated Income Statements
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	10,446,788	11,311,279
Cost of energy sales and other	7	-6,636,968	-7,448,783
		3,809,820	3,862,496
Other income	8	479,658	263,179
Supplies and services	9	-644,080	-677,154
Personnel costs and employee benefits	10	-480,022	-471,981
Other expenses	11	-473,725	-544,511
Impairment losses on trade receivables and debtors		-30,281	-21,885
		-1,148,450	-1,452,352
		2,661,370	2,410,144
Provisions	34	-97,213	-282,884
Amortisation and impairment	12	-1,093,258	-1,048,871
		1,470,899	1,078,389
Financial income	13	244,875	414,686
Financial expenses	13	-790,259	-858,138
Share of net profit in joint ventures and associates	21	14,192	8,977
Profit before income tax and CESE		939,707	643,914
Income tax expense	14	-145,519	-50,184
Extraordinary contribution to the energy sector (CESE)	15	-67,549	-65,002
		-213,068	-115,186
Net profit for the period		726,639	528,728
Attributable to:			
Equity holders of EDP		460,345	297,270
Non-controlling Interests	31	266,294	231,458
Net profit for the period		726,639	528,728
Earnings per share (Basic and Diluted) - Euros	28	0.13	0.08

LISBON, 30 OCTOBER 2019

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	2019		2018	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	460,345	266,294	297,270	231,458
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses) (iii)	60,678	2,673	3,971	886
Tax effect from the actuarial gains/(losses)	-19,155	-910	-1,268	-301
Fair value reserve with no recycling (financial assets) (ii)	6,186	-	-621	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	-1,356	-	160	-
	46,353	1,763	2,242	585
Items that may be reclassified to profit or loss (i)				
Currency translation reserve	-41,855	21,410	-164,359	-164,843
Fair value reserve (cash flow hedge) (ii)	213,152	-5,434	-314,760	-7,367
Tax effect from the fair value reserve (cash flow hedge) (ii)	-54,611	1,150	77,306	1,549
Fair value reserve of assets measured at fair value throughout other comprehensive income with recycling (ii)	-	167	-1,634	-
Tax effect of Fair value reserve of assets measured at fair value throughout other comprehensive income with recycling (ii)	-	-	515	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-15,035	-4,799	-4,976	28
	101,651	12,494	-407,908	-170,633
Other comprehensive income for the period (net of income tax)	148,004	14,257	-405,666	-170,048
Total comprehensive income for the period	608,349	280,551	-108,396	61,410

(i) See Condensed Consolidated Statement of Changes in Equity

(ii) See Note 30

(iii) See Note 33

LISBON, 30 OCTOBER 2019

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal
Condensed Consolidated Statements of Financial Position
as at 30 September 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
Assets			
Property, plant and equipment	16	21,569,873	22,707,511
Right-of-use assets	17	851,408	-
Intangible assets	18	4,296,525	4,736,530
Goodwill	19	2,143,080	2,251,461
Investments in joint ventures and associates	21	934,622	951,613
Equity instruments at fair value	22	132,921	125,147
Investment property		30,018	30,973
Deferred tax assets	23	1,031,055	1,152,195
Debtors and other assets from commercial activities	24	3,169,175	2,522,640
Other debtors and other assets	25	1,041,689	629,620
Non-Current tax assets	26	223,434	53,728
Collateral deposits associated to financial debt	32	21,688	25,466
Total Non-Current Assets		35,445,488	35,186,884
Inventories		379,686	342,037
Debtors and other assets from commercial activities	24	2,764,049	3,167,479
Other debtors and other assets	25	551,469	594,808
Current tax assets	26	283,879	354,057
Collateral deposits associated to financial debt	32	161,538	167,425
Cash and cash equivalents	27	1,672,367	1,803,205
Non-Current Assets held for sale	39	492,640	11,065
Total Current Assets		6,305,628	6,440,076
Total Assets		41,751,116	41,626,960
Equity			
Share capital	28	3,656,538	3,656,538
Treasury stock	29	-61,220	-62,410
Share premium	28	503,923	503,923
Reserves and retained earnings	30	4,335,882	4,350,938
Consolidated net profit attributable to equity holders of EDP		460,345	519,189
Total Equity attributable to equity holders of EDP		8,895,468	8,968,178
Non-controlling Interests	31	3,776,319	3,932,149
Total Equity		12,671,787	12,900,327
Liabilities			
Financial debt	32	13,797,583	13,462,390
Employee benefits	33	976,503	1,099,049
Provisions	34	916,767	982,515
Deferred tax liabilities	23	471,794	574,701
Institutional partnerships in USA	35	2,204,301	2,231,249
Trade payables and other liabilities from commercial activities	36	1,386,006	1,356,245
Other liabilities and other payables	37	1,329,820	756,899
Non-current tax liabilities	38	117,584	97,637
Total Non-Current Liabilities		21,200,358	20,560,685
Financial debt	32	2,976,616	2,622,509
Employee benefits	33	251,212	308,253
Provisions	34	116,535	35,930
Trade payables and other liabilities from commercial activities	36	3,347,254	3,862,245
Other liabilities and other payables	37	535,456	770,922
Current tax liabilities	38	438,497	566,089
Non-Current Liabilities held for sale	39	213,401	-
Total Current Liabilities		7,878,971	8,165,948
Total Liabilities		29,079,329	28,726,633
Total Equity and Liabilities		41,751,116	41,626,960

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Income Statements
for the three-month periods from 1 July to 30 September 2019 and 2018

Thousand Euros	2019	2018
Revenues from energy sales and services and other	3,339,771	3,752,289
Cost of energy sales and other	-2,130,904	-2,582,279
	1,208,867	1,170,010
Other income	78,513	78,359
Supplies and services	-222,979	-234,434
Personnel costs and employee benefits	-156,363	-147,088
Other expenses	-145,713	-169,023
Impairment losses on trade receivables and debtors	-9,321	-9,406
	-455,863	-481,592
	753,004	688,418
Provisions	-92,237	-285,972
Amortisation and impairment	-357,855	-349,910
	302,912	52,536
Financial income	62,131	123,658
Financial expenses	-236,914	-290,011
Share of net profit in joint ventures and associates	1,955	5,519
Profit before income tax	130,084	-108,298
Income tax expense	-8,880	66,734
Extraordinary contribution to the energy sector (CESE)	-875	-945
	-9,755	65,789
Net profit for the period	120,329	-42,509
Attributable to:		
Equity holders of EDP	55,312	-82,719
Non-controlling Interests	65,017	40,210
Net profit for the period	120,329	-42,509
Earnings per share (Basic and Diluted) - Euros	0.02	-0.02

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated Statements of Comprehensive Income for the three-month periods from 1 July to 30 September 2019 and 2018

Thousand Euros	2019		2018	
	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	55,312	65,017	-82,719	40,210
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	-11	-14	-32	-30
Tax effect from the actuarial gains/(losses)	4	5	11	10
Fair value reserve with no recycling (financial assets)	1,754	-	999	-
Tax effect from the fair value reserve with no recycling (financial assets)	-398	-	-239	-
	1,349	-9	739	-20
Items that are or may be reclassified to profit or loss				
Currency translation reserve	-50,208	-13,091	-39,469	-36,268
Fair value reserve (cash flow hedge)	92,016	-3,277	-212,814	-5,099
Tax effect from the fair value reserve (cash flow hedge)	-27,238	515	52,885	1,188
Fair value reserve with recycling (financial assets)	-	-	-524	-
Tax effect from the fair value reserve with recycling (financial assets)	-	-	165	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-1,026	868	-2,166	-216
	13,544	-14,985	-201,923	-40,395
Other comprehensive income for the period (net of income tax)	14,893	-14,994	-201,184	-40,415
Total comprehensive income for the period	70,205	50,023	-283,903	-205

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal
Condensed Consolidated Statements of Changes in Equity
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Currency translation reserve (ii)	Treasury stock (iii)	Equity attributable to equity holders of EDP	Non-controlling Interests (iv)
Balance as at 31 December 2017	13,480,260	3,656,538	503,923	739,024	5,116,253	-76,142	31,255	-361,956	-62,957	9,545,938	3,934,322
Comprehensive income:											
Net profit for the period	528,728	-	-	-	297,270	-	-	-	-	297,270	231,458
Changes in the fair value reserve (cash flow hedge) net of taxes	-243,272	-	-	-	-	-237,454	-	-	-	-237,454	-5,818
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	-1,580	-	-	-	-	-	-1,580	-	-	-1,580	-
Share of other comprehensive income of joint ventures and associates net of taxes	-4,948	-	-	-	-	-6,761	-	1,785	-	-4,976	28
Actuarial gains/(losses) net of taxes	3,288	-	-	-	2,703	-	-	-	-	2,703	585
Exchange differences arising on consolidation	-329,202	-	-	-	-	-	-	-164,359	-	-164,359	-164,843
Total comprehensive income for the period	-46,986	-	-	-	299,973	-244,215	-1,580	-162,574	-	-108,396	61,410
Dividends paid	-690,517	-	-	-	-690,517	-	-	-	-	-690,517	-
Dividends attributable to non-controlling interests	-95,742	-	-	-	-	-	-	-	-	-	-95,742
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-	-952	-952	-
Share-based payments	1,393	-	-	-	-106	-	-	-	1,499	1,393	-
Impacts related with IFRS 9 and IFRS 15's adoption	-81,494	-	-	-	-60,609	-	-16,423	-	-	-77,032	-4,462
Changes resulting from acquisitions/sales, equity increases/decreases and other	-49,134	-	-	-	-8,473	-	-	-	-	-8,473	-40,661
Balance as at 30 September 2018	12,516,828	3,656,538	503,923	739,024	4,656,521	-320,357	13,252	-524,530	-62,410	8,661,961	3,854,867
Balance as at 31 December 2018	12,900,327	3,656,538	503,923	739,024	4,817,541	-213,315	10,287	-483,410	-62,410	8,968,178	3,932,149
Comprehensive income:											
Net profit for the period	726,639	-	-	-	460,345	-	-	-	-	460,345	266,294
Changes in the fair value reserve (cash flow hedge) net of taxes	154,257	-	-	-	-	158,541	-	-	-	158,541	-4,284
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	4,997	-	-	-	-	-	4,830	-	-	4,830	167
Share of other comprehensive income of joint ventures and associates net of taxes	-19,834	-	-	-	-8,706	-9,302	-	2,973	-	-15,035	-4,799
Actuarial gains/(losses) net of taxes	43,286	-	-	-	41,523	-	-	-	-	41,523	1,763
Exchange differences arising on consolidation	-20,445	-	-	-	-	-	-	-41,855	-	-41,855	21,410
Total comprehensive income for the period	888,900	-	-	-	493,162	149,239	4,830	-38,882	-	608,349	280,551
Dividends paid	-690,675	-	-	-	-690,675	-	-	-	-	-690,675	-
Dividends attributable to non-controlling interests	-76,812	-	-	-	-	-	-	-	-	-	-76,812
Share-based payments	1,231	-	-	-	41	-	-	-	1,190	1,231	-
Sale with loss of control of windfarms in Europe	-289,186	-	-	-	-	172	-	-	-	172	-289,358
Changes resulting from acquisitions/sales, equity increases/decreases and other	-61,998	-	-	-	8,213	-	-	-	-	8,213	-70,211
Balance as at 30 September 2019	12,671,787	3,656,538	503,923	739,024	4,628,282	-63,904	15,117	-522,292	-61,220	8,895,468	3,776,319

(i) See note 28

(ii) See note 30

(iii) See note 29

(iv) See note 31

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THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated and Company Statements of Cash Flows for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	Group		Company	
	2019	2018	2019	2018
Operating activities				
Cash receipts from customers	9,098,142	10,243,599	2,283,890	2,318,182
Proceeds from tariff adjustments sales	1,083,831	904,601	-	-
Payments to suppliers	-6,876,063	-7,946,807	-2,300,898	-2,127,814
Payments to personnel	-660,517	-657,173	-55,951	-57,893
Concession rents paid	-212,708	-211,705	-	-
Other receipts/(payments) relating to operating activities	-406,635	-144,728	49,408	-52,824
Net cash flows from operations	2,026,050	2,187,787	-23,551	79,651
Income tax received/(paid)	-183,889	-65,677	97,583	41,617
Net cash flows from operating activities	1,842,161	2,122,110	74,032	121,268
Investing activities				
Cash receipts relating to:				
Sale of assets/subsidiaries with loss of control (i)	503,431	49,661	-	-
Other financial assets and investments (ii)	180,912	34,029	106	132
Held to maturity financial investments	-	-	134,119	400,945
Changes in cash resulting from consolidation perimeter variations	-	1,560	-	-
Property, plant and equipment and intangible assets	12,284	10,474	196	482
Other receipts relating to tangible fixed assets	3,880	3,885	-	21
Interest and similar income	46,489	24,304	55,823	159,390
Dividends	40,245	26,062	131,205	606,517
Loans to related parties	316,140	51,969	208,490	4,708,087
	1,103,381	201,944	529,939	5,875,574
Cash payments relating to:				
Acquisition of assets/subsidiaries	-3,133	-1,717	-	-
Other financial assets and investments (iii)	-366,039	-154,293	-646	-3,600,312
Changes in cash resulting from consolidation perimeter variations (iv)	-103,623	-10,422	-	-
Property, plant and equipment and intangible assets	-1,738,676	-1,327,367	-30,487	-39,459
Loans to related parties	-68,650	-144,668	-4,352	-667,634
	-2,280,121	-1,638,467	-35,485	-4,307,405
Net cash flows from investing activities	-1,176,740	-1,436,523	494,454	1,568,169
Financing activities				
Receipts relating to financial debt (include Collateral Deposits)	3,307,315	3,526,603	1,415,992	624,569
(Payments) relating to financial debt (include Collateral Deposits)	-2,581,155	-4,199,371	-1,087,085	-1,351,772
Interest and similar costs of financial debt including hedge derivatives	-466,840	-446,779	-149,425	-221,098
Receipts/(payments) relating to loans from non-controlling interests	-21,790	-48,563	-	-
Interest and similar costs relating to loans from non-controlling interests	-15,238	-19,955	-	-
Receipts/(payments) relating to loans from related parties	-	-	-342,308	-849,140
Interest and similar costs of loans from related parties including hedge	-	-	-2,494	-29,537
Share capital increases/(decreases) by non-controlling interests	-39,498	-36,363	-	-
Receipts/(payments) relating to derivative financial instruments	-9,152	-9,024	38,513	131,035
Dividends paid to equity holders of EDP (v)	-690,675	-690,517	-690,963	-690,805
Dividends paid to non-controlling interests	-125,914	-133,800	-	-
Treasury stock sold/(purchased) (vi)	-	-952	-	-952
Sale of assets/subsidiaries without loss of control* para "payments/receipts related with transactions with non-controlling interest without change of control	-18,583	-	-	-
Lease (payments) (vii)	-56,062	-	-9,428	-
Receipts/(payments) from institutional partnerships - USA (viii)	-72,846	-49,061	-	-
Net cash flows from financing activities	-790,438	-2,107,782	-827,198	-2,387,700
Changes in cash and cash equivalents	-125,017	-1,422,195	-258,712	-698,263
Effect of exchange rate fluctuations on cash held	-5,821	-57,911	280	122
Cash and cash equivalents at the beginning of the period	1,803,205	2,400,077	484,603	1,138,760
Cash and cash equivalents at the end of the period*	1,672,367	919,971	226,171	440,619

- (i) Relates essentially to the receivements of the sales of EDP Renewables France, S.A.S. and EDPR Participaciones, S.L to Beta Energy Investments S.A.R.L. and Beta II S.R.L. (see note 6);
- (ii) Relates essentially to the receivements of the contingent prices related with the sale of 75% of the companies Nation Rise Wind Farm Gp II Inc. e Nation Rise Wind Farm Limited Partnership (see note 25);
- (iii) Relates essentially to payments made for the capital increases in Vento XIX and Mayflower Wind Energy LLC and the Investment Funds (see notes 21 and 25);
- (iv) Refers to the sale of onshore wind portfolio in Europe (see note 6) and the reclassification to assets held for sale of the cash balances of the companies included in the sell operation of Electricity generation assets, hydro in Brazil, onshore wind in Brazil and offshore wind (see note 39).
- (v) See Note 30;
- (vi) See Consolidated and Company Statement of Changes in Equity;
- (vii) Includes capital and interest;
- (viii) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 35).

* See details of Cash and cash equivalents in note 27 and the Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities in note 48 of the Financial Statements.

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.
Condensed Company Income Statements
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	2,094,661	2,271,416
Cost of energy sales and other	7	-1,951,182	-2,121,356
		143,479	150,060
Other income		15,479	13,169
Supplies and services	9	-107,115	-113,613
Personnel costs and employee benefits	10	-53,114	-55,892
Other expenses		-19,959	-10,264
Impairment losses on trade receivables and debtors		5	-
		-164,704	-166,600
		-21,225	-16,540
Provisions		-170	7,617
Amortisation and impairment	12	-22,351	-24,584
		-43,746	-33,507
Financial income	13	684,034	1,590,196
Financial expenses	13	-456,652	-1,113,839
Profit before income tax		183,636	442,850
Income tax expense	14	46,200	69,798
Net profit for the period		229,836	512,648

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Comprehensive Income
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	2019	2018
Net profit for the period	229,836	512,648
Items that will never be reclassified to profit or loss (i)		
Actuarial gains/(losses)	117	-
Tax effect from the actuarial gains/(losses)	-26	-
Changes in reserves and retained earnings by liquidation of financial assets	-248	-
	-157	-
Items that may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge) (ii)	-10,628	-124,019
Tax effect from the fair value reserve (cash flow hedge) (ii)	2,390	27,904
	-8,238	-96,115
Other comprehensive income for the period (net of income tax)	-8,395	-96,115
Total comprehensive income for the period	221,441	416,533

(i) See Condensed Company Statement of Changes in Equity

(ii) See Note 30

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EDP - Energias de Portugal, S.A.

Condensed Company Statements of Financial Position
as at 30 September 2019 and 31 December 2018

Thousand Euros	Notes	2019	2018
Assets			
Property, plant and equipment	16	31,042	93,170
Right-of-use assets		107,597	-
Intangible assets		93,056	78,662
Investments in subsidiaries	20	15,539,242	15,102,046
Investments in joint ventures and associates		2	2
Equity instruments at fair value		1,252	1,537
Investment property		76,453	56,984
Deferred tax assets	23	99,515	92,659
Debtors and other assets from commercial activities		652	661
Other debtors and other assets	25	3,623,889	3,772,477
Total Non-Current Assets		19,572,700	19,198,198
Debtors and other assets from commercial activities	24	493,021	653,404
Other debtors and other assets	25	2,114,363	2,424,019
Current tax assets	26	97,839	98,092
Cash and cash equivalents	27	226,171	484,603
Total Current Assets		2,931,394	3,660,118
Total Assets		22,504,094	22,858,316
Equity			
Share capital	28	3,656,538	3,656,538
Treasury stock	29	-55,124	-56,315
Share premium	28	503,923	503,923
Reserves and retained earnings	30	2,681,454	2,642,185
Net profit for the period		229,836	738,586
Total Equity		7,016,627	7,484,917
Liabilities			
Financial debt	32	10,975,565	10,014,872
Employee benefits		5,707	5,683
Provisions		2,227	1,808
Trade payables and other liabilities from commercial activities		1,460	2,278
Other liabilities and other payables	37	506,105	349,826
Total Non-Current Liabilities		11,491,064	10,374,467
Financial debt	32	2,198,470	2,795,609
Employee benefits		897	1,442
Provisions		797	1,172
Trade payables and other liabilities from commercial activities	36	565,815	788,883
Other liabilities and other payables	37	1,209,465	1,293,180
Current tax liabilities	38	20,959	118,646
Total Current Liabilities		3,996,403	4,998,932
Total Liabilities		15,487,467	15,373,399
Total Equity and Liabilities		22,504,094	22,858,316

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EDP - Energias de Portugal, S.A.

Condensed Company Income Statements
for the three-month periods from 1 July to 30 September 2019 and 2018

Thousand Euros	2019	2018
Revenues from energy sales and services and other	596,106	788,107
Cost of energy sales and other	-547,888	-746,456
	48,218	41,651
Other income	3,868	4,232
Supplies and services	-36,241	-37,183
Personnel costs and employee benefits	-18,506	-18,085
Other expenses	-8,686	-930
Impairment losses on trade receivables and debtors	-1	-
	-59,566	-51,966
	-11,348	-10,315
Provisions	-	-110
Amortisation and impairment	-7,298	-5,690
	-18,646	-16,115
Financial income	372,928	398,894
Financial expenses	-178,970	-433,658
Profit before income tax	175,312	-50,879
Income tax expense	14,437	14,578
Net profit for the period	189,749	-36,301

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EDP - Energias de Portugal, S.A.

Condensed Company Statements of Comprehensive Income
for the three-month periods from 1 July to 30 September 2019 and 2018

Thousand Euros	2019	2018
Net profit for the period	189,749	-36,301
Items that will never be reclassified to profit or loss		
Actuarial gains/(losses)	-	-
Tax effect from the actuarial gains/(losses)	-	-
Changes in reserves and retained earnings by liquidation of financial assets	-248	-
	-248	-
Items that are or may be reclassified to profit or loss		
Fair value reserve (cash flow hedge)	72,020	-99,316
Tax effect from the fair value reserve (cash flow hedge)	-16,205	22,346
	55,815	-76,970
Other comprehensive income for the period (net of income tax)	55,567	-76,970
Total comprehensive income for the period	245,316	-113,271

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THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Statements of Changes in Equity
for the nine-month periods ended at 30 September 2019 and 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Treasury stock (iii)
Balance as at 31 December 2017	7,444,569	3,656,538	503,923	739,024	2,596,176	5,770	-	-56,862
Comprehensive income:								
Net profit for the period	512,648	-	-	-	512,648	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-96,115	-	-	-	-	-96,115	-	-
Total comprehensive income for the period	416,533	-	-	-	512,648	-96,115	-	-
Dividends paid	-690,805	-	-	-	-690,805	-	-	-
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-952
Share-based payments	1,393	-	-	-	-106	-	-	1,499
Balance as at 30 September 2018	7,170,738	3,656,538	503,923	739,024	2,417,913	-90,345	-	-56,315
Balance as at 31 December 2018	7,484,917	3,656,538	503,923	739,024	2,643,075	-1,328	-	-56,315
Comprehensive income:								
Net profit for the period	229,836	-	-	-	229,836	-	-	-
Changes in the fair value reserve (cash flow hedge), net of taxes	-8,238	-	-	-	-	-8,238	-	-
Changes in reserves and retained earnings by liquidation of financial assets	-248	-	-	-	-248	-	-	-
Actuarial gains / (losses) net of taxes	91	-	-	-	91	-	-	-
Total comprehensive income for the period	221,441	-	-	-	229,679	-8,238	-	-
Dividends paid	-690,963	-	-	-	-690,963	-	-	-
Share-based payments	1,232	-	-	-	41	-	-	1,191
Balance as at 30 September 2019	7,016,627	3,656,538	503,923	739,024	2,181,832	-9,566	-	-55,124

(i) See note 28
(ii) See note 30
(iii) See note 29

LISBON, 30 OCTOBER 2019

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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WE LOVE ENERGY

EDP - Energias de Portugal, S.A. Notes to the Condensed Consolidated and Company Financial Statements for the nine-month periods ended 30 September 2019 and 2018

1. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution and supply of electricity and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, professional training, energy services and property management.

The EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors.

During the nine-month period ended 30 September 2019, we emphasize the following regulatory changes, with potential significant impact in the economic activity of the EDP Group:

Activity in the energy sector in Portugal

Portugal - Electricity - Generation

Ordinance 6-A/2019 was published on 4 January 2019, which sets the CO₂ surcharge rate on CO₂ emissions and the addition value for each product. The addition rate forecast in the Article 92-A of the Code of Special Taxes on Consumption, defined annually, is based on the tenders prices for the greenhouse gas emission carried out under the European Trading of Emission Allowances (CELE). The amount for 2019 is 12.74€ / tonne of CO₂ (in 2018, this amount was 6.85€/tonne of CO₂).

On 18 January 2019, Decree-Law (DL) 10/2019 was published, which establishes the new rules on the allocation of revenues from emission allowances tenders and introduces into portuguese legislation the partial transposition of the European Directive 2018/410 on the rules of the CELE.

This Decree-Law sets in 60% the value of the revenues generated from the emission licences tenders to be transferred to the National Electrical System (SEN) in order to offset part of the total over-cost of the special regime (PRE) from renewable energy sources, in each year, until it reaches 100% of this extra cost (includes over cost of renewable cogeneration generation).

These revenues are allocated to National Electric System (SEN) to deduct from the Global System Use tariff, in order to reduce the consumer's energy bill. It also allows, if necessary, an additional transfer of funds from the Environmental Fund to the SEN, in case there is a significant difference between actual revenues and estimated revenues.

On 23 January 2019, Dispatch 895/2019 of the Office of the Secretary of State for Energy was published, which defines the parameter corresponding to the impact of extramarket measures and events registered in the European Union in the creation of average electricity prices in the wholesale market in Portugal (Clawback). The suspension of the Clawback mechanism is thus determined in the period corresponding to the suspension of the tax measures in Spain from 1 October 2018 until 31 March 2019.

In the calculation of system costs, the Energy Services Regulatory Authority (ERSE) is considering the value of 4.18€ / MWh as of 1 April 2019.

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

On 3 June 2019, DL 76/2019 of the Presidency of the Council of Ministers was published, which amends the legal regime applicable to the exercise of the activities of generation, transportation, distribution and supply of electricity and to the organization of the electricity markets. In general terms, this Decree-Law aims, among other aspects:

- Establish the legal basis for the adoption, within the PRE, of procedures of a competitive nature, maintaining as a prerequisite in the licensing the existence of injection capacity in the network;
- Allow the promoters, who so wish, to support the construction or reinforcement in the network (without burdening the system) when it does not have the necessary injection capacity, not limiting the realization of projects;
- Allow the licensing of production units in pre-existing electro-producing centers that, using a different source of renewable energy, do not require an increase in injection capacity in the Electric Public Network (RESP);
- To frame the regime applicable to Small Production Units (UPP);
- To frame the SEN's risk management and guarantees regime in the scope of the use of network infrastructures and participation in SEN's global management;
- Change the object of the concessions of the LV electricity distribution network, in order to grant an option to the grantor to include or not the public lighting network in the object of the concession.

EDP - Energias de Portugal, S.A.
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September 2019 and 2018

On 6 June 2019, Dispatch 5532-B / 2019 of the Secretary of State for Energy was published, which establishes the opening of a competitive procedure, in the form of an electronic auction, for the allocation of reserve of injection capacity in RESP connection points for photovoltaic solar energy.

On 9 August 2019 was published Decree-Law No. 104/2019, of the Council of Ministers, which makes the first amendment to Decree-Law No. 74/2013, of 4 June 2013, regarding the Clawback mechanism, clarifying the subjective scope of the scheme and now including the following producers:

- Producers of electricity in the ordinary regime, except for the power plants covered by paragraph 2 a) of article 17 of that law, until the date of termination of the respective contracts for the purchase of energy;
- Electricity producers exploiting hydroelectric plants with installed capacity >= 10 MVA;
- Electricity producers that do not benefit from any guaranteed remuneration mechanism, except producers: i) that make specific compensations to SEN within the scope of the competitive procedure provided for in article 5-B of Decree-Law No. 172/2006, of 23 August 2006, as amended; and ii) whose installed capacity of each individually considered power station is <5 MW.

With the published decree-law it becomes possible a CIT (Corporate Income Payment) – advanced payment, applied to electricity producers covered by the Clawback mechanism, and the unit value of the payment on account established by the government member responsible for the energy area, under proposal from ERSE. The same Government official decides on the amounts to be invoiced to electricity producers, based on the results of a study prepared annually by ERSE on the impact on average electricity prices in the Portuguese wholesale market of measures and events, registered in the EU.

On 22 August 2019 was published Decree-Law No. 120/2019, of the Council of Ministers, amending the special and extraordinary regime for the installation and operation of new biomass recovery plants, making the first amendment to Decree-Law no. 64/2017, of 12 June 2017.

On 30 August 2019 was published Ordinance No. 282/2019, Environment and Energy Transition, which regulates some aspects of the Clawback mechanism, following the provisions of Decree Law No. 104/2019, in particular: (i) ERSE's annual stud; (ii) Clawback's tariff repercussions and changes to the formulas to be used and; (iii) the advanced payment mechanism.

On 26 September 2019, Order No. 8521/2019 of the Ministry of the Environment and Energy Transition published the CIT (Corporate Income Payment) – advanced payment for clawback of 2.71€ / MWh for coal-fired power plants and 4.18€ / MWh for the remaining plants.

Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers (CPIPREPE)

On 15 May 2019 the CPIPREPE Final report has been approved, with votes in favor from PS PCP, BE and PEV and votes against from PSD and CDS. The fact that PSD and CDS voted against the overall content of the Final report is an evidence that there are divergent views on the issue of alleged excessive rents.

On 3 July 2019, and to formally end the work carried out by CPIPREPE for more than a year, the Final Report of this Committee was discussed in Plenary Session of the National Assembly (but only for discussion purposes, since the Final Report had already been approved at the meeting of 15 May 2019).

The Conclusions and Recommendations contained in the Final Report of CPIPREPE, although not binding, may influence or determine the adoption of future SEN measures.

Portugal - Electricity - Distribution

ERSE Directive 5/2019 of 18 January 2019 approved tariffs and prices for electricity and other services to be in force in 2019.

On 15 April, ERSE Directive 10/2019 was published, which approves the parameters related to the connections to the electric energy networks and repeals Directive 18/2012, of 8 November, of ERSE.

On 2 August 2019, Regulation 610/2019 was published, which approves the Intelligent Electricity Distribution Services Regulation, framing the intelligent network services by network operators and suppliers.

Portugal - Electricity - Supply

On 11 January 2019, Law 5/2019 of the National Assembly was published, which establishes the regime of compliance with the duty of information of the energy supplier to the consumer. It applies to suppliers in the supply and / or provider of services to consumers of electricity, natural gas, GPL and petroleum derived fuels. The supplier must inform the consumer of the conditions under which the supply and / or provider of services is performed in a clear and complete manner. In the electricity and natural gas sectors, this is reflected in a greater detail on the invoice information.

On 15 January 2019, ERSE Directive 4/2019 was published, approving the rules of the pilot project for consumers participation in the system services market in the regulatory reserve component. The pilot project lasts one year (starting on 2 April 2019) and aims to ensure equal treatment in the participation in the regulatory reserve market of eligible consumers and producers, thereby increasing competition in this market. The approved rules will allow consumers with an offer capacity equal to or greater than 1 MW to participate in the reserve market of SEN regulation.

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On 10 April 2019, following ERSE Directive 4/2019, ERSE Directive 9/2019 was published, which approves the general conditions of the system services market access contract in the scope of the pilot project for participation of the consumption in the reserve market of regulation established in the Manual of Procedures of the Global System Management (MPGGS) of the electric sector.

On 15 April, Ordinance 115/2019 was published, which sets the reference tariff applicable, during the current year, to the electricity sold in its entirety to RESP, from small production units (UPP) using sources of renewable energy. It is planned to maintain the value practiced in recent years - from the entry into force of the current regime, which replaces the previous similar model of micro and mini-production -, set at 95€/MWh, in order to guarantee investment stability and cost control for SEN.

On 6 May 2019, ERSE Directive 11/2019 was issued, which approves the terms and conditions for the setting of energy purchased from producers under a special regime, through an auctioning mechanism for products with a maturity term of different maturity. This mechanism allows the coverage of commercial price and supply risks by market traders and the stability of CUR's revenue conditions in the purchase and sale of electricity from the special regime production.

DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate to the fixed component of network access tariffs for electricity supplies, corresponding to a contracted power not exceeding 3.45 kVA, and supplies of natural gas, corresponding to low-pressure consumption not exceeding 10,000 m3 per year.

On 18 July 2019, ERSE Directive No. 13/2019 was published, which approves the terms and conditions of the CUR's forward purchase mechanism, which aims to cover the risks of price variability and the stabilization of the cost conditions for the supply of the CUR for the benefit of consumers.

On 24 July 2019, ERSE Directive No. 14/2019 was published, which determines the entities authorized to be part of the diversion trading unit under the terms of the Global System Management Procedures Manual (MPGGS), related to the units of marketing schedule.

On 17 September 2019, Resolution no. 192/2019, of the Assembly of the Republic, was published, recommending the Government the adoption of a legislative framework for collective self-consumption and for renewable energy communities (this resolution had already been approved 19 July 2019 and the new legislative framework was approved by the Council of Ministers on 5 September 2019).

Portugal - Natural Gas

On 4 April, ERSE Directive 8/2019 was published, which defines the reference price methodology to be applied in determining transmission network usage tariffs, the discount to be applied at points of entry from storage facilities and at exit points for storage facilities and the discount to be applied to products of standard interruptible capacity.

As part of the regulatory review in the Natural Gas sector, Regulation 362/2019 of 23 April 2019 was published by ERSE, which amends the Regulation on Access to Networks, Infrastructures and Natural Gas Interconnections, in particular with regard to matters relating to the establishment of allowable income for network and infrastructure operators in the framework of the tariff process.

Portugal - Natural Gas - Supply

On 10 April 2019 was issued the Dispatch 4001/2019, from the Office of the Secretary of State for Energy, which determines the maintenance of the percentage of the natural gas tariff by 31.2% on the transitional rates of sale to final customers of natural gas (excluding VAT, other taxes, contributions, fees and default interest that are applicable), and its application should not be considered for the purposes of other currently existing support.

Also in the scope of the regulatory review that took place in the Natural Gas sector, the Tariff Regulation (Regulation no. 361/2019, dated 23 April 2019, of ERSE) and the Trade Relations Regulation (Regulation (ERSE), in order to integrate a set of issues for the new regulatory period to start in January 2020.

As mentioned in the chapter of the electricity supply, DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate on natural gas supplies, corresponding to low pressure consumption not exceeding 10,000 m3 per year.

On 1 July 2019 ERSE Directive 12/2019 was published, which approves natural gas tariffs and prices for gas year 2019-2020 and the parameters for the 2020-2023 regulation period. This Directive also embodies the innovations introduced by the Tariff Regulation, in particular the changes in the methodology for the structure of tariffs for the use of the transmission system, resulting from the application of Regulation (EU) 2017/460 that approves the Network Code on tariff structures for natural gas transportation, as well as the adoption of the 4-year regulatory period (2020-2023) and the adoption of the new regulated tariff period, coinciding with the capacity allocation year.

ERSE Directive 15/2019 was published on 26 July 2019, which approves the consumption profiles applicable to connections with annual consumption up to 100 000 m3, as well as the average daily consumptions characteristic of each consumption profile, to be in force from 1 July 2019 to 30 June 2020.

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Activity in the energy sector in Spain

Electricity - Spain

Electricity Tariffs Regime

The electrical system costs are described in Article 13.3 of Law 24/2013. These costs will be financed through the revenue from the electrical system, including access fees (which are intended to cover the remuneration of the transmission and distribution), charges for the payment of the cost of other items that are not covered by other income, may be compensated for any financial mechanism legally established, including the state budget.

Royal Decree-Law 1/2019 included urgent measures to adapt the CNMC's ("Comisión Nacional de los Mercados y la Competencia") competences to the requirements in European Parliament and Council Directive 2009/72/EC and 2009/73/EC of 13 July 2009 establishing common rules for the internal electricity market and natural gas, thereby altering the CNMC's controls by assigning to it: i) to fix annually the remuneration of electricity transmission and distribution activities; ii) approve the methodology and conditions for access and connection to the electricity transmission and distribution networks; iii) set the operating rules of the market in aspects whose approval corresponds to the national regulatory authority and; iv) define the remuneration of the electric system operator.

Activity in the energy sector in Brazil

Electricity

Regulatory Changes

On 12 February 2019, it was published the Ordinance 124 of 2019 that established the Working Group in order to coordinate the development of studies to support the revision process of Annex C of the Itaipu Treaty.

On 4 April 2019, Ordinance 187 established the Working Group to develop proposals for the Modernization of the Electricity Sector, dealing in an integrated manner the following topics: i) market environment and viability mechanisms for the expansion of the Electricity System; ii) pricing mechanisms; iii) rationalization of costs and subventions; iv) energy reallocation mechanism; v) allocation of costs and risks; vi) adoption of new technologies; and vii) sustainability of distribution services.

Decree 9.744/2019, published by the Ministries of Mines and Energy (MME) on 3 April 2019, established the cumulative subsidies for consumers in the rural and irrigation/low voltage aquaculture consumers from the date of its publication.

Authorization Resolution 7,807/2019 of 9 May 2019, provisionally approves 370 million Reais, equivalent to six-twelfths of the budget proposed for 2019, which is part of the proposal presented by the National Electric System Operator (ONS) for the cycle budget from January 2019 to December 2021.

On 17 October 2019, Decree No. 9,864 / 2019 was published, which regulates Law No. 10,295, that creates the Energy Efficiency Indicators and Levels Steering Committee and the Technical Group for Energy Efficiency in Constructions in the Country.

Ordinance No. 6,012 / 2019 - ANEEL - Establishes ANEEL's Special Bidding Committee - CEL, which mission is to coordinate the processes related to auctions.

Generation

On 29 January 2019, the Ministerial Council for Disaster Response Supervision published Resolution 1 of 28 January 2019, which determines federal supervisory agencies to require the immediate updating of the Power Plants Safety Plans, Law 12,334 of 2010. The National Electricity Agency (ANEEL) has implemented a special operation to monitor power plants, which includes a documentary assessment and face-to-face inspection of all the power plants in operation.

On 1 March 2019, the MME published Ordinance 151 that established the dates of the energy auctions in: (i) 2019: A-4 in June and A-6 in September; (ii) 2020: A-4 in April and A-6 in September; and (iii) 2021: A-4 in April and A-6 in September. Ordinance 152 established the schedule for existing A-1 and A-2 energy auctions in December 2019, 2020 and 2021.

On 1 March 2019, Ordinance 152 was published, which establishes the estimated timetable for the promotion of Auctions to Purchase Electricity from Existing Generation Projects, for the contracting of electricity by the distribution agents of the National Interconnected System (SIN), which is dealt with in article 19, 1º-D, of Decree nº 5163, of 30 July 2004, for the years 2019, 2020 and 2021.

Normative Resolution 843 of 2 April 2019 establishes criteria and procedures for the preparation of the Monthly Energy Operation Program (PMO) and for the formation of the Settlement Price of Differences (PLD).

On 3 April 2019, Ordinance 186 was published and established the Guidelines for the Bidding for the Purchase of Electricity from New Generation Projects, named "A-4", of 2019.

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On 11 April 2019, Ordinance 190/2019 published by MME, includes fixed costs in the Unit Variable Cost (CVU) for generation in Natural Gas Thermoelectric Plants (UTES). Ordinance 504, published by MME, from 19 December 2018, will become effective with the following changes: "Article 1 To authorize, on an exceptional and temporary basis, until 30 April 2020, the inclusion of fixed costs to the CVU for the generation of centrally dispatched centrally, operationally available and without Electric Power Commercialization Contract in effect on the date of publication of this Administrative Rule and whose representation of availability is null in the planning horizon of the Monthly Operating Program (PMO), considering as reference the date of publication of this Order, to trigger the order of merit or regardless of the order of merit, if there is a decision of the Committee of Monitoring of the Electric Sector (CMSE)".

On 16 April 2019, Ordinance 198/2019 extended the duration of the Working Group for thirty days in order to coordinate the development of studies to support the revision process of Annex C to the Itaipu Treaty, as defined in Ordinance 124/2019 of the MME.

Ordinance 216/2019, from 13 May 2019, amends Administrative Rule 318/2018, of the MME, regarding the Special Regime for Incentives for Infrastructure Development (REIDI), including in its framework the generation of electricity from participation bidding, in the auction mode in the Regulated Contracting Environment (ACR), including supply solutions in the Isolated Systems.

By means of Dispatch 1,251, from 2 May 2019, ANEEL partially grants the request for reconsideration of EDP Energias do Brasil SA, in face of Dispatch SRM/ANEEL 977 of 2019, to approve the adjustment of the basic price of sale of energy (CFURH) of the Electricity Trading Contracts in the Regulated Environment (CCEARs) signed by EDP Pequenas Centrais Hidroelétricas SA, backed by the Rio Bonito Small Hydroelectric Power Plant, in accordance with the Annex; and determines to the Chamber of Electric Energy Commercialization (CCEE) to make available the Additives to the CCEARs with adjustment of the basic price of sale of energy, to celebrate the contractual instruments.

Through Ordinance 222/2019, from 6 May 2019, the MME establishes the Guidelines for the Bidding for the Purchase of Electricity from New Production Undertakings, called "A-6", of 2019.

On 16 May 2019, the MME published Ordinance 226/2019, which restates the amendment to Ordinance MME 222, which establishes guidelines for the Auction for the Purchase of Electricity from New Production Undertakings, named "A-6", 2019.

On 23 May 2019, the MME published Ordinance 230/2019, which establishes the methodology to be applied in the Auction for Purchase of Electricity from New Production Projects, called the New Energy Auction "A-4", of 2019, provided for in article 1 of Ordinance MME 186 of 3 April 2019.

On 28 May 2019, ANEEL's board of directors approved the bidding for this year's A-4 generation auction (auction 03/2019). The purpose is to contract energy from new hydroelectric, wind, solar photovoltaic and thermoelectric biomass power plants, starting from January 2023.

Resolution 2,566, dated 25 June 2019, homologates the tariffs to be use for the Reference Distribution Systems (TUSD) applicable to producing power plants connected at the voltage levels of 88 kV or 138 kV for the 2019/2020 tariff cycle.

On 5 June 2019, Complementary Law 912 was enacted, which establishes the State Policy for Governance and Safety of Dams in the State of Espírito Santo.

ANEEL published the decision to modify the formula for calculating the Electricity Trading Rules in the 2017, 2018 and 2019 versions, through of Order 1,635/2019 of 6 June 2019, in order to: (i) correct the determination of unavailability of thermoelectric power plants in order of merit for the purpose of calculating energy eligible for the displacement of hydroelectric generation, pursuant to Normative Resolution 764, of 18 April 18 2017; (ii) approve the Electricity Commercialization Rules applicable to the Accounting and Settlement System, in the form of the modules of Annex I; and (iii) to determine to CCEE the accounting of short-term market operations since the beginning of the effectiveness of REN 764, in accordance with the rules approved in the previous item.

On 13 June 2019, the MME published Ordinance 144/2019, which defines new amounts of physical energy guarantee of the Hydropower Plants denominated Swiss UHE, Quebra Quebrada UHE and UHE Jirau, in the form of the Annexes of the present Ordinance.

Through Authorizing Resolution 7,886/2019 of 4 June 2019, the authorization for Cachoeira Caldeirão S.A. was published to implement the necessary resources to provide the Cachoeira Caldeirão Hydroelectric Power Station with the capacity to provide the ancillary service of the Special Protection System.

The Installed Power of UHE São Manoel was changed from 700.00 MW to 735.84 MW, according to ANEEL Order 2,674 / 2019. The new parameter was sent to MME for extraordinary review of Physical Guarantee.

Distribution

Resolution 2,521, of 20 March 2019, changes the value of the Energy Development Account (CDE) to be paid by the distributors, related to the Regulated Contracting Environment Account (ACR). The ACR Account was created to cover the loan that was transferred to the distributors in 2014. At that time, the return to the tariff was established including an additional portion for the creation of a fund. Based on ANEEL's estimates for the ACR account, the pre-formed fund will have enough resources to settle the loan in September 2019.

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On 4 April 2019, Decree 7,891 has been amended as follows: (i) the cumulative application of discounts provided for in this article is banned, with the exemption of the one that confers the greatest benefit to the consumer shall prevail, except for the Group B consumer units, the discounts provided for in item II above, which must be granted after the discounts defined in item V above have been applied; (ii) in the operationalization of the discounts referred to in art. 1, the electricity distribution agents should consider the regulation of ANEEL; and (iii) ANEEL shall monitor compliance with the obligation referred to in article 3 and define, in the regulation, the procedures, adjustments and penalties that may be applicable.

ANEEL decides, through Order 1.220/2019 of 26 April 2019, that: (i) The ONS shall issue a Partial Release Agreement (TLP) without any non-impeding pendencies proper to the Transmission Functions (FT) of the Concession Contract 016/2019 signed by Água Azul SPE SA - Água Azul Substation, with the right to receive 100% of the Allowed Annual Revenue (RAP) per FT released, as of 20 February 2019; (ii) Água Azul will be entitled to receive the charges for use associated to EDP São Paulo Distribuidora de Energia SA (EDP São Paulo) exclusive use line entries as of the date established in the Transmission Facility Connection Contract (CCT) signed between Água Azul and EDP São Paulo, pursuant to Normative Resolution 68, of 8 June 2004; and (iii) differences in revenue collection should be considered in the next annual revenue readjustment, pursuant to Article 4 of Normative Resolution 454 of 2011.

Through Order 1,265/2019, dated 3 May 2019, ANEEL informs that the balance of ITAIPU's Electric Energy Trading Account in 2018 was positive and requests data on a monthly basis to the concessionaires and licensees.

Through Order No. 1,241/2019 of 30 April 2019, ANEEL classifies the concessionaires and licensees of public energy distribution service of SIN as distribution agents with a market of less than 700 GWh / year for the year 2020.

Through Order 1,223 / 2019, dated 29 April 2019, ANEEL establishes the annual forecast of the System Service Charge (ESS) and the Reserve Energy Charge (EER), with the objective of tariff coverage of the distributors with a tariff process in the second quarter of 2019. Concessionaire: EDP / ES - EER = 73 Million Reais and ESS = 4 Million Reais.

Normative Resolution 845 and Homologatory Resolution 2,551, both dated 21 May 2019, establish the new bands and the additional tariff flags.

Normative Resolution 846 of 11 June 2019 approves new procedures, parameters and criteria for imposing penalties on agents of the electricity sector.

In a press release dated 20 March 2019, MME, ANEEL and CCEE announced an agreement with banks to anticipate the payment of the ACR Account loan. As a result, consumers will no longer make monthly account disbursements between October 2019 and April 2020, which would result in an average 3.7% reduction in tariff readjustments in 2019 and 1.2% in 2020. However, ANEEL underlined that the effect of this measure will not be immediately, but will be included in the subsequent tariff revisions.

Through Authorizing Resolution 7,717/2019 of 2 April 2019, ANEEL changed the limits for the commercial quality indicator FER - Equivalent Frequency of Complaint.

Order 2,581/2019 sets the average cost of energy and power traded by distribution agents in the ACR at 306.55 R\$/MWh for the year 2020.

On 6 August 2019, ANEEL ratified the result of the 8th EDP Espírito Santo Periodic Tariff Review. The average effect for consumers was -4.84%, with -3.22% for high voltage consumers and -5.56% for low voltage consumers. Parcel B, intended to cover the costs of electricity distribution, was set at 979 million Brazilian reais. The value of the X Factor for the T component at -1.05% and the value of the Pd component at 1.12%, to be applied in the Parcel B update in the EDP Espírito Santo tariff adjustments. Technical losses were set at 7.06% on injected energy and non-technical losses were set at a reduction path from 10.58% in 2019 to 9.58% in 2021 for the low voltage market.

Supply

ANEEL approved improvements in the establishment of the short-term price of electricity (PLD), through Normative Resolution 843, of 5 April 2019, establishing the general guidelines for the process of price creation and the disclosure of data to the market, reinforcing its anticipation and transparency, as well as consolidating several agency regulations.

Order 1,635/2019 amends the Electricity Trading Rules in the 2017, 2018 and 2019 versions, to correct how the unavailability of thermal power plants is determined. It also approves the Electricity Trading Rules applicable to the Accounting and Settlement System and directs the CCEE to recount short-term market operations since the effectiveness of REN 764.

Normative Resolution 848/2019 publishes version 2018.1.2 of CCEAR's Sales Revenue Book of the Electricity Trading Rules applicable to the Accounting and Settlement System – SCL and Normative Resolution 850/2019 publishes the approval of these same rules.

Transmission

Resolution 2,514, of 19 February 2019, updates the ANEEL reference bank to be used in the authorization, concession bidding processes and revision of the annual allowed revenues of electric power transmission concessionaires.

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Through Ordinance 217/2019, of 29 April 2019, MME established the schedule for the execution of the Bids for the Public Service Concession for Electric Power Transmission in the years 2019, 2020 and 2021. It is a requirement for Bidding for Basic Network Transmission Facilities to include Power Transformers with Primary Voltage equal to or greater than 230 kV and Secondary and Tertiary Voltages below 230 kV, as well as their Connections and other Equipment connected to the Tertiary, the conclusion of the Contract of Use of the Transmission System - CUST among the concessionaires, permit holders or authorized to Public Service of Distribution of Electric Energy and National Operator of the Electric System - ONS within the deadlines established in the Annex. ANEEL will inform the concessionaires, licensees or authorized for Public Service of Electric Energy Distribution regarding the existence of Transmission Facilities that depend on CUST for bidding. Until 31 December 2019, the dates for the Bids mentioned in article 1 for year 2022 will be published.

Normative Resolution 847, dated 25 June 2019, revokes Normative Resolution 709, which limited the shareholder structure of the transmission concessionaire to the level of the holding company, when both jointly carried out the activity and required that the holding company keep the economic and financial information segregated in cost centers in order to identify the operational and holding activities.

Homologation Resolution No. 2,549, dated 14 May 2019, amends Homologatory Resolution 2,514 of 19 February 2019, which ratifies the new values of the Reference Price Bank to be practiced in the substation and transmission line works.

By Order 1,306 of 14 May 2019, ANEEL attests conformity of the technical characteristics of the basic design of the object transmission facilities of the Concession Agreement 39/2017-ANEEL, prepared by EDP Transmissão Aliança SC S.A.

Homologatory Resolution 2,562, of 25 June 2019, establishes the value of the Tariffs for the Use of the Transmission System (TUST) for electricity, components of the National Interconnected System for the 2019-2020 cycle.

Homologatory Resolution 2,565 of June 25, 2019 establishes the Annual Revenues Allowed for the provision of the facilities under the responsibility of concessionaires of public energy transmission service.

Normative Resolution 847 revokes Normative Resolution 709, given that ANEEL understood that the restrictions imposed could hinder the participation of agents in transmission auctions, reducing the competitiveness of the competitions. These restrictions concerned the development of operating and holding activities by the public service transmission concessionaires.

The Secretariat of Coordination and Governance of the Union's Heritage published Ordinance 02, which authorizes EDP Transmission MA II S.A to carry out the construction works of the Power Transmission Line, in the Municipality of Cantanhede/MA.

Activity in the renewable energy sector

Electricity

Generation

Regulatory framework for the activities in Spain

On 22 February 2019, MITECO (The Ministry for Environmental Transition) put for public consultation the "Strategic Framework for Energy and Climate" (Marco Estratégico de Energía y Clima) including: (i) a new version of the Draft Project Law on Energy Transition, (ii) the draft National Energy and Climate Plan 2021-2030 ("NECP"); and (iii) Draft Strategy for a fair energy transition. With regards to the Spanish NECP, Spain has submitted a draft version to the European Commission targeting a share of 42% of renewables (74% of renewable electricity) by 2030.

Regulatory framework for the activities in Portugal

The Portuguese government 2019 Budget included an extension of the special energy tax (so-called CESE) to renewables. However, there is an exemption for facilities with licenses that had been granted through public tenders.

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

On 3 June 2019 the DL 76/2019 was published. This DL is a comprehensive review of the legal basis of the Portuguese electricity sector. Regarding new renewable capacity, the Decree changes the order in which grid capacity reservation and production license are obtained. New projects will need to obtain the title of grid capacity reservation prior to applying for the production license. The Decree also introduces three ways to obtain grid capacity reservation, being one of them competitive tenders.

Portugal launched its first utility-scale renewable energy auction in 2019, with the first round for 1.4GW of PV injection capacity held in July. Developers in the Portuguese tender could present two kinds of offer: one with a fixed price below €45/MWh and another with a variable tariff which includes a requirement to pay compensation to the electricity system, depending on spot market power prices. Both systems will be valid for 15 years from commercial operations. EDPR secured a 15-year contract for a solar project with total capacity of 142 MW.

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Regulatory framework for the activities in Romania

In December 2018, the Emergency Government Ordinance (EGO) 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0.1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

Regulatory framework for the activities in the United States of America

On 3 January 2019, the 116th United States Congress convened with a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philosophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard (renewable portfolio standard). Such a standard, if implemented, would increase demand for renewable electricity in the U.S. On June 26, 2019, a new bill was introduced to the Senate targeting a national 50% renewable energy standard (RES) by 2035. While the bill has not been passed and currently has only a handful of sponsors, it supports the growing bipartisan trend towards climate action.

Further, House Democrats introduced in 2019 legislation supporting energy storage and offshore wind technology's eligibility for the investment tax credit (ITC) that is currently available to solar and some solar-plus-storage projects. Although there is considerable uncertainty now, the potential for adoption, given proper legislative action, could incentivize rapid energy storage and offshore wind development in the near future. A more distant, yet considerable development is the extension of wind and solar ITC/PTCs. This will continue to be discussed through the House and Senate and will need further partisan support for the progression of these credits.

Two bills recently introduced in the U.S. Senate would extend the 30% investment tax credit (ITC) for offshore wind projects for another 6 to 8 years. Legislation has also been introduced to make energy storage technologies fully eligible for the ITC that is currently available to solar and some solar-plus-storage projects. More than 100 House Democrats signed a letter asking for a long-term extension of clean energy tax credits. Improved ITC for offshore wind and storage will improve economic outlook for those resources.

Additionally, the Affordable Clean Energy (ACE) rule was issued by the Environmental Protection Agency ("EPA") 19 June 2019. This rule will replace the prior administration's Clean Power Plan in efforts to support energy diversity. Environmental advocates and state attorneys general signaled they would file lawsuits to block the EPA's ACE rule, which they say will be significantly less effective than the Obama-era Clean Power Plan.

Regulatory framework for the activities in Poland

On 2 October 2018, the Energy Regulatory Office published a call for the first auction in Poland in which wind onshore and solar PV with capacity above 1MW can participate to get a 15 year CfD. Following this announcement, a wind and solar PV joint auction for projects exceeding 1 MW was held on 5 November 2018. All contracted power went to wind, with 31 wind projects selected at an average price of 196 PLN/MWh (around 45.4€/MWh).

On 3 January 2019, the Polish Energy Exchange published the official weighted average price of Green Certificates: 103.82 PLN/MWh. As the substitution fee should be 125% of the previous year price, its value for 2019 should be 129.8 PLN/MWh.

On 25 June 2019, the government approved a set of amendments to the Renewable Energy Sources Act, which were originally published and submitted for public consultation on 28 February 2019. The main objective pursued by the Act was to allow auctions for new renewable energy projects in 2019 (including some changes to the CfD scheme to be granted therein). The Act confirms the celebration of auctions for new assets in 2018, including proposed budget, volumes and reference prices (for onshore wind >1 MW around 2.5 GW with a reference price of 286 PLN/MWh). The first onshore wind auction is scheduled for 5 December 2019.

Regulatory framework for the activities in France

On 27 November 2018, the "Pluriannual Energy Planning" (PPE) was released. According to the PPE, 40% of the energy could be produced from renewable sources by 2030. The PPE includes different targets for renewables: 35.6-44.5 GW of solar capacity, 34-35.6 GW of onshore wind and 4.7-5 GW of offshore wind, by 2028.

On 29 November 2018, the government approved the Dcree 1054-2018 aimed at accelerating legal procedures following claims against the administrative authorizations of wind farms, by removing the two-level court system in the event of litigation.

The third offshore auction took place in March 2019 with all major players participating (grouped in 10 consortiums). The award was expected to be announced during the 2019 summer. On 14 June 2019, the Energy Regulation Commission "CRE" announced the result of the Dunkirk auction, being consortium made of EDF, Innogy and Enbridge the winner. The final price was 44€/MWh for a period of 20 years. François de Rugy, France's Minister for Ecology and Solidary Transition, has confirmed that France will double its offshore wind tender schedule to 1 GW yearly between 2020 and 2023 (and potentially beyond) after bids in the latest round confirmed steep cost reductions in the sector. The PPE envisaged tenders for about 5 GW out to 2028 or about 500 MW annually.

In June 2019 also were announced the winners of the third onshore wind round. The overall capacity of winning projects was 516 MW, with the average bid price standing at 63€/MWh (vs. a maximum reference price of 71€/MWh). Successful projects will sign 20-year CfDs.

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Next onshore round started in July 2019 and 500 MW was tendered. A new specification clause has been added in case that participation is low. In case that there are only 400 MW participating (or less), then the 20% less competitive projects will be automatically discarded.

The French Parliament approved on 26 September 2019 the so-called "Energy and Climate Law", committing the country to carbon-neutrality by 2050. The law raises France's target of reducing consumption of fossil fuels by 40% by 2030 compared with the former 30% target. Existing coal facilities will also need to close by 2022. The law also expands the role of nuclear energy postponing the goal to reduce the share of nuclear from 75% to 50% from 2025 to 2035. Regarding wind energy, the law redefines the authority responsible for permitting onshore wind projects. Concerning offshore wind, the law also includes a higher target (already announced by the Energy Minister) of auctioning 1 GW of capacity until 2024 (doubling the volumes defined by France's initial energy plan published in January 2019).

2. Accounting Policies

Basis of presentation

The accompanying condensed consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the six-month periods ended 30 September 2019 and 2018 and EDP S.A.'s Executive Board of Directors approved them on 30 October 2019. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 158/2009 of 13 July and the changes introduced through Decree-law 98/2015 of 2 June, the condensed company's financial statements and the condensed Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (E.U). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's condensed consolidated and company financial statements for the six-month period ended 30 September 2019 and 2018 were prepared in accordance with IFRS as adopted by the E.U. until 1 January 2019 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group for the year ended 31 December 2018.

As at 1 January 2019, IFRS 16 - Leases came into force, being adopted by EDP Group in its condensed Group's financial statements as of September 2019.

Also as at 1 January 2019, EDP Group adopted the hedge accounting requirements of IFRS 9.

The adoption of these standards led to several changes in the Group accounting policies, models and procedures, as well as in disclosures.

Unless otherwise disclosed, namely because of this standard adoption, the Group has followed the same accounting policies and methods of computation as compared with the consolidated financial statements of the Group for the year ended 31 December 2018. The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, are detailed in note 3.

As at 30 September 2019, following the Strategic Plan Update 2019-2022, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019. Despite of this change in the composition of the segments, EDP Group has not identified any significant changes in key assumptions used in impairment tests performed in the end of 2018, which could indicate that an asset may be impaired.

EDP Group's activity does not have, at a quarterly basis, any significant seasonality.

Selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the EDP Group's financial position and performance since the last annual financial statements.

Change in line items on the Consolidated Income Statement

As at 31 December 2018, EDP Group separated the line "Impairment losses on trade receivables and debtors", which previously was included in "Other expenses" and "Other income" (impairment reversals).

Accounting policies changed due to the application of IFRS 16 and of the hedge accounting requirements of IFRS 9

d) Derivative financial instruments and hedge accounting

Hedge accounting

The Group uses financial instruments to hedge interest rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IFRS 9 are accounted for as trading instruments.

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Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. Hedge relationship exists when:

- (i) The hedging relationship consists only hedging instruments and hedged items that are eligible as per determined in IFRS 9;
- (ii) At the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for the hedge;
- (iii) There is an economic relationship between the hedged item and the hedging instrument;
- (iv) The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- (v) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Net investment hedge

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model allows that the exchange differences recognised in the currency translation reserve to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted, recognised in Currency translation reserve - Net investment hedge. For cross currency interest rate swaps, the cross currency basis spread and forward points are not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income, in Currency translation reserve - Net investment hedge - Cost of hedging, and recognized in profit or loss over the period of the hedge. The ineffective portion of the hedging relationship is recognised in the income statement.

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign currency subsidiary is sold, as part of the gain or loss resulting from the disposal.

Effectiveness

For an hedge relationship to be classified as such, in accordance with IFRS 9, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and at each balance sheet date, in order to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

f) Trade payables and other liabilities

Initial measurement of the liabilities regarding the rents due from lease contracts

As provided by IFRS 16, EDP Group measure the liability regarding the rents due from lease contracts on the commencement date based on the present value of the future payments of that lease contracts, discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified.

After the commencement date, the liability regarding the rents due from lease contracts is increased to reflect interest on the liability and reduced to reflect the lease payments made.

Remeasurement of the liabilities regarding the rents due from lease contracts

EDP Group remeasure the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using an unchanged discount rate, if either:

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments; or
- there is a change in the amounts expected to be payable under a residual value guarantee.

If there is a lease modification that do not qualifies to be accounted as a separate lease, EDP Group remeasures the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using a revised discount rate at the effective date of the modification.

The variable lease payments that do not depend in an index or a rate are not included in the measurement of the liability regarding the rents due from lease contracts, nor the right-of-use asset. Those payments are recognised as cost in the period in which the event or condition that gives rise to the payments occurs.

p) Financial results

Considering the accounting model provided by IFRS 16, the financial results start to include the interest expenses (unwinding) calculated on the liabilities regarding the rents due from lease contracts.

ab) Right-of-use assets

As allowed by IFRS 16, EDP Group presents the information related to lease contracts in the caption Right-of-use assets, creating a separate line in the Statement of Financial Position. These assets are accounted for at cost less accumulated depreciation and impairment losses. The cost of these assets comprises the initial costs and the initial measurement of the liabilities regarding the rents due from lease contracts, deducted from the prepaid amounts and any incentives received.

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Depreciation of right-of-use assets is calculated on a straight-line basis over their estimated useful lives, considering the lease contract terms.

3. Recent Accounting Standards and Interpretations Issued

Standards, amendments and interpretations issued effective for the Group

The amendments to standards already issued and effective that the Group applied in the preparation of its financial statements, can be analysed as follows:

- IFRS 16 - Leases

IFRS 16 - Leases has been issued by International Accounting Standards Board (IASB) in January 2016 and endorsed by the EU on 31 October 2017, and will become effective as of January 1, 2019. EDP Group adopted this standard on the required effective date in accordance with the modified retrospective transition approach, without adjustments to opening balance of the comparative period nor restatement of the comparative information.

This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. The most significant impact resulting from the initial application of IFRS 16 is the recognition of right of use (ROU) assets and liabilities regarding the rents due from lease contracts for the operating leases, unless the lease term is 12 months or less, or the lease is for a low-value asset. Lessor accounting remains similar to the current standard, IAS 17.

Based on the inventory of the existing lease contracts carried out, EDP Group has recognised, as at 1 January 2019, new assets and liabilities for its operating leases, as detailed bellow. As provided by the standard, EDP Group has elected to measure the ROU asset at the amount of the liability regarding the rents due from lease contracts on the initial application date (adjusted for any prepaid amount or accrued lease expenses), which corresponds to the payments of that lease contracts discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified. The discount rates used, on initial application date, were the following:

Currency	Minimum Rate	Maximum Rate
Euro (EUR)	0.52%	5.56%
US Dollar (USD)	4.75%	5.77%
Brazilian real (BRL)	7.22%	11.96%
Polish Zloty (PLN)	2.19%	5.68%

The ROU asset is depreciated over the asset's useful life, which in most cases corresponds to the lease term and the lease payments are broken down into interest and repayment of the liability. The change in presentation of operating lease expenses also results in a corresponding increase in cash flows operating activities and a decline in cash flows obtained from financing activities.

In this sense, it has been made an assessment of the qualitative and quantitative impacts, in Company and EDP Group financial statements, resulting from the adoption of IFRS 16. Accordingly, qualitative changes are presented in note 2 and quantitative impacts resulting from its adoption are below summarized.

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- Summary of the impacts of the adoption of IFRS 16 in Condensed Consolidated and Company Statement of Financial Position on 1 January 2019

Thousand Euros	Group			Company		
	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18
Assets						
Property, plant and equipment	22,626,988	-80,523	22,707,511	31,113	-62,057	93,170
Right-of-use assets	828,226	828,226	-	118,961	118,961	-
Investment property	30,973	-	30,973	71,249	14,265	56,984
Debtors and other assets from commercial activities - Non-Current	2,512,326	-10,314	2,522,640	661	-	661
Others	16,365,836	-	16,365,836	22,707,501	-	22,707,501
Total Assets	42,364,349	737,389	41,626,960	22,929,485	71,169	22,858,316
Equity						
Reserves and retained earnings	4,350,938	-	4,350,938	2,642,185	-	2,642,185
Consolidated net profit attributable to equity holders of EDP	519,189	-	519,189	738,586	-	738,586
Non-controlling Interests	3,932,149	-	3,932,149	-	-	-
Others	4,098,051	-	4,098,051	4,104,146	-	4,104,146
Total Equity	12,900,327	-	12,900,327	7,484,917	-	7,484,917
Liabilities						
Other liabilities and other payables - Non-Current	1,475,427	718,528	756,899	416,544	66,718	349,826
Other liabilities and other payables - Current	789,783	18,861	770,922	1,297,631	4,451	1,293,180
Others	27,198,812	-	27,198,812	13,730,393	-	13,730,393
Total Liabilities	29,464,022	737,389	28,726,633	15,444,568	71,169	15,373,399
Total Equity and Liabilities	42,364,349	737,389	41,626,960	22,929,485	71,169	22,858,316

- Detail of right-of-use assets recognised with the adoption of IFRS 16 on 1 January 2019

Thousand Euros	Group	Company
Right-of-use assets		
Land and natural resources	605,979	-
Buildings and other constructions	208,957	118,961
Plant and machinery	4,947	-
Transport equipment	7,530	-
Office equipment and IT	813	-
	828,226	118,961
Property, plant and equipment		
Buildings and other constructions i)	-80,523	-62,057
Investment property		
Buildings and other constructions	-	14,265
	747,703	71,169

- Detail of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019

Thousand Euros	Group	Company
Other liabilities and other payables - Non-Current		
Rents due from lease contracts	796,488	144,678
Lease contracts with EDP Pension and Medical and Death Subsidy Funds i)	-77,960	-77,960
	718,528	66,718
Other liabilities and other payables - Current		
Rents due from lease contracts	21,424	7,014
Lease contracts with EDP Pension and Medical and Death Subsidy Funds i)	-2,563	-2,563
	18,861	4,451
	737,389	71,169

i) Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto and Lisbon headquarters, celebrated for a period of 25 years, were reclassified to the caption Right-of-use assets - Buildings and other constructions and to the captions Rents due from lease contracts - Non-Current and Current.

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The difference between the total of the right-of-use assets and the total of the liabilities regarding the rents due from lease contracts recognised on the adoption of IFRS 16, amounting 10,314 thousand Euros, relates to lease contracts whose payments were fully made at the inception date of that contracts. The amounts were reclassified from the caption Debtors and other assets from commercial activities - Non-Current to the caption Right-of-use assets.

• Reconciliation of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019

	Group	Company
Operating lease commitments as at 31 December 2018	1,403,184	225,723
Recognition exemptions		
for leases with a lease term of 12 months or less (short-term leases)	-114,621	-317
for leases of low-value assets	-	-
Effect from discounting at the incremental borrowing rate as at 1 January 2019	-549,482	-81,534
Other	-5,589	-76,600
Lease liabilities due to initial application of IFRS 16 as at 1 January 2019	733,492	67,272
Lease liabilities from finance leases (IAS 17) as at 1 January 2019	84,420	84,420
Rents due from lease contracts as at 1 January 2019	817,912	151,692

• IFRS 9 - Hedge accounting

From its operational and financing activities, EDP Group is exposed to interest rate, foreign exchange and price risks. These risks are mitigated through the use of hedging instruments, which are designated within hedge accounting.

As permitted by IFRS 9, EDP Group decided to apply the hedge accounting requirements of IFRS 9 as at 1 January 2019. EDP Group has assessed the changes resulting from the adoption of these requirements, through a detailed analysis of the existing hedging relationships as at 31 December 2018. EDP Group decided to keep the existing hedge ratios as at 31 December 2018, while still within IAS 39. From the analysis performed, no rebalancing was necessary as at 1 January 2019.

As at 1 January 2019 there are no material quantitative impacts resulting from the adoption of IFRS 9 hedge accounting requirements by EDP Group.

Hedge accounting has been applied prospectively, without restating comparative information. The mandatory exceptions provided for the prospective application, forcing the application of hedge accounting retrospectively, do not apply to the hedge relationships designated by EDP Group. For the situations in which retrospective application is allowed but not mandatory, EDP Group opted for no retrospective application.

The EDP Group has updated the hedging documentations, as per the requirements of IFRS 9, being the main changes related to the inclusion of the hedge ratio that was defined as hedge objective by the Management, of the expected sources of inefficiency that arise from the hedges, as well as the prospective tests carried out on the economic relationship between the hedged items and the hedging items for the entire duration.

• IFRIC 23 - Uncertainty over Income Tax Treatments

Regarding the new interpretation to IAS 12 – Income tax, IFRIC 23, the Group has reassessed, as at 1 January 2019, all the pending litigations or disputes with tax authorities regarding income tax and no changes in the estimates made previously by management were identified.

The new standards that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts are the following:

- IFRS 9 (Amended) - Prepayment Features with Negative Compensation;
- IAS 28 (Amended) - Long-term Interests in Associates and Joint Ventures;
- IAS 19 (Amended) - Plan Amendment, Curtailment or Settlement; and
- "Annual Improvement Project (2015-2017)".

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred or, despite their effective dates of application, they have not yet been endorsed by the UE) are the following:

- IFRS 17 - Insurance Contracts;
- Amendments to References to the Conceptual Framework in IFRS;
- IFRS 3 (Amended) - Definition of a business;
- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material; and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

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4. Critical Accounting Estimates and Judgements in Preparing the Financial Statements

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The critical accounting estimates and judgements made by management in applying EDP Group's accounting policies were the same as those applied to the consolidated financial statements as at 31 December 2018, with a special note for the following items.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Financial asset related with infrastructure concession contracts in Portugal

The caption "Amounts receivable from concessions - IFRIC 12", refers to the financial assets receivable by EDP Group companies that operate infrastructures under concession contracts, and arises from the unconditional right to receive this amount regardless of the utilisation level of the infrastructures covered by the concession. In these companies is included EDP Distribuição as the National Distribution Network's (RND) concessionaire, which comprises the medium and high voltage network (MT and HT), and low voltage distribution networks (LT), being these concessions exercised exclusively through public service concession contracts.

The RND's operation, which is part of the high and medium tension network (HT and MT), is carried out through a public service concessions' attribution, by the Portuguese State. On the other hand, the right to distribute low voltage electricity is attributed to the Portuguese mainland municipalities. The legislation that establishes the basis of each concession sets up that the ownership or possession of the goods assigned to these concessions revert to the concessionaires at the end of their respective concessions. They also establish that in return for the assets returned to grantors, whether State or municipalities, compensation corresponding to the assets' book value assigned to the concession, net of amortisations, financial contributions and non-refundable subsidies will be paid. Therefore, the assets' estimated residual value at the end of each concession constitutes a financial asset, and the remaining fair value component of the concession assets is an intangible asset to be amortised over its useful life. Hence, the end date of each concession is one of the main assumptions for the financial assets' and intangible assets' estimation.

In May 2017 Law 31/2017 was approved, which lays down the principles and general rules concerning the organisation of public tendering procedures for the awarding, by contract, of the municipal LT concessions' operation in the Portuguese mainland. This Law foresees the simultaneous launch, in 2019, of public tender procedures for all municipalities that do not opt for direct management of the electricity distribution activity, as well as to all municipalities whose current concession contracts reach their end before 2019, and do not opt for direct management. In these cases, both parts shall enter into a written agreement extending the term of their respective concessions until the new concession contracts enter into force. The awarding decisions will be taken by municipalities or by the territorial area's intermunicipal entity attached to the referred proceedings.

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on EDP Distribuição's estimate of financial and intangible assets, namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the process is still in an initial phase, by doing studies and legislation. With reference to 30 September 2019, financial assets and intangible assets were estimated based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions and estimates could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position.

Measurement criteria of the concession financial receivables under IFRIC 12 in Brazil

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12.783/13, which determines the amount of the indemnisation payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, that should be determined based in the methodology of the Value of Replacement as New (VNR). The indemnisation amount variation is booked against Revenues from energy sales and services and other. This amount corresponds to the difference between the value of replacement as new versus the historical cost.

ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts. Within these periods the distribution companies use their best estimate for the VNR. The use of different assumptions and estimates could result in different values of financial assets, with the consequent impact in the Statement of Financial Position.

Impairment

Impairment of long term assets and Goodwill

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of the assets.

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On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The investments in subsidiaries, on a company basis, and in associates are reviewed when circumstances indicate the existence of impairment.

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in results.

Impairment of receivables

Impairment losses related to doubtful debts are estimated by EDP based on the estimated recoverable amounts, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of doubtful debts, namely changes in the economic environment, sector trends, client's credit risk and increases in the rate of defaults. Changes in the estimates and judgement could change the impairment test results, thereby affecting results.

Fair value and classification of financial instruments

Fair values are based on listed market prices, if available. Otherwise, fair value is determined either by the price of similar recent transactions under market conditions or determined by external entities, or by pricing models based on net present value of estimated future cash flows techniques considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in estimating fair values.

Consequently, the use of different methodologies and different assumptions or judgements in applying a particular model, could generate different financial results and different financial instruments classification from those reported.

Additionally, financial instruments' classification as debt or equity requires judgement in the interpretation of contractual clauses and in the evaluation of the existence of a contractual obligation to deliver cash or other financial assets.

Review of the useful life of the assets

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity, and prospectively changes the depreciation charge of the year based on such review.

Useful lives of generation assets - Hydro independent generator in Brazil

The hydro generation assets in Brazil for independent generators are amortised during their estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements. This includes, among other issues, EDP's best estimates of the useful lives of such assets, which are consistent with the useful lives defined by ANEEL, the respective contractual residual indemnification values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indemnification values at the end of the concessions may be influenced by changes in the regulatory legal framework in Brazil.

Rents due from lease contracts

With the adoption of IFRS 16, the Group recognises right-of-use assets (ROU assets) and a liabilities regarding the rents due from lease contracts if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset; ii) it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and iii) it has the right to direct the use of the asset. EDP Group uses estimates and judgement on its assessment, namely concerning the termination and extension contract options and the determination of the incremental borrowing rate to be applied for each portfolio of leases identified.

Tariff adjustments

Portugal

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity and Gas System, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity and gas tariffs to customers in subsequent periods.

Decree-Law 237-B/2006 of 19 December, and Decree-Law 165/2008 of 21 August, recognised an unconditional right of the operators of the electricity sector to recover the tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations. Additionally, the legislation allows the transfer to third parties of the right to receive tariff adjustments. Therefore, under this legislation, regulated companies may provide to third parties, in whole or in part, the right to receive the tariff adjustments through the electricity and gas tariffs. In accordance with the accounting policy in force, the EDP Group books under the caption Revenues from energy sales and services and other - Electricity and network access, the effects of the recognition of tariff adjustments in the electricity sector, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

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Decree-Law 87/2011 of 18 July also establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. EDP Group books under the caption Revenues from energy sales and services and other - Gas and network access, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

Spain

Royal Decree Law 6/2009, published on 7 May 2009, established, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electricity sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013 access tariffs would be sufficient to cover the cost of regulated activities, without the creation of an "ex-ante" tariff deficit and, in order to ease this gradual elimination, Royal Decree Law 6/2009 also provided for the passage of some costs included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the incorporation of CO₂ costs in market prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to a lower tariff for low income consumers and (v) the charge to electric companies of the costs associated with the management and treatment of radioactive waste from nuclear power plants and fuels consumed. However, Royal Decree Law 29/2012, endorsed on 28 December, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

In 2010, Royal Decree Law 14/2010 addressed the correction of the tariff deficit of the electricity sector. Under this decree, the temporal mismatch of the settlements for 2010 tariff deficits came to be considered as a revenue deficit of the electricity system and a set of measures was established so that the various industry players contribute to the reduction of the tariff deficit. These measures included the establishment of generation rates, financing plans energy efficiency savings by the generation companies and various regulatory measures that help reduce the additional costs of certain technologies in the special regime.

In 2012, two decrees were adopted to reduce the tariff deficit in order to reach the limit set by Royal Decree Law 14/2010: (i) Royal Decree Law 1/2012, which temporarily suspended the inclusion of new facilities in the "pre-asignación" registrations maintained by the Minister of Industry, Energy and Tourism before the power plant is entitled to make use of the Spanish special regime; and (ii) Royal Decree Law 13/2012, which provided for reductions in the remuneration for distribution activity and an extraordinary decrease on other regulated activities.

In 2014, Royal Decree Law 1054/2014, establishes the procedures for the transfer of the right to receive the deficit of 2013 from the Spanish system, as well as, the methodology to define the interest rate applicable to this deficit, which main guidelines are:

- (i) definition of a 15 years time frame during which the deficit amount will cumulate interest. This time frame consists in two periods: the first, which began in 1 January 2014 ending on the date of the additional liquidation of the provisional liquidation 14 of the year 2013; and the final period, from which the additional liquidation of the provisional liquidation 14 of the year 2013, is made, until 31 December 2028; and
- (ii) the rights to receive (base amount plus interests) are expressly recognised, with their respective taxes and will be considered as system costs. These rights can be total or partially assigned, transferred, transmitted, discounted pledged to third parties, if properly communicated to CNMC.

Brazil

On 25 November 2014, ANEEL made addendums to the concession contracts with Brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities that existed since 2010, when the IFRS were adopted in Brazil. As a consequence, the CPC ("Comitê de Pronunciamentos Contábeis") issued on 28 November 2014, the OCPC 08 (Recognition of Certain Assets and Liabilities in Accounting and Financial Reports of Electric Distribution) which determines how to treat these regulatory assets/liabilities in the financial statements.

Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement, where it was established that, in the case of concession termination, the outstanding balances of any failure of payment or reimbursement by the tariff (assets and liabilities), will be considered on the indemnity calculation, based on the regulator pre-established regulations.

EDP Group considers, based on the issued legislation (Portugal, Spain and Brazil), that the requirements for the recognition of tariff deficits as receivables and payables against the income statement of the period have been satisfied.

Revenue recognition

Energy sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to energy to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

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Income taxes

The Group is subject to income taxes in several jurisdictions. Certain interpretations and estimates are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates could result in a different level of income taxes, current and deferred, recognised in the period.

Pensions and other employee benefits

Determining pension and other employee benefits liabilities requires the use of assumptions and estimates, including actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes in the assumptions could materially affect the amounts determined.

Provisions for dismantling and decommissioning of power generation units

EDP considers to exist legal, contractual or constructive obligations to dismantle and decommission of property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generation units are located. The calculation of the provisions is based on estimates of the present value of the expected future liabilities.

The use of different assumptions in the estimates and judgement from those referred could lead to different financial results than those considered.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, EDP Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee ("de facto" control).

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact on the consolidated financial statements.

Business combination

Under IFRS 3 (Business Combination) in a business combination, the acquirer shall recognise and measure in the consolidated financial statements the assets acquired and liabilities assumed at fair value at the acquisition date. The difference between the purchase price and the fair value of the assets and liabilities acquired leads to the recognition of goodwill or a gain from a purchase at a low price (bargain purchase).

The fair value determination of the assets acquired and liabilities assumed is carried out internally or by independent external evaluators, using the discounted cash flows method, using the replacement cost or other fair value determination techniques, which rely on the use of assumptions and estimates including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, sale and purchase prices of energy, cost of raw materials, production estimates and business projections. Consequently, the determination of the fair value and goodwill or gain from a purchase at a low price is subject to numerous estimates and judgments and therefore changes in assumptions could result in different impacts on results.

Fair value measurement of contingent consideration

Contingent consideration from a business combination or a sale of a financial investment is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a financial investment. This contingent consideration is subsequently remeasured at fair value at each report date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each report date. Changes in assumptions could have significant impact on the values of contingent assets and liabilities recognised in the financial statements.

Contractual stability compensation - CMEC

i) Contractual stability compensation - Initial Amount

Following a Portuguese Government decision to extinguish the Power Purchase Agreement (PPA), the early termination of the PPAs of EDP Produção had effect from 1 July 2007.

As a result of the PPAs extinction and in accordance with the applicable legislation, a contractual stability compensation (CMEC) was granted to EDP Group. This mechanism includes three types of compensation: initial compensation, annual compensation (or revisability) and final adjustment.

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Initial compensation was recognised when the PPAs terminated as an account receivable of 833,467 thousand Euros, booked as a receivable asset at its net present value, against deferred income. This compensation is recognised as operating income each period against a reduction of the deferred initial compensation. According to the applicable legislation, the securitization of this amount is allowed.

ii) Contractual stability compensation – Annual revisibility mechanism

During period I (2007/2017) of the contractual stability compensation mechanism, there was a correction on an annual basis, resulting from positive or negative deviations between the estimates made for the initial stability compensation calculation and actual amounts arising from an efficient performance, using the "Valorágua" model, as established in the Decree-Law 240/2004. Later, Order 4694/2014 was published to define the guidelines of the annual revisibility calculation with respect to the revenues from the ancillary services market, regarding power plants under CMEC.

Revisibility amounts for the years 2007 to 2014 were determined and approved by the Member of the Government responsible for the energy sector, and were contested by EDP Produção:

- a) As regards the approval of the 2011 and 2012 revisibilities, the fact that it did not consider the costs incurred with the social tariff in the calculation of the revisibilities; and
- b) As regards the approval of the 2014 revisibility, the fact that it did not take into account in the calculation of the revisibility the costs incurred with the social tariff and CESE.

Regarding the annual revisibilities of 2015 to 2017, it is awaited approval by the Government member responsible for the energy sector, even though, by letter of 21 April 2017 from ERSE, the transfer to EDP Produção of the annual revisibility of 2015 has been authorised.

iii) Contractual stability compensation – Final Adjustment

The CMEC's Final Adjustment is calculated in accordance with number 7 of article 3rd and Annex IV of Decree-Law 240/2004, of 27 December. The State budget for 2017 (Law 42/2016) determined, in its article 170, that the final adjustment amount shall be calculated and justified in a study done and presented by ERSE. This entity had the technical support of the Working Group EDP Produção/REN, legally enforced.

Accordingly, the technical group EDP/REN has presented to ERSE its report on the CMEC final adjustment calculation, which was achieved by strictly following the calculation methodology described in Decree-Law 240/2004. This calculation, performed by the technical group EDP/REN was presented to ERSE and comes to a range of amounts between 256.5 and 271 million Euros.

At the end of September 2017, ERSE has also presented to the Government its report on the calculation of the CMEC final adjustment, reaching an amount of 154 million Euros, which was provisionally considered in the document of tariffs and prices for 2018.

In the Financial statements as at 31 December 2017, EDP Group has included its best estimate of the CMEC final adjustment, by recognising an asset in the amount of 256.5 million Euros against deferred income, based on Decree-Law 240/2004 and on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 30 September 2019 EDP maintains the provision in its accounts.

Considering that the administrative act contained in the Dispatch of approval of the SSE of 25 April 2018 lacks technical, economic and legal basis, and that, in particular, it does not apply the calculation methodology contained in Decree-Law 240/2004 and which would lead to the determination of an amount close to the one determined by the technical group, on 3 September 2018, EDP Produção has legally contested it.

Clawback - Regulatory mechanism to ensure the competitive balance in the wholesale electricity market in

Following some tax changes occurred in Spain, which affected electricity generators operating in this country, Decree-Law 74/2013 was approved in Portugal, which aimed to rebalance the competition between electricity generators operating in Portugal and other players operating in Europe.

Pursuant to Decree-Law no. 74/2013 and its regulations, in order to restore such balance, the power plants operating on a market regime is situated in Portugal, which were not covered by the PPA or CMEC regime, should pay an amount per MWh produced.

The amount payable should consider an estimate of the impact that the off-market events in the EU (such as the above-mentioned tax changes in Spain) would have in pool prices, as well as off-market events in Portugal that would affect the competitiveness of electricity generators operating in Portugal. Consequently, a net competition advantage would allegedly arise to generators operating in Portugal.

Under this mechanism regulation – commonly known as clawback – Social tariff and CESE were approved by Dispatch 11566-A/2015 as off-market events that should be considered as competitive disadvantages of generators operating in Portugal.

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Dispatch 7557-A/2017, of 25 August, superseded Dispatch 11566-A/2015, of 3 October, (which defined the variables for the computation formula of the amount to be paid by each of the power-generating plants under Decree-Law 74/2013, of 4 June, for each injected MWh) in its entirety. It states that ERSE, after consulting DGEG, shall present proposals for a new definition of the variables, as well as reference terms for the new study.

Subsequently, in the Dispatch 9371/2017, of 24 October, partially nulled of Dispatch 11566-A/2015, of 3 October 2018 from the SSE, is declared, in relation to the decisions presented under its numbers 11 and 12 (the deduction of social tariff and CESE costs in the unit price). ERSE was asked to consider in 2018 UGS tariff, the recovery, in benefit of the consumers, of the amounts allegedly improperly included in previous years' tariffs (2016 and 2017). Dispatch 9955/2017, of 17 November, defines a new amount for the estimate of the off-market events' impact in EU, which is 4.75 €/MWh, with retroactive effects as at August 24. Following these Dispatches, the document of prices and tariffs for 2018 has included a clawback amount of around 90 million Euros to be returned to tariffs, which includes power plants operating under CMEC and estimated generation.

Based on its interpretation of the Law, as well as on legal opinions obtained in the meantime, EDP Produção considers that the Decree-Law 74/2013 aims to reestablish a situation of competition balance between generators operating in Portugal and their peers operating in other European countries, which means to consider as off-market events all the taxes and contributions that fall only over generators located outside of Portugal (particularly in Spain), as well as all the taxes and contributions that fall only over generators located in Portugal. Consequently, in the Group's understanding, Dispatch 9371/2017 and 9955/2017 have completely distorted the clawback mechanism, having filed its legal action in January 2018.

In the Financial statements as at 31 December 2018, EDP Group has included the clawback amount as calculated by EDP Produção, regarding the legislation in place in each period, namely Decree-Law 74/2013, Order 225/2015, Ordinance 9371/2017 from 24 October and Dispatch 9955/2017, from 17 November. It is important to notice that this mechanism is not applicable to power plants still operating under CMEC regime.

On 5 October 2018, the Spanish legislature, by the sixth and seventh additional lines on Article 21 of Royal Decree-Law 15/2018, suspended the 7% tax on electricity generation approved in 2012 for a period of six months, from the beginning of October 2018 to the end of March 2019. This tax suspension correspond to the suspension of the off-market event verified within the European Union, which is considered in the clawback calculation.

Following the temporary suspension of the tax on electricity production in Spain:

- Order 895/2019 of 23 January, establishing the suspension of the "Clawback" was approved for a period of 6 months as from 1 October 2018;
- The Tariff and Price Document for 2019, published on 17 December 2018, estimates a Clawback value of € 4.18/MWh, to be applied after the end of the suspension period (more specifically from 6 April 2019);
- ERSE has informed EDP Produção that any clawback invoicing relating to the referred suspension period should be deleted or canceled;
- The State Budget Law for 2019 provided that "the Government shall, until the end of the first quarter of 2019, review the regulatory mechanism designed to ensure the balance of competition in the wholesale electricity market in Portugal, provided for under DL 74/2013, of 4 June, adapting it to the new rules of the Iberian Electricity Market, with the aim of creating harmonized regulatory mechanisms that reinforce competition and protect consumers".

During 2019:

- On 1 April, the suspension of the tax on the production of electric energy in Spain was terminated, and it became effective again;
- From that moment, the "clawback" invoiced to EDP Produção was resumed, based on a value of 4.75€/MWh;
- On August 9, Decree-Law 104/2019 was published, which makes the first amendment to Decree-Law 74/2013, by changing the scope of the clawback mechanism. Previously, "ordinary producers of electricity and other producers not covered by the guaranteed remuneration regime were subject to clawback". With the publication of this diploma, the CMEC centrals are now included in the scope of the clawback;
- The same Decree-Law introduced the possibility to define CIT (corporate income tax) – advanced payment, and on 26 September 2019 was published the Order 8521/2019, which set the amounts of advanced payment related to the clawback mechanism at 2.71€ / MWh for coal-fired power plants and 4.18€/MWh for other power plants.

Ancillary Services

On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC estimates that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC points out that the adoption of a Statement of Objections does not determine the result of the investigation, which began in September 2016. On 28 November 2018, EDP Produção was given the opportunity to exercise its right to be heard and defend itself in relation to the alleged unlawful act and to the penalties in which it may incur.

On 13 March 2019, the Secretary of State for Energy underlined in the National Assembly, in the scope of the Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers, that this is not an innovative feature issue but a competition issue and is being handled by the Competition Authority (AdC).

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On 18 September 2019, AdC informed EDP of its decision to condemn, imposing a fine of 48 million Euros, for abuse of dominant position in the secondary regulation band market in mainland Portugal between 2009 and 2013. Within the framework of the Competition the fine could amount to 153 million Euros.

According to AdC, EDP would have manipulated its offer of tele-regulation service or secondary regulation band, limiting the capacity offer of its CMEC power plants to offer it through its market power plants, benefiting in two ways:

- Highest compensation paid to CMEC plants (annual revisability), as their lower participation in the provision of secondary regulation band service would be below what would be expected (according to competitive market criteria);
- The increase of the market price of the secondary bandwidth service, as a result of the limited supply by CMEC plants, favoring market-based power plants.

The EDP Group considers that EDP Produção has not exercised any abuse of a dominant position, having acted strictly in accordance with the legal framework in force. EDP will appeal the decision to the Competition, Regulation and Supervision Court, as provided by law (see note 34).

Innovative Features

On 9 July 2018, EDP has been notified, within the scope of a stakeholder hearing promoted by the DGEG, to present its opinion on the possibility of DGEG proposing to the Secretary of State for Energy an amount associated with the alleged "innovative features" introduced in CMEC regime regarding PPA, to a maximum amount of 357.9 million Euros. According to the DGEG, this amount shall be associated with the lack of legal scope for tests on the availability of the CMEC plants (285 million Euros) and the above mentioned ancillary services (72.9 million Euros).

On 26 September 2018, EDP Produção was notified of the Order of the SEE of 29 August, which considers as an "innovative aspect" the topic "procedures for calculating the verified availability coefficient", quantified at 285 million Euros. This Order refers to the alleged lack of legal forecast of availability tests of CMEC plants. Considering that the Order in question lacks technical, economic and legal basis, on 8 October EDP Produção has submitted an administrative appeal.

Subsequently, EDP Produção received a letter from ERSE dated 12 November 2018 and became aware of the Order of the SEE of 4 October, which, following the Order of 29 August, declared the annulment of the annual adjustments in the part in which they considered the alleged "innovative aspect" concerning the procedures for calculating the coefficient of availability. In the Tariff and Price Document for 2019, ERSE considered the refund of an amount of 90 million Euros for a portion of the 285 million Euros referred to, expecting that the remaining portion will be paid for a number of years that allow the CMEC to have zero tariff impact by including the 86.5 million Euros in the tariffs of 2020, 86.5 million Euros in tariffs of 2021 and 21.9 million Euros in 2022.

Without having received any response to the gracious complain filed on 1 February 2019, EDP Produção challenged in court the Orders of 29 August and 4 October and the Tariff and Price Document for 2019.

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. In 2019 EDP made the payment of 68,646 thousand Euros (see note 34), using this provision, so that at 30 September 2019 this provision amount of 216,354 thousand Euros.

Hydro power plants of Fridão and Alvito

On 17 December 2008, EDP Produção and the Portuguese State signed the Contract for the Implementation of the National Program for High Hydroelectric Potential Power Plants (PNBEPH) regarding the Hydro Power Plants of Fridão (AHF) and Alvito (AHA), with the payment, by EDP Produção of 231.7 million Euros. Of this amount, 217,798 thousand Euros relates to the right to implement and exploit the AHF.

EDP Produção followed up on the procedures for the implementation of these projects, having, in the case of the AHF, obtained a Favorable Environmental Impact Declaration and an Environmental Compliance Report of the Execution Project (RECAPE).

On 22 October 2013, EDP Produção requested to the Minister of the Environment, Land Management and Energy, based on a change of circumstances, to postpone the signing of the concession contract for the AHF. This request was formally rejected on 2 May 2014, and the terms of the concession contract, were subsequently negotiated between EDP Produção and the Portuguese Environmental Agency (APA) and a specific date for the respective signature for 30 September 2015, which was revoked by the Government without rescheduling a new date.

In 2016, following the beginning of the XXI Constitutional Government, the Government Program provided the reassessment of the PNBEPH. In this context, it was agreed to suspend for three years the execution of the Contract for the implementation of the AHF, as well as the annulment of the implementation Contract regarding AHA, through a Memorandum of Understanding signed on 5 December 2016, concluded by an agreement between the Portuguese State and EDP Produção on 11 April 2017.

This deferral decision was taken based on public interest reasons, considering the evolution of installed power and energy demand since 2008 (conclusion date of the Implementation Contract) until 2016. It is not clear that the AHF would be an energy surplus that would offset the environmental impacts resulting from its implementation.

On 16 April 2019 EDP Produção received, by email, an official letter from the Ministry of the Environment and Energy Transition, dated 11 April 2019, informing the State's conclusion that there is no need for implementation of AHF to meet national targets for Renewable Energy Source and Greenhouse Gas Reduction, as well as "that the State does not find any reason to inhibit the construction of the Fridão Hydro Power Plant".

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Simultaneously, the Minister of the Environment and Energy Transition (MATE) announced at the National Assembly, in a hearing at the Environment, Land-use Planning, Decentralization, Local Power and Housing Committee, that the State's decision was not to build the AHF and that "the State will always comply with the contract but believes there are no reasons for any repayment of the amount that was given to the State ten years ago". It acknowledged, however, that there was no agreement with EDP on this matter.

In response, on 17 April 2019 EDP Produção sent a letter requesting clarification, pointing out that: i) it is the responsibility of the State alone to decide whether or not to implement the AHF; (ii) at no time EDP Produção demonstrated intention not to proceed with the implementation of the AHF without reimbursement of the financial contribution paid in 2009 following the provisional award, and iii) to request the Government to clarify its importance for the implementation of the AHF.

Since there has been no reply to this letter, on 30 April 2019, EDP Produção notified the Portuguese State representatives in the Contract for the Implementation (the Minister of Finance, the Minister of the Environment and the Energy Transition and the Deputy Minister and Minister of Economy) of its intention to proceed with the implementation of the AHF, stating that it considers that the conditions for the final award are met, enclosing evidence required by No. 29.1. of the Contest Program and requesting the compliance with the Contract for the Implementation.

Since EDP Produção did not receive any reply to the letters, so it sent second and final request to the Portuguese State, on 19 June 2019, setting an additional deadline to comply with the Contract for the Implementation or to be set the date for that purpose, which did not occur.

Bearing in mind that, despite the letters sent by EDP Produção, the Portuguese State did not comply with the Contract for the Implementation, on 10 July 2019, EDP Produção sent a new letter to resolve the same contract and to notify the State of the friendly dispute settlement process as provided for in the clause 10th of the contract. Simultaneously and as a consequence of the abovementioned resolution, EDP Produção notified the Portuguese State to return to it all the investment already made, including the consideration paid on the provisional award, and, as well, to compensate it for other losses and damages resulting from the non-compliance, to be settled in a timely manner. As at 30 September 2019 the Group reclassified these Assets under construction to Other debtors and other assets and valued in accordance with the principles defined in IFRS 9 (see notes 25 and 34).

EDP Group Strategic Plan Update

Following the Strategic Plan Update 2019-2022, as announced by the Executive Board of Directors in March 2019, EDP Group foreseen the sale of non current assets and group of assets for disposal. As at 30 September 2019, the Executive Board of Directors evaluated the status of each sale plan defined, in terms of the definition of its extension, occurrence in time, identification of the target buyers and assignment to specialised entities, to determine whether the criteria for classification under IFRS 5 are met. In this sense, the assets classified as non current assets held for sale as at 30 September 2019 reflect the sale plans that, in the opinion of the Executive Board of Directors, comply with the conditions set out in IFRS 5 (see note 39). In this valuation process, there are no assets and liabilities held for sale qualifying as "Discontinued Operations".

5. Financial Risk Management Policies

Financial risk management

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks arises essentially from its debt portfolio, its investments and from the volatility of commodity prices, resulting in interest and exchange rate exposures as well as commodity market prices exposures. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group's risk management policy. Derivative financial instruments are used to minimise potential adverse effects, resulting from interest rate, foreign exchange rate and commodity prices risks on EDP Group's financial performance.

The management of financial risks of EDP, S.A. and other EDP Group entities is undertaken centrally by EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department and the Energy Management Business Unit identify, evaluate and submit to the Board, for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries in Brazil, the management of the financial risks inherent to the variation of interest rates, exchange rates and commodities is carried out locally, according to the principles set by rules of EDP - Energias do Brasil's Management and aligned with the principles/policies set by the EDP Group for this geographical area.

Exchange-rate risk management

EDP Group operates in different geographies, therefore becoming exposed to exchange rate risk in US Dollar (USD), Brazilian Real (BRL), Romanian Leu (RON), Polish Zloty (PLN), Canadian Dollar (CAD) and Pound Sterling (GBP). Currently, the exposure to USD/EUR, PLN/EUR, RON/EUR, CAD/EUR and GBP/EUR exchange rate risk results essentially from investments of EDP Group in wind parks (and solar) in the USA, Poland, Romania, Canada and United Kingdom, respectively. The exposure to BRL/EUR exchange rate risk results essentially from investments of EDP Group in EDP Brasil SA and EDP Renováveis Brasil. The majority of these investments were financed with debt contracted in the respective local currency which allows to mitigate the exchange rate risk related to these assets, and such financing is complemented in certain cases with derivatives to hedge exchange-rate risk on net investment.

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The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with similar terms to those of the hedged asset or liability. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is assessed.

The Brazilian subsidiaries exposed to the USD/BRL exchange rate risk as a result of their USD debt, use derivative financial instruments to hedge this risk. Additionally, investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in BRL are exposed to exchange rate risks, are monitored through analysis of the evolution of the BRL/EUR exchange rate.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts and cross currency interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 30 September 2019 and 2018, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Sep 2019			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	2,612	-3,192	-87,822	107,338
	2,612	-3,192	-87,822	107,338

Thousand Euros	Sep 2018			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD	16,398	-20,042	-95,576	116,815
	16,398	-20,042	-95,576	116,815

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The aim of the interest rate risk management policies is to manage the financial charges and to reduce the exposure to interest rate risk from market fluctuations.

In the floating rate financing context, the EDP Group enters, when considered appropriate, into interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term loans engaged at fixed rates are, when appropriate, converted into floating rate loans through interest rate derivative financial instruments designed to level them to current and expected market conditions.

All the operations are undertaken on liabilities in the EDP Group's debt portfolio and mainly involve perfect hedges, resulting in a high level of correlation between changes in fair value of the hedging instrument and changes in fair value of the interest rate risk or future cash flows.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 14 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 30 September 2019, after the hedging effect of the derivatives 59% of the Group's liabilities are at fixed rate.

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Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 30 September 2019 and 2018 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

Thousand Euros	Sep 2019			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-12,302	12,302	-	-
Unhedged debt	-3,811	3,811	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	6,138	-7,661
Trading derivatives (accounting perspective)	6,133	-7,520	-	-
	-9,980	8,593	6,138	-7,661

Thousand Euros	Sep 2018			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-14,821	14,821	-	-
Unhedged debt	-9,072	9,072	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	4,889	-10,607
Trading derivatives (accounting perspective)	-992	-3,856	-	-
	-24,885	20,037	4,889	-10,607

This analysis assumes that all other variables, namely exchange rates, remain unchanged.

Brazil - Exchange and interest rate risk management

Stress tests and sensitivity analysis are carried out for purposes of risk management in the Brazilian subsidiaries. Through these two tools, the financial impact in different market scenarios is monitored.

For sensitivity analysis, the exposure of portfolio of operations is evaluated through 25% and 50% changes in the main risk factors, currency and interest rates. The stress test is performed on the fair value of the operations and uses as premise the interest rate curve projections of the main crises that affected the Brazilian market.

Brazil - Sensitivity analysis - exchange rate

Thousand Euros	Sep 2019	
	+25%	-25%
USD	-	-
	-	-

Thousand Euros	Sep 2018	
	+25%	-25%
USD	857	-677
	857	-677

This analysis assumes that all other variables, namely interest rates, remain unchanged.

The Brazilian subsidiaries are mainly exposed to the USD/BRL exchange rate, arising from USD debt for which the exposure is completely offset by cross currency interest rate swaps.

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Brazil - Sensitivity analysis - Interest rates

Based on the portfolio of operations, a 25% change in the interest rates, to which the Brazilian subsidiaries are exposed to, would have an impact to EDP Energias do Brasil Group, at 30 September 2019 and 2018, in the amount of:

Thousand Euros	Sep 2019	
	+ 25%	- 25%
Financial instruments - assets	9,082	-9,082
Financial instruments - liabilities	-37,837	37,722
Derivative financial instruments	-200	201
	-28,955	28,841

Thousand Euros	Sep 2018	
	+ 25%	- 25%
Financial instruments - assets	3,158	-3,158
Financial instruments - liabilities	-49,113	49,680
Derivative financial instruments	-1,692	1,769
	-47,647	48,291

Counterparty credit risk management

EDP Group's policy in terms of counterparty risk on financial transactions is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial instruments are institutions with high credit rating so the risk of counterparty default is not considered to be significant. Therefore, guarantees and other collaterals are not typically required for these transactions.

EDP Group has documented its financial operations in accordance with international standards. Derivative financial instruments are mainly contracted under ISDA Master Agreements.

Regarding the remaining receivables from companies and individual customers, resulting from the current activity of EDP Group, the credit risk is essentially the result of customers defaults, whose exposure is limited to the supply made until the possible date of supply disruption. A very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of customers and of Contract assets related to energy sales net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk management

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with a firm underwriting commitment with international reliable financial institutions as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 32).

The table below shows the contractual undiscounted cash flows and the estimated interests due, computed using the rates available at 30 September 2019:

Thousand Euros	Sep 2020	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
Bank loans	287,060	54,021	187,422	171,148	170,438	558,803	1,428,892
Bond loans	2,227,429	85,301	1,461,171	1,320,374	1,471,587	6,215,313	12,781,175
Hybrid Bond	40,836	-	-	-	-	1,750,000	1,790,836
Commercial paper	421,696	-	200,000	-	-	295,832	917,528
Other loans	2,830	130	479	34	211	12,679	16,363
Interest Payments (i)	844,479	145,497	481,833	386,069	333,686	746,609	2,938,173
	3,824,330	284,949	2,330,905	1,877,625	1,975,922	9,579,236	19,872,967

i) The coupons of the hybrid bonds were included taking into consideration the earliest possible call date.

Energy market risk management

In the sphere of its operations in the Iberian market for both electricity and gas, EDP Group purchases fossil fuels to generate electric energy which is sold in organized markets (OMIE and OMIP) as well as to third parties or, in the gas business, sells natural gas to clients either through EDP Group's trading companies or directly to third parties. As a result, the Group is, since July 2017, fully exposed to energy market risks. Previously, some electricity generating plants, despite operating in the market, were subject to the CMEC legislation, and the changes in the operating margins were determined essentially by the difference between the prices in the market and the reference indexes defined in the contracts.

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As a result of its energy management operations, EDP Group has a portfolio of operations related to electricity and gas businesses. The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, coal and gas) and futures to fix prices.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative financial derivatives, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in market prices.

Energy management activity is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) with impact in the expected energy volume generated, as well as credit risk of the counterparties.

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions to determine the maximum loss that can be incurred, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to a periodic review based on the evolution of the operations, to change the profile of the positions and adjust them to the established management objectives.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular backtesting and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them, if necessary.

The main price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the next 24 month's margin, P@R corresponding to the difference between an expected margin and a margin of a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 2 years. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by business segment is as follows:

Thousand Euros		P@R Distribution by business segment	
		Sep 2019	Dec 2018
Business	Portfolio		
Electricity	Trading	4,895	50,559
Electricity	Trading + Hedging	155,402	216,655
Gas	Hedging	17,450	22,049
Diversification effect		-18,798	-23,063
		158,949	266,199

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Sep 2019	Dec 2018
Credit risk rating (S&P)		
AAA to AA-	2.08%	0.16%
A+ to A-	28.77%	34.87%
BBB+ to BBB-	65.66%	61.12%
BB+ to B-	0.07%	0.87%
No rating assigned	3.41%	2.98%
	100.00%	100.00%

Capital management

EDP is not an entity subject to regulation in terms of capital or solvency ratios. Therefore, capital management is carried out within the financial risk management process of the entity.

Additionally, management describes this aspect of its strategic objectives, policies and processes to manage risks, including the financial risks, in the chapters of the Annual Report of 2018:

02 Strategic Approach

2.2.2 Strategic Guidelines Compliance - Continue Financial Deleveraging; and

2.3 Risk Management: Key Risks - Financial: Risk Appetite - Financial.

04 Corporate Governance

53 The main types of economic, financial and legal risk - Financial risks.

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The Group's goal in managing capital is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established objectives and maintain an optimum capital structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on several control mechanisms and ratios.

6. Consolidation Perimeter

During the nine-month period ended 30 September 2019, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

- EDP Renováveis, S.A. acquired, in Colombia, 100% of the companies Eolos Energías, S.A.S. E.S.P. and Vientos del Norte, S.A.S. E.S.P. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Boqueirão I, S.A., Central Eólica Boqueirão II, S.A., Monte Verde Holding, S.A. and Jerusalém Holding, S.A.. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- EDP Renewables Europe, S.L.U. acquired 32% of the company Dunkerque Éoliennes en Mer, S.A.S.
- EDPR Offshore España, S.A.S. acquired, directly or indirectly, 100% of the companies B-Wind Polska, Sp. z o.o., C-Wind Polska, Sp. z o.o., Ventum Ventures III Holding, B.V., Fluctus V, B.V., Fluctus VI, B.V., Fluctus VII, B.V. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects. Additionally, EDPR Offshore España, S.A.S. acquired 30% of the companies Frontier Beheer Nederland, B. V. and of Frontier, C.V.
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the companies EDPR Polska Solar Sp. z o.o. and Lichnowy Windfarm, Sp. z o.o. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.
- EDP Renewables Polska HoldCo, S.A. acquired 100% of the company Gudzuki Wind Farm Sp. z o.o.
- Monte Verde Holding, S.A. acquired 100% of the company Central Eólica Monte Verde VI, S.A. This operation was classified as an asset purchase, out of the scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the projects.
- EDP - Comercialização e Serviços de Energia, Ltda. acquired 100% of the company Litoral Sul Transmissora de Energia Ltda.

Sale of companies without loss of control:

- A EDPR France Holding, S.A.S. sold 10% of its financial interest in Parc Éolien d'Entrains-sur-Nohain, S.A.S. by 46 thousand Euros.

Companies sold and liquidated:

- EDP Distribuição de Energia, S.A. liquidated EDP MOP - Operação de Pontos de Carregamento de Mobilidade Eléctrica, S.A.
- EDP Distribuição de Energia, S.A. liquidated EME2 - Engenharia, Manutenção e Serviços, ACE.
- EDP Renewables Europe, S.L.U. and EDPR Yield, S.A.U. sold to Beta Energy Investments S.A.R.L. and Beta II S.R.L. by 806,090 thousand Euros, which includes loans in the amount of 304,732 thousand Euros, of 51% of its direct financial interest in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U. and indirect interests in the following companies:

<ul style="list-style-type: none"> - Bon Vent de L'Ebre, S.L.U. - Bon Vent de Vilalba, S.L.U. - Centrale Eolienne Canet-Pont de Salars, S.A.S. - Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S. - Centrale Eolienne Neo Truc de L'Homme, S.A.S. - Centrale Eolienne Patay, S.A.S. - Centrale Eolienne Saint Barnabé, S.A.S. - Centrale Eolienne Segur, S.A.S. - Eólica da Lajeira, S.A. - Eólica de Radona, S.L.U. - Eólica del Alfoz, S.L.U. - Eólica do Cachopo, S.A. - Eólica do Castelo, S.A. - Eólica do Velão, S.A. - Eólica Don Quijote, S.L.U. - Eólica Dulcinea, S.L.U. - Eólica La Navica, S.L.U. - Eolienne de Saugueuse, S.A.S. 	<ul style="list-style-type: none"> - GREEN WIND, S.A. - Neo Plouvien, S.A.S. - Parc Éolien de Dammarie, S.A.R.L. - Parc Éolien de Francourville, S.A.S. - Parc Éolien de Montagne Fayel, S.A.S. - Parc Éolien de Preuseville, S.A.R.L. - Parc Éolien de Roman, S.A.R.L. - Parc Éolien de Tarzy, S.A.R.L. - Parc Éolien de Varimpre, S.A.S. - Parc Éolien des Vatines, S.A.S. - Parc Éolien d'Escardes, S.A.S. - Parc Éolien du Clos Bataille, S.A.S. - SOCPE de la Mardelle, S.A.R.L. - SOCPE de la Vallée du Moulin, S.A.R.L. - SOCPE de Sauvageons, S.A.R.L. - SOCPE des Quinze Mines, S.A.R.L. - SOCPE Le Mee, S.A.R.L. - SOCPE Petite Pièce, S.A.R.L.
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Additionally, the Group sold the stake held by the companies Bon Vent de L'Ebre, S.L.U. and Bon Vent de Vilalba, S.L.U. in the company Aprofitament D'Energies Renovables de la Terra Alta, S.A. (9.70% and 10.42% respectively).

This transaction has generated a gain, net of transaction costs, of 225,644 thousand Euros, which was recorded in the income statement (see note 8).

- Moray East Holdings Limited liquidated the companies Telford Offshore Windfarm Limited, MacColl Offshore Windfarm Limited and Stevenson Offshore Windfarm Limited.

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Companies incorporated:

- Save to Compete, S.A.;
- Little Brook Solar Park LLC *;
- Bright Stalk Solar Park LLC *;
- Crossing Trails Wind Power Project II LLC *;
- EDPR Japan GK.
- Custolito, S.R.L.;
- Headwaters Wind Farm IV LLC *;
- EDPR Hellas 1 M.A.E.;
- EDPR Hellas 2 M.A.E.;
- North River Wind LLC *;
- EDPR Terral S.L.U.;
- EDPR Amaris S.L.U.;
- EDPR Suvan S.L.U.
- Naturgas Cogeneración, S.A.;
- Black Prairie Solar Park LLC *;
- Duff Solar Park LLC *;
- Eastmill Solar Park LLC *;
- Lowland Solar Park LLC *;
- Moonshine Solar Park LLC *;
- Sedge Meadow Solar Park LLC *;
- EDPR Wind Ventures XX LLC *;
- 2019 Vento XX LLC *;
- EDPR Wind Ventures XXI LLC *;
- 2019 Vento XXI LLC *;
- Esker Solar Park LLC *;
- EDPR Solar Ventures III LLC *;
- 2019 SOL III LLC *;
- Greenbow Solar Park LLC *;
- Holly Hill Solar Park LLC *;
- Pleasantville Solar Park LLC *;
- Mineral Springs Solar Park LLC *;
- Solar Ventures Acquisition LLC *;
- EDPR Solar Ventures IV LLC *;
- 2019 SOL IV LLC *;
- Fotovoltaica Lote A, S.A.;
- EDP Ventures España, S.A.

* EDP Group holds, through EDP Renováveis and its subsidiaries, a set of subsidiaries legally established in the United States without share capital and that, as at 30 September 2019, do not have any assets, liabilities or any operating activity.

Other changes:

- EDP Renewables Europe, S.L.U. acquired from RG Renovatio Group Limited 15% of the share capital of the companies Cernavoda Power, S.A., Pestera Wind Farm, S.A., VS Wind Farm, S.A. and Sibioara Wind Farm, S.R.L., increasing to 100% its share interest in the companies.
- EDP Renováveis, S.A. acquired 11% of the company Principle Power, Inc.

7. Revenues and cost of Energy Sales and Services and Other

Revenues from energy sales and services and other, by sector, are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Electricity and network access	9,166,878	10,386,634	1,813,696	2,112,051
Gas and network access	527,669	517,631	24,816	-
Sales of CO2 Licenses	-	-	132,456	34,369
Revenue from assets assigned to concessions	557,405	277,739	-	-
Other	194,836	129,275	123,693	124,996
	10,446,788	11,311,279	2,094,661	2,271,416

Revenues from energy sales and services and other, by geographical market, for the Group, are as follows:

Thousand Euros	Sep 2019					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	4,463,091	2,068,298	1,949,350	459,999	226,140	9,166,878
Gas and network access	199,921	327,748	-	-	-	527,669
Revenue from assets assigned to concessions	151,197	-	406,208	-	-	557,405
Other	41,013	44,536	105,429	2,810	1,048	194,836
	4,855,222	2,440,582	2,460,987	462,809	227,188	10,446,788

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Thousand Euros	Sep 2018					
	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	5,416,680	2,089,596	2,275,069	406,956	198,333	10,386,634
Gas and network access	112,626	405,005	-	-	-	517,631
Revenue from assets assigned to concessions	122,578	-	155,161	-	-	277,739
Other	38,506	28,744	61,786	-	239	129,275
	5,690,390	2,523,345	2,492,016	406,956	198,572	11,311,279

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 1,086,703 thousand Euros (revenue in 30 September 2018: 692,447 thousand Euros) regarding tariff adjustments of the period (see notes 24 and 36). This caption also includes a net cost of 2,842 thousand Euros (30 September 2018: net revenue of 85,041 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 24 and 36).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a negative amount of 70,578 thousand Euros (30 September 2018: positive amount of 60,806 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including a income of 15,785 thousand Euros related to the CMEC final adjustment (30 September 2018: negative amount of 3,901 thousand Euros), net from the recognised provision due to the final adjustment official approval (see note 4).

The caption Electricity and network access, on a company basis, includes 925,968 thousand Euros (30 September 2018: 851,237 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial S.A.

The breakdown of Revenues from energy sales and services and other by segment, are as follows (see note 47 - Operating Segments).

Thousand Euros	Sep 2019					
	Reported Operating Segments				Other Segments	Group
	Renewables	Networks	Client Solutions & Energy Management	Total		
Electricity and network access	1,051,407	2,641,263	5,474,274	9,166,944	-66	9,166,878
Gas and network access	-	9,593	518,076	527,669	-	527,669
Revenue from assets assigned to concessions	-	557,393	12	557,405	-	557,405
Other	26,618	81,415	79,879	187,912	6,924	194,836
	1,078,025	3,289,664	6,072,241	10,439,930	6,858	10,446,788

Thousand Euros	Sep 2018					
	Reported Operating Segments				Other Segments	Group
	Renewables	Networks	Client Solutions & Energy Management	Total		
Electricity and network access	1,000,159	3,247,788	6,138,741	10,386,688	-54	10,386,634
Gas and network access	-	11,786	505,845	517,631	-	517,631
Revenue from assets assigned to concessions	-	276,299	1,440	277,739	-	277,739
Other	14,848	34,150	67,396	116,394	12,881	129,275
	1,015,007	3,570,023	6,713,422	11,298,452	12,827	11,311,279

The segment "Client Solutions & Energy Management" includes sales of renewable energy, hydro and wind, carried out by EDP SA's energy management business unit, as part of its intermediation activity, and sales by the last resource supplying in Portugal, EDP Serviço Universal S.A.

Revenues from energy sales and services and other by segment are considered globally as "overtime" and not as "at a point in time".

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Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Cost of electricity	4,691,608	5,828,650	1,814,084	2,086,990
Cost of gas	740,837	652,523	-	-
Expenditure with assets assigned to concessions	497,948	277,739	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	308,376	431,917	-	-
Gas	102,964	30,811	24,816	-
CO2 Licenses	170,736	99,581	139,133	34,354
Own work capitalised	-10,680	-2,577	-	-
Other	135,179	130,139	-26,851	12
	706,575	689,871	137,098	34,366
	6,636,968	7,448,783	1,951,182	2,121,356

Cost of electricity includes, on a company basis, costs of 879,927 thousand Euros (30 September 2018: 1,095,873 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. The revenue and the expenditure with the acquisition of these assets are as follows:

Thousand Euros	Group	
	Sep 2019	Sep 2018
Revenue from assets assigned to concessions	557,405	277,739
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-424,216	-207,137
Personnel costs capitalised (see note 10)	-53,502	-64,860
Capitalised borrowing costs (see note 13)	-20,230	-5,742
	-497,948	-277,739

Revenue from assets assigned to concessions include 252,541 thousand Euros relative to electricity distribution concessions in Portugal and in Brazil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 24).

The main variations on the captions Revenues and cost of Energy Sales and Services and Other are described in the Chapter 2 - Performance mainly in 2.1 - Group's financial analysis.

The Directive 13/2018, of 15 December 2018, on tariffs to be in force in 2019, clarified the performance of EDP Distribuição in the purchase and sale of access to the transmission network (CVART). Therefore, as EDP Distribuição is only an agent in this activity, as of 15 December 2018, the amounts associated are recorded at net value. On a consolidated basis, the change in this accounting mainly explains the variation in Revenues and cost of Energy Sales and Services and Other.

On an individual basis, the change in Revenues and cost of Energy Sales and Services and Other, mainly refers to the increase in the quantities and prices related to the CO2 licenses contracted by EDP SA's energy management business unit, as part of its intermediation activity, for the Group companies.

8. Other Income

Other income, for the Group, are as follows:

Thousand Euros	Group	
	Sep 2019	Sep 2018
Income arising from institutional partnerships - EDPR NA (see note 35)	134,883	138,312
Gains on disposals - electricity business assets	225,644	5,760
Gains from contractual indemnities and insurance companies	9,595	15,804
Other	109,536	103,303
	479,658	263,179

Income arising from institutional partnerships - EDPR NA relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciation, regarding Vento I to XVIII, Sol I, Sol II and Blue Canyon I projects, in wind farms and solar plants in USA (see note 35).

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The caption Gains on disposals - electricity business assets refers to the gain on the sale of 51% of the financial investment in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U., and its subsidiaries, fully owned by EDPR, in the amount of 225,644 thousand Euros (see note 6).

The caption Other includes gains on the reinsurance activity, gains in the adjustment of contingent prices of sale operations and gains on the sale of property, plant and equipment.

9. Supplies and Services

Supplies and services are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Consumables and communications	24,567	36,912	6,313	5,954
Rents and leases	25,347	98,515	4,712	37,498
Maintenance and repairs	283,834	270,506	25,941	24,565
Specialised works:				
- Commercial activity	116,047	108,106	515	577
- IT services, legal and advisory fees	67,985	37,989	29,125	7,196
- Other services	34,070	31,554	19,119	16,614
Provided personnel	-	-	6,954	5,482
Other supplies and services	92,230	93,572	14,436	15,727
	644,080	677,154	107,115	113,613

Of the decrease in Rents and leases, the amount of 49,364 thousand Euros results from the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 30 September 2019 this caption includes mainly costs for variable lease payments and rental costs for short-term leases.

10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Personnel costs				
Board of Directors remuneration	13,561	12,047	5,288	5,119
Employees' remuneration	350,810	352,930	29,219	29,071
Social charges on remuneration	87,183	86,360	7,638	7,321
Performance, assiduity and seniority bonus	53,501	55,679	6,588	10,341
Other costs	17,696	16,645	452	222
Own work capitalised:				
- Assigned to concessions (see note 7)	-53,502	-64,860	-	-
- Other (see note 16)	-42,789	-31,625	-	-
	426,460	427,176	49,185	52,074
Employee benefits				
Pension plans costs	16,700	17,497	1,901	1,739
Medical plans costs and other benefits (see note 33)	5,922	5,232	240	305
Other	30,940	22,076	1,788	1,774
	53,562	44,805	3,929	3,818
	480,022	471,981	53,114	55,892

Pension plans costs include 4,131 thousand Euros (30 September 2018: 6,207 thousand Euros) related to defined benefit plans (see note 33) and 12,569 thousand Euros (30 September 2018: 11,290 thousand Euros) related with defined contribution plans.

The variation in the caption Performance, assiduity and seniority bonus, for the Company, essentially results from the bonus 2018 adjustment registered in the first quarter of 2019.

During the nine-month period of 2019, EDP Group distributed treasury stocks to employees (366,619 shares) totalling 1,232 thousand Euros (see note 29).

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11. Other Expenses

Other Expenses are as follows:

Thousand Euros	Group	
	Sep 2019	Sep 2018
Concession rents paid to local authorities and others	211,303	213,190
Direct and indirect taxes	166,693	247,950
Donations	14,237	15,454
Other	81,492	67,917
	473,725	544,511

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

As at 30 September 2019, the caption Direct and indirect taxes includes property tax and other taxes and levies. The decrease of the caption with respect to 30 September 2018 results mainly from the entry into force of the Spanish Royal Decree 15/2018, which suspended the tax of 7% over electricity generation in Spain for a period of six months, being this period from October 2018 to March 2019, and from the consequent suspension of the Clawback mechanism, in Portugal, during the same period (see note 4).

The caption Other includes losses on the reinsurance activity and losses on property, plant and equipment.

12. Amortisation and Impairment

Amortisation and impairment are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Depreciation/impairment of Property, plant and equipment (see note 16)	742,562	776,280	6,013	21,023
Depreciation/impairment of Right of use asset (see note 17)	42,522	-	3,895	-
Amortisation/impairment of Intangible assets (see note 18)	310,346	272,332	9,295	1,260
	1,095,430	1,048,612	19,203	22,283
Amortisation/impairment of Investment property	267	1,868	3,148	2,301
	1,095,697	1,050,480	22,351	24,584
Compensation of depreciation				
Partially-funded property, plant and equipment (see note 36)	-19,137	-16,935	-	-
Amortisation of Incremental costs of obtaining contracts with customers (see note 24)	16,203	15,326	-	-
Impairment of Goodwill (see note 19)	495	-	-	-
	1,093,258	1,048,871	22,351	24,584

The partially-funded property, plant and equipment is depreciated on the same basis and at the same rates as the Group's remaining assets, being the corresponding cost compensated through the amortisation of the amounts received (booked under Trade payables and other liabilities from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

13. Financial Income and Expenses

Financial income and expenses are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Financial income	244,875	414,686	684,034	1,590,196
Financial expenses	-790,259	-858,138	-456,652	-1,113,839
	-545,384	-443,452	227,382	476,357

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Financial income and expenses, for the Group, are as follows:

Thousand Euros	Group	
	Sep 2019	Sep 2018
Interest income from bank deposits and other investments	38,383	24,357
Interest from derivative financial instruments	-965	6,651
Interest income on tariff deficit:		
- Portugal - Electricity (see notes 24 and 36)	-877	7,860
- Brazil - Electricity (see notes 24 and 36)	3,241	3,286
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	20,230	5,742
- Other (see note 16)	12,129	17,757
Interest expense on financial debt	-495,486	-470,643
Other interest	20,695	14,302
Derivative financial instruments	17,592	26,950
Foreign exchange	-33,717	-19,347
CMEC:		
- Interest on the initial CMEC	25,243	27,621
- Financial effect considered in the calculation	5,994	5,906
- Unwinding (see note 37)	-10,071	-12,213
Gains on the sale of financial investments	67	19,304
Gains on the sale of the electricity tariff deficit - Portugal (see note 24)	3,589	3,795
Net interest on the net pensions plan liability (see note 33)	-7,918	-8,328
Net interest on the medical liabilities and other benefits (see note 33)	-17,934	-21,070
Unwinding of discounted liabilities	-91,982	-94,787
Unwinding of liabilities regarding the rents due from lease contracts (see note 37)	-28,337	-
Other financial results	-5,260	19,405
Financial income/(expenses)	-545,384	-443,452

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy. Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 16 and 18), it varies depending on the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies.

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 5,053 thousand Euros (30 September 2018: 4,551 thousand Euros) (see note 34); (ii) the implied financial return in institutional partnership in USA of 64,729 thousand Euros (30 September 2018: 60,515 thousand Euros) (see note 35); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrogão, Investco and Enerpeixe of 14,090 thousand Euros (30 September 2018: 16,485 thousand Euros).

The caption Unwinding of liabilities regarding the rents due from lease contracts includes the financial updating inherent to the rents due from lease contracts recorded at present value, with the adoption of IFRS 16 on 1 January 2019 (see notes 3 and 37).

The Derivative financial instruments caption includes income and expenses related with financial assets and liabilities measured and fair value through profit and loss, while the remaining captions of financial income and expenses are registered at amortised cost, based on the effective interest rate method.

Financial income and expenses, for the Company, are as follows:

Thousand Euros	Company	
	Sep 2019	Sep 2018
Interest income from loans to subsidiaries and related parties (see note 42)	53,468	132,486
Interest from derivative financial instruments	-1,872	19,785
Interest expense on financial debt	-185,974	-248,495
Derivative financial instruments	-43,218	-18,839
Income from equity investments (see note 42)	131,205	556,516
Gains on the sale of financial assets	243,339	-
Unwinding of liabilities regarding the rents due from lease contracts	-4,219	-
Other interest income	34,653	34,904
Financial income/(expenses)	227,382	476,357

The caption Other financial results includes 31,253 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016, 2017 and 2018 (see notes 25 and 42). The effective interest of these instruments amounts to 7,880 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

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The caption Gains on financial assets includes the impact of the operation in EDP International Investment and Services, S.L., which generated a gain of 243,272 thousand Euros (see note 20).

14. Income Tax

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at an individual level and at the level of the EDP Group, on a consolidated basis. In general terms, this analysis aims to quantify the impact of the income tax, recognised in the income statement, which includes both current and deferred tax.

As the EDP Group prepares and discloses its financial statements in accordance with IFRS, an alignment between the accounting of income tax expense or income and the corresponding cash flow is not mandatory. Accordingly, this analysis does not represent the income tax paid or received by the EDP Group for the correspondent reporting period.

The overall tax contribution borne by the EDP Group (which includes comments on the contributions paid to the respective states where the Group operates), as well as other relevant information (such as EDP Group's tax footprint, specific taxation over energy sector and measures to control and manage adverse tax exposures), are disclosed on the annual Sustainability Report, available on EDP website (www.edp.com).

The general principles concerning EDP Group's mission and tax policy are also addressed in the same report. This document also describes the key principles with respect to transfer pricing policy applicable to the EDP Group, under which the Group's policy is to abide within the international rules, guidelines and best practises applicable in the various geographies where it operates.

It should be noted that, as a multinational group, the EDP Group fully complies with the annual obligation of communication and report, which results from the transposition to the Portuguese domestic Law of the disposals of Action 13 of the Base Erosion and Profit Shifting (named Country-by-Country Reporting), as a part of a set of measures adopted by OECD and G20 countries to enhance transparency for tax administrations. Furthermore, this obligation is fulfilled in Portugal by the parent company, within the deadlines foreseen by law.

Main features of the tax systems of the countries in which EDP Group operates

The statutory corporate income tax rates applicable in the main countries in which EDP Group operates are as follows:

	Sep 2019	Sep 2018
Europe:		
Portugal	21% - 31.5%	21% - 31.5%
Spain	25% - 26%	25% - 26%
Netherlands	25%	25%
America:		
Brazil	34%	34%
United States of America	24.91%	24.91%

EDP Group companies are taxed, whenever possible, on a Group consolidated basis as allowed by the tax legislation of the respective countries.

As per the applicable legislation, in general terms, tax periods may be subject to review and reassessment by the various tax authorities during a limited number of years. Statutes of limitation differ from country to country, as follows: Portugal 4 years or, if tax losses or credits have been used, the number of years that such tax losses or credits may be carried forward; Spain 4 years; USA and the Netherlands 3 years; and Brazil 5 years.

Tax losses generated in each year are also subject to tax authorities review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, as follows: in Portugal 5 years (for tax losses of 2017 and 2018); and 12 years (for tax losses of 2014, 2015 and 2016); in the Netherlands 6 years (for tax losses incurred from 2019 onwards); and 9 years (for tax losses incurred before 2018), and without term in the USA, Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year. However, the deduction of tax losses in the USA, Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the USA, which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity, over the first 10 years of the asset's life. Wind facilities that qualify for the application of the Production Tax Credits prior to 1 January 2017, benefit from 100% of the credit (\$24/MWh in 2018 and 2019 – the rate is adjusted each year for inflation). The credit amount is reduced by 20% for wind facilities qualifying in 2017, 40% in 2018 and 60% in 2019.

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Corporate income tax provision

Income tax expense is as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Current tax	-84,153	-157,696	45,522	72,748
Deferred tax	-61,366	107,512	678	-2,950
	-145,519	-50,184	46,200	69,798

Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate is as follows:

Thousand Euros	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Profit before tax and CESE	939,707	643,914	183,636	442,850
Income tax expense	-145,519	-50,184	46,200	69,798
Effective income tax rate	15.5%	7.8%	-25.2%	-15.8%

The difference between the theoretical and the effective income tax expense results from the application of the law provisions in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, in September 2019, is as follows:

Thousand Euros	Sep 2019
Profit before income tax and CESE	939,707
Theoretical income tax rate *	29.5%
Theoretical income tax expense	277,214
Tax losses and tax credits	5,893
Tax benefits	-18,911
Differences between accounting and fiscal provisions/depreciations	-32,027
Accounting/fiscal differences on the recognition/derecognition of assets	-72,051
Taxable differences attributable to non-controlling interests (USA)	-12,253
Other adjustments and changes in estimates	-2,346
Effective income tax expense as per the Consolidated Income Statement	145,519

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

The reconciliation between the theoretical and the effective income tax expense for the Group, in September 2018, is as follows:

Thousand Euros	Sep 2018
Profit before income tax and CESE	643,914
Theoretical income tax rate *	29.5%
Theoretical income tax expense	189,955
Tax losses and tax credits	-64,559
Tax benefits	-23,324
Differences between accounting and fiscal provisions/depreciations	15,865
Accounting/fiscal differences on the recognition/derecognition of assets	-37,060
Taxable differences attributable to non-controlling interests (USA)	-14,025
Other adjustments and changes in estimates	-16,668
Effective income tax expense as per the Consolidated Income Statement	50,184

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

The caption Accounting/fiscal differences on the recognition/derecognition of assets mainly includes the impacts inherent to transactions of electricity business assets in the several geographies in which the Group operates as a result of its business activity. As at 30 September 2019, this caption mainly covers the impact associated to the differential between the accounting and tax bases after transfer of control on EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U and their subsidiaries (see note 6).

15. Extraordinary Contribution to the Energy Sector (CESE)

Law 83-C/2013, of the State Budget 2014 ("Lei do Orçamento de Estado 2014"), approved by the Portuguese Government on 31 December 2013, introduced an extraordinary contribution applicable to the energy sector (CESE), with the objective of financing mechanisms that promote the energy sector systemic sustainability, through the establishment of a fund which aims to contribute for the reduction of tariff debt and to finance social and environmental policies in the energy sector. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

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CESE is calculated based on the companies' net assets as at 1 January, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.

The general rate is 0.85%. However, in case of natural gas combined cycle power plants with an annual utilization equivalent of installed capacity equal or higher to 1,500 hours and lower than 3,000 hours, is expected a reduced rate of 0.565%. Nevertheless, this rate could be 0.285% in case the annual utilization of installed capacity is lower than 1,500 hours.

The CESE system has been successively extended and is now valid for 2019 through Law n° 71/2018 of 31 December. This extension presents some new themes as i) the lost of exemption for power plants which produce electricity through renewables sources and are covered by remuneration schemes and ii) the recognition of CESE as a transitory measure being this due to the evolution of National Electricity System's tariff debt and the current need to finance social and environmental policies in energy sector.

EDP Group has been paying this contribution, which totalize, at this date, a global amount around 320 million Euros since the creation of this tax, contesting the legal basis and constitutionality of this measure and maintaining the legal challenge to this tax.

As at 30 September 2019, EDP Group recorded in caption Tax Liabilities a value for this contribution of 67,549 thousand Euros for 2019 (see note 38).

16. Property, Plant and Equipment

In the context of the adoption of IFRS 16 the items of Property, Plant and Equipment have the following detail on 1 January 2019 (see note 3):

Thousand Euros	Group			Company		
	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
Cost						
Land and natural resources	90,996	-	90,996	4,581	-	4,581
Buildings and other constructions	484,282	-87,109	397,173	94,672	-66,125	28,547
Plant and machinery	39,125,961	-	39,125,961	450	-	450
Other	484,536	-	484,536	82,840	-	82,840
Assets under construction	1,252,074	-	1,252,074	10,255	-	10,255
	41,437,849	-87,109	41,350,740	192,798	-66,125	126,673
Accumulated depreciation and impairment losses	-18,730,338	6,586	-18,723,752	-99,628	4,068	-95,560
Carrying amount	22,707,511	-80,523	22,626,988	93,170	-62,057	31,113

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2019	1 Jan 2019	Sep 2019	1 Jan 2019
Cost				
Land and natural resources	83,347	90,996	4,581	4,581
Buildings and other constructions	381,556	397,173	28,532	28,547
Plant and machinery:				
- Hydroelectric generation	10,523,970	10,589,186	254	254
- Thermoelectric generation	8,502,475	8,453,937	-	-
- Renewable generation	17,333,454	18,423,748	-	-
- Electricity distribution	1,622,590	1,619,918	-	-
- Other plant and machinery	48,577	39,172	207	196
Other	503,602	484,536	87,337	82,840
Assets under construction	1,594,315	1,252,074	10,724	10,255
	40,593,886	41,350,740	131,635	126,673
Accumulated depreciation and impairment losses				
Depreciation charge of the period (see note 12)	-748,026	-1,037,184	-6,013	-20,650
Accumulated depreciation in previous periods	-17,895,802	-17,287,290	-86,063	-66,393
Impairment losses of the period (see note 12)	5,464	-46,080	-	-7,017
Impairment losses in previous periods	-385,649	-353,198	-8,517	-1,500
	-19,024,013	-18,723,752	-100,593	-95,560
Carrying amount	21,569,873	22,626,988	31,042	31,113

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The movements in Property, plant and equipment, for the Group, for the period ended 30 September 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 30 September
Cost							
Land and natural resources	90,996	738	-6,157	745	-267	-2,708	83,347
Buildings and other constructions	397,173	183	-10,828	-4,151	-3,582	2,761	381,556
Plant and machinery	39,125,961	17,542	-52,369	34,381	431,215	-1,525,664	38,031,066
Other	484,536	15,523	-9,498	10,766	3,276	-1,001	503,602
Assets under construction	1,252,074	643,000	-7,228	-313,297	34,497	-14,731	1,594,315
	<u>41,350,740</u>	<u>676,986</u>	<u>-86,080</u>	<u>-271,556</u>	<u>465,139</u>	<u>-1,541,343</u>	<u>40,593,886</u>

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari- sations	Balance at 30 September
Accumulated depreciation and impairment losses							
Land and natural resources	3,929	-	-3,929	-	-	-	-
Buildings and other constructions	164,188	7,813	-4,988	-3,435	-883	854	163,549
Plant and machinery	18,093,268	708,354	-51,994	-23,336	122,724	-470,033	18,378,983
Other	383,829	26,395	-8,334	-440	2,826	-588	403,688
Assets under construction	78,538	-	-	-	-745	-	77,793
	<u>18,723,752</u>	<u>742,562</u>	<u>-69,245</u>	<u>-27,211</u>	<u>123,922</u>	<u>-469,767</u>	<u>19,024,013</u>

Assets under construction are as follows:

Thousand Euros	Sep 2019	Dec 2018
Wind and solar farms in North America	906,104	521,361
Wind and solar farms in Europe	288,996	367,247
Hydric Portugal	204,143	196,206
Other assets under construction	195,072	167,260
	<u>1,594,315</u>	<u>1,252,074</u>

The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousand Euros	Sep 2019
Subcontracts and other materials	574,435
Purchase price allocation	41,503
Dismantling and decommissioning costs (see note 34)	5,392
Personnel costs (see note 10)	42,789
Borrowing costs (see note 13)	12,129
	<u>676,248</u>

Additions include the investment in wind and solar farms by the subgroups EDPR NA, EDPR EU and EDPR BR. Additionally, EDPR SA carried out an investment in two wind power projects in Colombia. In Portugal, the Group is carrying out hydroelectric investments in the construction of several power plants (Foz Tua, Caniçada and Ribeirão-Ermida) and improvements and repairs in thermoelectric power plants (Lares, Ribatejo and Sines).

Transfers refer to wind and solar farms of EDP Renováveis that become operational in United States of America, Spain, France, Portugal and Italy. Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Brazil, Onshore wind Brazil and Offshore wind) by the net amount of 244,345 thousand Euros (cost in the amount of 271,556 thousand Euros and accumulated depreciation and impairment losses in the amount of 27,211 thousand Euros) (see note 39).

Perimeter Variations/Regularisations include: (i) the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 1,045,810 thousand Euros (see note 6); and (ii) the impact of the reclassification of concession right of Fridão hydroelectric power plant to caption Other debtors and other assets, in the amount of 17,186 thousand Euros (see note 25).

The movement in Exchange differences in the period results mainly from the net effect of the appreciation of US Dollar and the depreciation of Brazilian Real, against the Euro.

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17. Right of use assets

In the context of the adoption of IFRS 16, the caption Right of use asset was created, which presents the following detail on 1 January 2019 (see note 3):

Thousand Euros	Group			Company		
	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
Cost						
Land and natural resources	-	605,979	605,979	-	-	-
Buildings and other constructions	-	208,957	208,957	-	118,961	118,961
Plant and machinery	-	4,947	4,947	-	-	-
Other	-	8,343	8,343	-	-	-
Carrying amount	-	828,226	828,226	-	118,961	118,961

The movements in Right of use asset, for the Group, for the period ended 30 September 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers (See note 39)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 September
Cost							
Right of use asset	828,226	108,967	-874	-5,400	15,600	-54,729	891,790
	828,226	108,967	-874	-5,400	15,600	-54,729	891,790

Thousand Euros	Balance at 1 January	Charge/ Impairment losses (See note 12)	Disposals/ Write-offs	Transfers (See note 39)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 September
Accumulated depreciation and							
Right of use asset	-	42,522	-377	-499	170	-1,434	40,382
	-	42,522	-377	-499	170	-1,434	40,382

Additions include, essentially, new lease contracts registered under IFRS 16 in the EDPR NA subgroup.

Perimeter Variations/Regularisations include the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 53,295 thousand Euros (see note 6).

18. Intangible Assets

This caption is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Cost		
Concession rights	13,005,933	12,996,364
CO2 Licenses	190,388	197,273
Other intangibles	906,158	906,544
Intangible assets in progress	235,776	469,372
	14,338,255	14,569,553
Accumulated amortisation and impairment losses		
Amortisation of concession rights of the period (see note 12)	-268,756	-359,246
Amortisation of other intangibles of the period (see note 12)	-41,590	-4,036
Accumulated amortisation in previous periods	-9,704,563	-9,442,698
Impairment losses in previous periods	-26,821	-27,043
	-10,041,730	-9,833,023
Carrying amount	4,296,525	4,736,530

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The concession rights over the electricity distribution networks in Brazil, namely in EDP São Paulo Distribuição de Energia S.A. and in EDP Espírito Santo Distribuição de Energia S.A. are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the public hydric domain for hydroelectric generation (EDP Produção and Hidroelétrica do Guadiana), which useful life does not exceed 75 years.

The concession rights over electricity generation in Brazil, namely for Lajeado Energia and Investco, are amortised over the concession period until 2032.

The movements in Intangible assets during the period ended 30 September 2019, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 September
Cost							
Concession rights:							
- Distribution and generation Brazil	1,007,742	13,708	-	-37,402	-6,171	-	977,877
- Hydric Portugal	1,418,887	-	-	-	-	-	1,418,887
- Other	-	-	-402	2,289	-	12,287	14,174
- Assigned to concession (IFRIC 12):	10,569,735	31,115	-44,339	63,663	-27,608	2,429	10,594,995
CO2 licenses	197,273	234,246	-241,131	-	-	-	190,388
Other intangibles	906,544	23,579	-14,220	7,285	735	-17,765	906,158
Intangible assets in progress	469,372	71,646	-799	-9,802	-232	-294,409	235,776
	<u>14,569,553</u>	<u>374,294</u>	<u>-300,891</u>	<u>26,033</u>	<u>-33,276</u>	<u>-297,458</u>	<u>14,338,255</u>

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 September
Accumulated amortisation and impairment losses							
Concession rights:							
- Distribution and generation Brazil	661,535	24,419	-	-26,150	-2,840	-	656,964
- Hydric Portugal	430,641	29,569	-	-	-	-	460,210
- Other	-	156	-402	-	-	4,544	4,298
- Assigned to concession (IFRIC 12):	8,235,012	214,612	-35,818	-	-21,183	5	8,392,628
Other intangibles	505,835	41,590	-14,048	-100	72	-5,719	527,630
	<u>9,833,023</u>	<u>310,346</u>	<u>-50,268</u>	<u>-26,250</u>	<u>-23,951</u>	<u>-1,170</u>	<u>10,041,730</u>

The assets allocated to concession contracts (IFRIC 12) currently in force in EDP Group fall within the Intangible Asset Model, for the electricity special regime production concessions (PRE) in Portugal and within the Mixed Model, for the electricity distribution concessions in Portugal and in Brazil, as referred in the Group's accounting policies.

Additions of CO2 Licenses include 99,398 thousand Euros refereing to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal and Spain and 134,848 thousand Euros of licences purchased in the market for own consumption. The Disposals/Write-offs of CO2 licences correspond, essentially, to the licences consumed during 2018 and which were delivered to regulatory authorities.

Additions of Intangible assets in progress essentially include the implementation and development of information systems projects.

Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 63,663 thousand Euros (see note 24). Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Energest, S.A.) by the net amount of 11,380 thousand Euros (cost in the amount of 37,630 thousand Euros and accumulated amortisation and impairment losses in the amount of 26,250 thousand Euros) (see note 39).

Perimeter Variations/Regularisations include: (i) the impact of the reclassification of concession right and others investment amounts of Fridão hydroelectric power plant to caption Other debtors and other assets, in the amount of 287,343 thousand Euros (see note 25); (ii) the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 10,927 thousand Euros (see note 6); and (iii) the impact of a more detailed study carried out by the Group in 2019 which resulted in the transfer of certain items of Industrial Property to Concession rights by the net amount of 11,558 thousand Euros.

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 7, 10 and 13.

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19. Goodwill

Goodwill for the Group, resulting from the difference between the acquisition price and the fair value of the net assets acquired, at the acquisition date, is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
EDP España Group	884,574	884,574
EDP Renováveis Group	1,221,734	1,325,850
EDP Brasil Group	29,885	34,150
Other	6,887	6,887
	2,143,080	2,251,461

The movements in Goodwill, during the nine-month period ended 30 September 2019, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment (see note 12)	Exchange differences	Balance at 30 September
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,325,850	-	-138,703	-	34,587	1,221,734
EDP Brasil Group	34,150	-	-3,654	-495	-116	29,885
Other	6,887	-	-	-	-	6,887
	2,251,461	-	-142,357	-495	34,471	2,143,080

The decrease in goodwill in EDP Renováveis Group in the amount of 138,703 thousand Euros is due to the sale of the financial investment in EDPR Participaciones S.L.U. and EDP Renewables France S.A.S. and their subsidiaries (see note 6).

During the nine-month period of 2019, goodwill related to Energest S.A. from EDP Brasil Group was reclassified to non-current assets held for sale in the amount of 3,654 thousand Euros (see note 39).

20. Investments in Subsidiaries (Company Basis)

This caption is as follows:

Thousand Euros	Company	
	Sep 2019	Dec 2018
Acquisition cost	16,555,316	16,118,120
Effect of equity method (transition to IFRS)	-785,593	-785,593
Equity investments in subsidiaries	15,769,723	15,332,527
Impairment losses on equity investments in subsidiaries	-230,481	-230,481
	15,539,242	15,102,046

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its separate financial statements, having considered this method in the determination of the deemed cost at transition date.

Investments in subsidiaries are as follows:

Thousand Euros	Company	
	Sep 2019 Net amount	Dec 2018 Net amount
Equity investments in subsidiaries:		
EDP Renováveis, S.A.	4,154,431	4,154,431
EDP Gestão de Produção de Energia, S.A.	5,756,366	5,756,366
EDP España, S.A.U.	2,105,002	2,105,002
EDP Distribuição de Energia, S.A.	1,686,158	1,686,158
EDP Servicios Financieros España, S.A.U.	482,695	482,695
EDP Comercial - Comercialização de Energia, S.A.	299,091	299,091
EDP International Investments and Services, S.L.	988,849	281,854
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda.	-	269,799
Other	66,650	66,650
	15,539,242	15,102,046

The variation in the caption Investments in subsidiaries on a company basis results from the contribution in kind in the EDP International Investments and Services, S.L. in the total amount of 706,995 thousand Euros. This contribution in kind corresponds to the shares of EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda. This transaction was made at market value and generated a gain on a company basis of EDP, SA in the amount of 243,272 thousand Euros (see note 13).

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21. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Investments in joint ventures	789,942	805,381
Investments in associates	144,680	146,232
	934,622	951,613

The movement in Investments in joint ventures is mainly explained by: i) the capital increase in Mayflower Wind Energy LLC in the amount of 61,989 thousand Euros; (ii) the reclassification of the financial investment in a portfolio of EDPR Group offshore companies to non-current assets held for sale in the amount of 69,883 thousand Euros (see note 39); (iii) the dividend distribution in the amount of 32,507 thousand Euros, and (iv) by the positive exchange differences in the amount of 21,695 thousand Euros.

As at 30 September 2019, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2018: 42,226 thousand Euros) and goodwill in investments in associates of 15,239 thousand Euros (31 December 2018: 11,084 thousand Euros).

As at 30 September 2019, financial and operating guarantees granted by EDP Group related with liabilities assumed by joint ventures and associates amounts to 573,924 thousand Euros and 268,638 thousand Euros, respectively (31 December 2018: 459,889 thousand Euros and 220,988 thousand Euros).

22. Equity Instruments at Fair Value

As at 30 September 2019, this caption is analysed as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Equity Instruments at Fair Value through OCI (see note 22.1)	100,004	93,287
Equity Instruments at Fair Value through PL (see note 22.2)	32,917	31,860
	132,921	125,147

Under IFRS 13 (see note 43), equity instruments at fair value are classified into three levels of fair value: level 1 includes essentially financial investments that are indexed to quoted market prices; level 2 includes the fund of stocks and bonds held by Energia RE; and level 3 covers all other equity instruments at fair value. As at 30 September 2019, there are no equity instruments at fair value within level 1.

22.1 Equity Instruments at Fair Value through Other Comprehensive Income (OCI)

As a result of the analysis of the applicable business model, the EDP Group classified equity instruments held for long-term strategic purposes as Equity instruments measured at fair value through other comprehensive income.

The Zephyr Fund represents the participation units in a fund of stocks and bonds held by Energia RE, as a result of its reinsurance activity. During 2019, Zephyr had an increase in its fair value, that was booked against fair value reserves, in the amount of 4,509 thousand Euros (see note 30).

In 2019, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value (See note 30)	Other variations	Balance at 30 September
Zephyr Fund (Energia RE portfolio)	74,535	-	-	4,509	-	79,044
Other	18,752	736	-369	1,844	-3	20,960
	93,287	736	-369	6,353	-3	100,004

As at 30 September 2019, the fair value reserve attributable to the Group is as follows:

Thousand Euros	Sep 2019
Zephyr Fund (Energia RE portfolio)	10,962
Other	7,382
	18,344

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22.2 Equity Instruments at Fair Value through Profit or Loss (PL)

As a result of the analysis of the applicable business model, the EDP Group decided to classify the remaining equity instruments held for trading purposes as equity instruments measured at fair value through PL.

In 2019, the movements in Equity Instruments at Fair Value through Profit or Loss are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 30 September
EDA - Electricidade dos Açores, S.A.	13,666	-	-	-	-	13,666
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	15,526	-	-	-	-	15,526
Other	2,668	1,486	-	-	-429	3,725
	31,860	1,486	-	-	-429	32,917

23. Deferred Tax Assets and Liabilities

EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis which is, as at 30 September 2019, as follows:

Thousand Euros	Net deferred tax	
	Assets	Liabilities
Balance as at 31 December 2018	1,152,195	-574,701
Tariff adjustment for the period	61,421	-21,101
Provisions	-65,163	-
Property, plant and equipment and intangible assets	-25,753	-5,989
Tax losses and tax credits	3,829	-
Fair value of derivative financial instruments	-20,137	-41,279
Allocation of fair value adjustments to assets and liabilities acquired	-6,615	18,878
Other temporary differences	32,144	-22,702
Deferred tax assets and liabilities offset	-93,568	93,568
Changes in the perimeter (see note 6)	-7,298	81,532
Balance as at 30 September 2019	1,031,055	-471,794

On a Company basis, EDP, S.A. records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis which is as follows:

Thousand Euros	Net deferred tax	
	Assets	Liabilities
Balance as at 31 December 2018	92,659	-
Tax losses and tax credits	1,636	-
Fair value of derivative financial instruments	16,915	-14,524
Other temporary differences	-545	3,374
Deferred tax assets and liabilities offset	-11,150	11,150
Balance as at 30 September 2019	99,515	-

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24. Debtors and Other Assets from Commercial Activities

Debtors and other assets from commercial activities - Non-Current, are as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Assets measured at amortised cost:		
Amounts receivable from tariff adjustments - Electricity - Portugal	292,378	7,691
Amounts receivable from tariff adjustments - Electricity - Brazil	-	27,551
Amounts receivable relating to CMEC	596,287	647,667
Amounts receivable from concessions - IFRIC 12	875,007	882,087
Other assets measured at amortised cost	42,364	35,585
Impairment losses on other assets measured at amortised cost	-2,894	-2,895
	<u>1,803,142</u>	<u>1,597,686</u>
Trade receivables at amortised cost:		
Trade receivables	67,808	116,479
Impairment losses on trade receivables	-24,701	-52,629
	<u>43,107</u>	<u>63,850</u>
Assets measured at fair value through other comprehensive income:		
Amounts receivable from tariff adjustments - Electricity - Portugal	5,604	9,743
Assets measured at fair value through profit or loss:		
Amounts receivable from concessions - IFRIC 12	635,555	519,544
Contract assets:		
Contract assets receivable from energy sales contracts	1,673	2,093
Incremental costs of obtaining contracts with customers	62,612	66,850
Contract assets receivable from concessions - IFRIC 12	567,925	192,036
	<u>632,210</u>	<u>260,979</u>
Other assets:		
Other assets out of scope of IFRS 9 (*)	49,557	70,838
	<u>3,169,175</u>	<u>2,522,640</u>

(*) As at 30 September 2019, the variation in Other assets out of scope of IFRS 9 - Non-current includes the reclassification, to Right of use assets, of 10,314 thousand Euros referring to prepayments of leases of land in EDP Renováveis Portugal, under the adoption of IFRS 16, in 1 of January of 2019 (see notes 3 and 17).

Debtors and other assets from commercial activities - Current, are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Assets measured at amortised cost:				
Amounts receivable from tariff adjustments - Electricity - Portugal	23,485	204,626	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	43,106	82,392	-	-
Receivables relating to other goods and services	31,504	30,864	8,910	25,081
Amounts receivable relating to CMEC	192,443	184,757	-	-
Amounts receivable from concessions - IFRIC 12	52,479	53,150	-	-
Other assets measured at amortised cost	152,577	141,708	50,280	129,927
Impairment losses on other assets measured at amortised cost	-4,400	-5,897	-3	-153
	<u>491,194</u>	<u>691,600</u>	<u>59,187</u>	<u>154,855</u>
Trade receivables at amortised cost:				
Trade receivables	1,502,850	1,497,576	195,186	190,047
Impairment losses on trade receivables	-315,965	-304,237	-216	-306
	<u>1,186,885</u>	<u>1,193,339</u>	<u>194,970</u>	<u>189,741</u>
Assets measured at fair value through other comprehensive income:				
Amounts receivable from tariff adjustments - Electricity - Portugal	2,654	3,153	-	-
Contract assets:				
Contract assets receivable from energy sales contracts	1,013,340	1,219,851	231,721	307,087
Other assets:				
Other assets out of scope of IFRS 9	69,976	59,536	7,143	1,721
	<u>2,764,049</u>	<u>3,167,479</u>	<u>493,021</u>	<u>653,404</u>

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The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance as at 31 December 2018	17,434	207,779
Receipts through the electricity tariff	-	-159,949
Sale of 2019 overcosts for the special regime generators	-	-1,070,052
Tariff adjustment of the period (see note 7)	300,059	786,644
Interest income (see note 13)	29	-762
Prepayment of tariff deficit (see note 36)	-	286,181
Transfer to/from tariff adjustment payable (see note 36)	-9,711	-33,531
Transfer from Non-Current to Current	-9,829	9,829
Balance as at 30 September 2019	297,982	26,139

During the second quarter of 2019, EDP Serviço Universal, S.A. sold the 2019 tariff deficit in the amount of 1,070,052 thousand Euros. This tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2019 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2017 and 2018). In this sale transaction of assets, EDP Serviço Universal, S.A. gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 1,084 million Euros and generated a gain net of transaction costs of 3,589 thousand Euros (see note 13).

As at 30 September 2019, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 43).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 30 September 2019:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
Year:				
2015	2,408	-	-	2,408
2016	9,571	1,449	-	11,020
2017	-	56,300	-	56,300
2018	8,259	-54,032	-	-45,773
2019	1,070,052	300,166	-1,070,052	300,166
	1,090,290	303,883	-1,070,052	324,121

As at 30 September 2019, in accordance with the methodology for determining impairment losses on amounts receivable from regulatory assets, no impairment loss related to the amounts included in the captions Amounts receivable from tariff adjustments - Electricity, Amounts receivable relating to CMEC and Amounts receivable from concessions was recognised.

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 30 September 2019, of 21,163 thousand Euros (31 December 2018: 74,099 thousand Euros) and 21,943 thousand Euros (31 December 2018: 35,844 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 16,916 thousand Euros (see note 7), transfer from tariff adjustment payable of 47,414 thousand Euros (see note 36), amounts received through the electricity tariff of 146,263 thousand Euros, unwinding in the amount of 14,726 thousand Euros (see note 13) and the exchange differences due to depreciation of Brazilian Real against Euro with a positive impact of 370 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 788,730 thousand Euros, and includes 596,287 thousand Euros as non-current and 192,443 thousand Euros as current. The amount receivable relating to CMEC includes 406,433 thousand Euros as non-current and 45,565 thousand Euros as current, which correspond to the initial CMEC granted to EDP Produção (833,467 thousand Euros), deducted from the annuities for the years 2007 to 2017, and 189,854 thousand Euros as non-current and 50,544 thousand Euros as current, relating with the final adjustment recognised in accordance with the result achieved by the EDP/REN working group. The remaining 96,334 thousand Euros as current correspond to the amounts receivable through the revisibility calculation from 2014 to 2017. The revisibility calculation for 2015 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,563,041 thousand Euros (31 December 2018: 1,454,781 thousand Euros) relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 14,285 thousand Euros; (ii) transfers from Contract assets receivable from concessions in the amount of 72,231 thousand Euros; and (iii) the re-measurement of IFRIC 12 indemnity amount in Brazil concessions of 58,785 thousand Euros.

As at 30 September 2019 and 31 December 2018, on a company basis, trade receivables are from Portugal geographical market.

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Contract assets receivable from energy sales contracts - Current include contract assets relating to energy delivered and not yet invoiced, amounts receivable from REN regarding the CMEC Revisibility of 2016 and 2017 which are awaiting approval, and accruals from UNGE's energy management business. The impairment losses on Trade receivables includes impairment losses related to Contract assets receivable from energy sales contracts.

The caption Incremental costs of obtaining contracts with customers includes contract assets from the recognition of incremental costs of obtaining contracts with customers, which are capitalised and amortised under IFRS 15 (see note 12).

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions. The variation of the period includes the investment of the period, in the amount of 466,833 thousand Euros, and the transfer from assets assigned to concessions which began operation to intangible assets, in the amount of 63,663 thousand Euros (see note 18), and to Amounts receivable from concessions - IFRIC 12, in the amount of 72,231 thousand Euros.

25. Other Debtors and Other Assets

Other debtors and other assets are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Debtors and other assets - Non-Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	3,267,734	2,951,030
Loans to related parties	20,207	42,973	90	90
Guarantees rendered to third parties	107,238	64,162	-	-
Other financial assets at amortised cost (i)	52,112	46,244	47,356	560,358
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 40)	232,225	191,923	308,584	260,931
Contingent price	157,453	170,953	-	-
Other assets:				
Excess of the pension fund financing (see note 33)	102,621	59,840	123	68
Other debtors and sundry operations	369,833	53,525	2	-
	1,041,689	629,620	3,623,889	3,772,477
Debtors and other assets - Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	31,841	748,855
Loans to related parties	12,389	20,738	-	-
Receivables from the State and concessors	30,572	28,655	-	-
Deposits to third parties	86,202	77,580	65,763	45,198
Subsidiary companies	-	-	51,598	190,042
Group's financial system (see note 42)	-	-	782,808	675,997
Other financial assets at amortised cost (i)	23,686	16,457	871,927	460,956
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 40)	214,225	96,517	307,047	302,971
Other financial investments measured at fair value	53,305	39,258	-	-
Contingent price	119,925	290,900	-	-
Other assets:				
Other debtors and sundry operations	11,165	24,703	3,379	-
	551,469	594,808	2,114,363	2,424,019
	1,593,158	1,224,428	5,738,252	6,196,496

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 1,372,098 thousand Euros (31 December 2018: 1,580,629 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,808,615 thousand Euros (31 December 2018: 1,808,458 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 42).

For the Loans to subsidiaries, EDP, S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 30 September 2019 there are no expected credit losses accounted for related to loans with subsidiaries.

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Loans to related parties - Non-Current and Current at a consolidated basis, mainly includes loans granted to Hydro Global Investment, Ltda. and Parque Eólico Sierra del Madero, S.A.

(i) Other financial assets at amortised cost

On a consolidated basis, this caption includes the securities issued by Tagus - Sociedade de Titularização de Créditos, S.A. (a limited liability company incorporated under the laws of Portugal for the purpose of carrying out securitization transactions through the acquisition, management and transmission of credits and the issuance of securitized bonds for the payment of the acquired credits, which share capital is fully owned by Deutsche Bank Aktiengesellschaft), in the context of the transmission of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, owned by EDP Distribuição, S.A. and EDP Serviço Universal, S.A. were classified as financial assets measured at amortised cost.

In Portugal, Decree - Law 237-B/2006 of 19 December 2006 and Decree - Law 165/2008 of 21 August 2008, refer to the transfer to third parties of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, through which the EDP Group has made, since 2008, a number of transfer operations of financial assets.

Under the following operations, assets were transferred to securitisation companies, that financed their purchases through debt securities registered in the Securities Commission (CMVM):

- In August 2016, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2016 overcost of the acquisition of electricity activity from special regime production, in the amount of 598,883 thousand Euros. The transaction was performed by the amount of 599,987 thousand Euros, generating a loss of 7,417 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 381 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 3,635 thousand Euros, both maturing in 2021. These Notes are instruments that aim to establish a reserve for administrative expenses and a liquidity reserve account. As at 30 September 2019, the amortised cost of these Notes corresponds to 1,617 thousand Euros.

- In December 2017, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2017 overcost of the acquisition of electricity activity from special regime production, in the amount of 583,539 thousand Euros. The transaction was performed by the amount of 600,000 thousand Euros, generating a gain of 13,004 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 372 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,275 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 30,000 thousand Euros, all maturing in 2021. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 September 2019, the amortised cost of the Notes corresponds to 19,417 thousand Euros.

- In June 2018, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2018 overcost of the acquisition of electricity activity from special regime production, in the amount of 641,069 thousand Euros. The transaction was performed by the amount of 650,000 thousand Euros, generating a gain of 1,204 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 375 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,788 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 32,500 thousand Euros, all maturing in 2023. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 September 2019, the amortised cost of the Notes corresponds to 29,665 thousand Euros.

- In June 2019, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2019 overcost of the acquisition of electricity activity from special regime production, in the amount of 470,052 thousand Euros. The transaction was performed by the amount of 475,000 thousand Euros, generating a gain of 516 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 490 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 831 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 23,800 thousand Euros, all maturing in 2024. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 30 September 2019, the amortised cost of the Notes corresponds to 24,328 thousand Euros.

On a company basis, this caption includes the bonds issued by EDP Finance B.V. reacquired on market by EDP, S.A. During the second quarter of 2019, EDP Finance B.V. repaid, at maturity, 650 million Euros of securities issued, of which EDP, S.A. had already reacquired 98,809 thousand Euros.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000
EDP Finance B.V.	29 Jun 2020	EUR	4.13%	300,000	66,628
EDP Finance B.V.	14 Sep 2020	EUR	4.88%	750,000	287,778
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783
					401,189
EDP Finance B.V.	1 Oct 2019	USD	4.90%	1,000,000	363,462
EDP Finance B.V.	15 Jan 2020	USD	4.13%	750,000	167,076
					530,538

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As at 30 September 2019, these investments' fair value amounts to 917,945 thousand Euros (31 December 2018: 1,006,402 thousand Euros).

The caption Contingent prices - Non Current refers, mainly, to the fair value of the contingent price related to the Naturgás sale and to the fair value of the remaining contingent prices related to the sale of 13,5% of the companies Eoliennes en Mer Dieppe - Le Tréport, S.A.S. e Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. The caption Contingent prices - Current refers, mainly, to the fair value of contingent prices related to the sale 75% of the companies Nation Rise Wind Farm Gp II Inc. e Nation Rise Wind Farm Limited Partnership.

The caption Other debtors and sundry operations - Non Current includes 217,798 thousand Euros related to the financial consideration paid in advance for the exploitation of the hydro power plants of Fridão and other amounts invested with such use in the amount of 133,020 thousand Euros (see note 4).

26. Tax Assets

Current tax assets are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Income tax	176,670	239,465	96,962	90,092
Value added tax (VAT)	66,817	78,580	-	7,123
Special taxes Brazil	259,392	85,420	-	-
Other taxes	4,434	4,320	877	877
	507,313	407,785	97,839	98,092

The detail of this item is analysed as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Non-Current	223,434	53,728	-	-
Current	283,879	354,057	97,839	98,092
	507,313	407,785	97,839	98,092

The Special taxes Brazil caption relates to the following taxes: CSLL (Social Contribution on net profits), PIS (Social integration programme) and COFINS (Social Security Financing Contribution).

On 3 April 2019, EDP Espírito Santo was granted a favourable judicial decision, which recognises the right the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS, as well as, the right to reacquire the previously collected amounts. EDP Espírito Santo recognised the amount to be recovered, updated based on a monetary basis, of 165,994 thousand Euros (751,752 thousand Brazilian Reals), based on the Consultation no. 13/2018 of the COSIT, in the Special taxes Brazil caption. On the other hand, the same amount was recognised in the Amounts payable for tariff adjustments caption (see note 36), in order to pass through this amount to the customers. EDP Espírito Santo is waiting authorisation by the Brazilian Fiscal Authorities on the possibility of an alleged compensation of future tax liabilities in this regard and is also expecting a definition by the regulatory entity in what concerns the model of pass through to the costumers.

27. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Cash	276	258	43	33
Bank deposits				
Current deposits	949,464	1,167,042	101,128	334,570
Term deposits	584,148	552,981	-	-
Specific demand deposits in relation to institutional partnerships	38,479	82,924	-	-
	1,572,091	1,802,947	101,128	334,570
Operations pending cash settlement				
Current deposits	100,000	-	125,000	150,000
	1,672,367	1,803,205	226,171	484,603

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 35), under the Group accounting policy.

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As at 30 September 2019, in EDP Group, the caption Operations pending cash settlement represents commercial paper issued by Finance B.V., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 100,000 thousand Euros refers to commercial paper issued on 25 and 26 September 2019, acquired by EDP Finance B.V., which settlement date occurred in the beginning October 2019.

As at 30 September 2019, on a company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 125,000 thousand Euros (31 December 2018: 150,000 thousand Euros) refers to commercial paper issued on 27 September 2019, acquired by EDP Finance B.V., which settlement date occurred on 1 October 2019.

28. Share Capital and Share Premium

The share capital amounts to 3,656,537,715 Euros and is represented by 3,656,537,715 fully paid up ordinary shares of 1 Euro each.

EDP - Energias de Portugal S.A. shareholder structure as at 30 September 2019 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	850,777,024	23.27%	23.27%
CNIC Co., Ltd	158,830,764	4.34%	4.34%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,733,180	5.00%	5.00%
Mubadala Investment Company	115,236,553	3.15%	3.15%
Paul Elliott Singer	89,650,554	2.45%	2.45%
Millennium BCP Group and Pension Funds	88,989,949	2.43%	2.43%
Sonatrach	87,007,433	2.38%	2.38%
Alliance Bernstein	84,110,924	2.30%	2.30%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	81,100,067	2.22%	2.22%
State Street Corporation	73,209,405	2.00%	2.00%
EDP (Treasury Stock)	21,405,347	0.59%	
Remaining Shareholders	1,477,570,966	40.41%	
	3,656,537,715	100.00%	

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	-	-
Balance as at 30 September	3,656,538	503,923

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Net profit attributable to the equity holders of EDP (in Euros)	460,344,574	297,270,460	229,836,097	512,648,244
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	460,344,574	297,270,460	229,836,097	512,648,244
Weighted average number of ordinary shares outstanding	3,634,969,426	3,634,610,963	3,636,482,426	3,636,123,963
Weighted average number of diluted ordinary shares outstanding	3,634,969,426	3,634,610,963	3,636,482,426	3,636,123,963
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.13	0.08		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.13	0.08		
Basic earnings per share from continuing operations (in Euros)	0.13	0.08		
Diluted earnings per share from continuing operations (in Euros)	0.13	0.08		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. Basic earnings per share and diluted earnings per share are equal because there are no dilution factors.

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The average number of shares was determined as follows:

	Group		Company	
	Sep 2019	Sep 2018	Sep 2019	Sep 2018
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-21,568,289	-21,926,752	-20,055,289	-20,413,752
Average number and diluted average number of shares during the period	3,634,969,426	3,634,610,963	3,636,482,426	3,636,123,963

29. Treasury Stock

This caption is as follows:

	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Book value of EDP, S.A.'s treasury stock (thousand Euros)	61,220	62,410	55,124	56,315
Number of shares	21,405,347	21,771,966	19,892,347	20,258,966
Market value per share (in Euros)	3.562	3.049	3.562	3.049
Market value of EDP, S.A.'s treasury stock (thousand Euros)	76,246	66,383	70,857	61,770

Shares' transactions occurred between 1 January and 30 September 2019:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	-	-
Average purchase price (in Euros)	-	-
Total purchases (thousand Euros)	-	-
Volume sold (number of shares) i)	-366,619	-
Average selling price (in Euros)	3.360	-
Total sales (thousand Euros) i)	1,232	-
Final position (number of shares)	19,892,347	1,513,000
Highest market price (in Euros)	3.562	-
Lowest market price (in Euros)	3.000	-
Average market price (in Euros)	3.329	-

i) Includes the distribution of treasury stocks to employees (see note 10).

The treasury stock held by EDP, S.A. is within the limits established by the Company's articles of association and by the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code). Treasury stock is recognised at acquisition cost.

30. Reserves and Retained Earnings

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-83,742	-285,739	-12,290	-1,662
Tax effect of fair value reserve (cash flow hedge)	19,838	72,424	2,724	334
Fair value reserve of assets measured at fair value through other comprehensive income	18,212	12,026	-	-
Tax effect of the Fair value reserve of assets measured at fair value through other comprehensive income	-3,095	-1,739	-	-
Currency translation reserve - Exchange differences arising on consolidation	278,544	123,816	-	-
Currency translation reserve - Net investment hedge	-784,429	-607,226	-	-
Currency translation reserve - Net investment hedge - Cost of hedging	-16,407	-	-	-
Treasury stock reserve (EDP, S.A.)	55,124	56,315	55,124	56,315
Other reserves and retained earnings	4,112,813	4,242,037	1,896,872	1,848,174
	4,335,882	4,350,938	2,681,454	2,642,185

Legal reserve

In accordance with article no. 295 of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code) and EDP, S.A.'s articles of association, the legal reserve must be increased by a minimum of 5% of the annual profit until it reaches 20% of the company's share capital. This reserve can only be used to cover losses or to increase share capital.

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Fair value reserve (cash flow hedge)

This reserve includes the effective portion of the cumulative net change in the fair value of the cash flow hedging financial derivative instruments.

Fair value reserve (financial assets at fair value through other comprehensive income)

The changes in this consolidated caption for the period are as follows:

Thousand Euros	Group FV reserve
Balance as at 31 December 2018	12,026
Positive changes in fair value	6,186
Balance as at 30 September 2019	18,212

Changes in fair value reserve attributable to the EDP Group during the period ended 30 September 2019 are as follows:

Thousand Euros	Increases	Decreases	Profit or loss
Zephyr Fund (Energia RE portfolio) (see note 22)	4,509	-	-
EDP Serviço Universal, S.A. tariff deficit (see note 24)	-	-	-
Other (see note 22)	1,677	-	-
	6,186	-	-

Currency translation reserve - Exchange differences arising on consolidation

Exchange differences arising on consolidation corresponds to the amounts resulting from changes in the value of net assets of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

Currency		Exchange rates at Set 2019		Exchange rates at Dec 2018		Exchange rates at Set 2018	
		Closing	Average	Closing	Average	Closing	Average
US Dollar	USD	1.089	1.124	1.145	1.181	1.158	1.194
Brazilian Real	BRL	4.529	4.365	4.444	4.307	4.654	4.295
Macao Pataca	MOP	8.793	9.072	9.237	9.537	9.330	9.645
Canadian Dollar	CAD	1.443	1.494	1.561	1.529	1.506	1.537
Polish Zloty	PLN	4.378	4.301	4.301	4.261	4.277	4.248
Romanian Leu	RON	4.750	4.738	4.664	4.654	4.664	4.652
Pound Sterling	GBP	0.886	0.884	0.895	0.885	0.887	0.884
South African Rand	ZAR	16.558	16.134	16.459	15.615	16.445	15.389
Mexican Peso	MXN	21.452	21.638	22.492	22.709	21.780	22.743
Colombian peso	COP	3,769.783	3,641.536	3,749.886	3,482.922	n.a	n.a
Chinese Yuan	CNY	7.778	7.714	7.875	7.808	7.966	7.779
Japanese Yen	JPY	117.590	122.587	n.a	n.a	n.a	n.a

Currency translation reserve - Net investment hedge and Cost of hedging

The changes in these captions for the period are as follows:

Thousand Euros	Net investment hedge	Cost of hedging
Balance as at 31 December 2018	-607,226	-
Changes in fair value	-177,203	-16,407
Transfer to income statement resulting from the sale of a foreign currency subsidiary	-	-
Balance as at 30 September 2019	-784,429	-16,407

The caption Net investment hedge corresponds to the amounts resulting from the application of hedge accounting to investments in subsidiaries in foreign currencies, mainly in the subsidiary EDPR North America. The caption Cost of hedging corresponds to the amounts determined in accordance with accounting policies - note 2 d).

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324º of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held in the company statements.

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Dividends

On 24 April 2019, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2018 in the amount of 694,742 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by EDP, S.A. and Energia RE in the amount of 3,780 thousand Euros and 287 thousand Euros, respectively). This distribution occurred on 15 May 2019.

31. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Non-controlling interests in income statement	266,294	356,892
Non-controlling interests in equity and reserves	3,510,025	3,575,257
	3,776,319	3,932,149

Non-controlling interests, by subgroup, are as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
EDP Renováveis Group	2,538,482	2,738,878
EDP Brasil Group	1,275,163	1,225,164
Other	-37,326	-31,893
	3,776,319	3,932,149

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 157,612 thousand Euros; (ii) a negative impact of 51,704 thousand Euros related to dividends attributable to non-controlling interests; (iii) a positive impact of 45,504 thousand Euros resulting from exchange differences; (iv) a negative impact of 35,811 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; (v) a negative impact of 5,231 thousand Euros resulting from changes in fair value reserve, cash flow hedge (net of taxes); (vi) a negative impact of 289,358 thousand Euros resulting from the sale, with loss of control, of EDPR EU subsidiaries (see note 6); and (vii) a negative impact of 19,307 thousand Euros resulting from the acquisition of the remaining 15% of EDPR subsidiaries in Romania (see note 6).

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 113,707 thousand Euros of profits attributable to non-controlling interests; (ii) an decrease of 24,100 thousand Euros resulting from exchange differences; (iii) a negative impact of 25,108 thousand Euros related to dividends attributable to non-controlling interests; (iv) a negative impact of 12,792 thousand Euros from share capital increases/decreases and other acquisitions/sales without change of control.

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32. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Debt and borrowings - Non-current				
Bank loans:				
- EDP, S.A	192,292	225,704	192,292	225,704
- EDP Finance B.V. **	-11,337	381,030	-	-
- EDP Brasil Group	292,892	331,722	-	-
- EDP Renováveis Group	645,598	767,821	-	-
	1,119,445	1,706,277	192,292	225,704
Non-convertible bond loans:				
- EDP, S.A	-	-	8,850,000	8,850,000
- EDP Finance B.V.	9,218,167	9,724,157	-	-
- EDP Brasil Group	1,135,656	969,699	-	-
	10,353,823	10,693,856	8,850,000	8,850,000
Hybrid bonds:				
- EDP, S.A.	1,733,273	739,168	1,733,273	739,168
	1,733,273	739,168	1,733,273	739,168
Commercial paper:				
- EDP, S.A.	200,000	200,000	200,000	200,000
- EDP Finance B.V.	229,223	-	-	-
- EDP Brasil Group	66,243	45,005	-	-
	495,466	245,005	200,000	200,000
Other loans	13,535	13,890	-	-
	13,715,542	13,398,196	10,975,565	10,014,872
Accrued interest	5,026	5,195	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	77,015	58,999	-	-
Total Debt and Borrowings	13,797,583	13,462,390	10,975,565	10,014,872
Collateral Deposits - Non-current *	-21,688	-25,466	-	-
	13,775,895	13,436,924	10,975,565	10,014,872
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A	47,048	64,973	47,048	64,973
- EDP Brasil Group	157,866	126,592	-	-
- EDP Renováveis Group	70,916	113,705	-	-
- Other	-	2,325	-	-
	275,830	307,595	47,048	64,973
Non-convertible bond loans:				
- EDP Finance B.V.	1,813,453	1,272,547	-	-
- EDP Brasil Group	230,989	117,385	-	-
	2,044,442	1,389,932	-	-
Commercial paper:				
- EDP, S.A	-	218,341	2,043,000	2,658,341
- EDP Finance B.V.	420,000	400,000	-	-
- EDP Brasil Group	-	49,505	-	-
	420,000	667,846	2,043,000	2,658,341
Other loans	1,620	2,544	-	-
	2,741,892	2,367,917	2,090,048	2,723,314
Accrued interest	225,123	252,952	108,422	72,295
Other liabilities:				
- Fair value of the issued debt hedged risk	9,601	1,640	-	-
Total Debt and Borrowings	2,976,616	2,622,509	2,198,470	2,795,609
Collateral Deposits - Current *	-161,538	-167,425	-	-
	2,815,078	2,455,084	2,198,470	2,795,609

* Deposits constituted as collateral for financial guarantee

** Deferred discount of origination fees on celebrated RCF, which are currently not used.

Commercial Paper non-current refers to a Commercial Paper program with firm underwriting commitment for a period of over one year, in the amount of 200,000 thousand Euros, 250,000 thousand US Dollars and 300,000 thousand Brazilian Reals.

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Main events of the period:

In January 2019, EDP issued a non-callable up to 5 years subordinated hybrid greenbond in the amount of 1,000 millions of Euros, with final maturity date in April 2079.

In September 2019, under its "Debt Issuance Program (MTN)", EDP issued a green bond of 600 million Euros maturing in September 2026.

The nominal value of outstanding Bond loans placed with external counterparties, as at 30 September 2019, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Hybrids by EDP S.A.							
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375% (v)	n.a.	Sep-75	750 EUR	750,000	750,000
EDP, S.A. (vi)	Jan-19	Fixed rate EUR 4.496% (vii)	n.a.	Apr-79	1,000 EUR	1,000,000	1,000,000
						1,750,000	1,750,000
Issued under the Euro Medium Term Notes program							
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	-
EDP Finance B.V.(i)(ii)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	233 EUR	233,372	-
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V.(ii)	Sep-09	Fixed rate USD 4.90%	Net Investment	Oct-19	637 USD	584,570	-
EDP Finance B.V.(i)(ii)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	462 EUR	462,222	-
EDP Finance B.V.(ii)	Nov-13	Fixed rate EUR 4.125%	n.a.	Jan-21	553 EUR	553,217	-
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment	Jan-21	750 USD	688,768	-
EDP Finance B.V.(i)	Sep-14	Fixed rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V.(ii)	Nov-14	Fixed rate USD 4.125%	Net Investment	Jan-20	583 USD	535,333	-
EDP Finance B.V.(i)	Apr-15	Fixed rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
EDP Finance B.V.(i)	Aug-16	Fixed rate EUR 1.125%	n.a.	Feb-24	1,000 EUR	1,000,000	-
EDP Finance B.V.	Jan-17	Fixed rate EUR 1.875%	n.a.	Sep-23	600 EUR	600,000	-
EDP Finance B.V.	Jun-17	Fixed rate USD 3.625%	Net Investment	Jul-24	1,000 USD	918,358	-
EDP Finance B.V.	Nov-17	Fixed rate EUR 1.50%	n.a.	Nov-27	500 EUR	500,000	-
EDP Finance B.V.	Jun-18	Fixed rate EUR 1.625%	n.a.	Jan-26	750 EUR	750,000	-
EDP Finance B.V.	Oct-18	Fixed rate EUR 1.875%	n.a.	Oct-25	600 EUR	600,000	-
EDP Finance B.V.	Sep-19	Fixed rate EUR 0.375%	n.a.	Sep-26	600 EUR	600,000	-
						11,039,511	-

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps.

(ii) Consolidated nominal value after the repurchase of securities by EDP - Energias de Portugal, S.A.

(iii) These issues correspond to private placements.

(iv) There is a call option exercisable at par by EDP at March 2021, March 2026 and subsequently, on each interest payment date.

(v) Fixed rate in the first 5.5 years, subsequently updated every 5 years.

(vi) There is a call option exercisable at par by EDP at January 2024 and subsequently, on each interest payment date.

(vii) Fixed rate in the first 5.25 years, subsequently updated every 5 years.

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Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
Lajeado Energia	Nov-13	CDI + 1.20%	n.a.	Nov-19	150 BRL	33,128	
EDP Espírito Santo	Aug-14	CDI + 1.50%	n.a.	Aug-20	71 BRL	15,616	-
Energias do Brasil	Sep-15	IPCA + 8.3201%	n.a.	Sep-21	144 BRL	31,684	-
Energias do Brasil	Sep-15	IPCA + 8.2608%	n.a.	Sep-24	58 BRL	12,702	-
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	285 BRL	62,882	-
Enerpeixe	Nov-16	114.50% * CDI	n.a.	Nov-19	175 BRL	38,642	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	72,867	-
EDP São Paulo	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	33,121	-
EDP Espírito Santo	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	41,954	-
Enerpeixe	Nov-17	116.00% * CDI	n.a.	Dec-22	320 BRL	70,659	-
EDP São Paulo	Dec-17	107.50% * CDI	n.a.	Jan-21	100 BRL	22,081	-
EDP Espírito Santo	Dec-17	107.50% * CDI	n.a.	Jan-21	120 BRL	26,497	-
Lajeado Energia	Dec-17	109.00% * CDI	n.a.	Dec-20	100 BRL	22,081	-
Lajeado Energia	Dec-17	113.70% * CDI	n.a.	Dec-22	200 BRL	44,162	-
EDP São Paulo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,081	-
EDP Espírito Santo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,081	-
EDP Transmissão	May-18	IPCA + 7.0267%	n.a.	May-33	121 BRL	26,715	-
EDP Espírito Santo	Aug-18	IPCA + 5.91%	n.a.	Jul-25	196 BRL	43,353	-
EDP São Paulo	Aug-18	IPCA + 5.91%	n.a.	Aug-25	269 BRL	59,325	-
EDP Transmissão	Oct-18	IPCA + 6.72%	n.a.	Oct-28	1,234 BRL	272,444	-
Lajeado Energia	Nov-18	109.25% * CDI	n.a.	Oct-22	100 BRL	22,081	-
Enerpeixe	Dec-18	112.48% * CDI	n.a.	Nov-23	255 BRL	56,306	-
EDP Transmissão	Jan-19	CDI + 0,02%	n.a.	Jun-20	250 BRL	55,202	-
EDP São Paulo	Apr-19	107.50% * CDI	n.a.	Mar-24	200 BRL	44,162	-
EDP Espírito Santo	Apr-19	107.50% * CDI	n.a.	Mar-24	300 BRL	66,243	-
EDP Transmissão	Aug-19	IPCA + 4.45%	n.a.	Jul-39	802 BRL	177,037	-
						1,395,106	-
						14,184,617	1,750,000

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one only applicable under a restricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 September 2019, these loans amounted to 861,730 thousand Euros (31 December 2018: 891,475 thousand Euros), of which 138,505 thousand Euros were reclassified to liabilities held for sale.

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, all with a firm underwriting commitment, which as at 30 September 2019 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 30 September 2019 was totally available. Regarding medium-term credit facilities with a firm underwriting commitment, EDP Group has three RCF totally available as at 30 September 2019 of a total amount of 5,615 million Euros, namely (i) 3,300 million Euros, of which 3,295 million Euros mature in 2024 while the remaining amount matures in 2023; (ii) 75 million Euros that mature in 2021 and (iii) 2,240 million Euros, of which 2,095 million Euros mature in 2024 while the remaining amount matures in 2023.

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As at 30 September 2019, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Set 2020	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
Bank loans:							
Euro	87,049	30,429	79,529	79,119	79,027	151,842	506,995
Brazilian Real	179,699	16,482	85,117	65,617	61,115	183,399	591,429
US Dollar	12,592	3,179	13,005	12,739	13,012	168,739	223,266
Other	7,720	3,930	9,770	13,674	17,284	54,824	107,202
	<u>287,060</u>	<u>54,020</u>	<u>187,421</u>	<u>171,149</u>	<u>170,438</u>	<u>558,804</u>	<u>1,428,892</u>
Bond loans:							
Euro	815,230	-	553,217	1,209,258	1,360,007	4,656,857	8,594,569
Brazilian Real	258,436	85,301	219,186	111,115	111,580	640,097	1,425,715
US Dollar	1,153,763	-	688,768	-	-	918,358	2,760,889
	<u>2,227,429</u>	<u>85,301</u>	<u>1,461,171</u>	<u>1,320,373</u>	<u>1,471,587</u>	<u>6,215,312</u>	<u>12,781,173</u>
Hybrid Bonds:							
Euro	40,836	-	-	-	-	1,750,000	1,790,836
	<u>40,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,750,000</u>	<u>1,790,836</u>
Commercial paper:							
Euro	420,432	-	200,000	-	-	-	620,432
Brazilian Real	-	-	-	-	-	66,243	66,243
US Dollar	1,264	-	-	-	-	229,589	230,853
	<u>421,696</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>295,832</u>	<u>917,528</u>
Other loans:							
Euro	1,377	37	104	34	211	-	1,763
Brazilian Real	1,453	94	376	-	-	12,679	14,602
	<u>2,830</u>	<u>131</u>	<u>480</u>	<u>34</u>	<u>211</u>	<u>12,679</u>	<u>16,365</u>
Origination Fees:	-3,235	-	-3,920	-10,663	-53,458	-89,319	-160,595
	<u>2,976,616</u>	<u>139,452</u>	<u>1,845,152</u>	<u>1,480,893</u>	<u>1,588,778</u>	<u>8,743,308</u>	<u>16,774,199</u>

As at 31 December 2018, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
Bank loans:							
Euro	117,636	97,363	89,216	248,898	131,563	152,720	837,396
Brazilian Real	151,765	79,717	76,947	73,171	64,049	254,979	700,628
US Dollar	12,495	12,175	12,368	12,115	191,889	160,471	401,513
Other	36,931	11,151	12,236	12,651	12,929	27,866	113,764
	<u>318,827</u>	<u>200,406</u>	<u>190,767</u>	<u>346,835</u>	<u>400,430</u>	<u>596,036</u>	<u>2,053,301</u>
Bond loans:							
Euro	696,005	710,984	553,217	1,199,620	1,360,000	4,027,221	8,547,047
Brazilian Real	132,232	195,549	222,048	110,867	107,390	353,896	1,121,982
US Dollar	769,916	509,104	655,022	-	-	873,362	2,807,404
	<u>1,598,153</u>	<u>1,415,637</u>	<u>1,430,287</u>	<u>1,310,487</u>	<u>1,467,390</u>	<u>5,254,479</u>	<u>12,476,433</u>
Hybrid Bond:							
Euro	32,140	-	-	-	-	750,000	782,140
	<u>32,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>782,140</u>
Commercial paper:							
Euro	400,070	-	200,000	-	-	-	600,070
Brazilian Real	49,505	45,723	-	-	-	-	95,228
US Dollar	222,539	-	-	-	-	-	222,539
	<u>672,114</u>	<u>45,723</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>917,837</u>
Other loans:							
Euro	1,335	109	64	-	-	-	1,508
Brazilian Real	2,396	705	383	-	-	12,629	16,113
	<u>3,731</u>	<u>814</u>	<u>447</u>	<u>-</u>	<u>-</u>	<u>12,629</u>	<u>17,621</u>
Origination Fees:	-2,456	-4,284	-6,025	-13,070	-61,772	-74,826	-162,433
	<u>2,622,509</u>	<u>1,658,296</u>	<u>1,815,476</u>	<u>1,644,252</u>	<u>1,806,048</u>	<u>6,538,318</u>	<u>16,084,899</u>

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The fair value of EDP Group's debt is as follows:

Thousand Euros	Sep 2019		Dec 2018	
	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	13,797,583	14,905,953	13,462,390	14,046,767
Debt and borrowings - Current	2,976,616	2,804,779	2,622,509	2,646,263
	16,774,199	17,710,732	16,084,899	16,693,030

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IFRS 9, are accounted at fair value. The financial liabilities are booked at amortised cost.

For fair value of debt purposes, the Hybrid bonds were valued considering the maturity of the first call dates (March 2021 for the 750 million Euros issuance and January 2024 for the 1,000 million Euros issuance).

33. Employee Benefits

Employee benefits are as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Provisions for social liabilities and benefits	570,527	759,376
Provisions for medical liabilities and other benefits	657,188	647,926
	1,227,715	1,407,302

This caption is detailed as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Non-Current	976,503	1,099,049
Current	251,212	308,253
	1,227,715	1,407,302

The movement in Provisions for social liabilities and benefits is as follows:

Thousand Euros	Group
	Sep 2019
Balance at the beginning of the period	759,376
Charge for the period	12,049
Actuarial (gains)/losses	-46,822
Charge-off	-98,357
Surplus / (Deficit) pension funding (see note 25)	42,781
Transfers, reclassifications and exchange differences	-98,500
Balance at the end of the period	570,527

The components of the consolidated net cost of this pension plans recognised during the period are as follows:

Thousand Euros	Sep 2019		
	Portugal	Brazil	Group
Current service cost	4,927	-796	4,131
Operational component (see note 10)	4,927	-796	4,131
Net interest on the net pensions plan liability	6,925	993	7,918
Financial component (see note 13)	6,925	993	7,918
	11,852	197	12,049

The movement in Provisions for medical liabilities and other benefits is as follows:

Thousand Euros	Group
	Sep 2019
Balance at the beginning of the period	647,926
Charge for the period	23,856
Actuarial (gains)/losses	-16,529
Charge-off	-25,106
Fund contributions (see note 42)	-65,068
Transfers, reclassifications, exchange differences and "mútua"	92,109
Balance at the end of the period	657,188

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The components of the consolidated net cost of these medical and other benefits plans recognised during the period are as follows:

Thousand Euros	Sep 2019			
	Portugal	Spain	Brazil	Group
Current service cost	3,739	1,666	517	5,922
Operational component (see note 10)	3,739	1,666	517	5,922
Net interest on the net pensions plan liability	5,178	1,049	11,707	17,934
Financial component (see note 13)	5,178	1,049	11,707	17,934
	8,917	2,715	12,224	23,856

As at 30 September 2019, the net movement for the period in Provisions for social liabilities and benefits corresponds to a decrease of 188,850 thousand Euros, from which 83,524 thousand Euros correspond to the negative net movement occurred in Portugal, 98,481 thousand Euros correspond to the negative net movement occurred in Spain and 6,845 thousand Euros correspond to the negative net movement occurred in Brazil. The variation in Portugal relates essentially to benefit payments.

The net movement for the period in Provisions for medical liabilities and other benefits corresponds to an increase of 8,263 thousand Euros, from which 84,990 thousand Euros correspond to the negative net movement occurred in Portugal, 95,702 thousand Euros correspond to the positive net movement occurred in Spain and 1,450 thousand Euros correspond to the negative net movement occurred in Brazil. The variation in Portugal relates essentially to the contributions made to the Medical Plan and Death Subsidy Plan.

As at 30 September 2019, the current service cost and net interest cost recognised were based on the estimated cost for the period determined actuarially on 31 December 2018.

34. Provisions

Provisions are as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Provision for legal and labour matters and other contingencies	98,839	92,034
Provision for customer guarantees under current operation	6,748	15,686
Provision for dismantling and decommissioning	459,959	480,508
Provision for other liabilities and charges	467,756	430,217
	1,033,302	1,018,445

This caption is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Non-Current	916,767	982,515
Current	116,535	35,930
	1,033,302	1,018,445

The changes in the Provisions for legal and labour matters and other contingencies are as follows:

Thousand Euros	Group
	Sep 2019
Balance at the beginning of the period	92,034
Charge for the period	15,249
Reversals	-5,967
Charge-off for the period	-12,397
Exchange differences and other	11,171
Reclassification to Assets and Liabilities Held for Sale (see note 39)	-1,251
Balance at the end of the period	98,839

EDP and its subsidiaries' Board of Directors, based on the information provided by its legal advisors and on the analysis of pending law suits, have recognised provisions to cover the losses estimated as probable, related with litigations in progress.

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In the nine-month period of 2019, there were no significant changes in the Provisions for legal and labour matters and other contingencies, with the following exception:

In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousand Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, as at 31 December 2016, the estimated liability amounted to 5,836 thousand Euros, corresponding to the indemnity discounted amount. The appeal presented by EDP Produção was denied, and confirmed the court sentence that determined the legitimacy for Terriminas to collect the amount in which EDP Produção was condemned. EDP Produção paid 6,371 thousand Euros and appeal for the payment of the remaining amount of 1,629 thousand Euros (interest from 2 February 2013 to 30 September 2017) for lack of an enforceable instrument. On February 2019, a decision was delivered regarding EDP's claim, considering it as an undue payment. On May 2019, the court decided in favour of EDP Group claim. As at 30 September 2019 this process is closed.

The movement in Provision for customer guarantees under current operations is as follows:

Thousand Euros	Group Sep 2019
Balance at the beginning of the period	15,686
Charge for the year	401
Charge-off for the period	-8,622
Exchange differences and other	-717
Balance at the end of the period	6,748

Provisions for customer guarantees under current operations include essentially provisions for commercial losses.

The movement in Provision for dismantling and decommissioning is as follows:

Thousand Euros	Group Sep 2019
Balance at the beginning of the period	480,508
Changes in the perimeter (see note 6)	-35,243
Unwinding (see note 13)	5,053
Increase of the responsibility (see note 16)	5,392
Reclassification to Assets and Liabilities held for sale (see note 39)	-602
Exchange differences and other	4,851
Balance at the end of the period	459,959

In the nine-month period of 2019, there were no significant changes in the Provision for dismantling and decommissioning, with the exception of the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries (see note 6).

The movement in Provision for other liabilities and charges is as follows:

Thousand Euros	Sep 2019 Group
Balance at the beginning of the period	430,217
Charge for the period	4,868
Reversals	-4,068
Charge-off for the period	-5,830
Innovative Features Charge-off (see note 4)	-68,646
Hydro power plants of Fridão (see note 4)	86,730
CMEC	11,237
"Lesividad"	9,015
Exchange differences and other	4,233
Balance at the end of the period	467,756

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

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The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. As at 30 September 2019, there were no significant changes in the losses considered as possible as of 31 December 2018, with the following exception:

The companies of EDP Group – Energias do Brasil (Energest, Lajeado, Investco, Enerpeixe, Santa Fé, Porto do Pecém and Costa Rica), through the Brazilian Association of Independent Power Producers - APINE and the Brazilian Association of Power Generation - ABRAGEL, filed a lawsuit seeking to suspend the effects of CNPE Resolution 03/13, which established the apportionment among all agents of the electricity market of part of the costs incurred with the excessive use of energy from thermic sources (oil, coal and gas), due to the scarcity of the rainfall regime (ancillary service Charge - ESS). As at 31 December 2018, the value associated to this contingency was 37,295 thousand Euros. On 3 June 2019 EDP Group companies were notified with a favorable decision. For this reason, as at 30 September 2019 this process is closed.

On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC has estimated that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC pointed out that the adoption of a Statement of Objections did not determine the result of the investigation, which began in September 2016 and is still in course. On 28 November 2018, EDP Produção presented to AdC its facts about the accusation, awaiting a final decision from AdC. On 18 September 2019, AdC has notified EDP Produção for an alleged infraction to competition rules. At this moment, it is open the time to present an appeal to Competing, Regulation and Supervision Court (TCRS). This contingency was estimated with a value of 48 million Euros and it graduation was assessed as possible.

Finally, even EDP Group classifies its risk as remote, it is important to identify the following litigation:

i) On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo and Enersul. As at 30 September 2019, the amount of this tax contingency amounts to 288 million Euros (31 December 2018: 282 million Euros).

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (existing article 81).

Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012. In November 2018, EDP Group was notified with a decision in favour. The Treasury filed an appeal on that decision.

35. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Deferred income related to benefits provided	996,255	961,783
Liabilities arising from institutional partnerships in USA	1,208,046	1,269,466
	<u>2,204,301</u>	<u>2,231,249</u>

EDPR North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of the related projects (see note 8). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected rate of return of the institutional investors (see note 13).

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The movements in Institutional partnerships in USA are as follows:

Thousand Euros	Group Sep 2019
Balance at the beginning of the period	2,231,249
Cash paid for deferred transaction costs	-581
Cash paid to institutional investors	-72,265
Other Income (see note 8)	-134,883
Unwinding (see note 13)	64,729
Exchange differences	110,556
Other	5,496
Balance at the end of the period	2,204,301

Under these partnerships, EDP Group provides operating guarantees to institutional investors in wind and solar projects in USA, which are typical of this type of structure. As at 30 September 2019 and 31 December 2018, the liabilities associated with these guarantees are not expected to exceed the amounts already recognized under the caption Liabilities arising from institutional partnerships in USA.

36. Trade payables and other liabilities from commercial activities

Trade payables and other liabilities from commercial activities - Non-Current are as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Contract liabilities:		
Energy sales contracts - EDPR NA	10,100	11 496
Deferred income - CMEC	207,892	283,530
	217,992	295,026
Other liabilities:		
Investment government grants	584,240	583,603
Amounts payable for tariff adjustments - Electricity - Portugal	8,587	77,447
Amounts payable for tariff adjustments - Electricity - Brazil	192,493	38,678
Amounts payable for concessions	195,821	201,527
Property, plant and equipment suppliers	6,047	8,233
Other creditors and sundry operations	180,826	151,731
	1,168,014	1,061,219
	1,386,006	1,356,245

Trade payables and other liabilities from commercial activities - Current are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Contract liabilities:				
Deferred income - CMEC	78,796	80 897	-	-
Amounts received from the Fund for systemic sustainability of the energy sector	38,898	155,594	-	-
	117,694	236,491	-	-
Other liabilities:				
Suppliers	904,784	956,608	285,113	412,960
Accrued costs related with commercial activities	620,875	704,975	233,624	314,433
Property, plant and equipment suppliers	476,788	1,028,188	790	837
Holiday pay, bonus and other charges with employees	148,375	160,847	27,125	30,201
CO2 emission Licenses	163,539	137,746	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	27,972	8,840	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	724	253	-	-
Amounts payable - securitisations	423,114	134,841	-	-
Amounts payable - CMEC	221,955	222,245	-	-
Other creditors and sundry operations	241,434	271,211	19,163	30,452
	3,229,560	3,625,754	565,815	788,883
	3,347,254	3,862,245	565,815	788,883

At the moment of EDPR NA acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousand US Dollars, being booked as a non-current liability under Energy sales contract - EDPR NA, and amortised over the useful life of the contracts in Other operating income - Other.

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Deferred income - CMEC Non-current and Current, in the amount of 286,688 thousand Euros (31 December 2018: 364,427 thousand Euros) includes the initial CMEC amount (833,467 thousand Euros) deducted from the amortisation of initial CMEC during the years 2007 to 2017 and accrued with unwinding (see note 13), in the amount of 114,696 thousand Euros. This caption also includes 171,992 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted from amortisation and accrued with corresponding unwinding charges of the period (see note 13).

The Amounts received from the Fund for systemic sustainability of the energy sector refer to amounts transferred to EDP SU in December 2018, related with the electricity tariffs for 2019, which represent CESE amounts intended to reduce the National Electric System's tariff debt. The variation of the period reflects the partial regularization of these amounts through tariff.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 19,137 thousand Euros as at 30 September 2019 (see note 12). This caption includes grants received by EDPR NA subgroup under the "American Recovery and Reinvestment Act" promoted by the United States of America Government.

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance at the beginning of the period	77,447	8,840
Payment through the electricity tariff	-	-6,630
Interest expense (see note 13)	23	121
Transfer to/from tariff adjustment receivable (see note 24)	-9,711	-33,531
Transfer from Non-Current to Current	-59,172	59,172
Balance at the end of the period	8,587	27,972

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount of 23,850 thousand Euros (31 December 2018: 28,681 thousand Euros) and 169,367 thousand Euros (31 December 2018: 10,250 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 19,758 thousand Euros (see note 7), the transfer to tariff adjustment receivable of 47,414 thousand Euros (see note 24), the unwinding in the amount of 11,485 thousand Euros (see note 13), the recognition of 165,994 thousand Euros (751,752 thousand Brazilian Real), against tax receivable as a result of the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS in EDP Espírito Santo (see note 26), the decrease of the amount returned through the tariff of 90,046 thousand Euros and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 318 thousand Euros.

Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 132,109 thousand Euros (31 December 2018: 137,237 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 63,712 thousand Euros (31 December 2018: 64,291 thousand Euros).

The reduction of the caption Property, plant and equipment suppliers - Current is mainly explained by payments of amounts which were due at 31 December 2018, related with the construction of windfarms and solar parks in EDPR NA and EDPR Brasil.

The caption CO2 emission licenses includes the CO2 consumptions during 2018 and 2019 in Portugal and Spain, in the amount of 99,626 thousand Euros and 63,469 thousand Euros, respectively (31 December 2018: 81,701 thousand Euros and 56,045 thousand Euros). The variation includes the consumptions of 2019 and the delivery in 2019 of the 2018 consumption licenses, which are returned to regulatory authorities until April of the year following its consumption.

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal, and the caption Other creditors and sundry operations - Current included, as at 31 December 2018, the settlements to be made to the regulatory entity in Spain, which amounted to 9,538 thousand Euros. These liabilities refer to the assets recovered through the tariffs that will be transferred to these entities. During the second quarter of 2019, settlements were made to the regulatory entity in Spain. Additionally, as at 30 September 2019, the caption Amounts payable - securitizations includes 286,181 thousands of Euros related to the anticipated sale of tariff deficit of 2019 (see note 24), which right to be received by EDP Serviço Universal will occur in the last quarter of 2019.

The caption Amounts payable - CMEC refers to amounts received by EDP Distribuição, through the tariff, regarding the CMEC Revisibility of 2016 and 2017, which delivery to REN is awaiting approval (see note 4).

The caption Other creditors and sundry operations - Non-current includes the amount of 61,230 thousand Euros related with the reinsurance activity (31 December 2018: 69,178 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2018: 14,317 thousand Euros).

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37. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	209,816	401,257	-	-
Derivative financial instruments (see note 40)	263,788	196,496	304,725	205,570
Group companies	-	-	66,297	66,297
Amounts payable and contingent prices for acquisitions/sales	66,155	75,234	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	77,959	-	77,959
Rents due from lease contracts (a)	782,179	-	135,083	-
Other creditors and sundry operations	7,882	5,953	-	-
	1,329,820	756,899	506,105	349,826
Other liabilities and other payables - Current				
Loans from non-controlling interests	129,706	241,617	-	-
Dividends attributed to related companies	13,240	57,752	-	-
Derivative financial instruments (see note 40)	165,734	155,848	286,534	188,502
Group companies	-	-	35,586	31,339
Group's financial system (see note 42)	-	-	806,433	1,030,481
Amounts payable and contingent prices for acquisitions/sales	144,884	303,459	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	6,496	-	6,496
Rents due from lease contracts (a)	73,871	-	12,407	-
Other creditors and sundry operations	8,021	5,750	68,505	36,362
	535,456	770,922	1,209,465	1,293,180
	1,865,276	1,527,821	1,715,570	1,643,006

(a) Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds are now included in the new item Rents due from lease contracts (see note 3).

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

- i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 31,998 thousand Euros, including accrued interests (31 December 2018: 31,108 thousand Euros), bearing interest at a fixed rate of 3.75% (see note 42);
- ii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 111,556 thousand Euros, including accrued interests (31 December 2018: 119,826 thousand Euros), bearing interest at a fixed rate of a range between 1.33% and 7.23% (see note 42);
- iii) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 60,357 thousand Euros, including accrued interests (31 December 2018: 63,304 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 42);
- iv) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 42,536 thousand Euros, including accrued interests (31 December 2018: 50,202 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 42); and
- v) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2018: 58,220 thousand Euros).

The significant decrease in the caption loans from non-controlling interests Non-Current and Current is mainly related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6). As at 31 December 2018, loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L.U. and subsidiaries amounted to 215,620 thousand Euros. Additionally, loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDP Renewables France S.A.S. and subsidiaries amounted to 52,258 thousand Euros as at 31 December 2018.

The variation of the caption Amounts payable and contingent prices for acquisitions/sales mainly relates from costs actually incurred in the construction of the windfarm projects as foreseen in the context of the sale, in December 2018, of 80% of the shareholding in the company 2018 XIX Wind LLC and its subsidiaries and the sale of 75% of the shareholding in the companies Nation Rise Wind Farm Gp II Inc. and Nation Rise Wind Farm Limited Partnership.

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The caption Rents due from lease contracts - Non-Current and Current includes the amount of 718,528 thousand Euros and 18,861 thousand Euros, respectively, as a result of the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 30 September 2019, the variation includes: (i) 108,409 thousand Euros corresponding to rents due from lease contracts starting after 1 January 2019; (ii) negative 53,128 thousand Euros related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6); (iii) negative 53,889 thousand Euros corresponding to payments rents made; and (iv) 28,337 thousand Euros corresponding to the financial update of the liability (see note 13).

As at 30 September 2019, the nominal value of the rents due from lease contracts is detailed as follows: (i) less than 5 years: 346,831 thousand Euros; (ii) from 5 to 10 years: 299,125 thousand Euros; (iii) from 10 to 15 years: 296,767 thousand Euros; and (iv) more than 15 years: 556,060 thousand Euros.

The caption Rents due from lease contracts, on a Company basis, includes lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto headquarters acquired by EDP Pension Fund in December 2015 and the Lisbon headquarters building given as an in-kind contribution to EDP Medical and Death Subsidy Fund in September 2017. These contracts were celebrated for a period of 25 years (see note 42).

38. Tax Liabilities

Tax liabilities are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Income tax	46,533	162,835	3,858	114,820
Withholding tax	16,549	41,465	1,111	1,150
Value Added Tax (VAT)	97,815	130,588	14,945	1,655
Special taxes Brazil	198,659	188,899	-	-
CESE (see note 15)	67,549	-	-	-
Other taxes	128,976	139,939	1,045	1,021
	556,081	663,726	20,959	118,646

This caption is as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Non-Current	117,584	97,637	-	-
Current	438,497	566,089	20,959	118,646
	556,081	663,726	20,959	118,646

With regard to 30 September 2019, the main variations to highlight in caption Tax Liabilities are the record of CESE (note 15).

39. Non-Current Assets and Liabilities Held for Sale

The criteria for classifying assets and liabilities as held for sale, as well as their presentation in EDP Group's consolidated financial statements, are described in the Group's accounting policies.

This caption is as follows:

Thousand Euros	Group	
	Sep 2019	Dec 2018
Assets held for sale		
Electricity generation assets - Hydro Brazil	109,168	-
Electricity generation assets - Onshore wind Brazil	206,927	-
Electricity generation assets - Offshore wind	176,545	7,546
Other assets	-	3,519
	492,640	11,065
Liabilities held for sale		
Electricity generation assets - Hydro Brazil	36,653	-
Electricity generation assets - Onshore wind Brazil	162,150	-
Electricity generation assets - Offshore wind	14,598	-
	213,401	-
	279,239	11,065

In 2017, EDPR Group committed to the plan of selling and consequent loss of control of Moray Offshore Windfarm (East) Limited, so, according to the analysis performed under IFRS 5, this sale was considered highly probable, and as at 30 June 2017, its assets and liabilities were classified as held for sale. During 2017 and 2018, EDPR Group finished the following sales of the equity shareholding and shareholder loans: 23.3% to Engie, 33.4% to Diamond Generation Europe Limited and 10% to China Three Gorges (Europe) S.A. As at 31 December 2018, 10% of the assets attributable to the remaining capital shares and respective loans that will be disposed were recognised in non-current assets held for sale in the amount of 7,546 thousand Euros.

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In May 2019, EDP Group signed a strategic memorandum of understanding with ENGIE to create a co-controlled 50/50 joint venture in fixed and floating offshore wind segment. The new entity will be the exclusive vehicle of investment of EDP and ENGIE for offshore wind opportunities worldwide. As at 30 September 2019, the assets and liabilities associated with the companies included in this segment were presented in non-current assets and liabilities held for sale.

During the first semester of 2019, the EDP Brasil Group started the process of selling Energest, S.A. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale.

During the first semester of 2019, the EDP Brasil Group started the process of selling Babilônia Holding, S.A. and its subsidiaries. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale.

As at 30 September 2019 the following reclassifications were made to held for sale:

Thousand Euros	Sep 2019			Total
	Hydro Brazil	Onshore wind Brazil	Offshore wind	
Assets				
Property, plant and equipment (see note 16)	-44,615	-189,826	-9,904	-244,345
Right-of-use assets (see note 17)	-531	-	-4,370	-4,901
Intangible assets (see note 18)	-11,380	-	-	-11,380
Goodwill (see note 19)	-3,654	-	-	-3,654
Investments in joint ventures and associates (see note 21)	-	-	-80,239	-80,239
Other assets	-44,262	-9,698	-72,761	-126,721
Cash and cash equivalents	-4,726	-7,403	-1,725	-13,854
Assets Held for Sale	109,168	206,927	168,999	485,094
	-	-	-	-
Liabilities				
Financial debt	-	-156,807	-	-156,807
Employee Benefits	-3,199	-	-	-3,199
Provisions (see note 34)	-1,251	-602	-	-1,853
Other liabilities	-32,203	-4,741	-14,598	-51,542
Liabilities Held for Sale	36,653	162,150	14,598	213,401
	-	-	-	-

These reclassifications were made only for financial statement presentation purposes, without changing the measurement criteria of these assets and liabilities, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5.

40. Derivative Financial Instruments

In accordance with IFRS 9, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge), as net investment hedge in foreign operations (Net investment hedge), or as held for trading, if or when they are not eligible for hedge accounting.

The fair value of the derivative financial instruments in EDP Group is as follows:

Thousand Euros	Sep 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
Net Investment hedge				
Cross-currency interest rate swaps	9,008	-73,109	35,466	-34,818
Currency forwards	-	-11,933	2,696	-15
Fair value hedge				
Interest rate swaps	104,358	-	90,091	-
Cross-currency interest rate swaps	19,491	-	27,354	-1,593
Cash flow hedge				
Interest rate swaps	117	-21,402	3,626	-19,530
Swaps related to gas commodity	62,613	-164,149	406	-189,011
Electricity swaps	19,683	-76,939	13,020	-89,642
Currency forwards associated to commodities	123,771	-3,901	67,507	-2,001
Trading				
Interest rate swaps	5,272	-6,118	10,758	-724
Cross-currency interest rate swaps	7,218	-414	5,168	-421
Commodity swaps	53,652	-55,987	28,752	-10,946
Currency forwards	1,399	-261	1,553	-442
Commodity forwards	37,903	-15,309	2,043	-
Commodity options	1,965	-	-	-3,201
	446,450	-429,522	288,440	-352,344

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The management of financial risk of EDP, S.A. and other EDP Group companies, is carried out centrally by EDP, S.A. (note 5). On this basis, EDP, S.A. negotiates derivative financial instruments with external entities to hedge its own individual business risks, as well as for other companies of the Group, performing for these entities' as an intermediate in their contracting.

The fair value of the derivative financial instruments at Company level is as follows:

Thousand Euros	Sep 2019		Dec 2018	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Swaps related to gas commodity	1,372	-108,188	-	-95,180
Electricity swaps	15,158	-24,416	31,921	-
Currency forwards associated to commodities	104,688	-	59,890	-3
Trading				
Interest rate swaps	101,057	-102,400	99,066	-91,357
Cross-currency interest rate swaps	69,394	-80,911	94,298	-30,003
Commodity swaps	251,346	-221,945	233,550	-129,685
Currency forwards	3,689	-2,006	10,931	-9,415
Commodity forwards	66,964	-49,566	30,826	-35,225
Commodity options	1,963	-1,827	3,420	-3,204
	615,631	-591,259	563,902	-394,072

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 25) and Other liabilities and other payables (see note 37), according to its nature.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 43) and no changes of level were made during this period. These entities use generally accepted discounted cash flow techniques and data from public markets.

Derivative financial instruments classified as trading are financial hedging instruments contracted for economic hedging at EDP Group level (see note 5), however such instruments are not eligible for hedge accounting under IFRS.

Considering that hedging derivative financial instruments are contracted with a high correlation of critical terms, namely in the same currency and at the same indexes, the hedge ratio between the hedging instruments and the hedged instruments is 1:1.

During the first nine-month period of 2019 and the year of 2018 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross-curr. int. rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI, Wibor 3M and Robor 3M; and exchange rates: EUR/GBP, EUR/BRL, EUR/PLN, EUR/CAD, USD/BRL, USD/JPY, EUR/RON and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 3M and CAD Libor 3M.
Currency forwards	Fair value indexed to the following exchange rates: EUR/USD, EUR/PLN, EUR/BRL, EUR/GBP and USD/BRL.
Commodity swaps	Fair value indexed to the market quotes of the following commodities: Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal and CO2.

41. Commitments

Operating guarantees granted by EDP Group, not included in the condensed consolidated statement of financial position nor in the Notes, are as follows:

Thousand Euros	Group		Company	
	Sep 2019	Dec 2018	Sep 2019	Dec 2018
Operating guarantees				
EDP, S.A.	492,752	444,694	492,752	444,694
EDP España Group	68,243	77,770	-	-
EDP Brasil Group	412,758	390,257	-	-
EDP Renováveis Group	1,437,347	998,308	-	-
	2,411,099	1,911,028	492,752	444,694

The operating guarantees which are not included in the condensed consolidated statement of financial position or in the Notes, as at 30 September 2019 and 31 December 2018, mainly refer to Power Purchase Agreements (PPA), interconnection and permits guarantees.

Additionally to the above guarantees, an amount of 5,274 thousand Euros refer to guarantees of operational nature related to the companies EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and subsidiaries, that have been sold as at 30 June 2019 (see note 6) although EDPR assumes temporarily the responsibility under such guarantees until these are effectively replaced.

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The remaining financial and operating guarantees granted by EDP Group have underlying liabilities that are already reflected in its condensed consolidated statement of financial position and/or disclosed in the Notes.

In the Group, the commitments relating to future cash outflows not reflected in the measurement of the rents due from lease contracts and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Sep 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the rents due from lease contracts	288,234	10,691	61,446	56,210	159,887
Purchase obligations	22,528,983	4,747,337	4,924,002	2,724,262	10,133,382
	22,817,217	4,758,028	4,985,448	2,780,472	10,293,269

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of fuel and energy to its customers in Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

With the adoption of IFRS 16 - Leases, as at 1 January 2019, the EDP Group recognised in the condensed consolidated statement of financial position the operating lease commitments (see note 3), unless the lease term is 12 months or less, or the lease is for a low-value asset. Additionally, as at 30 September 2019, there are commitments from future cash outflows not reflected in the measurement of the rents due from lease contracts which refer to future rents of lease contracts already signed but not yet commenced.

Purchase obligations include 10,784,647 thousand Euros essentially related with very long-term contracts for energy acquisition in the Brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousand Euros	Sep 2019	Dec 2018
Purchase obligation - Present value	10,784,647	12,451,745
Purchase obligation - Nominal amount	15,629,162	17,630,575

Purchase obligations also include obligations of long term contracts relating to the supply of products and services under the Group's ordinary course of business. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

The nature of purchase obligations breaks down as follows:

Thousand Euros	Sep 2019	Dec 2018
Fuel acquisition	7,713,314	7,000,047
Electricity acquisition	9,984,226	11,387,475
O&M contracts	898,917	1,085,743
Fixed assets, equipment and miscellaneous materials acquisition	2,049,404	1,814,828
Supply and assembly contract	1,051,645	377,339
Other supplies and services	831,477	823,756
	22,528,983	22,489,188

The commitments for fuel and electricity acquisition are disclosed, by maturity, as follows:

Thousand Euros	Sep 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	7,713,314	925,834	1,167,952	808,557	4,810,971
Electricity acquisition	9,984,226	1,458,404	2,051,409	1,671,504	4,802,909
	17,697,540	2,384,238	3,219,361	2,480,061	9,613,880

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements. Additionally, some of the assets acquisition transactions foresee contingent liabilities which depend on certain milestones and, although EDP Group has recognized the fair value of these liabilities in the condensed consolidated financial statements, changes in the assumptions could change these liabilities.

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At Company level, the commitments relating to future cash outflows not reflected in the measurement of the rents due from lease contracts and purchase obligations are disclosed, by maturity, as follows:

Thousand Euros	Sep 2019				
	Capital outstanding by maturity				
	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the rents due from lease contracts	259	259	-	-	-
Purchase obligations	5,894,831	254,428	626,880	557,955	4,455,568
	5,895,090	254,687	626,880	557,955	4,455,568

The caption Purchase obligations relates to O&M contracts.

42. Related Parties

Balances and transactions with companies of China Three Gorges Group

In accordance with the EDP/CTG strategic partnership, EDP Renováveis Group has completed the sale of 49% of EDPR Portugal, EDPR Brasil, EDPR PT-PE, EDPR Italia and EDPR Polska to CTG Group.

Following these transactions, CTG Group granted shareholders loans to the EDPR Group in the amount of 246,447 thousand Euros including accrued interests (31 December 2018: 264,440 thousand Euros) (see note 37).

During 2019, EDPR Portugal distributed dividends to CTG in the amount of 19,600 thousand Euros.

Balances with EDP Pension and Medical and Death Subsidy Funds

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years. As at 30 September 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 48,606 thousand Euros (31 December 2018: 30,221 thousand Euros) (see note 37).

In September 2017, EDP, S.A. signed a lease contract related with the building of the Lisbon headquarters (given as an in-kind contribution to the EDP Medical and Death Subsidy Funds) for a period of 25 years. As at 30 September 2019, the present value of the contract as a result of the adoption of IFRS 16 on 1 January 2019 amounts to 89,881 thousand Euros (31 December 2018: 54,198 thousand Euros) (see note 37).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 65,068 thousand Euros during the nine-month period ended on 30 September 2019 (see note 33). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 249 million Euros, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

Balances and transactions with subsidiaries, joint ventures and associates

In their ordinary course of business, EDP Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

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The credits and debits over subsidiaries, joint ventures and associates, at Company level, are as follows:

Credits held

Thousand Euros	30 September 2019			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	-	75,677	231,063	306,740
EDP Distribuição, S.A.	-	1,808,615	23,412	1,832,027
EDP España, S.A.U.	-	-	18,673	18,673
EDP Finance B.V.	-	900,517	58,842	959,359
EDP Produção, S.A.	-	1,372,098	142,310	1,514,408
Hidrocantábrico Distribucion Eléctrica, S.A.U.	-	-	22,623	22,623
EDP Renováveis, S.A.	-	-	6,495	6,495
EDP Servicios Financieros España, S.A.U.	742,966	-	1	742,967
EDP Serviço Universal, S.A.	-	-	45,816	45,816
EDP Renewables Europe, S.L.U.	-	-	32,512	32,512
EDP Comercializadora, S.A.U.	-	-	43,774	43,774
EDP GAS.COM - Comércio de Gás Natural, S.A.	842	10,093	13,620	24,555
Other	39,000	33,182	28,371	100,553
	782,808	4,200,182	667,512	5,650,502

The amount of 900,517 thousand Euros refers to the repurchase in market by EDP, S.A. of five bond issues issued by EDP Finance B.V.

Debits held

Thousand Euros	30 September 2019			
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição, S.A.	525,033	-	22,358	547,391
EDP Comercial, S.A.	35,958	-	498	36,456
EDP Finance B.V.	-	11,061,996	97,044	11,159,040
EDP Renováveis Servicios Financieros, S.A.	-	-	16,426	16,426
EDP Produção, S.A.	204,243	-	383,885	588,128
EDP Renováveis, S.A.	-	-	7,404	7,404
EDP Serviço Universal, S.A.	-	-	27,574	27,574
EDP España, S.A.U.	-	-	19,091	19,091
EDP Comercializadora, S.A.U.	-	-	88,283	88,283
Other	41,198	-	46,263	87,461
	806,432	11,061,996	708,826	12,577,254

The amount of 11,061,996 thousand Euros includes six intragroup bonds issued by EDP S.A. and acquired by EDP Finance BV. As at 30 September 2019, its total amount is 8,917,113 thousand Euros, with fixed and variable rate at medium-long term (3, 5, 7 and 10 years).

Expenses and income related to subsidiaries, joint ventures and associates, at Company level, are as follows:

Expenses

Thousand Euros	30 September 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance B.V.	117,030	-	77,859	194,889
EDP Produção, S.A.	-	-	1,102,784	1,102,784
EDP España, S.A.U.	-	-	58,361	58,361
EDP Comercial, S.A.	-	2	1,087	1,089
EDP Comercializadora, S.A.U.	-	-	179,488	179,488
Other	-	-	74,582	74,582
	117,030	2	1,494,161	1,611,193

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Income

Thousand Euros	30 September 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	43	1,790	951,131	952,964
EDP Distribuição, S.A.	-	26,614	87,707	114,321
EDP España, S.A.U.	-	-	81,699	81,699
EDP Produção, S.A.	1	19,382	309,791	329,174
EDP Soluções Comerciais	69	-	10,195	10,264
EDP Finance B.V.	-	31,253	56,319	87,572
Hidrocontábrico Distribución Eléctrica S.A.U.	-	-	16,680	16,680
EDP Comercializadora, S.A.U	-	-	50,876	50,876
EDP Renováveis, S.A.	-	-	66,805	66,805
EDP Renewables Europe, S.L.U.	-	-	20,798	20,798
Other	77	5,492	103,702	109,271
	190	84,531	1,755,703	1,840,424

Other gains include income from equity investments of 131,205 thousand Euros (see note 13).

Assets, liabilities and transactions with related companies, for the Group, are as follows:

Assets and Liabilities

Thousand Euros	30 September 2019		
	Assets	Liabilities	Net Value
Joint Ventures			
Hydro Global Investment, Ltda.	10,422	-	10,422
EDPR Wind Ventures XIX LLC	243	-	243
Cide HC Energía, S.A.	2,848	322	2,526
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	2,535	1,191	1,344
Other	5,282	1,234	4,048
	21,330	3,827	17,503
Associates			
MABE Construção e Administração de Projectos, Ltda.	5,308	-	5,308
Parque Eólico Sierra del Madero, S.A.	8,149	-	8,149
Principle Power, Inc	2,680	-	2,680
Aprofitament D'Energies Renovables de L'Ebre, S.L.	1,956	-	1,956
Centrais Elétricas de Santa Catarina, S.A. - Celesc	1,172	2,208	-1,036
Other	2,576	174	2,402
	21,841	2,382	19,459
	43,171	6,209	36,962

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Transactions

Thousand Euros	30 September 2019			
	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energía, S.A.	68,573	10	86	-
EDPR Wind Ventures XIX LLC	-	-	-	-
Empresa de Energia São Manoel, S.A.	11	-	6,159	-
Comercializador de Referência Energético, S.L.U.	4,457	-	12	-
Porto do Pecém Transportadora de Minérios	196	-	3,395	-
Other	8,176	78	3,113	-
	81,413	88	12,765	-
Associates				
MABE Construção e Administração de Projectos, Ltda.	-	241	-	-
Desarrollos Eólicos de Canarias, S.A.	166	-	4	-
Parque Eólico Sierra del Madero	6	274	-	-
Parque Eólico Belmonte, S.A.	527	26	-	-
Other	29	183	-	-
	728	724	4	-
	82,141	812	12,769	-

43. Fair Value of Financial Assets and Liabilities

The fair value of financial assets and liabilities is as follows:

Thousand Euros	Sep 2019			Dec 2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Equity instruments at fair value	132,921	132,921	-	125,147	125,147	-
Debtors/other assets from commercial activities	5,933,224	5,933,224	-	5,690,119	5,690,119	-
Other debtors and other assets	1,146,708	1,146,708	-	935,988	935,988	-
Derivative financial instruments	446,450	446,450	-	288,440	288,440	-
Collateral deposits/financial debt	183,226	183,226	-	192,891	192,891	-
Cash and cash equivalents	1,672,367	1,672,367	-	1,803,205	1,803,205	-
	9,514,896	9,514,896	-	9,035,790	9,035,790	-
Liabilities						
Financial debt	16,774,199	17,710,732	936,533	16,084,899	16,693,030	608,131
Suppliers and accruals	1,381,572	1,381,572	-	1,984,796	1,984,796	-
Institutional partnerships in USA	2,204,301	2,204,301	-	2,231,249	2,231,249	-
Trade payables and other liabilities from commercial activities	2,767,448	2,767,448	-	2,650,091	2,650,091	-
Other liabilities and other payables	1,435,754	1,435,754	-	1,175,477	1,175,477	-
Derivative financial instruments	429,522	429,522	-	352,344	352,344	-
	24,992,796	25,929,329	936,533	24,478,856	25,086,987	608,131

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's loans was determined considering current market interest rates.

The market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

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According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 – Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 – Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

Thousand Euros	Sep 2019			Dec 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Equity instruments at fair value through other comprehensive income (note 22.1)	-	79,044	20,960	-	74,535	18,752
profit or loss (note 22.2)	-	-	32,917	-	-	31,860
Tariff deficit at fair value through other comprehensive income (see note 24)	-	8,258	-	-	12,896	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 24)	-	635,555	-	-	519,544	-
Derivative financial instruments (see note 40)	-	446,450	-	-	288,440	-
	-	1,169,307	53,877	-	895,415	50,612
Financial liabilities						
Derivative financial instruments (see note 40)	-	429,522	-	-	352,344	-
	-	429,522	-	-	352,344	-

The market value of the amounts of tariff deficit at fair value through other comprehensive income is calculated based on the cash flows associated with these assets, discounted at rates which, at the balance sheet date, better reflect the assets risk considering the average term of the assets.

The amounts receivable from concessions - IFRIC 12 at fair value through profit or loss are valued based in the methodology of the Value of Replacement as New (VNR). This method requires that each asset is valued, at current prices, for all the expenses needed for its replacement by equivalent asset that performs the same services and has the same capacity as the existing asset. The valuation for each asset is based on (i) Data Bank of Referential Prices - which is defined in the Tariff Adjustment Procedures - PRORET; or (ii) Data Bank of Prices from the Distribution company - which is formed based on the company's own information; or (iii) Referential Budget - that corresponds to the calculation by comparison of market data, relating to other assets with similar characteristics. ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts.

The movement in financial assets and liabilities included in Level 3 is as follows:

Thousand Euros	At fair value through	
	other comprehensive income	profit or loss
Balance at beginning of period	18,752	31,860
Change in fair value	1,844	-
Acquisitions	736	1,486
Disposals	-369	-
Other changes	-3	-429
Balance at the end of the period	20,960	32,917

44. Relevant or Subsequent Events

EDPR secures a tax equity in USA

EDPR secured a commitment, in exchange for an interest in a 405 MW wind onshore portfolio, for 421 million Dollars of institutional equity financing from Bank of America.

Under the agreement, funding for these projects, which are located in the state of Illinois and have previously secured long-term sales agreements, will take place close to the start of operations of each project, that is scheduled for the fourth quarter of 2019 and first quarter of 2020.

ERSE announces proposal for electricity tariffs in 2020

On 15 October 2019, the Portuguese Electricity Regulator (ERSE) announced its proposal for electricity tariffs in 2020, on which it is worth noting the following:

- For the activity of electricity distribution (operated by EDP Distribuição), ERSE proposed regulated gross profit of 1,030 million Euros in 2020;
- For the last resort electricity supply activity (operated by EDP Serviço Universal), ERSE proposed regulated gross profit in 2020 of 32 million Euros, considering a 0.4% average decrease for normal low voltage (NLV) electricity tariffs.

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In both cases, the expressed regulated gross profit excludes previous year adjustments.

According to ERSE's proposal, Portuguese electricity system's regulatory receivables are expected to decline by 0.6 billion Euros over 2020 to 3 billion Euros by December 2020 (including recovery of previous year's tariff deviations).

According to electricity regulation rules in Portugal, the Tariffs Advisory Board shall issue its nonbinding opinion until next 15 November 2019. Following that, ERSE will approve the final tariffs and parameters until 15 December 2019.

ANEEL approves regulatory terms at EDP São Paulo for the period between 2019 and 2023

In the framework of the 5th Periodic Tariff Revision for EDP São Paulo, the tariffs to apply in the years between 2019 and 2023, which shall be effective as from October 23rd, were disclosed by ANEEL.

For the referred period, the electricity regulator defined a regulatory asset base of 2.42 billion Brazilian Reais and a rate of return on the regulatory asset base of 8.09% net of taxes.

Additionally, the regulatory index for technical losses was set at 4.06% and the non-technical losses regulatory index, for low voltage, set at 8.57%, for 2019, is expected to follow a declining trajectory until 7.86%, in 2023.

EDPR secures two wind energy contracts in Colombia

EDPR secured two long-term power purchase agreements, at a renewable auction organised by the Colombian Government, related to the energy to be produced by two wind farms, located in that country. These wind farms have registered Alpha and Beta capacities of 212 MW and 280 MW, respectively.

EDPR signs a Build & Transfer wind farm project in the US

On 24 October 2019, EDP announced it had signed a Build & Transfer agreement for the development and construction of a 302 MW wind farm in the US. The wind onshore project is located in Indiana, and the expected start of operations is expected for 2021.

EDP announces a 200 MW PPA for a solar project in the US

On 25 October 2019, EDP disclosed it had agreed on a 15-year power purchase agreement to sell the energy produced by a 200 MW solar park in the US. The solar park, which is expected to commence operations in 2022, is located in the state of California.

EDP expands its US solar base securing 50% stake in a portfolio of 278 MW

On 29 October 2019, EDP announced it had acquired a 50% stake in a 278 MW solar portfolio located in the US. EDP expects to make a total net equity investment in the portfolio of 150 million Dollars, net of the expected tax equity financing, for the full construction.

The referred portfolio, which is expected to come online over the next months, comprises three projects with secured long-term power purchase agreements.

EDP joint venture secures wind contract in the USA

On 29 October 2019, EDP announced that the proposal presented by a joint venture company, currently, owned in 50% by EDPR Offshore North America LLC and in the remaining 50% by Shell New Energies US LLC, was chosen in a Massachusetts auction to supply 804 MW through a offshore wind energy contract. The expected start of operations is set by 2025.

Amendment of qualified shareholding - CNIC

On 30 October 2019, the CNIC notified EDP that, on 29 October 2019, CNIC reduced its ownership interest in EDP share capital and voting rights, crossing the 2% minimum threshold for qualified shareholding positions, and that on the same date it no longer held any position in EDP share capital and voting rights.

45. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, interests in EDP Servicios Financieros (España), S.A.U. and EDP España, S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interest in EDP Renováveis, S.A.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

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The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed by an Executive Committee, a Management Committee and by direct representation on Iberian scope EDP Management Committees.

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação") and IT Department ("Direcção de Sistemas de Informação") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 208 human resources as at 30 September 2019, including 109 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on Iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

The condensed Statement of Financial Position of the Branch is as follows:

Thousand Euros	EDP Branch	
	Sep 2019	Dec 2018
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	281,854	281,854
Deferred tax assets	88,106	86,314
Other debtors and others assets	10,117	9,693
Total Non-Current Assets	7,122,205	7,119,989
Other debtors and others assets	776,957	666,695
Tax receivable	30,965	84,972
Cash and cash equivalents	136	67
Total Current Assets	808,058	751,734
Total Assets	7,930,263	7,871,723
Equity	7,779,704	7,724,853
Employee benefits	2,117	2,258
Other liabilities and other payables	68,050	67,351
Total Non-Current Liabilities	70,167	69,609
Employee benefits	799	1,299
Other liabilities and other payables	75,143	74,021
Tax payable	4,450	1,941
Total Current Liabilities	80,392	77,261
Total Liabilities	150,559	146,870
Total Equity and Liabilities	7,930,263	7,871,723

46. Investigation process about CMEC and DPH

In 2012, the European Commission (EC) and the Portuguese authorities (Public Prosecution Services) received complaints concerning the early termination of the Power Purchase Agreements (PPAs) and the costs for the contractual stability compensation (CMEC), as well as in respect of EDP's rights to use the Public Hydro Domain (DPH).

The above-mentioned investigation conducted by the Portuguese authorities is still pending.

As part of the liberalisation of the power sector in Portugal, following changes in European Union legislation, Decree-Law no. 240/2004 was introduced, which provided for the early termination of PPAs that were signed in 1996. As a result of this required early termination, EDP and REN - Rede Eléctrica Nacional, S.A. (REN) agreed in 2005 and in 2007 to the early termination of their long-term PPAs, with effect from 1 July 2007. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary.

On 8 March 2008, the Government, REN and EDP Produção signed several service concession arrangements for which EDP Produção paid approximately 759 million Euros as consideration of the economic and financial balance for the use of the DPH.

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Following the complaint received, the EC requested clarifications from the Portuguese State in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in depth investigation into the CMEC process was necessary.

In May 2017, the EC formally concluded its investigation into the DPH concession rights and stated that the compensation paid in connection with such concessions was compatible with market conditions. As a result, the EC concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation in relation to the amounts due to EDP for the termination of the PPAs and compensation paid by EDP for the DPH concessions. Portugal's Public Prosecution Services stated that the investigations continue and the facts may relate to active and passive corruption and economic participation in business and searches were conducted at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that certain members of EDP's Executive Board of Directors, as well as former EDP directors, that had signed the relevant contracts were named as targets of the Investigation.

EDP does not accept any accusations of wrongdoing on its part nor on the part of any member of the EDP Group and believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions. However, it is difficult to predict any outcome at this early stage in the process as well as any potential impacts in the financial statements.

47. Operating Segments

In accordance with IFRS 8, an operating segment is a Group component:

- (i) that engages in business activities from which it may earn revenues and incur expenses;
- (ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- (iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity.

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

Following the Strategic Plan Update 2019-2022, announced in the last March 12th, 2019, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019.

For comparability purposes and regarding the changes occurred in the segments composition, a corresponding restatement of the previous year information was made.

The segments defined by the Group are the following:

- Renewables;
- Networks;
- Client Solutions & Energy Management.

The Renewables segment corresponds to the activity of generation of electricity from renewable sources, mainly hydro, wind and solar. This segment includes, but not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (hydro activity);
- EDP España, S.A.U. (hydro activity);
- EDP Renováveis, S.A. and all subsidiaries of the EDPR Group;
- Enerpeixe, S.A.;
- Investco, S.A.;
- Lajeado Energia, S.A.

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The Networks segment corresponds to the activities of electricity distribution and transmission, including last resort suppliers. This segment includes, but not limited to, the following companies:

- EDP Distribuição - Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribución Eléctrica, S.A.U.;
- EDP Gás Serviço Universal, S.A.;
- EDP Espírito Santo Distribuição de Energia S.A.;
- EDP São Paulo Distribuição de Energia S.A.;
- EDP Transmissão, S.A.;
- EDP Transmissão Aliança SC, S.A.;
- EDP Transmissão SP-MG, S.A.

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in Iberian and Brazilian markets, and also for the related hedging transactions. This segment includes, but not limited to, the following companies:

- EDP - Gestão da Produção de Energia, S.A. (thermal activity);
- EDP España, S.A.U. (thermal and intermediation activities);
- UNGE - Unidade de Negócio de Gestão de Energia Ibérica (EDP, S.A.);
- Porto do Pecém Geração de Energia, S.A.;
- EDP Comercial - Comercialização de Energia, S.A.;
- EDP - Comercialização e Serviços de Energia, Ltda.

Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions of each subsidiary and business unit, as well as income statement captions for each operating segment, are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

In each business segment, Assets include the Property, Plant and Equipment, Intangible Assets and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12 under the financial asset model, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 19.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclose in note 2. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

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EDP Group Operating Segments Information as at 30 September 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other				
Revenues inter-segments	2,036,576	4,531,499	6,214,661	12,782,736
Revenues from third parties	958,551	1,241,835	142,420	2,342,806
	1,078,025	3,289,664	6,072,241	10,439,930
Gross Profit	1,767,784	1,386,464	660,005	3,814,253
Other income	417,756	26,869	23,348	467,973
Supplies and services	-265,618	-262,093	-198,000	-725,711
Personnel costs and employee benefits	-137,224	-165,521	-96,702	-399,447
Other costs	-121,071	-225,374	-86,515	-432,960
Impairment losses on trade receivables and debtors	-53	-11,916	-18,367	-30,336
Gross Operating Profit	1,661,574	748,429	283,769	2,693,772
Provisions	-86,339	-10,040	-684	-97,063
Amortisation and impairment	-603,321	-268,143	-181,120	-1,052,584
Operating Profit	971,914	470,246	101,965	1,544,125
Equity method in joint ventures and associates	4,143	2,703	3,646	10,492
Assets				
	22,166,928	3,606,027	3,392,729	29,165,684
Financial assets - Investments in joint ventures and associates	673,069	101,900	13,293	788,262
Operating Investment	620,097	559,220	61,152	1,240,469

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Reconciliation of information between Operating Segments and Financial Statements for 30 September 2019

Thousand Euros	
Total Revenues from energy sales and services and other of Reported Segments	12,782,736
Revenues from energy sales and services and others from Other Segments	195,363
Adjustments and Inter-segments eliminations*	-2,531,311
Total Revenues from energy sales and services and other of EDP Group	10,446,788
Total Gross Profit of Reported Segments	3,814,253
Gross Profit from Other Segments	180,495
Adjustments and Inter-segments eliminations*	-184,928
Total Gross Profit of EDP Group	3,809,820
Total Gross Operating Profit of Reported Segments	2,693,772
Gross Operating Profit from Other Segments	-39,378
Adjustments and Inter-segments eliminations*	6,976
Total Gross Operating Profit of EDP Group	2,661,370
Total Operating Profit of Reported Segments	1,544,125
Operating Profit from Other Segments	-68,765
Adjustments and Inter-segments eliminations*	-4,461
Total Operating Profit of EDP Group	1,470,899
Total Assets of Reported Segments	29,165,684
Assets Not Allocated	11,955,607
Financial Assets	2,481,154
Trade Receivables and Other Debtors	5,933,224
Inventories	379,686
Tax Assets	1,538,368
Other Assets	1,623,175
Assets from Other Segments	521,946
Inter-segments assets eliminations*	107,879
Total Assets of EDP Group	41,751,116
Total Equity accounted Investments in joint ventures and associates of Reported Segments	788,262
Equity accounted Investments in joint ventures and associates from Other Segments	146,360
Total Equity accounted Investments in joint ventures and associates of EDP Group	934,622
Total Operating Investment of Reported Segments	1,240,469
Operating Investment from Other Segments	40,734
Total Operating Investment of EDP Group	1,281,203
Dismantling/discommission of PP&E	5,392
CO2 Emission Licenses and Green Certificates	252,870
Concession Rights - IFRIC 12 **	-466,832
Investment Grants	3,786
Other Investments	-25,139
Total Fixed Assets additions of EDP Group (Notes 16 and 18)	1,051,280

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	467,973	29,192	-17,507	479,658
Supplies and services	-725,711	-126,145	207,776	-644,080
Personnel costs and employee benefits	-399,447	-86,200	5,625	-480,022
Other costs	-432,960	-36,774	-3,991	-473,725
Impairment losses on trade receivables and debtors	-30,336	54	1	-30,281
Provisions	-97,063	-148	-2	-97,213
Amortisation and impairment	-1,052,584	-29,238	-11,436	-1,093,258
Equity method in joint ventures and associates	10,492	3,700	-	14,192

* Mainly related with intragroup balances and transactions eliminations.

** See Note 24 - Debtors and Other Assets from Commercial Activities

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EDP Group Operating Segments Information as at 30 September 2018

Thousand Euros	Renewables	Client Solutions & Energy Management	Networks	Total Segments
Revenues from energy sales and services and other				
Revenues inter-segments	2,079,736	5,055,034	7,198,430	14,333,200
Revenues from third parties	1,064,729	1,485,011	485,008	3,034,748
	1,015,007	3,570,023	6,713,422	11,298,452
Gross Profit	1,900,872	1,286,701	676,127	3,863,700
Other income	209,356	24,076	15,182	248,614
Supplies and services	-293,250	-286,919	-200,513	-780,682
Personnel costs and employee benefits	-129,224	-149,750	-89,314	-368,288
Other costs	-142,448	-225,761	-138,427	-506,636
Impairment losses on trade receivables and debtors	457	-14,107	-24,436	-38,086
Gross Operating Profit	1,545,763	634,240	238,619	2,418,622
Provisions	-190,334	-9,402	-90,668	-290,404
Amortisation and impairment	-582,737	-248,144	-174,953	-1,005,834
Operating Profit	772,692	376,694	-27,002	1,122,384
Equity method in joint ventures and associates	843	1	3,315	4,159
Assets (31 December 2018)	22,913,774	3,697,119	3,496,984	30,107,877
Financial assets - Investments in joint ventures and associates (31 December 2018)	697,643	106,636	11,523	815,802
Operating Investment	967,364	308,032	84,825	1,360,221

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Reconciliation of information between Operating Segments and Financial Statements for 30 September 2018

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	14,333,200
Revenues from energy sales and services and others from Other Segments	291,103
Adjustments and Inter-segments eliminations*	-3,313,024
Total Revenues from energy sales and services and others of EDP Group	11,311,279
Total Gross Profit of Reported Segments	3,863,700
Gross Profit from Other Segments	290,294
Adjustments and Inter-segments eliminations*	-291,498
Total Gross Profit of EDP Group	3,862,496
Total Gross Operating Profit of Reported Segments	2,418,622
Gross Operating Profit from Other Segments *	-2,243
Adjustments and Inter-segments eliminations*	-6,235
Total Gross Operating Profit of EDP Group	2,410,144
Total Operating Profit of Reported Segments	1,122,384
Operating Profit from Other Segments	-25,533
Adjustments and Inter-segments eliminations*	-18,462
Total Operating Profit of EDP Group	1,078,389
Total Assets of Reported Segments (31 December 2018)	30,107,877
Assets Not Allocated	10,979,847
Financial Assets	2,132,308
Trade Receivables and Other Debtors	5,690,119
Inventories	342,037
Tax Assets	1,559,980
Other Assets	1,255,401
Assets from Other Segments	422,949
Inter-segments assets eliminations*	116,287
Total Assets of EDP Group (31 December 2018)	41,626,960
Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2018)	815,802
Equity accounted Investments in joint ventures and associates from Other Segments	135,811
Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2018)	951,613
Total Operating Investment of Reported Segments	1,360,221
Operating Investment from Other Segments	36,830
Total Operating Investment of EDP Group	1,397,051
Discomission of Property, plant and equipment	3,551
CO2 Licenses and Green Certificates	98,240
Investment Grants	-50,634
Other Investments	43,859
Total Fixed Assets additions of EDP Group	1,492,067

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	248,614	42,288	-27,723	263,179
Supplies and services	-780,682	-198,488	302,016	-677,154
Personnel costs and employee benefits	-368,288	-113,056	9,363	-471,981
Other costs	-506,636	-39,296	1,421	-544,511
Other costs	-38,086	16,015	186	-21,885
Provisions	-290,404	7,520	-	-282,884
Amortisation and impairment	-1,005,834	-30,811	-12,226	-1,048,871
Equity method in joint ventures and associates	4,159	4,818	-	8,977

* Mainly related with intragroup balances and transactions eliminations

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48. Reconciliation of Changes in the responsibilities of Financing activities at 30 September 2019

	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)					
	Loans obtained (Note 32)	Collateral Deposits (Note 32)	Derivative financial instruments (Note 40)*	Institutional partnerships in USA (Note 35)	Rents due from lease contracts (Note 37)	Loans from non-controlling interests (Note 37)
Thousand Euros						
Balance as at 31 de December 2017	16,917,765	-45,255	-111,376	2,163,722	-	712,802
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	2,695,774	8,644	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,471,386	-163,114	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-635,329	-	11,885	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-61,907
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-32,458
Receipts/(payments) relating to derivative financial instruments	-	-	17,796	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	225,353	-	-
Perimeter variations	-32,197	-	-254	-162,123	-	-4,649
Exchange differences	-2,157	6,834	-318	101,530	-	-2,903
Fair value changes	-21,747	-	-28,258	-	-	-
Interests and accrued and deferred costs	634,176	-	-8,644	7,254	-	31,989
Unwinding	-	-	-	80,684	-	-
ITC/PTC recognition	-	-	-	-185,171	-	-
Balance as at 31 de December 2018	16,084,899	-192,891	-119,169	2,231,249	-	642,874
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	3,304,504	2,811	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-2,574,558	-6,597	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-490,805	-	23,965	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-21,790
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-15,238
Receipts/(payments) relating to derivative financial instruments	-	-	-9,152	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	-72,846	-	-
Lease (payments)	-	-	-	-	-56,062	-
Perimeter variations	-34,631	5,439	-1	-	-53,128	-283,457
Exchange differences	163,294	3,289	135	110,556	12,297	-1,634
Fair value changes	21,257	-	69,629	-	-	-
Interests and accrued and deferred costs	462,927	-	967	5,496	-	18,767
Unwinding	-	-	-	64,729	28,715	-
ITC/PTC recognition	-	-	-	-134,883	-	-
New lease contracts/Increments in rent values	-	-	-	-	108,092	-
Transition IFRS 16	-	-	-	-	821,273	-
Reclassification to Liabilities held for sale	-162,688	4,723	-	-	-5,137	-
Balance as at 30 September 2019	16,774,199	-183,226	-33,626	2,204,301	856,050	339,522

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

	Company				
	Financial debt and Derivative financial instruments		Group's financial system (Notes 25 and 37)	Rents due from lease contracts (Note 37)	Group companies (Note 37)
Thousand Euros	Loans obtained (Note 32)	Derivative financial instruments (Note 40)*			
Balance as at 31 de December 2017	13,488,297	-408,886	-490,904	-	1,790,390
Cash flows:					
Receipts relating to financial debt (including Collateral Deposits)	817,971	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,451,929	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-309,874	-2,125	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	845,951	-	-1,675,615
Interest and similar costs of loans from related parties including hedge derivatives	-	22,524	-	-	-63,496
Receipts/(payments) relating to derivative financial instruments	-	312,433	-	-	-
Perimeter variations	-	-	-563	-	-
Exchange differences	9,879	-	-	-	8,032
Fair value changes	-	23,262	-	-	-
Interests and accrued and deferred costs	256,137	-20,728	-	-	38,325
Balance as at 31 December 2018	12,810,481	-73,520	354,484	-	97,636
Cash flows:					
Receipts relating to financial debt (including Collateral Deposits)	1,415,992	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,087,085	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-149,003	-422	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	-330,859	-	-11,449
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-	-2,494
Receipts/(payments) relating to derivative financial instruments	-	38,513	-	-	-
Lease (payments)	-	-	-	-9,428	-
Exchange differences	4,416	44,733	-	-	-
Fair value changes	-	-	-	-	-
Unwinding	-	-	-	4,218	-
Interests and accrued and deferred costs	179,234	1,873	-	-	18,190
New lease contracts/Increments in rent values	-	-	-	1,008	-
Transition IFRS 16	-	-	-	151,692	-
Balance as at 30 September 2019	13,174,035	11,177	23,625	147,490	101,883

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

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49. Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

The Executive Board of Directors

António Luís Guerra Nunes Mexia (Chairman)

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Maria Teresa Isabel Pereira

Vera de Moraes Pinto Pereira Carneiro





Review Report on the Condensed Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed consolidated statement of financial position as at September, 30 2019 (which shows total assets of Euros 41,751,116 thousand and total shareholder's equity of Euros 12,671,787 thousand including a net profit of Euros 726,639 thousand), the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

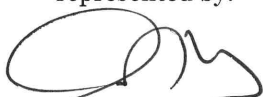
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Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of EDP – Energias de Portugal as at September, 30 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

October, 30 2019

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represented by:



João Rui Fernandes Ramos, R.O.C.



Review Report on the Condensed Financial Statements

Introduction

We have reviewed the accompanying condensed financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the condensed company statement of financial position as at September, 30 2019 (which shows total assets of Euros 22,504,094 thousand and total shareholder's equity of Euros 7,016,627 thousand including a net profit of Euros 229,836 thousand), the condensed company income statement, the condensed company statement of comprehensive income, the condensed company statement of changes in equity and the condensed company statement of cash flows for the nine month period then ended, and the accompanying explanatory notes to these condensed financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these financial statements.

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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed financial statements of EDP – Energias de Portugal, S.A. as at September, 30 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

October, 30 2019

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
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