KPMG

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Auditors' Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows for the year then ended and the notes thereto, the preparation of which is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating their overall presentation, of the accounting principles applied of the estimates made.

In accordance with prevailing Spanish legislation, these consolidated annual accounts for 2009 also include, for each individual caption in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the notes thereto, comparative figures for the previous year. We express our opinion solely on the consolidated annual accounts for 2009. On 2 March 2009 we issued our unqualified audit report on the consolidated annual accounts for 2008.

In our opinion, the accompanying consolidated annual accounts for 2009 present fairly, in all material respects, the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2009 and the consolidated results of their operations and changes in consolidated equity and consolidated cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with International Financial Reporting Standards as adopted by the European Union applied on a consistent basis with the figures and information for the prior year, which have been included in the 2009 consolidated annual accounts for comparative purposes.

The accompanying consolidated directors' report for 2009 contains such explanations as the Directors of EDP Renováveis, S.A. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2009. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós
Partner

25 February 2010

EDP RENOVÁVEIS, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Directors' Report

31 December 2009 and 2008

(With Auditors' Report Thereon)

Financial Statements & Notes, Management Report

EDP Renováveis Group

December 2009

FINANCIAL STATEMENTS, NOTES & MANAGEMENT REPORT
for
EDP Renováveis Group (EDPR)

ATTACHED – EDP RENOVÁVEIS CONSOLIDATED FINANCIAL STATEMENTS AS OF 31/DEC/2009

Made in Madrid, February 26th of 2010

EDP Renováveis, S.A.

Consolidated Annual Accounts

31 December 2009

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2009 and 31 December 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Revenue	6	648,242	532,429
Cost of consumed electricity	6	-1,522	-993
Changes in inventories and cost of raw materials and consumables used	6	-4,713	-11,251
		642,007	520,185
Other operating income / (expenses)			
Other operating income	7	125,231	89,524
Supplies and services	8	-148,304	-106,947
Personnel costs	9	-41,914	-37,011
Employee benefits expenses	9	-633	-1,090
Other operating expenses	10	-33,838	-26,784
		-99,458	-82,308
		542,549	437,877
Provisions		183	806
Depreciation and amortisation expense	11	-314,350	-207,764
Amortisation of deferred income / Government grants	11	2,403	696
		230,785	231,615
Gains / (losses) from the sale of financial assets	12	268	2,363
Other financial income	13	35,717	270,901
Other financial expenses	13	-108,151	-348,120
Share of profit of associates		3,922	4,438
Profit before tax		162,541	161,197
Income tax expense	14	-44,754	-48,979
Profit after tax		117,787	112,218
Profit for the period		117,787	112,218
Attributable to:			
Equity holders of EDP Renováveis	27	114,349	104,364
Non controlling interest	29	3,438	7,854
Profit for the period		117,787	112,218
Earnings per share basic and diluted - Euros	27	**0.13**	**0.16**

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Balance Sheet
for the years ended 31 December 2009 and 31 December 2008

	Notes	2009 (Thousands of Euros)	2008 (Thousands of Euros)
Assets			
Property, plant and equipment	15	8,635,011	7,141,805
Intangible assets	16	17,340	22,408
Goodwill	17	1,318,356	1,305,718
Investments in associates	18	47,609	40,782
Available for sale financial assets	19	12,630	12,501
Deferred tax assets	20	28,066	21,834
Debtors and other assets	23	129,447	141,540
Total Non-Current Assets		10,188,459	8,686,588
Inventories	21	11,344	12,377
Trade receivables	22	106,148	82,598
Debtors and other assets	23	337,458	195,813
Tax receivable	24	169,670	175,093
Financial assets at fair value through profit or loss	25	37,103	35,774
Cash and cash equivalents	26	443,633	229,680
Assets held for sale		-	985
Total Current Assets		1,105,356	732,320
Total Assets		11,293,815	9,418,908
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	25,964	27,595
Other reserves and Retained earnings	28	166,173	61,824
Consolidated net profit attributable to equity holders of the parent		114,349	104,364
Total equity attributable to equity holders of the parent		5,220,062	5,107,359
Non controlling interest	29	107,493	91,514
Total Equity		5,327,555	5,198,873
Liabilities			
Medium / Long term financial debt	30	2,563,171	1,376,108
Employee benefits	31	59	1,162
Provisions	32	67,085	49,698
Deferred tax liabilities	20	342,924	316,920
Trade and other payables	33	1,747,511	1,695,387
Total Non-Current Liabilities		4,720,750	3,439,275
Short term financial debt	30	110,268	86,165
Trade and other payables	33	1,098,105	648,334
Tax payable	34	37,137	46,261
Total Current Liabilities		1,245,510	780,760
Total Liabilities		5,966,260	4,220,035
Total Equity and Liabilities		11,293,815	9,418,908

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Statement of Changes in Consolidated Equity
as at 31 December 2009 and 2008

(Thousands of Euros)

	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Consolidation exchange differences reserve	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non controlling Interests
Balance as at 31 December 2007	**2,245,721**	**18,873**	**1,882,338**	**120,190**	**-819**	**11,566**	-	**2,032,148**	**213,573**
Comprehensive income for the period									
Fair value reserve (available for sale financial assets) net of tax	7,747	-	-	-	-	-	7,747	7,747	-
Fair value reserve (cash flow hedge) net of taxes	6,117	-	-	-	-	7,103	-	7,103	-986
Exchange differences arising on consolidation	1,998	-	-	-	1,998	-	-	1,998	-
Profit for the period	112,218	-	-	104,364	-	-	-	104,364	7,854
Total comprehensive income for the period	128,080	-	-	104,364	1,998	7,103	7,747	121,212	6,868
Transactions with owners recorded directly in Equity									
Share capital increase in kind	180,208	4,718	175,490	-	-	-	-	180,208	-
Share capital increase by incorporation of share premium	-	2,057,828	-2,057,828	-	-	-	-	-	-
Share capital increase by incorporation of loans	1,300,000	1,300,000	-	-	-	-	-	1,300,000	-
Share capital increase by IPO	1,566,726	980,122	586,604	-	-	-	-	1,566,726	-
Expenses incurred with the IPO	-49,385	-	-49,385	-	-	-	-	-49,385	-
Tax effect of expenses incurred with the IPO	14,816	-	14,816	-	-	-	-	14,816	-
Dividends attributable to non controlling interests	-2,740	-	-	-	-	-	-	-	-2,740
Reserves and non controlling interests arising from the acquisition of 40% of NEO	-205,109	-	-	-58,431	-	-	-	-58,431	-146,678
Share capital increase in NEO Group companies	11,320	-	-	-	-	-	-	-	11,320
Non controlling interests decrease resulting from acquisition of additional 10% of Dessarollos Catalanes del Viento subsidiaries	-2,479	-	-	-	-	-	-	-	-2,479
Non controlling interests arising from NEO Group companies power purchase agreements	8,763	-	-	-	-	-	-	-	8,763
Non controlling interests decrease resulting from acquisitions	3,489								3,489
Other	-537	-	-	65	-	-	-	65	-602
Balance as at 31 December 2008	**5,198,873**	**4,361,541**	**552,035**	**166,188**	**1,179**	**18,669**	**7,747**	**5,107,359**	**91,514**
Comprehensive income for the period									
Fair value reserve (cash flow hedge) net of taxes	-2,305	-	-	-	-	-1,934	-	-1,934	-371
Exchange differences arising on consolidation	249	-	-	-	-609	-	-	-609	858
Actuarial gains / (losses)	-24	-	-	-24	-	-	-	-24	-
Fair value reserve (available for sale financial assets) net of tax	912	-	-	-	-	-	912	912	-
Profit for the period	117,787	-	-	114,349	-	-	-	114,349	3,438
Total comprehensive income for the period	116,619	-	-	114,325	-609	-1,934	912	112,694	3,925
Transactions with owners recorded directly in Equity									
Dividends attributable to non controlling interests	-3,491	-	-	-	-	-	-	-	-3,491
Share capital increase in EDP Renovaveis Brazil	7,997	-	-	-	-	-	-	-	7,997
Share capital increase in NEO Group companies	9,200	-	-	-	-	-	-	-	9,200
Non controlling interests decrease resulting from acquisitions	-1,625	-	-	-	-	-	-	-	-1,625
Other	-18	-	-	9	-	-	-	9	-27
Balance as at 31 December 2009	**5,327,555**	**4,361,541**	**552,035**	**280,522**	**570**	**16,735**	**8,659**	**5,220,062**	**107,493**

EDP Renováveis and subsidiaries

Consolidated statement of comprehensive income for the years ended at 31 December 2009 and 31 December 2008

(Thousands of Euros)

	2009		2008	
	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests
Profit for the period	114 349	3 438	104 364	7 854
Exchange differences arising on consolidation	-609	858	1,998	-
Fair value reserve (cash flow hedge)	-2,433	-530	3,928	-986
Fair value reserve (available for sale investments)	912	-	7,747	-
Actuarial gains / (losses)	-24	-	-	-
Income tax on other comprehensive income	499	159	3,175	-
Other comprehensive income for the period, net of income tax	-1,655	487	16,848	-986
Total comprehensive income for the period	112,694	3,925	121,212	6,868

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flow
for the year ended 31 December 2009 and 31 December 2008

(Thousands of Euros)

	Group	
	2009	2008
Cash flows from operating activities		
Cash receipts from customers	646,621	506,740
Cash paid to suppliers	-154,183	-114,662
Cash paid to employees	-49,366	-30,582
Concession rents paid	-4,153	-5,692
Other receipts / (payments) relating to operating activities	-20,812	-25,388
	418,107	330,416
Income tax received / (paid)	-25,682	-36,573
Net cash flows from operating activities	392,425	293,843
Continuing activities	392,425	293,843
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	1,795	16,922
Proceeds from sale of property, plant and equipment	2,047	4,512
Other proceeds related to fixed assets	-	6,803
Interest received	5,965	44,492
Dividends received	4,122	2,651
	13,929	75,380
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-118,822	-85,128
Acquisition of property, plant and equipment	-1,729,837	-1,919,762
	-1,848,659	-2,004,890
Net cash flows from investing activities	-1,834,730	-1,929,510
Continuing activities	-1,834,730	-1,929,510
Cash flows from financing activities		
Receipts/ (payments) of loans	1,199,634	-315,854
Interest and similar costs	-49,613	-77,625
Governmental cash grants received	155,946	
Increases in capital and share premium	20,743	1,538,958
Receipts/ (payments) from derivative financial instruments	-6,390	13,412
Dividends paid	-3,197	-2,759
Receipts from institutional partnership (Horizon)	333,528	319,985
Net cash flows from financing activities	1,650,651	1,476,117
Continuing activities	1,650,651	1,476,117
Net increase / (decrease) in cash and cash equivalents	208,346	-159,550
Effect of exchange rate fluctuations on cash held	5,607	738
Cash and cash equivalents at the beginning of the period (*)	229,680	388,492
Cash and cash equivalents at the end of the period (*)	443,633	229,680

(*) See Note 26 to the financial statements for a detailed breakdown of Cash and cash equivalents

1. The business operations of the EDP Renováveis Group

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, especially hydroelectric, mini-hydroelectric, wind, solar, thermal solar, photovoltaic, biomass and waste plants, among others. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2009 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the Euronext Lisbon.

As at 31 December 2009, EDP Renováveis holds a 100% stake in the share capital of Nuevas Energias de Occidente, S.L. ("NEO"), a 100% stake in the share capital of Horizon Wind Energy, LLC ("Horizon") and a 55% stake in the share capital of EDP Renováveis Brasil. The holdings in NEO and Horizon were transferred to EDP Renováveis through several share capital increases in kind subscribed by EDP Branch and Hidroeléctrica del Cantábrico, S.A. The holding in Horizon was acquired by EDP Branch, on 2 July 2007, from Goldman Sachs, and was subsequently transferred to EDP Renováveis on 18 December 2007.

NEO operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland and Romania. NEO's main subsidiaries are: Enernova (wind farms in Portugal), Genesa (renewable resources electricity generation in Spain), Agrupación Eólica (wind farms in Spain and France), Greenwind (wind farms in Belgium - partnership with local investors) and Relax Wind Parks (wind farms in Poland).

Horizon's main activities consist on the development, management and operation of wind farms in the United States of America.

The purpose of EDP Renováveis Brasil is to establish a new business unit to aggregate all the investments in the renewable energy market of South America.

As at 31 December 2009, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a total gross installed capacity of 6,227 MW (5,052 MW as at 31 December 2008), operating in Portugal 680 MW (553 MW as at 31 December 2008), in Spain 2,278 MW (2,109 MW as at 31 December 2008), in France 220 MW (185 MW as at 31 December 2008), in Belgium 57 MW (47 MW as at 31 December 2008), in Poland 120 MW, in the United States 2,859 MW (2,158 MW) and in Brazil 14 MW.

Regulatory framework for the activities in Spain

The Electrical Sector in Spain is regulated by Law 54 of 27 November 1997 and subsequent amendments to legislation.

Royal Decree 436 of 12 March 2004 was published on 24 March 2004 and set out the methodology to be used for updating and systematizing the legal and economic regime relating to electrical power production under the special regime, which included the generation of electricity using renewable sources of energy, cogeneration, biomass and waste. This Royal Decree replaced the former Royal Decree 2818/1998 and unified regulations applicable to special regime energies. The Royal Decree also defined a system whereby the owners of the electrical installation arwere entitled to sell the production or surplus electrical power to distributors. A regulated price was fixed for this sale, or production and surplus could be sold directly on the daily market, futures market or through a bilateral agreement, in which case a market-negotiated price would be received, plus an incentive for participation in the market and a premium if the installation was entitled to receive it.

Royal Decree 661 of 25 May 2007 was published on 26 May 2007 and regulates electrical power produced under the special regime. This Royal Decree replaces Royal Decree 436 of 12 March 2004 and updates regulations on electrical power production under the special regime, whilst maintaining the basic structure of the regulation. The economic framework set out in this Royal Decree maintains the same system of payment for power produced under the special regime, whereby the owner of the installations can opt to sell its power at a regulated price, for all the programming periods only, or sell the power directly on the daily market, futures market or through a bilateral agreement, in this case receiving the negotiated price plus a premium.

The main changes to the Royal Decree include a modification to the regulated price and premiums and the introduction of a variable premium system for certain technologies, such as wind power. The owners of wind power installations officially entering into service prior to 1 January 2008 can opt to adhere to the transitory regime established in the first transitory provision, which stipulates that the owners of this installations may maintain the prices and premiums (with some exceptions) established in the aforementioned Royal Decree until 31 December 2012.

RD 6/2009 of May 7 was approved and is aimed at eliminating the tariff deficit from 2013. Among other measures, it introduces a pre-allocation register for new renewable energy capacity for renewable-energy installations to obtain the entittlements set oit in RD 661/2007. Installations will be registered in chronological order until the government 's target is met (20.155MW) and new remuneration scheme should be approved for following projects

The decision on 19 November allowed in the register around 6 GW in wind projects and 2,4 GW in solar thermal generation capacity in one go .The entire 8,4 GW in projects registered will receive the remuneration set in RD 661/2007. Under this decision, around 1.700 MW in wind and 500MW in solar thermal generation will be allowed each year until 2012. The 15th of December the Spanish Government released the list of wind facilities included in the administrative register. Out of the 6.389 MW of wind capacity assigned by the Spanish Government, EDPR obtained 840 gross MW corresponding to 31 wind farms which represents 13% of the total allocalted capacity.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law No. 189/88 dated 27 May 1998, as amended by Decree-Law No. 168/99 dated 18 May 1999, Decree-Law No. 312/2001 dated 10 December 2001, and Decree-Law No. 339-C/2001 dated 29 December 2001. Also relevant is Decree-Law No. 33-A/2005, dated 16 February 2005 ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The main feature of the legal framework for renewable energy power generation in Portugal is that the national grid operator or the regional distribution operator must purchase all electricity produced by renewable producers who hold an operating license. The construction and operation of a wind farm depends on the allocation of a grid connection point issued by the State Energy Department (Direcção Geral de Geologia e Energia) ("DGGE"). The issue of the point of connection by the DGGE occurs upon the request of the promoters during limited periods of time set by the DGGE or by means of a public tender procedure. Award by direct negotiation is exceptional.

Decree-Law No. 225/2007 dated 31 May, establishes a set of regulations associated to renewable energies, predicted in National Strategy for Energy, and has reviewed the formula used in estimating the remuneration of electricity supply generated by renewable power stations, and delivered to the grid of National Electric System, as well as the definition of attribution procedures of available power in the same grid and deadlines to obtain the establishment license to renewable power stations.

Since July 1, 2007, the Iberian electricity financial market ("MIBEL") has been fully operational, with daily transactions from both Portugal and Spain, including a forwards market that has operated since July 2006.

Regulatory framework for the activities in the United States of America

Federal, state and local energy laws and regulations regulate the development, ownership, business organization and operation of electric generating facilities and the sale of electricity in the United States. All project companies within the Group in the United States operate as exempt wholesale generators ("EWGs") or qualifying facilities ("QFs") under federal law or are dually certified. In addition, most of the project companies in the United States are regulated by the Federal Energy Regulatory Commission ("FERC") and have market-based rates on file with FERC.

The federal government regulates the wholesale electric energy sale and transmission business in interstate commerce through the Federal Energy Regulatory Commission ("FERC"), which draws its jurisdiction from the Federal Power Act (the "FPA"), and from other federal legislation such as the Public Utility Regulatory Policies Act of 1978 ("PURPA 1978"), the Energy Policy Act of 1992 ("EPACT 1992") and the Energy Policy Act of 2005 ("EPACT 2005"), which, among other things, repealed and replaced the Public Utility Holding Company Act of 1935 with the Public Utility Holding Company Act of 2005 ("PUHCA 2005").

All of our project companies in the United States operate as exempt wholesale generators ("EWGs") under PUHCA 2005 or qualifying facilities under PURPA 1978. In addition, most of the project companies are regulated by FERC under Part II of the FPA and have market-based rates on file with FERC.

EWGs are owners or operators of electric generation (including producers of renewable energy, such as wind projects) that are engaged exclusively in the business of owning and/or operating generating facilities and selling electric energy at wholesale rates. An EWG cannot make retail sales of electric energy and may only own or operate the limited interconnection facilities necessary to connect its generating facility to the grid.

The Energy Policy Act of 2005 amended the FPA to grant FERC jurisdiction over all users, owners, and operators of the bulk power system for purposes of approving and enforcing compliance with certain reliability standards. Reliability standards are requirements to provide for the reliable operation of the bulk power system. Pursuant to its authority under the FPA, FERC certified the North American Electric Reliability Corporation ("NERC") as the entity responsible for developing reliability standards, submitting them to FERC for approval, and overseeing and enforcing compliance with reliability standards, subject to FERC review. FERC also authorized NERC to delegate certain functions to eight regional entities. All users, owners, and operators of the bulk power system that meet certain materiality thresholds are required to register with NERC and comply with numerous FERC-approved reliability standards. Violations of mandatory reliability standards may result in the imposition of civil penalties of up to $1 million per day per violation. All of our project companies in the United States that meet the relevant materiality thresholds have registered with NERC and are required to comply with applicable FERC-approved reliability standards.

In certain states, approval of the construction of new electricity generating facilities, including renewable energy facilities such as wind farms, is obtained from a state agency, with only limited ministerial approvals required from state and local governments. However, in many states the permit process for power plants (including wind farms) also remains subject to land-use and similar regulations of county and city governments. State-level authorizations may involve a more extensive approval process, possibly including an environmental impact evaluation and opposition by interested parties or utilities.

Both the United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of EPACT 1992. As part of the American Recovery and Reinvestment of 2009, which was enacted this spring, the federal government will also encourage renewable energy development through investment tax credits and cash grants from 2009 through 2013. Many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 was approved and includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France. The operation of wind facilities in France is also subject to the provisions of the French environmental and construction code. Article 10 of Act 2000-108 requires non-nationalized electric power distributors to enter into purchase obligation contracts to buy electricity produced by: (i) installations that extract energy from household or similar waste or that use such sources to provide heat to a district heating system; and (ii) installations that use renewable energy sources (including mechanical energy from wind, for which special provisions apply).

Installations that use renewable energy sources, with the exception of those using mechanical wind energy that are located in areas connected to the continental metropolitan grid or that implement energy-efficient technology such as cogeneration, do not qualify for the power purchase obligation unless they comply with defined installed capacity limits. These limits are set by a decree of the Conseil d'Etat (Decree 2000-1196 of 6 December 2000) for each category of installation eligible to benefit from the power purchase obligation. With the new regulation, only wind farms operating within a ZDE (zone de développement éolien) can benefit the power purchase obligation and may exceed the former 12MW cap. The power purchase contracts with non-nationalized distributors of electricity are premised on the rates set by ministerial order for each source of renewable energy and according to a model contract approved by the energy minister.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 wich was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annualy based, in part, on a inflation-related index) ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility' s first ten years. These tariffs are also amenended annually, based, in part, on a inflation-related index. iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

New Decree approved on December 15th set the following wind target: 11.500 MW in 2012 and 25.000 MW in 2020. These targets include also wave and tidal energy.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the "Energy Act"). The Energy Act implemented provisions (i) of Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity, (ii) of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas, and (iii) of Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market. Detailed regulations regarding the scope of the energy sector are included in the relevant secondary regulations adopted under the Energy Act. On the basis of the Energy Act, the national energy regulatory authority–the president of the Energy Regulatory Authority (the "ERA President") – was established.

Pursuant to the Energy Act, power generation from renewable sources is suppoted. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate or origin and submit it to the ERA President for cancellation, or b) paya a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or orgin or doest not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

The minimun limit of electricity generated from renewable sources in the total annual volume of electricity delivered to the end users is specified in the ordinance of Ministry of Economy adopted under the Energy Act. In 2008, this minimum limit was 7% and will increase each year up to 12,9% in 2017. These quotas were originally fixed until 2014 but a new regulation approved in August 2008 fixed the quotas for years 2015-2017 and increased the quota for 2013 and 2014.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

In view of the allocation of responsibilities between the federal government and the regions, there currently exist four energy regulators: (a) the federal Commission for Electricity and Gas Regulation ("CREG"); (b) the Flemish Electricity and Gas Regulatory Body ("VREG"); (c) the Walloon Energy Commission ("CwaPE"); and (d) the Regulatory Commission for Energy in the Brussels-Capital Region ("BRUGEL").

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a "GC"), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs. However, GCs issued in one region or by the Federal government in respect of offshore plants are not recognized automatically in the other regions.

The GC system aims at creating a market for GC parallel to the market of sale of electricity. In March 2009 an exchange market for GCs has been launched. Besides the GC market, there is a minimum guaranteed price system at the federal level (obligations imposed on the transmission system operator) or at a regional level (the production aid regime in Flanders and Wallonia).

New quotas of renewable generation are in a late stage of approval in Wallonia. New quotas proposed by the Government are: 11,25% in 2011, 13,50% in 2012 and 15,75% in 2013. New quotas to be approved are considerably higher than previous ones (11%, 12% and 13% for 2011,2012 and 2013).

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Romania must comply with its target of 33% of gross electricity consumption from renewable energy in 2010. The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, 3 introduced some changes in the green certificates system. Today producers of wind energy receive 1 green certificates for each but law 220 that is likely to come into force in January 2010 (once the European Commission approves it) will allow wind generators to receive 2GC/MWh until 2015 . GC can be sold separately from the physically delivered electricity. From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a parallel market.

The trading value of green certificates has a floor of 27 € and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources. In 2007 a new Energy Law was approved (Law 13/2007). This new regulation sets July 1st 2007 as deadline for the legal unbundling in Romania and defines the role of Implicit Supplier and of the Supplier of Last Resort.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law n° 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law n° 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law n° 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law n° 10,762 of 11 November 2003 and Law n° 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power and; Subsequent amendments to the legislation.

The Decree n° 5,025 of 30 March 2004, regulates the Federal Law n° 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

The Decree n° 5,163 of 30 July 2004 regulates the Federal Law n° 10,762, establishing the possibility of distribution companies and authorized agents to buy "Distributed Energy" (Local Generation), by observing a limit of 10% of the total demand of each distribution agent. In addition, the Law n° 10,762 establishes the possibility of an Alternative Source Electricity Producer to sell directly to the final consumer(s) (aggregated demand > 500kW), at any voltage level. As part of the regulatory incentive framework, Renewable Energy producers (or buyers) are granted a discount on the Distribution and Transmission System Use Tariff (TUSD and TUST). Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

In addition, the Law n° 10,438 has also regulated the use of a special sector fund, the Fossil Fuel Consumption Quota (CCC), to low cost financing of Renewable ventures that are able to replace fossil fuel based energy production.

2. Accounting policies

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2009 and 2008 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2009 and 2008, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 24 February 2010. The annual accounts are presented in thousand of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of the annual accounts in accordance with the EU-IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors believed to be reasonable under the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in Note 3 (Critical accounting estimates and judgments in applying accounting policies).

In accordance with IFRS 3, the adjustments that have resulted from the purchase price allocation carried out in 2009 (Neo Catalunia and Romania subgroups) and 2008 (Relax Wind subgroup) for the goodwill booked in 2008 and 2007, respectively, originate a reclassification of the comparative financial information as if the accounting for this business combination had been completed at the date of acquisition.

b) Basis of consolidation

The consolidated annual acounts of EDP Renováveis comprise the assets, liabilities and results of EDP Renováveis and its subsidiaries and the results and net equity from its associated companies attributable to the Group. The accounting policies described below have been consistently applied by all Group companies.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Control also exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity, so as to obtain benefits from its activities, even if its shareholding is less than 50%.

Accumulated losses of a subsidiary attributable to non controlling interest, which exceed the equity of the subsidiary attributable to the non controlling interest, are attributed to the Group and charged to the income statement when incurred. If the subsidiary subsequently reports profits, such profits are recognised as profits of the Group until the losses attributable to the non controlling interest previously recognised by the group have been recovered.

The annual accounts or financial statements of consolidated subsidiaries refer to the same date of preparation and the same period as those of the Parent company.

Gains or losses as a consequence of a dilution or a sale of a portion of an interest in a subsidiary without a change in control are recognised in Profit or loss.

Associates

Investments in associates are accounted for by the equity method since the date on which significant influence is transferred to the Group until the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies. Generally when the Group holds more than 20% of the voting rights of the investor it is presumed that it has significant influence. If the Group holds, directly or indirectly, less than 20% of the voting rights of the investor it is presumed that the group does not have significant influence, except when such influence can be clearly demonstrated.

The significant influence by EDP Renováveis Group is normally demonstrated by one or more of the following ways:
- Representation on the Board of Directors or equivalent management committee;
- Participation in the policy making processes, including participation in decisions over dividends and other distributions;
- Existence of material transactions between the Group and the investor;
- Interchange of managerial personnel;
- Provision of essential technical information.

The consolidated annual accounts include the Group's attributable share of total reserves and results of associated companies accounted under the equity method.

When the Group's share of losses exceeds its interest in na associate, the Group's carrying amount is reduced to nil and recognition of further losses is descontinued, except to the extent that the Group has a legal or constructive obligation of covering those losses or make payments on behalf of the associate.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The condensed consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business Combinations

Following the transition to International Financial Reporting Standards (IFRS), adopted by the EDP Energias de Portugal Group as of 1 January 2004, and as permitted by IFRS 1 — First-time Adoption, the EDP Group opted to maintain the goodwill resulting from the business combinations that occurred prior to the transition date, calculated according to the previous accounting principles applied by the Group. This accounting policy was maintained when the holdings in NEO and Horizon were transferred to EDP Renováveis Group. As such, the goodwill booked on the EDP Renováveis consolidated financial statements remained as it was on the EDP Energias de Portugal Group consolidated annual accounts on the date of the transfer (18 December 2007).

Business combinations occurring are recorded using the purchase method. According to this method, the acquisition cost is equivalent to the fair value of assets transferred and liabilities incurred or assumed on the purchase date, plus any costs directly attributable to the acquisition. The total amount of positive goodwill resulting from acquisitions is recognised as an asset and recorded at cost, not being subject to depreciation.

Goodwill arising on the acquisition of holdings in subsidiaries and associates is defined as the difference between the acquisition cost and the proportion of fair value of the identifiable assets, liabilities and contingent liabilities acquired by the Group.

The value of goodwill recognised as an asset is assessed annually to identify any impairment, regardless of the existence of any indication of impairment. Impairment losses are recognised in the year's income statement. The recoverable amount is determined based on the future cash flows of the assets, which are calculated using valuation methods based on discounted cash flows techniques, considering market conditions, time value of money and business risks.

A liability is recognised for contingent consideration as part of a business combination as soon as payment becomes probable and the amount can be measured reliably. The purchase price subsequently is adjusted against goodwill or negative goodwill as the estimate of the amount payable is revised.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated annual accounts. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absense of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated annual accounts using the book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non controlling interests

EU-IFRS currently do not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill. In the event that these written put options are engaged at a date subsequent to the acquisition of the business combination, the same accounting policy would be applied.

In years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices, if available, or, in the absence of a market, are determined by external entities through the use of valuation techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded agianst exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Non derivative financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Accounts receivable and loans

Accounts receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of accounts receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available for sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available for sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence that a financial asset or group of financial assets is impaired, namely when losses may occur in future estimated cash-flows of the financial asset or group of financial assets, and it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial assets is determined, the impairment losses being recognised through the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of loss as a result of one or more events that occurred after their initial recognition, such as: (i) for listed securities, a significant or prolonged decline in the fair value of the security below its cost, and (ii) for unlisted securities, when that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

If there is objective evidence that an impairment loss on available for sale financial assets has been incurred, the cumulative loss recognised in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement, is taken to the income statement.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under other operating income and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery	
Wind farm generation	20
Hydroelectric generation	20 to 30
Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement. The recoverable value is determined by the highest amount between its net selling price and its value in use, this being calculated by the present value of the estimated future cash-flows obtained from the asset and sale price at the end of its economic useful life.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated balance sheet as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Employee benefits

Pensions

Enernova, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are recognised against equity, in accordance with the alternative method defined by IAS 19, revised on 16 December 2004.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of, (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain and Portugal, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is setlled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engeneering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non controlling interest, foreign exchange gains and losses and gains and losses on financial instruments.

Interest income is recognised in the income statement based on the effective interest note method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and related liabilities that include at least a non-current asset) are classified as held for sale when their carrying amounts will be recovered principally through sale and the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount at fair value less costs to sell.

u) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

x) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

3. Critical accounting estimates and judgments in applying accounting policies

The IFRSs set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in Note 2 to the Consolidated Annual Accounts.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the annual accounts are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the annual accounts and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available for sale investments

The Group determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non financial assets

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

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

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

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the annual accounts.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

4. Financial-risk management policies

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDP Group's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The operational management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

The risk management policy implemented by the Group accomodated the adverse environment in capital markets allowing EDP Renováveis to follow its strategy and investment plan without significative changes.

Exchange-rate risk management

EDP Renováveis Group operates internationally and is exposed to the exchange-rate risk resulting, mainly, from investments in subsidiaries whichfunctional currency is the US Dollar (USD), Poland Zloty (PLN) and Romanian Lei (RON). Currently, the main exposure to the exchange-rate risk is the USD/EUR currency fluctuation risk, which results mainly from the shareholding in Horizon.

EDP Group's Finance Department is responsible for monitoring the evolution of the USD, seeking to mitigate the impact of currency fluctuations on the financial results and/or equity of the Group, using exchange-rate derivatives and/or other hedging structures.

The policy implemented by the EDP Renováveis Group consists of undertaking derivative financial instruments for the purpose of hedging foreign exchange risks with characteristics similar to those of the hedged item. 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 evaluated.

Sensivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2009 and 2008, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity, as follows (amounts in thousands of Euros):

	31 Dec 2009			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	6,415	-7,841	-	-
PLN / EUR	-	-	7,984	-9,759
	6,415	-7,841	7,984	-9,759

	31 Dec 2008			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	4,432	-5,416	-	-
PLN / EUR	-	-	7,316	-8,942
	4,432	-5,416	7,316	-8,942

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

As at 31 December 2009 and 2008, EDP Renováveis Group has no significant exposure to exchange rate risks related essentially with the Horizon activity. To hedge these risks, EDP Renováveis Group entered into a CIRS in USD and EUR with EDP Branch.

Interest rate risk management

The Group's operating and financial cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

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

All these operations are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities between 1 and 12 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or up-coming cash flows.

Sensivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the NEO Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 31 December 2009 and 2008 would increase / (decrease) equity and results of EDP Renováveis Group in the following amounts (in thousands of Euros):

	31 Dec 2009			
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow hedge derivatives	-	-	9,822	-10,455
Unhedged debt (variable interest rates)	-985	985	-	-
	-985	985	9,822	-10,455

	31 Dec 2008			
	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow hedge derivatives	-	-	10,621	-11,109
Unhedged debt (variable interest rates)	-1,433	1,433	-	-
	-1,433	1,433	10,621	-11,109

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

As at 31 December 2009 and 2008, Horizon has no significant exposure to interest rate risks.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements, to assure a greater flexibility in the transfer of the instruments in the market.

In the specific case of the NEO Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of Horizon Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, 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

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unaceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities (see note 2 (a)).

Market price risk

As at 31 December 2009, market price risk affecting the EDP Renovavéis Group is not significant. In the case of Horizon, prices are fixed and mainly determined by power purchase agreements. In the case of NEO the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, NEO has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

Neo and Horizon have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2009 and 2008 (see note 35).The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. Changes in consolidation perimeter: Business combinations, Sale of affiliates and Merge of affiliates

During the year ended in 31 December 2009, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies sold and liquidated:

- Generaciones Especiales I, S.L, sold its 50% interest in the subsidiary Ibersol E. Solar Ibérica, S.A.;
- Generaciones Especiales I, S.L, dissolved and liquidated the subsidiary Horta Medioambiente, S.A.;
- Generaciones Especiales I, S.L., dissolved and liquidated the subsidiary Eólica Mare Nostrum S.A.;
- Horizon Wind Energy LLC, dissolved the subsidiary Chocolate Bayou Windpower I, LP;
- Nuevas Energías de Occidente, S.L., dissolved the Hollywell Investments Limited, SARL;
- Nuevas Energías de Occidente, S.L., dissolved and liquidated the subsidiary Ridgeside Investments Limited, SARL;

Companies merged during the period:

- Horizon Wind Energy Company LLC was merged into Horizon Wind Energy LLC;
- Levante Energia Eólica, Lda was merged into Enernova Novas Energias, S.A.;

Companies acquired during the period:

- EDPR Group, through its subsidiary EDPR Brasil, S.A. acquired 100% of the share capital of CENAEEL - Central Nacional de Energia Eólica, Lda. ("CENAEEL") (see note 17);
- EDPR Group, through its subsidiary Nuevas Energías de Occidente,S.L. acquired 100% of the share capital of the companies Mardelle, SARL and Vallée du Moulin, SARL and 49% of the share capital of Quinze Mines, SARL. (see note 17);
- EDPR Group, through its subsidiary Neo Catalunia, S.A. acquired 100% of the share capital of the companies Parc Eólic Coll de la Garganta, SL., Parc Eólic Serra Voltorera, SL. y Bon Vent de L'Ebre, SL. (see note 17);
- EDPR Group acquired 100% of the share capital of Elektrownia Wiatrowa Kresy I, S.P. through its subsidiary Neo Polska (see note 17);
- EDPR Group acquired 100% of the share capital of Elebrás Projectos, Ltda through its subsidiary EDP Renováveis Brasil (see note 17);
- EDPR Group acquired 60.63% of the share capital of Aprofitament D'Energies Renovables de la Terra Alta, S.A. through its subsidiaries Parc Eòlic de Coll de Moro, S.L. (12.24%), Parc Eòlic de Torre Madrina, S.L. (12.24%), Bon Vent de Corbera, S.L. (10.68%), Bon Vent de Vilalba, S.L. (10.42%), Bon Vent de L'Ebre, S.L. (9.70%) and Parc Eòlic de Vilalba dels Arcs, S.L. (5.35%) (see note 17);
- EDPR Group acquired 38.96% of the share capital of Aprofitament D'Energies Renovables de L'Ebre, S.A. through its subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A. (see note 18).

Companies incorporated during the period:

- Agrupación Eólica Francia, S.L. was incorporated being 100% held by Nuevas Energias del Occidente, S.A.;
- Desarrollos Eólicos de Teruel, S.L.. was incoporated being 51% held by Sinae, S.A.;
- Eólica Garcimuñoz, S.L.. was incoporated being 100% held by Desa, S.A.;
- Meadow Lake Windfarm III LLC;
- Meadow Lake Windfarm IV LLC;
- Meadow Lake Wind Farm V, LLC;
- Black Prairie Wind Farm II LLC;
- Black Prairie Wind Farm III LLC;
- Horizon Wind Energy Northwest IV LLC;
- Horizon Wyoming Transmission LLC;
- 2009 Vento IV, LLC;
- 2009 Vento V, LLC;
- 2009 Vento VI, LLC;
- Horizon Wind Ventures II, LLC;
- Paulding Wind Farm, LLC;
- Paulding Wind Farm II, LLC;
- Paulding Wind Farm III, LLC;
- Simpson Ridge Wind Farm II, LLC;
- Simpson Ridge Wind Farm III, LLC;
- Simpson Ridge Wind Farm IV, LLC;
- Simpson Ridge Wind Farm V, LLC;
- Horizon Wind Ventures VI, LLC;
- Lexington Chenoa Wind Farm II, LLC;
- Lexington Chenoa Wind Farm III, LLC;

Companies incorporated during the period:
- Athena-Weston Wind Power Project II, LLC;
- Blue Canyon Wind Power VII, LLC;
- EDPR UK Limited was incoporated being 100% held by Nuevas Energías de Occidente, S.L.;
- Moray Offshore Renewables Limited was incoporated being 75% held by EDPR UK Limited.

The following companies were merged in Neogália, S.A.S.:
- C.E. Ayssenes-Le Truel, S.A.S.;
- C.E. Beaurevoir, S.A.S.;
- C.E. Bourbriac, S.A.S.;
- C.E. Calanhel Lohuec, S.A.S.;
- Eole Service, S.A.R.L.;
- Eole 76 Developpement, S.A.R.L.;
- Le Gollot, S.A.S.;
- Keranfouler, S.A.S.;
- Parc Eolien Les Bles D'Or, S.A.R.L.;
- C.E. Les Vielles, SAS;
- Eole Futur Montloue 1, SAS;
- SOCPE Pieces de Vigne, S.A.R.L.;
- CE Pont d Ýeu, SAS;
- C.E. NEO Prouville, S.A.S.;
- Recherches et Dével. Éoliennes, S.A.R.L.;
- C.E. Saint Alban-Henansal, S.A.S.;
- SOCPE Saint Jacques, S.A.R.L..

The following companies were merged in Neolica Polska:
- Zulawy Wind Park II, Sp.z.o.o.;
- Kip Wind Park II, Sp. z.o.o.;
- Relax Wind Park V, Sp. z.o.o.;
- Relax Wind Park VI, Sp. z.o.o.;
- Chodow Wind Park, Sp. z o.o.;
- Sk Wind Park, Sp. z o.o;
- Kip Wind Park I, Sp. z.o.o.;
- Sokolowo Wind Park, Sp. z o.o..

Other changes
- Genesa I S.L. acquired the remaining 10% of the share capital of Hidroeléctrica Fuentermosa, S.L.;
- Neolica Polska acquired 3,14% of the share capital of Relax Wind Park I SP Z.O.O.;
- Sinae Inversiones Eólicas S.A. acquired 18% of the share capital of Parque Eólico del Voltoya, S.A. (see note 18);
- Desarrollos Eólicos Promoción S.A.U. acquired 3,33% of the share capital of Desarrollos Eólicos de Galicia, S.A..

During 2008, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies sold during the period:
- Generaciones Especiales I, S.L, sold its 50% interest in the subsidiary Marquesado Solar, S.A. to Solar Millenium AG;
- Sinae Inversiones Eólicas, S.A. sold 20% of its interest in IDER, S.L.;
- Sinae Inversiones Eólicas, S.A. sold an interest of 5% in Eólica Sierra de Avila, S.L. and Eólica del Alfoz, S.L. to Invesducro Eólica, S.L.;
- Enernova sold its 5% interest in Bioeléctrica, S.L. to EDP Imobiliária.

Companies merged during the period:
- Horizon Wind Energy Company LLC was merged into Horizon Wind Energy LLC;
- Bolores - Energia Eólica, S.A. and Safra - Energia Eólica, S.A. were merged into Enernova - Novas Energias, S.A..

Companies incorporated during the period:
- Eólica de Radona S.L. was incorporated being 100% held by Sinae Inversiones Eólicas, S.A.;
- Neolica Polska SP Z.O.O. was incorporated and it is 100% held by NEO;
- The companies Cloud County Wind Farm, Pioneer Prairie Wind Farm I, LLC, Sagebrush Power Partners, LLC, Rail Splitter, Cloud West Wind Project, LLC, Wheatfield Wind Power Project, LLC and Whitestone Wind Purchasing, LLC were incorporated during 2008 and are 100% held by Horizon Wind Energy LLC.

Companies acquired during the period:
- DEPSA S.A. acquired an additional 5% interest in Desarollos Eólicos del Corme, S.A.;
- Desarrollos Catalanes Del Viento,S.L. acquired 100% of the companies Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L. (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 100% of the subgroups Hollywell and Ridgeside, several companies that are currently included in the Neo Galia subgroup, Bom Vent de Corbera, Bom Vent de Vilalba and Parc Eolic Molinars, S.L. (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 85% of the companies Renovatio Power and Cernavoda Power (see note 17);
- Nuevas Energías de Occidente,S.L. acquired 51% of the companies Relax Wind Park IV Sp and Relax Wind Park II Sp;
- Nuevas Energías de Occidente,S.L. increased the interest from 73.3% to 93.3% in the company Relax Wind Park I Sp and from 51% to 100% in the company Relax Wind Park III, Sp.

The companies included in the consolidation perimeter as at 31 December 2009 and 2008 are listed in the Annex 1 to these consolidated annual accounts.

6. Revenue

Revenue is analysed by sector as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Revenue by sector of activity/business:		
Electricity	632,726	514,039
Other	10,791	12,738
	643,517	526,777
Services rendered by sector of activity:		
Other	4,725	5,652
	648,242	532,429
Total Revenue:		
Electricity	632,726	514,039
Other	15,516	18,390
	648,242	532,429

The breakdown of **Revenue** for the Group, by geographic market, is presented in the Segmental reporting (see note 43).

Cost of consumed electricity and **Changes in inventories and cost of raw material and consumables used** is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cost of consumed electricity	1,522	993
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	2,803	17,160
Changes in inventories	1,910	-5,909
	6,235	12,244

7. Other operating income

Other operating income is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Supplementary income	1,303	1,503
Gains on fixed assets	51	823
Turbine availability income	12,692	2,390
Income from sale of interests in institutional partnerships - Horizon	82,671	61,238
Amortization of deferred income related to power purchase agreements	17,654	18,272
Operating indemnities	3,319	1,004
Other income	7,541	4,294
	125,231	89,524

Income from sale of interests in institutional partnerships - Horizon, includes revenue recognition related to production tax credits (PTC) and tax depreciations, related to projects Vento I, II, III, IV and V (see note 33).

The power purchase agreements between Horizon and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 million Euros (USD 190.4 million) and recorded as a non-current liability (note 33). This liability is amortised over the period of the agreements against other operating income. As at 31 December 2009, the amortization for the year amounts to 17,654 thousands of Euros (31 December 2008: 18,272 thousands of Euros).

Turbine availability income refers to compensation received from turbines suppliers when the measured average availability of turbines in activity is less than 93% in the first six months and/or less than 97% in any of the subsequent periods of six months during the warranty period.

Operating indemnities refer to amounts received from insurance companies related with accidents in tangible fixed assets accidents and/or losses on the operational activity.

8. Supplies and services

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Supplies and services:		
Water, electricity and fuel	1,876	1,808
Tools and office material	1,692	1,628
Leases and rents	22,310	17,696
Communications	2,679	1,686
Insurance	8,244	6,009
Transportation, travelling and representation	7,499	6,258
Commissions and fees	813	574
Maintenance and repairs	70,823	40,251
Advertising	1,848	2,223
Specialised works		
- IT services	3,457	3,274
- Legal fees	3,411	2,068
- Advisory fees	8,707	11,935
- Shared services	5,931	4,338
- Other services	4,319	3,566
Royalties	1,500	1,500
Other supplies and services	3,195	2,133
	148,304	106,947

9. Personnel costs and employee benefits expense

Personnel costs is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Remunerations	41,135	32,840
Social charges on remunerations	5,718	5,095
Employee's variable remuneration	11,563	14,257
Employee's benefits	1,773	1,501
Other costs	5,580	2,823
Own work capitalised	-23,855	-19,505
	41,914	37,011

The average breakdown by management positions and professional category of the permanent staff (annual average) as of 31 December 2009 and 2008 is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Board members	16	14
Senior management / Senior officers	52	51
Middle management	381	320
Highly-skilled and skilled employees	180	143
Semi-skilled workers	108	116
	737	644

The number of employees includes Management and all the employees of all the subsidiaries and associates.

Employee benefits expense is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Costs with pension plans	614	1,085
Costs with medical care plan and other benefits	19	5
	633	1,090

As at 31 December 2009, Costs with pension plans relates to defined contribution plans (596 thousands of Euros) and defined benefit plans (18 thousands of Euros), see also note 31.

Cost with pension plans includes 979 thousands of Euros related to a reversal of the provisions, due to a transfer of responsibilities to other EDP group companies.

10. Other operating expenses

Other operating expenses are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Direct operating taxes	11,958	8,574
Indirect taxes	6,466	4,047
Losses on fixed assets	1,970	2,289
Lease costs related to the electricity generating centres	4,995	4,343
Donations	285	1,988
Amortizations of Deferred O&M cost	872	1,629
Turbine availability bonus	661	255
Other costs and losses	6,631	3,659
	33,838	26,784

11. Depreciation and amortisation expense

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Property, plant and equipment:		
Buildings and other constructions	594	489
Plant and machinery:		
Hydroelectric generation	83	83
Thermoelectric generation	192	460
Wind generation	306,733	201,500
Other	349	23
Transport equipment	142	140
Office equipment	3,180	1,600
Other	860	344
	312,133	204,639
Other intangible assets:		
Industrial property, other rights and other intangibles	2,217	3,125
	2,217	3,125
	314,350	207,764
Amortisation of deferred income (Government grants):		
Investment grants	-2,403	-696
	-2,403	-696
	311,947	207,068

12. Gains / (losses) from the sale of financial assets

Gains / (losses) from the sale of financial assets, for the Group, are analysed as follows:

	31 Dec 2009		31 Dec 2008	
	Disposal %	Value Euro'000	Disposal %	Value Euro'000
Investments in subsidiaries and associates				
Ibersol Solar Ibérica, S.A.	50%	268	-	-
Marquesado del Solar, S.A.	-	-	50%	2,378
Investigación y Desarollo de Energias Renovables, S.L. ("IDER")	-	-	20%	-15
		268		2,363

Generaciones Especiales I, SL, sold its 50% shareholding in IBERSOL Solar Ibérica, SA to Solar Millennium AG, for 300 thousands of Euros, generating an accounting gain of 268 thousands of Euros.

13. Other financial income and financial expenses

Other financial income and financial expenses are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Other financial income:		
Interest income	7,865	19,271
Derivative financial instruments		
Interest	9,108	25,978
Fair value	5,983	1,692
Foreign exchange gains	12,747	223,960
Other financial Income	14	-
	35,717	270,901
Other financial expenses:		
Interest expense	103,745	93,851
Derivative financial instruments		
Fair value	4,579	5,663
Foreign exchange losses	5,629	227,272
Own work capitalised (financial interests)	-74,691	-39,176
Unwinding	65,901	57,922
Other financial expenses	2,988	2,588
	108,151	348,120
Financial income / (expenses)	-72,434	-77,219

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 33 and 35).

Foreign exchange gains (13,274 thousands of Euros) as at 31 December 2009 are essentially related with the appreciation of the Zloty against the Euro (8,487 thousands of Euros) and with the financings granted by EDP Branch to EDP Renováveis (2,150 thousands of Euros).

In acordance with the accounting policy described on note 2g), of the 31 December 2009 consolidated financial statetments the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2009 amounted to 74,691 thousands of Euros (39,176 thousands of Euros as at 31 December 2008) and are included under Own work capitalised (financial interest). The implicit interest rates used for this capitalisation vary in accordance with the related loans, between 1.839% and 10.250%.

Interest expense refers to interest on loans bearing interest at market rates.

Unwinding expenses refers to the financial update of provisions for dismantling and decommissioning of wind farms 3,134 thousands of Euros, 2008 : 2,157 thousands of Euros (see note 32), to the financial update of the liability related with put option Genesa and Desa 8,620 thousands of Euros, 2008:12,134 thousands of Euros (see note 33) and the implied return in institutional partnerships in US wind farms 54,147 thousands of Euros, 2008: 43,631 thousands of Euros (see note 33).

14. Income tax expense

In accordance with prevailing legislation, tax returns are subject to review and correction by the tax authorities during subsequent years. In Portugal and Spain this period is four years, and 2005 is the last year considered to be definitively reviewed by the tax authorities. In the United States of America, generally, the statute to the issuance by tax authorities (IRS) of a tax additional liquidation is three years from the date of settlement of the annual tax declaration of a company.

Tax losses generated in each year, also subject to inspection and adjustment, may be deductible from taxable profits during subsequent years (6 years in Portugal, 15 years in Spain and 20 years in the EUA). The breakdown of tax losses carried forward and the respective expiration date are presented in Note 20. The companies of the EDP Renováveis Group are taxed, whenever possible, on a consolidated basis allowed by the tax law of the respective countries.

Nuevas Energías de Occidente, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved.

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Current tax	-34,112	-55,047
Deferred tax	-10,642	6,068
	-44,754	-48,979

The effective income tax rate as at 31 December 2009 and 2008 is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Profit before tax	162,541	161,197
Income tax	-44,754	-48,979
Efective Income Tax Rate	27.53%	30.38%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2009 and 31 December 2008 is analysed as follows:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Profit before taxes	162,541	161,197
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-48,762	-48,359
Income taxes for the period	-44,754	-48,979
Difference	4,008	-620
Tax effect of operations with institutional partnerships	22,013	37,929
Depreciation and amortization	-4,656	24,274
Unrecognised deferred tax assets related to tax losses generated in the period	-31,447	-51,881
Production tax credits	14,702	815
Fair value of financial instruments and financial investments	-2,587	-10,062
Financial investments in associates	1,263	1,333
Difference between gains and accounting gains and losses	727	-1,225
Autonomous Tax	-493	-237
Tax exempt dividends	-	-2,084
Tax benefits	2,666	-970
Effect of tax rates in foreign jurisdictions	1,674	409
Other	146	1,079
	4,008	-620

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

		Tax rate	
Country	Subgroup	2009 and 2008	Subsequent years
Spain	NEO	30.00%	30.00%
Portugal	NEO	26.50%	26.50%
France	NEO	33.33%	33.33%
Poland	NEO	19.00%	19.00%
Belgium	NEO	33.99%	33.99%
Romania	NEO	16.00%	16.00%
United States	Horizon	37.63%	37.63%
Brazil	EDPR Brazil	34.00%	34.00%

15. Property, plant and equipment

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cost:		
Land and natural resources	13,119	11,739
Buildings and other constructions	11,041	10,855
Plant and machinery:		
Hydroelectric generation	2,619	2,619
Thermoelectric cogeneration	6,008	6,008
Wind generation	7,354,463	5,227,721
Other plant and machinery	255	247
Transport equipment	1,063	686
Office equipment and tools	21,492	9,378
Other tangible fixed assets	8,829	7,334
Assets under construction	2,038,064	2,382,901
	9,456,953	7,659,488
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-312,133	-204,639
Accumulated depreciation	-509,809	-313,044
	-821,942	-517,683
Carrying amount	8,635,011	7,141,805

The balance of Assets under construction as at 31 December 2008 has been adjusted 89,022 thousands of Euros as a result of the final reclassified due to Neo Catalunya and Romania purchase price allocation carried out in 2009 (see note 17).

The movement in **Property, plant and equipment** from 31 December 2008 to 31 December 2009, is analysed as follows:

	Balance 1 January Euro'000	Acquisitions / Increases Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Cost:							
Land and natural resources	11,739	1,591	-4	128	-423	88	13,119
Buildings and other constructions	10,855	2,802	-	-	-147	-2,469	11,041
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	5,227,721	49,155	-974	2,189,644	-130,206	19,123	7,354,463
Other plant and machinery	247	-	-	8	-	-	255
Transport equipment	686	527	-84	-	-32	-34	1,063
Office equipment and tools	9,378	9,354	-23	3,391	-356	-252	21,492
Other	7,334	478	-34	1,111	-60	-	8,829
Assets under construction	2,382,901	1,831,280	-3,580	-2,195,668	-3,618	26,749	2,038,064
	7,659,488	1,895,187	-4,699	-1,386	-134,842	43,205	9,456,953

	Balance 1 January Euro'000	Charge for the period Euro'000	Impairment Losses / Reverses Euro'000	Disposals Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Accumulated depreciation and impairment losses							
Buildings and other constructions	1,736	594	-	-	-16	-27	2,287
Plant and machinery:							
Hydroelectric generation	1,443	83	-	-	-	-	1,526
Thermoelectric cogeneration	5,817	192	-	-	-	-	6,009
Wind generation	499,925	306,733	-	-180	-8,893	1,791	799,376
Other plant and machinery	214	349	-	-	-	-336	227
Transport equipment	266	142	-	-34	-9	2	367
Office equipment and tools	4,256	3,180	-	-25	-90	-271	7,050
Other	4,026	860	-	-28	-28	270	5,100
	517,683	312,133	-	-267	-9,036	1,429	821,942

Plant and Machinery includes the cost of the wind farms under operation.

Perimeter variations/regularisations include, among others, the effect of the acquisition of the wind power companies CENAEEL and Elebrás, Brazilian subsidiaries, and other companies of NEO Group, mainly Mardelle, Quinze Mines, Vallée du Moulin, Bon Vent de L'Ebre, Elektrownia Wiatrowa Kresy and Aprofitament D'Energies Renovables de la Terra Alta, totalling 40,032 thousands of Euros.

Aquisitions / Increases of assets under construction include 35,756 thousands of Euros related to the purchase price allocation performed in 2009 for the companies acquired during the year (see note 17).

The movement in **Property, plant and equipment** from 31 December 2007 to 31 December 2008, is analysed as follows:

	Balance 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Cost:							
Land and natural resources	4,589	-	-2,886	6	-781	10,811	11,739
Buildings and other constructions	241,920	2,898	-	-233,333	-630	-	10,855
Plant and machinery:							
Hydroelectric generation	2,619	-	-	-	-	-	2,619
Thermoelectric cogeneration	6,008	-	-	-	-	-	6,008
Wind generation	2,640,479	13,427	-8,524	2,353,325	152,953	76,061	5,227,721
Other plant and machinery	247	-	-	-	-	-	247
Transport equipment	332	308	-	-	33	13	686
Office equipment and tools	5,091	1,971	-3	1,470	222	627	9,378
Other	27,754	47,236	-109	629	38	-68,214	7,334
Assets under construction	2,303,822	2,156,430	-4,600	-2,122,097	47,461	1,885	2,382,901
	5,232,861	2,222,270	-16,122	-	199,296	21,183	7,659,488

	Balance 1 January Euro'000	Charge for the period Euro'000	Impairment Losses / Reverses Euro'000	Disposals Euro'000	Exchange Differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance 31 December Euro'000
Accumulated depreciation and impairment losses:							
	3,780	489	-	-	5	-2,538	1,736
Plant and machinery:							
Hydroelectric generation	1,360	83	-	-	-	-	1,443
Thermoelectric cogeneration	5,357	460	-	-	-	-	5,817
Wind generation	286,419	201,500	-278	-27	6,817	5,494	499,925
Other plant and machinery	191	23	-	-	-	-	214
	114	140			10	2	266
	2,822	1,600	-1		59	-224	4,256
	6,518	344	-41	-21	18	-2,792	4,026
	306,561	204,639	-320	-48	6,909	-58	517,683

Assets under construction as at 31 December 2009 and 2008 are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Electricity business:		
Horizon Wind Energy Group	438,274	891,131
NEO Group	1,595,787	1,491,410
EDP Renováveis	1,861	296
EDP Renováveis Brasil	2,142	64
	2,038,064	2,382,901

Assets under construction as at 31 December 2009 and 2008 for NEO and Horizon Group are essentially related to wind farms under construction and development.

Financial interests capitalised amount to 74,691 thousands of Euros as at 31 December 2009 and 39,176 thousands of Euros as at 31 December 2008 (see note 13).

Personnel costs capitalised amount to 23,855 thousands of Euros as at 31 December 2009 (31 December 2008: 19,505 thousands of Euros) (see note 9).

The EDP Renováveis Group has lease and purchase obligations as disclosed in Note 36 - Commitments below.

16. Intangible assets

This balance is analysed as follows:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Cost:		
Industrial property, other rights and other intangible assets	30,378	33,521
Intangible assets under development	2,844	2,840
	33,222	36,361
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-2,217	-3,125
Accumulated depreciation	-13,665	-10,828
	-15,882	-13,953
Carrying amount	17,340	22,408

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 13,920 thousands of Euros related to wind generation licenses of Portuguese companies (31 December 2008: 18,022 thousands of Euros) and Horizon Group (31 December 2008: 14,408 thousands of Euros), respectively.

Intangible assets under development are essentially related to advances for the acquisition of electricity wind generation licenses.

The movement in Intangible assets from 31 December 2008 to 31 December 2009, is analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Cost:							
Industrial property, other rights and other intangible assets	33,521	39	-	-2,773	-409	-	30,378
Intangible assets under development	2,840	4	-	-	-	-	2,844
	36,361	43	-	-2,773	-409	-	33,222

	Balance at 1 January Euro'000	Charge for the year Euro'000	Impairment Euro'000	Disposals Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	13,953	2,217			-105	-183	15,882
	13,953	2,217	-	-	-105	-183	15,882

The movement in Intangible assets during 2008, is analysed as follows:

	Balance at 1 January Euro'000	Acquisitions Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Cost:							
Industrial property, other rights and other intangible assets	29,677	295	-	2,744	795	10	33,521
Intangible assets under development	3,781	-	-941	-	-	-	2,840
	33,458	295	-941	2,744	795	10	36,361

	Balance at 1 January Euro'000	Charge for the year Euro'000	Disposals Euro'000	Transfers Euro'000	Exchange differences Euro'000	Perimeter Variations / Regularisations Euro'000	Balance at 31 December Euro'000
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	10,500	3,125	-	205	110	13	13,953
	10,500	3,125	-	205	110	13	13,953

17. Goodwill

For the Group, the breakdown of **Goodwill** resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Electricity business:		
Goodwill booked in NEO Group	765,987	735,941
Goodwill booked in Horizon Wind Energy Group	550,868	569,777
Goodwill booked in EDP Renováveis Brazil Group	1,501	-
	1,318,356	1,305,718

EDP Renováveis Group goodwill as at 31 December 2009 and 31 December 2008 is analysed as follows:

		Group	
	Functional Currency	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Horizon group	US Dollar	550,868	569,777
Genesa group	Euro	477,522	441,356
Ceasa group	Euro	117,513	146,469
Relax Winds group (Poland)	Zloty	26,410	25,424
Enernova group	Euro	42,588	43,011
NEO Galia SAS group	Euro	83,160	45,104
Hollywell group	Euro	-	8,007
Ridgeside group	Euro	-	4,317
Romania group	Lei	10,931	14,803
NEO Catalunia	Euro	4,689	4,187
EDPR Brazil Group	Brazilian Real	1,501	-
Other	Euro	3,174	3,263
		1,318,356	1,305,718

In accordance with IFRS 3, following the final purchase price allocation carried out in 2009, the goodwill for NEO Catalunia and Romania subgroups as at 31 December 2008 was reclassified in the amounts of 17,012 thousands of Euros and 49,658 thousands of Euros, respectively (see information disclosed below in this note).

In accordance with IFRS 3, following the final purchase price allocation carried out in 2008, the goodwill for Relax wind subgroup as at 31 December 2007 was reclassified in the amounts of 43,908 thousands of Euros.

During the year 2009, the movements in Goodwill, by subgroup, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Exhange Differences Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 31 December Euro'000
Electricity Business							
Horizon group	569,777	-	-	-	(18,909)	-	550,868
Genesa group	441,356	36,166	-	-	-	-	477,522
Ceasa group	146,469	76	-3,502	-	-	(25,530)	117,513
Relax Winds group (Poland)	25,424	736	-	-	250	-	26,410
Enernova group	43,011	-	-423	-	-	-	42,588
NEO Galia SAS group	45,104	113		-	-	37,943	83,160
Hollywell group	8,007	-	-	-	-	(8,007)	-
Ridgeside group	4,317	-	-	-	-	(4,317)	-
Romania group	14,803	216	-4,088	-	-	-	10,931
Neo Catalunia	4,187	502	-	-	-	-	4,689
EDPR Brazil Group	-	1,246	-	-	255	-	1,501
Other	3,263	-	-	-	-	(89)	3,174
	1,305,718	39,055	(8,013)	-	(18,404)	-	1,318,356

During the year 2008, the movements in Goodwill, by subgroup, are analysed as follows:

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Other Euro'000	Perimeter Variations/ Regularisations Euro'000	Balance at 30 June Euro'000
Electricity Business							
Horizon group	539,353	-	-	-	30,424	-	569,777
Genesa group	459,812	1,674	-19,116	-	-	(1,014)	441,356
Ceasa group	141,949	8,484	-3,964	-	-	-	146,469
Relax Winds group (Poland)	14,010	35,920	-24,506	-	-	-	25,424
Enernova group	42,971	40	-	-	-	-	43,011
NEO Galia SAS group	-	52,472	-7,368	-	-	-	45,104
Hollywell group	-	8,118	-111	-	-	-	8,007
Ridgeside group	-	4,368	-51	-	-	-	4,317
Romania group	-	14,803	-	-	-	-	14,803
Neo Catalunia	-	4,187	-	-	-	-	4,187
Other	3,075	188	-	-	-	-	3,263
	1,201,170	130,254	(55,116)	-	30,424	(1,014)	1,305,718

During 2009, the accounting value of assets, liabilities and contingent liabilities recognised at the date of acquisition for the business combinations carried out (Elektrownia Wiatrowa Kresy I, Vallée du Moulin, Mardelle, Quinze Mines, Coll de la Garganta, Serra Voltorera, Bon Vent de L'Ébre, Bon Vent de Vilalba, Bon Vent de Corbera, Cenaeel and Elebrás) were as follows:

	Book Value
Property, plant and equipment	105,210
Other assets	9,734
Non-current assets	114,944
Total assets	114,944
Other non-current term liabilities	13,454
Current liabilities	45,896
Total liabilities	59,350
Net assets acquired	55,594

Horizon Group

Goodwill arising from the acquisition of the Horizon Wind Energy Group was determined in USD as at 31 December 2009 and amounts to 775,251 thousands of USD, corresponding to 550,868 thousands of Euros (31 December 2008: 569,777 thousands of Euros), including the related transaction costs in the amount of 12,723 thousands of Euros. The decrease in Horizon group goodwill is related with the effect from exchange differences of EUR/USD of 18,909 thousands of Euros (increase of 30,424 thousands of Euros as at 31 December 2008).

Genesa Group

The increase in Genesa Group goodwill is related with revaluation of the put options of Caja Madrid over Genesa and Desa amounting aproximately 36,139 thousands of Euros (31 December 2008: approximately 18,000 thousands of Euros) and the acquisition of the subsidiary Hidroelectrica Fuentermosa (27 thousands of Euros).

Ceasa Group

The increase in Ceasa Group goodwill is related with the acquisition of 48.7% of Aprofitament D'Energies Renovables de la Terra Alta, S.A., with an acquisition cost of 1,083 thousands of Euros.

The decrease in Ceasa Group goodwill results from the decrease of the acquisition price of Parc eolic Coll de Moro, S.L. (1,555 thousands of Euros), Parc eolic Torre Madrina, S.L. (1,555 thousands of Euros) and Parc eolic de Vilalba des Arcs, S.L. (392 thousands of Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa subgroup to Neo Galia subgroup (25,530 thousands of Euros).

Relax Winds Group

In 2007 EDP Renováveis Group has acquired a group of companies in Poland (Relax Wind Group) in order to enter into the wind power sector in this country.

In 2008 EDP Renováveis Group has made an analysis of the MW licensed for construction with the purpose of calculating the payable success fee. As a consequence EDP Renováveis Group has paid an additional amount reflected in goodwill of 19,628 thousands of Euros. Therefore the total increase in goodwill in Relax Winds group has been 35,920 thousands of Euros, during 2008.

In 2009, the increase in Relax Winds Group goodwill is related with the acquisition of 100% of the share capital of subsdiary Elektrownia Wiatrowa Kresy I, S.P. ("Kresy") (736 thousands of Euros) with an acquisition cost of 8.160 thousands of Euros and with the effect from exchange differences of EUR/PLN of 250 thousands of Euros.

The effects of the final PPA of Kresy carried out in 2009 are analysed as follows:

	Book value Kresy	Assets and Fair value adjustments Kresy	Assets and Liabilities at fair value Kresy
Property, plant and equipment	382	9,066	9,448
Other assets (including licenses)	88	-	88
Total assets	470	9,066	9,536
Deferred tax liabilities	-	1,660	1,660
Other liabilities	452	-	452
Total non controlling interests and liabilities	452	1,660	2,112
Net assets at fair value			7,424
Acquisition cost			8,160
Goodwill			736

Enernova Group

The decrease in Enernova Group goodwill is related with an adjustment to the contingent price of the subsidiary Bolores - Energia eólica, S.A..

Neo Galia SAS Group

In 2008, EDP Renováveis acquired in France the NEO Galia SAS subgroup from EOLE 76 and Eurocape, consisting of 3 wind farms in operation in the Normandy region, with a gross installed capacity of 35 MW and an average load factor of 27% and several wind farm projects under development, mostly located in the Normandy and Rhônes-Alpes regions, with an expected average load factor of 28%, representing a total capacity of 560 MW.

The cost of acquisition of the NEO Galia subgroup amounts to 43,088 thousands of Euros, which considering the subgroup's negative net assets of 480 thousands of Euros, originates a goodwill of 43,568 thousands of Euros. This amount includes 8,525 thousands of Euros corresponding to the best estimate of the additional success fees that will be paid for the wind farms that obtain construction licenses until 31 December, 2013. Additionally, during 2008 the interests held by Ridgeside and Hollywell in companies Bataille, Calengeville, Hetroye, Varimpre and Vatines have been transferred to Neo Galia through a share capital increase in kind, originating an increase of goodwill of 8,904 thousands of Euros, totalling 52,472 thousands of Euros of increase in goodwill during 2008.

The cost of acquisition of Hollywell amounts to 7,678 thousands of Euros, which, considering the company's negative assets of 440 thousands of Euros, originates goodwill of 8,118 thousands of Euros.

In 2009, the increase in Neo Galia SAS Group goodwill results from the acquisition of Valleé du Molin, SARL (44 thousands of Euros), Mardelle, SARL (25 thousands of Euros) and Quinze Mines, SARL (44 thousands of Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa, Hollywell, Ridgeside and Other subgroups to Neo Galia subgroup (37,943 thousands of Euros),

Hollywell and Ridgeside Groups

The decrease in Hollywell and Ridgeside Groups goodwill results from the restructuring process that originated the transfer of these two subgroups to Neo Galia subgroup (8,007 thousands of Euros and 4,317 thousands of Euros, respectively).

Romania Group

In 2008, EDP Renováveis group acquired 85% of share capital of Renovatio Power and Cernavoda Power, two romanian companies that own projects for wind power generation with a total capacity of 736 MW.

The acquisition cost was 64,435 thousands of Euros, including a sucess fee of 63,217 thousands of Euros. Considering the companies negative net asset of 26 thousands of Euros, the goodwill originated, amounted to 64,461 thousands of Euros.

In 2009, the increase in Romania Group goodwill is related with an increase in the acquisition contingent price (216 thousands of Euros) of the company Renovatio Power.

In 2009, the decrease in Romania Group goodwill (4,088 thousands of Euros) results from the decrease of the payable success fees as pre-established contractual assumptions were not achieved.

The effects of the final PPA carried out in 2009 is analysed as follows:

	Book value Romania Group	Assets and Fair value adjustments Romania Group	Assets and Liabilities at fair value Romania Group
Property, plant and equipment	11,222	67,823	79,045
Other assets (including licenses)	296	-	296
Total assets	11,518	67,823	79,341
Non controlling interests	-	8,763	8,763
Deferred tax liabilities	-	9,402	9,402
Other liabilities	11,551	-	11,551
Total non controlling interests and liabilities	11,551	18,165	29,716
Net assets at fair value			49,625
Acquisition cost			60,556
Goodwill			10,931

Neo Catalunia Group

In 2008 Neo Catalunya, a 100% subsidiary of NEO, acquired from Copcisa Eléctrica, S.L.U. two companies, Bom Vent Corbera, S.L. and Bom Vent Vilalba, S.L., that own several wind farms in development stage, with an expected installed capacity of 99 MW. The acquisition cost was 21,370 thousands of Euros which resulted in a goodwill of 21,199 thousands of Euros.

In 2009, the increase in Neo Catalunia Group goodwill is related with the acquisition of 100% of the share capital of subsdiary Bom Vent de L'Ébre ("Ébre") (502 thousands of Euros) with na acquisition cost of 7,687 thousands of Euros. The effects of the final PPA carried out in 2009 are analysed as follows:

	Book value Ebre	Assets and Fair value adjustments Ebre	Assets and Liabilities at fair value Ebre
Property, plant and equipment	4,113	8,995	13,108
Other assets (including licenses)	1,012	-	1,012
Total assets	5,125	8,995	14,120
Deferred tax liabilities	-	1,864	1,864
Other liabilities	5,070	-	5,070
Total non controlling interests and liabilities	5,070	1,864	6,934
Net assets at fair value			7,186
Acquisition cost			7,688
Goodwill			502

EDPR Brazil Group

The increase in EDPR Brazil Group goodwill is related with the acquisition of 100% of share capital of CENAEEL in the amount of 1,246 thousands of Euros and with the effect from exchange difference of the EUR/BRL of 255 thousands of Euros. In 2009 EDPR Brazil Group also acquired 100% of share capital of Elebrás but the no goodwill was generated in the acquisition. The acquisition price of these two companies was approximately 15,000 thousands of Euros.

The effects of the final PPA of Cenaeel carried out in 2009 are analysed as follows:

	Book value EDPR Brazil Group	Assets and Fair value adjustments EDPR Brazil Group	Assets and Liabilities at fair value EDPR Brazil Group
Property, plant and equipment	15,790	18,186	33,976
Other assets (including licenses)	4,362	-	4,362
Total assets	20,152	18,186	38,338
Deferred tax liabilities	-	5,742	5,742
Other liabilities	10,458	-	10,458
Total non controlling interests and liabilities	10,458	5,742	16,200
Net assets at fair value			22,138
Acquisition cost			23,384
Goodwill			1,246

During 2009 the EDP Renováveis Group has paid an amount of 74,342 thousands of Euros (31 December 2008: 91,099 thousands of Euros) for business combinations, which includes na amount of 6,250 thousands of Euros of cash and cash equivalents acquired (5,171 thousands of Euros).

2008 Goodwill movements

During 2008, the accounting value of assets, liabilities and contingent liabilities recognised at the date of acquisition for the business combinations carried out (Neo Galia, Ridgeside, Hollywell, Romania and Neo Catalunia) were as follows:

	Book Value
Intangible assets	2
Property, plant and equipment	55,583
Financial investments	63,373
Goodwill	-
Non-current assets	118,958
Current assets	18,741
Total assets	137,699
Medium and long term financial debt	112,557
Other non-current term liabilities	17,073
Current liabilities	18,294
Total liabilities	147,924
Net assets acquired	(10,225)

The details of the combination cost, the net assets acquired and goodwill, for 2008 acquisitions are as follows:

	2008 Total
Combination cost	
Amount paid (or attributed value)	64,269
Directly attributable costs	4,689
Contingent purchase price	71,742
Total combination cost	140,700
Book value of net assets acquired	(10,207)
Goodwill (difference between the value of net assets acquired and cost of acquisition)	150,907

Relax Wind Group

During 2008 the goodwill assigned to the acquisition of the Relax Wind Group has changed due to a purchase price allocation carried out:

	Book value Relax Winds Group	2007 Assets and Fair value adjustments Relax Winds Group	2008 Assets and Fair value adjustments Relax Winds Group	Assets and Liabilities at fair value Relax Winds Group
Property, plant and equipment	2,615	86,818	-	89,433
Other assets (including licenses)	1,082	-	-	1,082
Total assets	3,697	86,818	-	90,515
Non controlling interests	-	27,986	(24,502)	3,484
Deferred tax liabilities	-	14,924	-	14,924
Other liabilities	3,108	-	-	3,108
Total non controlling interests and liabilities	3,108	42,910	(24,502)	21,516
Net assets at fair value				68,999
Acquisition cost				94,423
Goodwill				25,424

Neo Galia Group (including Ridgeside and Holywell)

During 2008 the goodwill assigned to the acquisition of the Neo Galia Group has changed due to a purchase price allocation carried out:

	Book value Neo Galia Group	Assets and Fair value adjustments Neo Galia Group	Assets and Liabilities at fair value Neo Galia Group
Property, plant and equipment	41,783	9,458	51,241
Other assets (including licenses)	55,175	-	55,175
Total assets	96,958	9,458	106,416
Deferred tax liabilities	-	2,090	2,090
Other liabilities	106,859	-	106,859
Total liabilities	106,859	2,090	108,949
Net assets at fair value			(2,533)
Acquisition cost			54,895
Goodwill			57,428

Goodwill impairment tests - NEO Group

The goodwill of each of the subgroups of the Neo Group are tested for impairment anually. In the case of operational wind farms is performed by determining the recoverable value through the value in use of the different cash generating units (CGUs) comprising each of the subgroups of the Neo Group. In the case of wind farms at different stages of development, the recoverable value is determined using the fair value, less cost of sales.

The EDP Renováveis Group considers as CGUs the subsidiaries or subgroups taking in consideration the transaction that originates the goodwill.

The recoverable value of a CGU is determined based on calculations of the value in use. These calculations use cash flow projections based on financial budgets covering a period of five years approved by management. Cash flows after the five-year period are extrapolated using estimated growth rates. The growth rate does not exceed the average long-term growth rate of renewable energy generating businesses.

The method for determining the fair value of projects under development applied by the Neo Group is similar to that for determining the value in use of a CGU, adjusted for the probability of projects in development being completed and obtaining all the operating permits and licences.

The valuation analysis method used to evaluate the goodwill of NEO was based on a discounted cash flow model using unlevered pre-tax cash flows.

Goodwill impairment tests - Horizon Group

The valuation analysis method used to evaluate the goodwill of Horizon was based on a discounted cash flow model utilizing unlevered pre-tax cash flows generated from existing projects.

Impairment tests - Assumptions

The assumptions used for goodwill impairment tests as of 31 December 2009 and 2008 were as follows:

31 December 2009

Cash Generating Unit	Activity	Recoverable amount (basis of calculation) (gross of tax effect)	Cash flows basis of calculation	Cash flows period and Terminal value	Growth rate for cash flows	Discount rate used (gross of tax effect)
Horizon group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects / power purchase agreements	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution and market sales price	Discount rate (USA): 5.9% Cash Grant deal 6.8% PTC deal
Genesa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Ceasa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Relax Winds group (Poland)	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 7.41%
Enernova group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 5.83%
NEO Galia SAS group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 5.83%
Romania group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 7.33%
Neo Catalunia	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) 15% of CAPEX	Estimation of tariffs evolution	Discount rate (Esp): 6.06%

31 December 2008

Cash Generating Unit	Activity	Recoverable amount (basis of calculation) (gross of tax effect)	Cash flows basis of calculation	Cash flows period and Terminal value	Growth rate for cash flows	Discount rate used (gross of tax effect)
Horizon group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects / power purchase agreements	Useful life of equipments (20 years) 15% of CAPEX	10%	Discount rate: 8%
Genesa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.96%
Ceasa group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.06%
Relax Winds group (Poland)	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 8.53%
Enernova group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 7.66%
NEO Galia SAS group	Wind Generation	Value in use Equity Value (DCF)	Installed capacity and tariff evolution prospects in the market	Useful life of equipments (20 years) (a)	Estimation of tariffs evolution	Discount rate (Esp): 6.66%

(a) Terminal value

The EDP Renováveis Group has considered a terminal value, after 20 years of wind farms use, that corresponds to the valuation of (i) the possibility of increasing the generation capacity of the wind farms, (ii) the maintenace of licenses and rights of EDP Renováveis to use wind farms and (iii) the additional value related with the remain useful life of wind farms beyond the period above referred.

Reclassifications due to purchase price allocations carried out during 2009

During 2009, the EDPR Renováveis Group has carried out the purchase price allocation of Neo Catalunia and Romania subgroups acquired during 2008. In accordance to IFRS 3, the fair value of identifiable assets liabilities or contingent liabilities are adjusted with effect from the date of acquisition. Therefore, the Group has made the following reclassifications of 31 December 2008 balances:

	31 Dec 2008 Euro'000	PPA Reclassifications Euro'000	31 Dec 2008 Reclassified Euro'000
Property, plant and equipment	7,052,783	89,022	7,141,805
Goodwill	1,372,388	-66,670	1,305,718
Assets	8,425,171	22,352	8,447,523
Non controlling interest	82,751	8,763	91,514
Deferred tax liabilities	303,331	13,589	316,920
Total non controlling interests and liabilities	386,082	22,352	408,434

During 2008, the EDPR Renováveis Group has carried out the purchase price allocation of Relax Wind subgroup acquired during 2007. In accordance to IFRS 3, the fair value of identifiable assets liabilities or contingent liabilities are adjusted with effect from the date of acquisition. Therefore, the Group has made the following reclassifications of 31 December 2007 balances:

	31 Dec 2007 Euro'000	PPA Reclassifications Euro'000	31 Dec 2007 Reclassified Euro'000
Property, plant and equipment	4,839,482	86,818	4,926,300
Goodwill	1,245,078	-43,908	1,201,170
Assets	6,084,560	42,910	6,127,470
Non controlling interest	185,587	27,986	213,573
Deferred tax liabilities	278,470	14,924	293,394
Total non controlling interests and liabilities	464,057	42,910	506,967

18. Investments in associates

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Investments in associates:		
Equity holdings in associates	47,609	40,782
Carrying amount	47,609	40,782

For the purpose of annual accounts presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

The breakdown of **Investments in associates as at 31 December 2009**, is analysed as follows:

	Group 31 Dec 2009	
	Investment Euro'000	Impairment Euro'000
Associated companies:		
Desarrollos Eólicos de Canárias, S.A.	11,235	-
Parque Eólico altos del Voltoya, S.A.	9,593	-
ENEOP - Éolicas de Portugal, S.A.	6,907	-
Parque Eólico Sierra del Madero S.A.	5,485	-
Veinco Energia Limpia S.L.	4,154	-
Parque Eólico Belmonte, S.A.	3,073	-
Associates of Valle del Ebro Ingeniería y Consultoría, S.L.	2,014	-
Hidroastur S.A.	1,937	-
Horizon Wind Energy	1,686	
Other	1,525	-
	47,609	-

The breakdown of **Investments in associates as at 31 December 2008**, is analysed as follows:

	Group	
	31 Dec 2008	
	Investment Euro'000	Impairment Euro'000
Associated companies:		
Desarrollos Eólicos de Canárias, S.A.	10,735	-
ENEOP - Éolicas de Portugal, S.A.	6,486	-
Parque Eólico Sierra del Madero S.A.	5,454	-
Veinco Energia Limpia S.L.	4,154	-
Parque Eólico altos del Voltoya, S.A.	3,481	-
Parque Eólico Belmonte, S.A.	3,243	-
Associates of Valle del Ebro Ingeniería y Consultoría, S.L.	2,241	-
Hidroastur S.A.	2,112	-
Horizon Wind Energy	2,031	-
Other	845	-
	40,782	-

The movement in **Investments in associates**, is analysed as follows:

	Group	Group
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Balance as at 1 January	40,782	32,514
Acquisitions	7,207	3,569
Disposals	-137	-210
Share of profits of associates	3,939	4,369
Dividends received	-4,107	-2,693
Exchange differences	-75	151
Changes in consolidation method	-	3,436
Changes in perimeter consolidation	-	-201
Transfers/Regularizations	-	-153
Balance as at 31 December	47,609	40,782

Acquisitions of investments in associates are mainly related to Aprofitament D'Energies Renovables de L'Ebre, S.A. (1,507 thousands of Euros) and Parque Eólico del Voltoya, S.A. (5,700 thousands of Euros).

19. Available for sale financial assets

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Sociedad Eólica de Andalucia, S.A. (16.67%)	11,766	10,854
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	-	783
Wind Expert	500	500
Other	364	364
	12,630	12,501

During 2009, EDP Renováveis Group has increased its share capital interest in subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A. and started to consolidate the subsidiary under the full consolidated method (see note 5).

The assumptions used in the valuation models of available for sale financial assets are as the same used to the impairment test.

20. Deferred tax assets and liabilities

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Deferred tax assets		Deferred tax liabilities		Net deferred tax	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Tax losses brought forward	3,593	3,008	-	-	3,593	3,008
Provisions	2,136	2,173	-	-	2,136	2,173
Derivative financial instruments	5,543	3,581	2,743	1,374	2,800	2,207
Property, plant and equipment	16,082	12,142	8,052	10,542	8,030	1,600
Allocation of fair value to assets and liabilities	-	-	330,911	304,865	-330,911	-304,865
Accounting revaluations	-	-	21	127	-21	-127
Other	712	930	1,197	12	-485	918
	28,066	21,834	342,924	316,920	-314,858	-295,086

Allocation of fair value to assets and liabilities in 2008 includes the effect of the final purchase price allocation of NEO Cataluña (4,187 thousands of Euros) and Romania (9,402 thousands of Euros), perfomed during 2009.

The movements in deferred tax assets and liabilities during the year are analysed as follows:

	31 Dec 2009 Euro'000		31 Dec 2008 Euro'000	
	Tax Assets	Tax Liabilities	Tax Assets	Tax Liabilities
Opening balance	21,834	-316,920	16,719	-293,393
Increases charged to the profit and loss account	7,548	-24,886	4,456	-3,500
Decreases charged to the profit and loss account	-3,489	10,106	-3,352	8,464
Increases charged to reserves	1,969	-1,692	3,572	-13,413
Decreases charged to reserves	-	-63	-	1,473
Change in the applicable tax rate			-14	178
Other movements	204	-9,469	453	-3,140
	28,066	-342,924	21,834	-303,331

Aas referred above, the opening balance of Tax liabilities as at 1 January 2009 includes the effect of the final purchase price allocation of NEO Cataluña (4,187 thousands of Euros) and Romania (9,402 thousands of Euros), perfomed during 2009.

Other movements of deferred tax liabilities relates mainly to the effect of purchase price allocations ocurring in 2009 related to Poland, Catalunia and France (3,944 thounsands of Euros) and Elebrás and Cenaeel (6,452 thousands of Euros).

Details of deferred tax assets and liabilities that will be realised or reversed in over 12 months are as follows:

	Tax Assets 31 Dec 2009 Euro'000	Tax Liabilities 31 Dec 2009 Euro'000
Provisions	83	-
Derivative financial instruments	5,543	2,743
Allocation of acquired assets and liabilities fair values	-	321,207
Property, plant and equipement	14,853	3
Accounting revaluations	-	21
Others	687	7
	21,166	323,981

The Group tax losses and tax credits carried forward are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Expiration date:		
2010	11	11
2011	232	21
2012	224	27
2013	214	105
2014	151	3
2015	4,509	7,462
2016	2,822	3,070
2017 to 2029	640,833	218,029
Without expiration date	149,304	-
	798,300	228,728

The Group has not recorded deferred tax assets for tax losses carried forward of 798,300 thousands of Euros (2008: 228,728 thousands of Euros) due to uncertainty regarding the future realization of the net deferred tax asset. Most of these losses relate to Horizon Wind Energy (622,113 thousands of Euros).

21. Inventories

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Advances on account of purchases	2,795	1,915
Finished and intermediate products	8,163	10,313
Raw and subsidiary materials and consumables:		
Other consumables	386	149
	11,344	12,377

22. Trade receivables

Trade receivables are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short term trade receivables - Current:		
Spain	47,914	46,221
United States of America	27,434	21,130
Portugal	17,918	11,050
France	7,072	4,168
Belgium	5,301	-
Brazil	452	-
Romania	57	-
Poland	-	29
	106,148	82,598
Doubtful debts	2,345	2,347
Impairment losses	-2,345	-2,347
	106,148	82,598

23. Debtors and other assets

Debtors and other assets are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term debtors - Current:		
Loans to related parties	178,028	106,625
Derivative financial instruments	13,765	3,355
Guarantee deposits	11,962	6,853
Tied deposits	90,505	43,016
Other debtors:		
- Amounts related to staff	32	25
- Insurance	1,979	1,059
- Production tax credits (PTC)	213	934
- Horizon warranty claim	2,678	5,179
- Prepaid turbine maintenance	1,450	2,687
- Turbine Availability	6,680	2,288
- Services rendered	9,110	8,513
- Sundry debtors and other operations	21,056	15,279
	337,458	195,813
Medium and long-term debtors - Non-current:		
Loans to related parties	8,408	21,769
Notes receivable (Horizon)	9,397	10,678
Guarantees and tied deposits	34,961	33,666
Derivative financial instruments	5,443	6,081
Other debtors:		
- Deferred costs (Enernova Group)	46,770	42,617
- Deferred PPA costs (High Trail)	5,388	5,748
- O&M contract valuation - Mapple Ridge I (Horizon)	7,405	7,941
- Deferred Tax Equity Costs	6,384	5,002
- Sundry debtors and other operations	5,291	8,038
	129,447	141,540
	466,905	337,353

Loans to related parties - Current mainly includes 106,800 thousands related to a set of loans granted to ENEOP - Éolicas de Portugal, S.A. and 35,086 thousands of Euros with EDP Branch (31 December 2008: 27,978 thousands of Euros) related to the net investment derivative interests liquidation.

Tied deposits - Current mainly includes financing agreement related to Vento VI (63,603 thousands of Euros), Vento V (19,094 thousands of Euros) and Vento IV (4,110 thousands of Euros). Funds are required to be held in the amount sufficient to pay remaining construction related costs. As at 31 December 2008 Tied deposits are mainly related to Vento III financing agreeement (39,736 thousands of Euros).

Guarantees and tied deposits - Non Current are related to project finance agreements, which of NEO Group companies obliged the companies to hold these amounts in bank accounts in order to ensure its capacity of comply with responsabilities.

Deferred costs (Enernova group) - non current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and are recognised on a straight line basis over the estimated useful life of the assets.

24. Tax receivable

Tax receivable is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
State and other public entities:		
- Income tax	19,132	7,755
- Value added tax (VAT)	146,464	150,569
- Other taxes	4,074	16,769
	169,670	175,093

25. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Equity securities:		
Investment funds	33,012	32,369
Debt securities:		
Bonds	4,091	3,405
	37,103	35,774

The fair value of the investment funds is calculated based on the quoted market price of the funds.

The effect in income statement of operations with financial assets at fair value through profit or loss was 1,416 thousands of Euros (31 December 2008: 1,204 thousands of Euros).

26. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Cash:		
- Cash in hand	57	2
Bank deposits:		
- Current deposits	158,411	189,895
- Other deposits	285,165	39,783
	443,576	229,678
Cash and cash equivalents	443,633	229,680

The other includes 257,306 thousands of Euros of deposits made in EDP Finance BV in USD, with a maturity until three months, which earn interests from 0.2% to 0.3%.

27. Capital and Share premium

EDP Renováveis was incorporated on 4 December 2007 with a share capital of 15 thousands of Euros, represented by 1,500 shares with a par value of 10 Euros each. These shares were subscribed entirely by EDP Energias de Portugal, S.A. Sucursal en España, (EDP Branch). On 18 and 21 December 2007, EDP Sucursal increased the share capital of EDP Renováveis through the incorporation of the shares held in its subsidiaries NEO - Nuevas Energias de Occidente, S.L. (corresponding to 60% of this company's share capital) and Horizon Wind Energy LLC, (corresponding to 100% of this company's share capital).

On 25 February 2008, the sole Shareholder of EDP Renováveis, approved a share capital increase of 4,718 thousands of Euros with a share premium of 175,490 thousands of Euros, through the issuance of 471,824 new shares with a par value of 10 Euros each and a share premium of 371.94 Euros per share (175,490 thousands of Euros). This capital increase was fully subscribed by Hidroelectrica del Cantábrico, S.A. through a non-monetary contribution of its 40% interest held in Nuevas Energías de Occidente, S.L., the parent company of the NEO Group, obtaining in exchange an interest of 20% in EDP Renováveis. This agreement was executed on a public deed on 29 February 2008. Since that date, EDP Renováveis holds a 100% interest in Nuevas Energías de Occidente, S.L.

The above referred contributions were made under the Special Regime governing mergers, spin offs, asset contributions and share exchanges established in Chapter VIII, Title deed VII of Royal Decree 4 of 5 March 2004, approving the revised corporate income tax law. In compliance with article 93 of Royal Legislative Decree 4 of 5 March 2004, whereby the revised corporate income tax law was approved.

At the annual general meeting held on 12 March 2008 the shareholders agreed to:

- Increase the share capital of EDP Renováveis, S.L. with a charge to share premium through the issuance of 205,782,806 shares with a par value of 10 Euros each. This capital increase was subscribed by the shareholders in proportion of the respective shareholdings in EDP Renováveis, S.A.

- Reduce the par value of the shares from Euros 10 to 2 Euros per share by splitting the shares representing the total share capital in a proportion of five new shares for each former share. Share capital remained unchanged.

This operation was raised to public deed on 18 March 2008.

At their annual general meeting held on 18 March 2008 the shareholders agreed to convert EDP Renováveis, S.L. into a corporation under the name EDP Renováveis, S.A. The agreement, which was raised to a public deed on 18 March 2008, considers the Company balance sheet as at 17 March 2008 as the conversion balance sheet, replacing the former stakes by shares with the same number and unit value.

On 7 May 2008, EDP, S.A. and Hidrocantabrico approved (i) a share capital increase of EDP Renováveis to 3,381,419,280 Euros. This increase was fully subscribed by EDP, S.A. and Hidrocantabrico through a non monetary contribution of loans granted amounting to 1,040,000 thousands of Euros and 260,000 thousands of Euros, respectively, and (ii) increase of share nominal value from 2 to 5 Euros. After this share capital increase, EDP, S.A. maintained a hold of 80% and Hidrocantabrico a hold of 20% of EDP Renováveis' share capital.

On 13 May 2008, to allow the Initial Public Offering ("IPO"), the General Assembly of EDP Renováveis decided to increase share capital of the Company in a maximum nominal amount of 1,127,139,760 Euros, by issuing of 225,427,952 new shares.

On 2 June 2008, the IPO occurred through the dilution of the interests held by EDP Renováveis shareholders. The number of new shares admitted to negotiation was 196,024,306 shares, and as a consequence, the interest held by EDP, S.A. through its branch in Spain decreased to 62.02% and the interest held by Hidrocantabrico decreased to 15.51% of the EDP Renováveis share capital.

As at 31 December 2009 and 2008 the share capital of EDP Renováveis is composed of 872,308,162 shares with a nominal value of Euros 5 per share.

Earning per share attributable to the shareholders of EDP Renováveis are analysed as follows:

	Group	
	31 Dec 2009	31 Dec 2008
Profit attributable to the equity holders of the parent in thousands of Euros	114,349	104,364
Profit from continuing operations attributable to the equity holders of the parent in thousands of Euros	114,349	104,364
Weighted average number of ordinary shares outstanding	872,308,162	662,217,700
Weighted average number of diluted ordinary shares outstanding	872,308,162	662,217,700
Earnings per share (basic) attributable to equity holders of the parent in Euros	0.13	0.16
Earnings per share (diluted) attributable to equity holders of the parent in Euros	0.13	0.16
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent in Euros	0.13	0.16
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent in Euros	0.13	0.16

The EDP Renováveis Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2009.

The average number of shares was determined as follows:

	Group	
	31 Dec 2009	31 Dec 2008
Ordinary shares issued at the beginning of the year	872,308,162	1,887,298
Effect of shares issued during year	-	660,330,402
Average number of realised shares	872,308,162	662,217,700
Average number of shares during the year	872,308,162	662,217,700
Diluted average number of shares during the year	872,308,162	662,217,700

28. Reserves and retained earnings

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Reserves		
Fair value reserve (cash flow hedge)	16,735	18,669
Fair value reserve (available for sale financial assets)	8,659	7,747
Exchange differences arising on consolidation	570	1,179
	25,964	27,595
Other reserves and retained earnings:		
Retained earnings	98,028	1,158
Additional paid in capital	60,666	60,666
Legal reserve	7,479	-
	166,173	61,824
	192,137	56,348

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDP Renováveis has adopted an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 214 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2009 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	68,012,381.59
Distribution	
Legal reserve	6,801,238.16
Free reserve	61,211,143.43
	68,012,381.59

The EDP Renováveis, S.A. 2008 profits distribution approved in the Annual General Meeting on 14 April 2009 was as follows:

Profit for the period	74,793,901.42
Distribution	
Legal reserve	7,479,390.14
Free reserve	67,314,511.28
	74,793,901.42

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the accumulated net change in the fair value of available-for-sale financial assets as at the balance sheet date. The changes in this consolidated caption are as follows:

	Group	
	Increases Euro'000	Decreases Euro'000
Balance as at 1 January 2009	7,747	-
Changes in fair value for Sociedad Eólica de Andalucia	912	-
Balance as at 31 December 2009	8,659	-

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated financial statements are as follows:

		Exchange rates as at 31 December 2009		Exchange rates as at 31 December 2008	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
Dollar	USD	1.441	1.390	1.392	1.477
Zloty	PLN	4.105	4.362	4.154	3.486
Real	BRL	2.511	2.783	3.244	2.652
Lei	RON	4.236	4.245	4.023	3.762
Pound Sterling	GBP	0.888	0.890	-	-

29. Non controlling interest

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Non controlling interest in income statement	3,438	7,854
Non controlling interest in share capital and reserves	104,055	83,660
	107,493	91,514

Non controlling interest, by subgroup, are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
NEO Group	98,759	91,514
Horizon Wind Energy Group	-	27
EDP Renováveis Brasil	8,734	-27
	107,493	91,514

Non controlling interests of the NEO Group as at 31 December 2008, have been adjusted by 8,763 thousands of Euros following the final purchase price allocation carried out in 2009 (see note 17).

Non controlling interests of the NEO Group as at 31 December 2007, have been adjusted by 27,986 thousands of Euros following the final purchase price allocation carried out in 2008 (see note 17).

30. Financial debt

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term financial debt - Current		
Bank loans:		
- NEO Group	102,500	75,950
- EDP Renováveis Brasil Group	539	-
Loans from shareholders of group entities:		
- NEO Group	-	3,956
Other loans:		
- NEO Group	2,982	3,277
- HWE Group	1,114	-
Interest payable	3,133	2,982
	110,268	86,165
Medium/long-term financial debt - Non-current		
Bank loans:		
- NEO Group	394,895	451,062
- EDP Renováveis Brasil Group	7,704	-
Loans from shareholders of group entities:		
- EDP Renováveis , S.A.	2,131,042	862,817
- NEO Group	-	34,394
Other loans:		
- NEO Group	25,823	27,835
- HWE Group	3,707	-
	2,563,171	1,376,108
	2,673,439	1,462,273

Financial debt Non - Current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,131,042 thousands of Euros). These loans have an average maturity of 9.1 years and bear interest at market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects, and the compliance with some ratios. As at 31 December 2009, these financings amount to 444,212 thousands of Euros (478,904 thousands of Euros as at 31 December 2008), which are already included in the total debt of the Group.

The breakdown of **Financial debt** by maturity, is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Bank loans:		
Up to 1 year	106 172	75,950
1 to 5 years	186 423	193,750
Over 5 years	216 176	257,312
	508,771	527,012
Loans from shareholders of group entities:		
Up to 1 year	-	3,956
1 to 5 years	-	34,394
Over 5 years	2,131,042	862,817
	2,131,042	901,167
Other loans:		
Up to 1 year	4 096	6,259
1 to 5 years	17 558	7,851
Over 5 years	11 972	19,984
	33,626	34,094
	2,673,439	1,462,273

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

	31 Dec 2009		31 Dec 2008	
	Carrying Value Euro'000	Market Value Euro'000	Carrying Value Euro'000	Market Value Euro'000
Short term financial debt - Current	110,268	110,268	86,165	86,165
Medium/Long financial debt - Non current	2,563,171	2,532,998	1,376,108	1,414,824
	2,673,439	2,643,266	1,462,273	1,500,989

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2009, the scheduled repayments of Group's debt are as follows:

	Total Euro'000	2010 Euro'000	2011 Euro'000	2012 Euro'000	2013 Euro'000	2014 Euro'000	Subsequent years Euro'000
Short term debt and borrowings	110,268	110,268	-	-	-	-	-
Medium/long-term debt and borrowings	2,563,171	-	50,271	51,090	49,993	52,627	2,359,190
	2,673,439	110,268	50,271	51,090	49,993	52,627	2,359,190

The breakdown of guarantees is presented in Note 36 to the condensed consolidated financial statements.

The breakdown of Finance debt, by currency, is as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Loans denominated in Euros	1,352,252	599,456
Loans denominated in USD	1,312,944	862,817
Loans denominated in other currencies	8,243	-
	2,673,439	1,462,273

31. Employee benefits

Employee benefits balance are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Provisions for social liabilities and benefits	6	780
Provisions for healthcare liabilities	53	382
	59	1,162

As at 31 December 2009 and 31 December 2008, "Provisions for liabilities and social benefits" refers exclusively to defined benefit plans.

The variation in the provisions for social liabilities and benefits and healthcare liabilities derives from the transfer of part of the obligations to other companies of the EDP Group.

The liabilities arising from pension and healthcare plans are fully covered, either by plan assets or provisions.

The responsabilities and the assets from pension and healthcare pension plans have no significant amounts.

Employee benefit plans

Some EDP Renováveis Group companies grant post-retirement benefits to employees, under defined benefit plans, namely pension plans that ensure retirement complements to age, disability and surviving pensions, as well as retirement pensions. In some cases healthcare care is provided during retirement and early retirement, through mechanisms complementary to those provided by the National Health Service.

The existing plans are presented hereunder, with a brief description of each and of the companies covered by them, as well as of the economic and financial data:

I. Defined benefit pension plans

The EDP Renováveis Group companies in Portugal have a social benefits plan funded by a restricted Pension Fund, complemented by a specific provision. The EDP Pension Fund is managed by Pensõesgere being the management of the assets subcontracted to external asset management entities.

This Pension Fund covers the liability for retirement pension complements (age, disability and survivor pension) as well as the liability for early retirement.

The following financial and actuarial assumptions were used to calculate the liability of the EDP Renováveis Group pension plans:

	Group	
	31 Dec 2009	31 Dec 2008
Assumptions		
Expected return of plan assets	6.34%	6.00%
Discount rate	5.20%	5.75%
Salary increase rate	3.70%	3.70%
Pension increase rate	2.70%	2.90%
Social Security salary appreciation	1.90%	2.10%
Inflation rate	2.00%	2.20%
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	TV 88/90
Disability table	50%EKV 80	50.00%
Expected % of eligible employees accepting early retirement	40	40

II. Pension Plans - Defined Contribution Type

NEO in Spain, has social benefit plans of defined contribution that complement those granted by the Social Welfare System to the companies' employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The Group companies in Portugal resulting from the spin-off of EDP in 1994 have a Medical Care Plan which is fully covered by a provision.

The actuarial assumptions used to calculate the liability for Medical Care Plans are as follows:

	Group	
	31 Dec 2009	31 Dec 2008
Assumptions		
Discount rate	5.20%	5.75%
Annual increase rate of medical service costs	4.00%	4.00%
Estimated administrative expenses per beneficiary per year (Euros)	150	150
Mortality table	Age >60 - TV88/90 / Age<=60 years -TV99/01	TV 88/90
Disability table	50%EKV 80	50.00%
Expected % of subscription of early retirement by employees eligible	40	40

The Medical Plan liability is recognised in the Group's accounts through provisions that totally cover the liability.

32. Provisions

Provisions are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Dismantling and decommission provisions	63,956	47,311
Provision for other liabilities and charges	3,129	2,387
	67,085	49,698

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring of sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount includes essentially 41,609 thousands of Euros for wind farms in the United States of America (31 December 2008: 31,240 thousands of Euros), 15,053 thousands of Euros for wind farms in Spain (31 December 2008: 6,086 thousands of Euros), 5,348 thousands of Euros for wind farms in Portugal (31 December 2008: 1,577 thousands of Euros), 1,738 thousands of Euros for wind farms in France (31 December 2008: 408 thousands of Euros), 25 thousands for wind farms in Belgium and 183 thousands of Euros for wind farms in Brazil

EDP Renováveis believes that the provisions booked on the consolidated balance sheet adequately cover the risks described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2009 and 2008, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Balance at the beginning of the year	47,311	20,280
Capitalised amount for the year	14,951	26,490
Charge off for the year	-	-3,830
Unwinding	3,134	2,157
Other and exchange differences	-1,440	2,214
Balance at the end of the year	63,956	47,311

The movements in Provision for other liabilities and charges are analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Balance at the beginning of the year	2,387	2,317
Charge for the year	1,140	516
Write back for the year	-420	-446
Other and exchange differences	22	-
Balance at the end of the year	3,129	2,387

33. Trade and other payables

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Short-term trade and other payables - Current:		
Derivative financial instruments (Hedging)	854	-
Liabilities arising from options with non controlling interests	303 722	-
Other payables		
- Suppliers	42,765	78,141
- Other operations with related parties	15,425	8,837
- Property and equipment suppliers	652,236	424,920
- Advances from customers	55	22
- Deferred income	505	857
- Amounts payable for the acquisition of subsidiaries	10,356	-
- Success fees payable for the acquisition of subsidiaries	7,327	-
- Variable remuneration to employees	11,128	19,662
- Other supplies and services	22,841	68,821
- Management fees	-	5,181
- Other creditors and sundry operations	30,891	41,893
	1,098,105	648,334

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Medium/long-term trade and other payables — Non-current:		
Payables - Group companies	40,009	-
Derivative financial instruments (Hedging)	18,848	77,022
Liabilities arising from options with non controlling interests	61	258,925
Liabilities arising from institutional partnerships in US wind farms	1,353,612	1,096,668
Other payables		
- Property and equipment suppliers	-	131
- Government grants / subsidies for investments in fixed assets	162,486	15,034
- Electricity sale contracts - Horizon	97,951	119,655
- Amounts payable for the acquisition of subsidiaries	21,230	31,247
- Success fees payable for the acquisition of subsidiaries	53,034	85,145
- Other creditors and sundry operations	280	11,560
	1,747,511	1,695,387

As referred in note 2b) the EDP Renováveis Group records written put options related with investments in subsidiaries held by non controlling interest at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. As at 31 December 2009 the Liabilities arising from written put options with non controlling interests - Current includes the liability for the put option contracted in 2005 with Caja Madrid for a 20% interest in the Desa Group and the written put option contracted in 2007 with Caja Madrid for 20% of the Genesa Group in the amount of 303,722 thousands of Euros (31 December 2008: 258,925 thousands of Euros). The option conditions (both for Desa and Genesa) are as follows:

- The timeframe is from 1 January 2010 to 2011, inclusive.
- The contract is for the total shares in Neo Group companies held by Caja Madrid, 20% in Genesa Group and 20% in Desa Group.
- The strike price will be the market value determined by valuations from prestigious banks.

During 2009, and as a consequence of the option conditions described above, the liability was reclassified from non current to current.

Amounts payable for the acquisition of subsidiaries Current and Non - Current includes the outstanding amounts related with the acquisition of Relax Wind Group, Greenwind,Vent Corbera, Parque Eólico Altos del Voltoya, Vent Vilalba and Bom Vent de L'Ébre.

Success fees payable for the acquisition of subsidiaries Current and Non - Current includes the amounts related to the contingent prices of the acquisitions of the Relax Wind Group, Renovatio Group, Greenwind, Elektrownia Wiatrowa Kresy and Elebrás.

Derivative financial instruments (Hedging) - Non Current includes 1,268 thousands of Euros (on 31 December 2008 65,478 thousands of Euros) related to a hedge instrument of USD and Euros with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in Horizon, expressed in USD (see Note 35). In the Group accounts, EDP Renováveis Group has applied the net investment hedge model to state this transaction.

The subsidiary Horizon books the receipts from equity investors associated to wind farms projects as non current liabilities under Liability to institutional investors incorporate partnership in wind farms in USA. This liability is reduced by the amount of tax benefits provided and payments made to the equity investors during the period (31 December 2009: 441,605 thousands of Euros and 31 December 2008: 207,851 thousands of Euros). The amount of tax benefits provided is booked as a non current deferred income, recognised over the useful life of 20 years of the related projects (see note 7). Additionally this liability is increased by the estimated interest calculated based on the liability amount and the expected return rate of the equity investors (see note 13).

Horizon's relationship with the institutional investors is established through a limited liability company operating agreement that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

Under these structures, all operating cash flow is allocated to Horizon until the earlier of a fixed date, or when the investors recover the amount of invested capital that remains after deducting the amount of the payment received from the institutional investors from the total amount previously invested. This "cash flip" is expected to occur approximately seven to eight years from the initial closing date. Thereafter, all operating cash flow is allocated to the institutional investors until they receive the targeted internal rate of return (the "Flip Date").

Prior to the Flip Date, a significant part of the tax income and benefits generated by the partnerships are allocated to the institutional investor, with any remaining benefits allocated to Horizon.

After the Flip Date, the institutional investor retains a small non controlling interest for the duration of its membership in the structure. Horizon also has an option to purchase the institutional investor's residual interests at fair market value on the Flip Date.

As of 31 December 2009, Horizon had the following institutional equity partnerships:

Structure	Wind Farm	Date Created	Cash Interest Ownership
Blue Canyon I	Blue Canyon I	Dec. 2003	25%
2007 Vento I	Maple Ridge I[1] Maple Ridge II[1] Madison Blue Canyon II Mesquite High Trail	July 2007	100%
2007 Vento II	Twin Groves II Elkhorn Valley Prairie Star Lone Star II (2)	December 2007	100%
2008 Vento III[3]	Pioneer Prairie I Rattlesnake Meridian Way	December 2008	100%
2009 Vento IV	Rail Splitter	August 2009	100%
2009 Vento V	Blue Canyon V	December 2009	100%
2009 Vento VI	Lost Lakes	December 2009	100%

[1] Horizon's 50% interest

[2] Post Oak contributed in 2008 upon completion of construction

[3] Pioneer Prairie II was contributed in the first quarter of 2009 in exchange for additional investment. At 31 December 2008, Horizon had retained 50% of the Vento III shares available for institutional investors. In December 2009, General Electric purchased 21.85 % of Vento III's Class B membership interest.

This liability is reduced by the value of tax attributes provided and cash distributions made to the institutional investors during the period. The value of the tax attributes delivered, primarily accelerated depreciation and ITC / investments grants, is recorded as non-current deferred income and is recognized to income on a pro rata basis over the 20 year useful life of the underlying projects.

The liability to the institutional investors is increased by an interest accrual that is a function of the outstanding liability balance and the targeted internal rate of return.

Government grants for investments in fixed assets are essentially related to grants received by Horizon subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

Electricity sales contracts - Horizon relates to the fair value of the contracts entered into by Horizon with its customers, determined under the Purchase Price Allocation (see note 6).

34. Tax payable

This balance is analysed as follows:

	Group	
	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
State and other public entities:		
- Income tax	15,930	18,153
- Withholding tax	15,743	19,832
- Value added tax (VAT)	4,021	6,380
- Other taxes	1,443	1,896
	37,137	46,261

35. Derivative financial instruments

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedged in foreign operations.

As of 31 December 2009, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
	Assets Euro'000	Liabilities Euro'000	Until 1 year Euro'000	From 1 to 5 years Euro'000	More than 5 years Euro'000	Total Euro'000
Net investment hedge						
Currency swaps	-	-1,268	-	-	1,826,174	1,826,174
	-	-1,268	-	-	1,826,174	1,826,174
Cash flow hedge						
Power price swaps	17,667	-176	63,294	6,120	-	69,414
Interest rate swaps	47	-17,540	35,354	199,395	101,123	335,872
Currency forwards	-	-612	87,661	-	-	87,661
	17,714	-18,328	186,309	205,515	101,123	492,947
Trading						
Power price swaps	1,494	-106	926	426	-	1,352
	1,494	-106	926	426	-	1,352
	19,208	-19,702	187,235	205,941	1,927,297	2,320,473

As of 31 December 2008, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
	Assets Euro'000	Liabilities Euro'000	Until 1 year Euro'000	From 1 to 5 years Euro'000	More than 5 years Euro'000	Total Euro'000
Net investment hedge						
Currency swaps	-	-65,478	-	-	1,826,174	1,826,174
	-	-65,478	-	-	1,826,174	1,826,174
Cash flow hedge						
Power price swaps	7,807	-	1,616	2,628	-	4,244
Interest rate swaps	44	-10,525	4,815	36,359	303,573	344,747
Currency forwards	1,527	-	99,463	-	-	99,463
Options purchase and sold	58	-1,019	464	59,383	6,199	66,046
	9,436	-11,544	106,358	98,370	309,772	514,500
	9,436	-77,022	106,358	98,370	2,135,946	2,340,674

The fair value of derivative financial instruments is recorded under Debtors and other assets (note 23) or Trade and other payables (note 33), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 37 and 38. The fair value is based on internal valuation models, as described in note 38.

Cash flow hedge currency forwards are related to exchange rate risk in Neólica Polska, derived from the supplying contracts defined in Euros, for which will be necessary financings in Polish Zlotis.

Cash flow hedge power price swaps are related to the hedging of the sales price, congestion and line loss. Horizon has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project and NEO for the production of some of its wind farms. In certain US power markets, Horizon is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To hedge these risk exposures, Horizon entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap .

Interest rate swaps are related to the project finances and intend to convert variable to fixed interest rates .

Fair value of cash flow hedge derivatives is based on quotes indicated by external entities (investment banks). These entities use discount cash flows techniques usually accepted and data from public markets.

The trading derivative financial instruments are derivatives contrated for economic hegding that are not eligible for hedge accounting.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

			2009		2008	
			Changes in fair value		Changes in fair value	
Type of hedge	Hedging instrument	Hedged item	Instrument Euro'000	Risk Euro'000	Instrument Euro'000	Risk Euro'000
- Net Investment hedge	Interest and exchange rate swap	Subsidiary accounts denominated in USD	64,211	-64,211	-103,472	103,314
- Cashflow hedge	Interest rate swap	Interest rate	-7,013	-	-14,926	-
- Cashflow hedge	Interest rate caps and floors	Interest rate	961	-	-994	-
- Cashflow hedge	Power price swaps	Power price	9,684	-	7,807	-
- Cashflow hedge	Currency forward	Exchange rate	-2,139	-	1,527	-
- Cashflow hedge	Currency swap	Exchange rate	-	-	-7,189	-
			65,704	-64,211	-117,247	103,314

The movements in cash flow hedge reserve have been as follows:

	2009 Euro'000	2008 Euro'000
Balance at the beginning of the year	16,526	12,598
Fair value changes		
Interest rate swaps	-7,013	-14,926
Interest rate caps and floors	961	-994
Power price swaps	9,985	7,807
Currency forward	-2,139	1,527
Currency swaps	-	-7,189
Fair value changes reflected in income statement before the hedge designation of the Power price swap in Horizon	-	5,266
Settlements of exchange rate swaps waiting for the hedge item to hit P&L	-	12,020
Transfers to results	-4,562	-548
Inefectiveness	-35	-387
Non controlling interests included in fair value changes	371	1,351
Balance at the end of the year	14,094	16,525

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Net investment hedge - inefectiveness	-	-158
Cash-flow hedge		
Fair value changes reflected in income statement before the hedge designation of the Power swap in Horizon	-	-5,266
Transfers to results	4,562	548
Inefectiveness	35	387
Non elegible for hedge accounting derivatives	-3,193	518
	1,404	-3,971

During the year the NEO subgroup has liquidated several power price swaps and interest rate swaps and recognised in the income statement gains of 19,270 thousands of Euros and 4,579 thousands of Euros.

The effective interest rates for derivative financial instruments associated with financing operations during 2009, were as follows:

	Group		
	Currency	EDP Renováveis Pays	EDP Renováveis Receives
Interest rate contracts:			
Interest rate swaps	EUR	[3.00% - 5.01%]	[0.71% - 3.00%]

The effective interest rates for derivative financial instruments associated with financing operations during 2008, were as follows:

	Group		
	Currency	EDP Renováveis Pays	EDP Renováveis Receives
Interest rate contracts:			
Interest rate swaps	EUR	[3.00% - 5.10%]	[3.00% - 5.14%]

	Notional value Euro'000	Group
Interest rate contracts:		
Options purchased on interest rates (CAP purchases)	37,425	[5.75% - 3.89%]
Options sold on interest rates (Floor sale)	28,611	[4.27% - 3.06%]

36. Commitments

As at 31 December 2009 and 31 December 2008, the financial commitments not included in the balance sheet in respect of financial and real guarantees provided, are analysed as follows:

	Group	
Type	31 Dec 2009 Euro'000	31 Dec 2008 Euro'000
Guarantees of a financial nature		
- NEO Energia Group	6,341	6,341
- Horizon Wind Energy Group	3,124	3,233
	9,465	9,574
Guarantees of an operational nature		
- EDP Renováveis	330,227	-
- NEO Energia Group	190,322	401,647
- Horizon Wind Energy Group	1,093,336	907,363
	1,613,885	1,309,010
Total	1,623,350	1,318,584
Real guarantees	6,284	719

The EDP Renováveis Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2009				
	Debt capital by period				
	Total Euro'000	Up to 1 year Euro'000	1 to 3 years Euro'000	3 to 5 years Euro'000	More than 5 years Euro'000
Financial debt (including interests)	3,715,943	225,378	335,045	336,306	2,819,214
Operating lease rents not yet due	460,432	28,498	56,165	53,713	322,056
Purchase obligations	1,480,277	1,100,036	376,902	3,339	-
	5,656,652	1,353,912	768,112	393,358	3,141,270

	31 Dec 2008				
	Debt capital by period				
	Total Euro'000	Up to 1 year Euro'000	1 to 3 years Euro'000	3 to 5 years Euro'000	More than 5 years Euro'000
Financial debt (including interests)	1,966,109	153,302	219,729	208,100	1,384,978
Operating lease rents not yet due	485,485	28,774	59,248	54,858	342,606
Purchase obligations	1,856,876	1,311,393	347,409	172,068	26,005
	4,308,470	1,493,469	626,386	435,026	1,753,589

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under "forward" contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

The Group has purchase commitments for the acquisition of property, plant and equipment and for maintenance contracts obligations amounting to 1,666,003 thousands of Euros related to the acquisition of wind turbines for projects currently in the construction and development stages, which have been contracted with different suppliers of this type of installations. The breakdown per years is as follows:

	NEO 31 Dec 2009 Euro'000	Horizon 31 Dec 2009 Euro'000	Group 31 Dec 2009 Euro'000	NEO 31 Dec 2008 Euro'000	Horizon 31 Dec 2008 Euro'000	Group 31 Dec 2008 Euro'000
Up to 1 year	694,776	405,790	1,100,566	900,112	407,723	1,307,835
1 to 5 years	228,602	180,133	408,735	333,366	213,252	546,619
Over 5 years	-	156,732	156,732	26,005	116,162	142,167
	923,378	742,655	1,666,033	1,259,483	737,138	1,996,621

As at 31 December 2009 and 2008 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary NEO, holds a call option over Caja Madrid for all the shares held by Caja Madrid on companies of the NEO sub-group (20% of Genesa). Caja Madrid holds an equivalent put option on these shares over EDP Renováveis. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2010 and 1 January 2011, inclusively (see note 33).

- EDP Renováveis, through its subsidiary NEO, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDP Renováveis. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2012 and 1 January 2013, inclusively.

- EDP Renováveis, through its subsidiary Veinco Energía Limpia, S.L., holds a call option over Jorge, S.L. for 8.5% of interest held by Jorge, S.L. on company "Apineli Aplicaciones industriales de energías limpias, SL". The price of exercising these options is 900 thousands of Euros. The option can be exercised when Jorge, S.L. obtain the licenses to amplify the windfarms "Dehesa del Coscojar" and "El Águila", until 30 days after the notification of the suspensive condition with a limit date of 18 April 2014.

- EDP Renováveis, through its subsidiary NEO, holds a call option over Copcisa for all the shares held by Copcisa on companies Corbera and Vilalba" (49% of share capital).

- EDP Renováveis, through its subsidiary NEO, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDP Renováveis. The price of exercising these options will be determined under an investment bank valuation process. The options can be exercised between 1 January 2014 and 31 December 2014.

37. Related parties

Main shareholders and shares held by company officers:

EDP Renováveis, S.A..'s shareholder structure as at 31 December 2009 and 2008 is analysed as follows:

	N.º of Shares	% Capital	% Voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other shareholders	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

The number of shares held by company officers as at 31 December 2009 are as follows:

	2009 N.º of shares	2008 N.º of shares
Executive Board of Directors		
Antonio Luis Guerra Nunes Mexía	4,200	4,200
Ana Mª Machado Fernandes	1,510	1,510
Joao Manuel Manso Neto	-	-
Nuno María Pestana de Almeida Alves	5,000	5,000
Antonio Fernando Melo Martins da Costa	1,480	1,480
Francisco José Queiroz de Barros de Lacerda	620	620
Joao Manuel de Mello Franco	380	380
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Silva Lopes	760	760
José Fernando Maia de Araujo e Silva	80	80
Rafael Caldeira de Castel-Branco Valverde	-	-
Antonio do Pranto Nogueira Leite	-	-
Joao José Belard da Fonseca Lopes Raimundo	840	840
Daniel M. Kammen	-	-
Manuel Menéndez Menéndez	-	-
Gilles August	-	-
	15,070	15,070

The members of Board of Directors of EDP Renováveis have not comunicated and the parent company does not have knowledge of any conflict of interests included in the article 127.°, 4.° of "Ley de Sociedades Anónimas" (Spanish Companies' Law).

The board members of parent company, complying with the article 127.°, 4.° of the "Ley de Sociedades Anónimas", declared that they have not exercised positions of responsability in companies with the same, similar or complementar activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementar activity of EDP Renováveis Group parent company, with the following exceptions (includes information about external and Group EDP entities):

Name of Board member	Company	Position
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	Chairman of Board of Directors
	Energias do Brasil, S.A.	Chairman of Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent representative
	EDP Finance BV	Representative
Ana Maria Machado Fernandes	EDP - Energias de Portugal, S.A.	Board of Directors member
	Energias do Brasil, S.A.	Board of Directors member
	Nuevas Energías de Occidente, S.L.	Chairman of Board of Directors
	Horizon Wind Energy, LLC	Board of Directors member
	EDP Energías de Portugal, S.A. Sucursal en España	Representative
	Hidroeléctrica del Cantábrico, S.A.	Board of Directors member
	ENEOP - Eólicas de Portugal, S.A.	Chairman of Board of Directors
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	Board of Directors member
	EDP - Soluções Comerciais, S.A.	Chairman of Board of Directors
	EDP Internacional, S.A.	Chairman of Board of Directors
	Horizon Wind Energy, LLC	Chairman of Board of Directors

Name of Board member	Company	Position
António Fernando Melo Martins da Costa	EDP Energías de Portugal, S.A. Sucursal en España	Representative
	EDP Finance BV	Representative
	EDP Ásia - Investimentos e Consultoria, S.A.	Chairman of Board of Directors
Nuno Maria Pestana de Almeida Alves	Balwerk - Consultadoria Económica e Participações, S.U., Lda.	Managing Director
	Electricidade de Portugal Finance Company Ireland, Lt.	Director
	EDP - Energias de Portugal, S.A.	Board of Directors member and CFO
	Energias do Brasil, S.A.	Board of Directors member
	EDP Imobiliária e Participações, S.A.	Chairman of Board of Directors
	EDP Valor - Gestão Integrada de Serviços S.A.	Chairman of Board of Directors
	Energia RE, S.A.	Chairman of Board of Directors
	EDP Finance BV	Representative
	Horizon Wind Energy, LLC	Board of Directors member
	Sãvida - Medicina Apoiada, S.A.	Chairman of Board of Directors
	SCS–Serviços Complementares de Saúde,S.A.	Chairman of Board of Directors
	Hidroeléctrica del Cantábrico, S.A.	Board of Directors member
	EDP Estudos e Consultoria, S.A.	Chairman of Board of Directors
	EDP Energías de Portugal, S.A. Sucursal en España	Representative

Name of Board member	Company	Position
Manuel Menéndez Menéndez	Naturgás Energía Grupo, S.A.	Chairman of Board of Directors
	Nuevas Energías de Occidente, S.L.	Board of Directors member
	Hidroeléctrica del Cantábrico, S.A.	Chairman of Board of Directors
João Manuel Manso Neto	Naturgás Energia Grupo, S.A.	Second Vice-Chairman of Board of Directors
	EDP - Energias de Portugal, S.A.	Board of Directors member
	EDP - Gestão da Produção de Energia, S.A.	Chairman of Board of Directors
	EDP Gás, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás II, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás III, S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Investimentos S.G.P.S., S.A.	Chairman of Board of Directors
	EDP Gás.com - Comércio de Gás Natural, S.A.	Board of Directors member
	EDP Finance, B.V.	Representative
	Hidroeléctrica del Cantábrico, S.A.	Vice-Chairman of Board of Directors and Chief Executive
	Hidrocantábrico Energia , S.A.U.	Chairman of Board of Directors
	Eléctrica de la Ribera de Ebro, S.L. (Elebro)	Chairman of Board of Directors
	Hidrocantábrico Gestión de Energia , S.A.U.	Sole Director

Name of Board member	Company	Position
	Empresa Hidroeléctrica do Guadiana, S.A.	Chairman of Board of Directors
	EDP Energia Ibérica S.A.	Board of Directors member
	EDP Energías de Portugal, S.A. Sucursal en España	Permanent representative
João José Belard da Fonseca Lopes Raimundo	Fomentinvest, SGPS, S.A.	Board of Directors member
Daniel M. Kammen	Enphase Energy	Technology Advisor
	Miasole, Inc.	Advisory board
	Greenwala	Technology Advisor
	Wilder Shares	Advisory board

Additionally the board members have comunicated that do not own any interest in the share capital of other company with the same, similar or complementar activity of EDP Renováveis Group, with the following exceptions:

Name of Board member	Company	Number of shares
António Luis Guerra Nunes Mexia	EDP - Energias de Portugal, S.A.	1,000
João Manuel Manso Neto	EDP - Energias de Portugal, S.A.	1,268
João José Belard da Fonseca Lopes Raimundo	REN - Redes Energéticas Nacionais, SGPS, S.A.	780
Jorge Manuel Azevedo Henriques dos Santos	EDP - Energias de Portugal, S.A.	2,379
Nuno Maria Pestana de Almeida Alves	EDP - Energias de Portugal, S.A.	50,000
António Fernando Melo Martins da Costa	EDP - Energias de Portugal, S.A.	13,299
João Manuel de Mello Franco	EDP - Energias de Portugal, S.A.	4,550
João Manuel de Mello Franco	REN - Redes Energéticas Nacionais, SGPS, S.A.	980
Daniel M. Kammen	Renewable Funding LLC	227,000

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nomination and Remuneration Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting. The Board of Directors approves the distribution and exact amount paid to each director on the basis of this proposal.

The remuneration attributed to the members of the Executive Board of Directors (EBD) in 2009 and 2008 were as follows:

	31 Dec 2009	31 Dec 2008
	Euros	Euros
CEO*	246,857	235,200
Board members	508,750	277,083
	755,607	512,283

* From May to December 2008 and 2009

On 4 November 2008 EDP and EDP Renováveis signed an Executive Management Services Agreement.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints four people to form EDPR's Executive Committee, for which EDP Renováveis pays EDP an amount defined by the Board of Directors. Until 30 of April of 2009 the CEO remuneration was also covered by this contract.

Under this contract, EDP Renováveis is due to pay an amount of EUR 1,453 thousands of Euros for management services rendered by EDP through 2009.

Additionally, the remuneration of the members of the Management Team (defined as Key Management and excluding the Chief Executive Officer), was 1,642 thousands of Euros (31 December 2008: 1,158 thousands of Euros).

As at 31 December 2009 and 2008 there are no outstanding loans and advances with company officers and key management.

Balances and transactions with related parties

As at 31 December 2009, assets and liabilities with related parties, are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Euro'000
EDP Energias de Portugal, S.A.	11,375	5,475	5,900
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	59,294	13,662	45,632
EDP Group companies	47,872	2,137,046	-2,089,174
Hidrocantábrico Group companies	18,894	1,493	17,401
Associated companies	111,277	-	111,277
Jointly controlled entities	7,742	840	6,902
Other	-	239	-239
	256,454	2,158,755	-1,902,301

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,131,142 thousands of Euros.

As at 31 December 2008, assets and liabilities with related parties, are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Euro'000
EDP Energias de Portugal, S.A.	6,684	10,965	-4,281
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	24,416	931,140	-906,724
Group EDP companies	120,943	2,000	118,943
Hidrocantábrico Group companies	21,464	6,154	15,310
Associated companies	14,018	-	14,018
Jointly controlled entities	8,344	840	7,504
Other	-	185	-185
	195,869	951,284	-755,415

Transactions with related parties for the year ended 31 December 2009 are analysed as follows:

	Operating income Euro'000	Financial income Euro'000	Operating expenses Euro'000	Financial expenses Euro'000
EDP Energias de Portugal, S.A.	23,292	-	-3,500	-700
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	11,503	-9,233	-37,558
EDP Group companies	120,449	101	-3,853	-43,592
Hidrocantábrico Group companies	158,148	-	-4,804	-51
Associated companies	1,094	2,191	-449	-
Jointly controlled entities	615	3,898	-	-
	303,598	17,693	-21,839	-81,901

Transactions with related parties for the year ended 31 December 2008 are analysed as follows:

	Operating income Euro'000	Financial income Euro'000	Operating expenses Euro'000	Financial expenses Euro'000
EDP Energias de Portugal, S.A.	3,905	340	-3,327	-1,257
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	26,791	-2,880	-55,309
Group EDP companies	93,118	-	-4,290	-525
Hidrocantábrico Group companies	96,968	8,755	-3,973	-
Associates	1,239	198	-24	-
Jointly controlled entities	707	471	-	-
	195,937	36,555	-14,494	-57,091

With the purpose of hedging the foreign exchange risk existing in the company and Group accounts of EDP Renováveis and in the company accounts of EDP Branch, the EDP Group settled a CIRS in USD and Euros between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in Horizon and of the USD external financing). As at 31 December 2009, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 1,268 thousands of Euros (31 December 2008: 65,478 thousands of Euros) (see note 33 and 35).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2009, EDP, S.A. and Hidrocantábrico granted financial (31,114 thousands of Euros, 31 December 2008: 61,654 thousands of Euros) and operational (588, 860 thousands of Euros, 31 December 2008: 765,510 thousands of Euros) guarantees to suppliers in favour of NEO and Horizon. The operational guarantees are issued following the commitments assumed by NEO and Horizon in relation to the acquisition of property, plant and equipment, namely turbines (see note 36).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2009, EDP, S.A. and Hidrocantábrico granted financial (31,114 thousands of Euros, 31 December 2008: 61,654 thousands of Euros) and operational (588, 860 thousands of Euros, 31 December 2008: 765,510 thousands of Euros) guarantees to suppliers in favour of NEO and Horizon. The operational guarantees are issued following the commitments assumed by NEO and Horizon in relation to the acquisition of property, plant and equipment, namely turbines (see note 36).

In the normal course of its activity, EDP Renováveis performs business transactions and operations based on normal market conditions with related parties.

38. Fair value of financial assets and liabilities

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2009 and 31 December 2008, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2009 Currencies			31 Dec 2008 Currencies	
	EUR	USD	BRL	EUR	USD
3 months	0.70%	0.25%	8.74%	2.89%	1.44%
6 months	0.99%	0.43%	9.22%	2.97%	1.78%
9 months	1.13%	0.71%	9.87%	3.02%	1.92%
1 year	1.25%	0.98%	10.50%	3.05%	2.03%
2 years	1.88%	1.35%	11.86%	2.76%	1.48%
3 years	2.28%	2.00%	12.43%	2.91%	1.82%
5 years	2.81%	2.92%	12.79%	3.71%	2.11%
7 years	3.22%	3.48%	13.10%	3.93%	2.36%
10 years	3.59%	3.93%	13.31%	3.74%	2.57%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available for sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the balance sheet at their historical costs (note 19).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques. The discount rates and forward interest rates were based on the market interest rate curves and on the exchange rates disclosed on note 28.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 37)

With the purpose of hedging the foreign exchange risk resulting from the net investment in Horizon, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented on the balance sheet at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13, 23 and 27.

The fair values of assets and liabilities as at 31 December 2009 and 31 December 2008 is analysed as follows:

	31 December 2009 Group			31 December 2008 Group		
	Carrying amount Euro'000	Fair value Euro'000	Difference Euro'000	Carrying amount Euro'000	Fair value Euro'000	Difference Euro'000
Financial assets						
Available for sale investments	12,630	12,630	-	12,501	12,501	-
Trade receivables	106,148	106,148	-	82,598	82,598	-
Debtor and other assets	466,905	466,905	-	337,353	337,353	-
Derivative financial instruments	19,208	19,208	-	3,355	3,355	-
Financial assets at fair value through profit or loss	37,103	37,103	-	35,774	35,774	-
Cash and cash equivalents (assets)	443,633	443,633	-	229,680	229,680	-
	1,085,627	1,085,627	-	701,261	701,261	-
Financial liabilities						
Financial debt	2,673,439	2,643,266	-30,173	1,462,273	1,500,989	38,716
Suppliers	695,001	695,001	-	503,192	503,192	-
Trade and other payables	1,747,511	1,747,511	-	1,695,387	1,695,387	-
Derivative financial instruments	19,702	19,702	-	77,022	77,022	-
	5,135,653	5,105,480	-30,173	3,737,874	3,776,590	38,716

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unaudjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2009 Group			31 December 2008 Group		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	12,630	-	-	12,501
Trade receivables	-	106,148	-	-	82,598	-
Debtor and other assets	-	466,905	-	-	337,353	-
Derivative financial instruments	-	19,208	-	-	3,355	-
Financial assets at fair value through profit or loss	33,012	4,091	-	32,369	3,405	-
Cash and cash equivalents (assets)	-	443,633	-	-	229,680	-
	33,012	1,039,985	12,630	32,369	656,391	12,501
Financial liabilities						
Financial debt	-	2,643,266	-	-	1,500,989	-
Trade and other payables	-	1,747,511	-	-	1,695,387	
Suppliers	-	695,001	-	-	503,192	-
Derivative financial instruments	-	19,702	-	-	77,022	-
	-	5,105,480	-	-	3,776,590	-

The movement in 2009 and 2008 of the financial assets and liabilities within Level 3 are analyzed was as follows:

	Available for sale investments	
	31 Dec 2009	31 Dec 2008
Balance at the beggining of the year	12,501	7,951
Gains / (Losses) in other comprehensive income	912	7,747
Purchases	-	1,509
Sales	-	-1,246
Issues	-	
Settlements	-	
Transfers into / (out of) Level 3	-783	-3,460
Balance at the end of the year	12,630	12,501

The transfer out of Level 3 fair value is related with the subsidiary Aprofitament D'Energies Renovables de la Terra Alta, S.A., that during 2009 has been included in the consolidation scope of EDP Renováveis Group.

39. Relevant subsequent events

EDP Renováveis awarded 1.3 GW of wind offshore capacity in the UK

On 8 January 2010, EDP Renováveis has announced that has been selected by the Crown Estate as a Zone Partner in the third offshore wind farm leasing round in the UK. EDP Renováveis and SeaEnergy Renewable Limited, through a joint venture designated by Moray Offshore Renewables Limited, have been awarded exclusive rights to develop offshore wind farm sites in Zone 1 with an approximated target capacity of 1.3 GW. The share capital of Moray Offshore Renewables Limited is held on 75% by EDP Renováveis and on 25% by SeaEnergy Renewable Limited.

EDP Renováveis signs long term agreement to sell green certificates in Poland

On January 25 2010, EDP Renováveis has announced that has entered into a 15-year agreement with Energia - Obrót SA to sell the green certificates generated from its 120 MW Margonin wind farm in Poland

EDP Renováveis enters in the Italian wind market

On 27 January 2010, EDP Renováveis has announced the acquisition of 85% of Italian Wind Srl, from Co-Ver Group, ading to its portfolio several wind projects in Italy totalling 520 MW in diferent stages of maturity and in prime locations: (i) 4 wind projects totalling 108 MW classified as Tier 2; (ii) 98 MW of projects classified as Tier 3 and (iii) 314 MW classified as prospects.

40. Recent accounting standards and interpretations used

The new standards and interpretation that have been issued that are already effective and that the EDP Renováveis Group has applied on its Consolidated Financial Statements can be analyzed as follows:

IAS 1 (amendment) — "Presentation of Financial Statements"

The Group has adopted this amendment and the impact was exclusively related to the presentation of consolidated financial statements.

IAS 23 (amendment) — "Borrowing costs"

The Group did not obtain any significant impact from the adoption of this amendment.

IAS 32 (amendment) - "Financial Instruments: Presentation - Puttable Financial Instruments and obligations arising from liquidation"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 2 (amendment) - "Share-based payment: Acquisition conditions"

The Group did not obtain any significant impact from the adoption of this amendment.

IFRS 7 (amendment) — "Financial instruments: Disclosures"

The Group has adopted this amendment and the impact was exclusively related to the presentation of consolidated financial statements.

IFRS 8 — "Operational segments"

The Group has adopted this standard and the impact was exclusively related to the presentation of consolidated financial statements.

IFRIC 13 — "Customer Loyalty Programmes"

The Group did not obtain any significant impact from the adoption of this interpretation.

IFRIC 15 - "Agreements for the Construction of Real Estate"

The Group did not obtain any significant impact from the adoption of this interpretation.

IFRIC 16 — "Hedges of a Net Investment in a Foreign Operation"

The Group did not obtain any significant impact from the adoption of this interpretation.

Annual Improvement Project

The IASB publicated the Annual Improvement Project that changed the following standards:

- IAS 1 - "Financial Statements presentation";
- IAS 16 - "Property, Plant and Equipment";
- IAS 19 - ";Employee Benefits"
- IAS 20 - "Accounting for government grants and disclosure of government assistance";
- IAS 23 - "Borrowing Costs";
- IAS 27 - "Consolidated and separate financial statements";
- IAS 28 - "Investments in Associates";
- IAS 39 - "Financial Instruments: Recognition and Measurement";
- IAS 40 - "Investment Properties".

The Group did not obtain any significant impact from the adoption of these amendments.

The Group has also decided against early application of the following standards and interpretations, which have been endorsed by the European Union in 2009:

- IAS 39 (amendment) - "Financial Instruments: Recognition and measurement — Eligible hedged items"
- IFRS 1 (amendment) - First time adoption of the International Financial Reporting Standards and IAS 27 - "Consolidated and Separate Financial Statements"
- IFRS 3 (amendment) - "Business combinations" and IAS 27 (amendment) - "Consolidated and separate Financial statements"
- IFRS 9 - "Financial instruments"
- IFRIC 12 — "Service Concession Arrangements"
- IFRIC 17 — "Distributions of Non-cash Assets to Owners"
- IFRIC 18 — "Transfers of Assets from Customers"
- Annual Improvement Project - Changes to IFRS 5 — "Non-current assets held for sale and discontinued operations"

The Group is evaluating the impact from the adoption of these standards and interpretations.

The Group has also decided against early application of the following standards and interpretations, which have not been endorsed by the European Union in 2009:

- IFRS 9 - "Financial instruments"
- Annual Improvement Project - Changes to IFRS 5 — "Non-current assets held for sale and discontinued operations"

41. Environment issues

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, as according to IAS 16.

During the period, the environmental expenses recognised in the income statement refer to costs with the environmental management plan are analysed as follows:

	Group 31 Dec 2009 Euro'000	Group 31 Dec 2008 Euro'000
Environmental Investment	4,500	9,548
	4,500	9,548

The development of an Environmental Management System (EMS) was started in 2008. The purpose of the EMS is to stimulate good environmental practices focused on protecting natural resources and waste and spill management, with a commitment to continuous improvement of environmental performance.

In Europe, EDP Renováveis renewed certification obtained for five of its wind farms in operation under the ISO 14001, and five new wind farms were certified, reaching a total of 289.5 MW certified. It is the intent for 2010 that 20 new wind farms, 650MW, will be certified.

As referred in accounting policy 2n, the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 63,956 thousands of Euros as at 31 December 2009 (47,311 thousands of Euros on 31 December 2008) (see note 32).

42. Assets held for sale

During 2009, the land acquired by the subsidiary Horizon and classified as assets held for sale was sold (985 thousands of Euros as at 31 December 2008).

43. Segmental reporting

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones, and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations includes the EDP Renováveis Brasil subgroup companies, the financial investments and remain activities (Biomass and mini-hydric generation plants) not included in the reportable segments. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2009 or 2008.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Appendix 2. Performance is measured based on segment profit , as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

This change should be made eliminating to comply with the new definitions established in IFRS 8. Please check it carefully in order to be precised:

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable resources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the Enernova Group companies;
- Spain - Includes the Neo subgroup companies that operates in Spain;
- Rest of Europe - Includes the Neo subgroup companies that operate in France, Poland, Belgium and Romania;
- United States of America includes the Horizon subgroup companies.
- Other - Includes the EDP Renováveis Brasil subgroup companies, the financial investments and remain activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the anullation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

Segment definition

The reported amounts for each business reportable result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment anullations, without any inter-segment allocation adjustment.

The income statement for each segment is determined based on the amounts booked directly in the subsidiaries financial statements and business units, adjusted by the intra-segments anullations.

For comparative purposes the assumptions used in the preparation of segment reporting of 31 December 2009 have also been used to reexpress the 31 December 2008 amounts.

44. Audit and non audit fees

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2009 and 2008. This company and the other related entities and persons in accordance with Law 19/188 of 12 July, have invoiced for the year ended in 31 December 2009 and 2008, fees and expenses for professional services, acording to the following detail (amounts in thousands of Euros):

	31 December 2009					
	Portugal	Spain	Brazil	United States of America	Other	Total
Audit and statutory audit of accounts	74	780	36	694	218	1,802
Assurance and reliability services	-	100	-	202	14	316
	74	**880**	**36**	**896**	**232**	**2,118**
Tax consultancy services	12	337	-	666	6	1,021
Other services unrelated to statutory auditing	-	-	-	-	-	-
	12	**337**	**-**	**666**	**6**	**1,021**
Total	**86**	**1,217**	**36**	**1,562**	**238**	**3,139**

	31 December 2008					
	Portugal	Spain	Brazil	United States of America	Other	Total
Audit and statutory audit of accounts	85	636	-	562	124	1,407
Assurance and reliability services	344	345	-	411	11	1,111
	429	**981**	**-**	**973**	**135**	**2,518**
Tax consultancy services	8	120	-	687	41	856
Other services unrelated to statutory auditing	-	30	-	-	-	30
	8	**150**	**-**	**687**	**41**	**886**
Total	**437**	**1,131**	**-**	**1,660**	**176**	**3,404**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2009, are as follows:

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Group's parent holding company:				
EDP Renováveis, Sociedade Limitada	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
Nuevas Energías de Occidente, S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
Eneraltius- Produção de Energia Eléctrica, S.A.	Lisboa	100.00%	-	KPMG
Enernova - Novas Energias, S.A.	Lisboa	100.00%	-	KPMG
Eólica da Alagoa	Arcos Valdevez	59.99%	-	KPMG
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	50.10%	-	KPMG
Eólica da Serra das Alturas	Porto	50.10%	-	KPMG
Malhadizes	Porto Salvo	100.00%	-	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	-	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	-	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	-	Not audited
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	-	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	-	Deloitte
Ceprastur AIE *	Oviedo	45.41%	-	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	-	Not audited
Parc Eòlic de Coll de Moro, S.L.	Barcelona	60.00%	-	KPMG
D.E. Almarchal, SAL *	Cádiz	80.00%	-	KPMG
D.E. Buenavista, SAL *	Cádiz	80.00%	-	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	-	KPMG
D.E. de Corme, S.A. *	La Coruña	80.00%	-	KPMG
D.E. Dumbria, SAL *	La Coruña	80.00%	-	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	80.00%	-	KPMG
D.E. de Lugo, SAL *	Lugo	80.00%	-	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	80.00%	-	KPMG
D.E. Rabosera, S.A. *	Huesca	76.00%	-	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	80.00%	-	KPMG
D.E. de Tarifa, SAL *	Cádiz	80.00%	-	KPMG
Eólica Don Quijote, S.L. *	Albacete	80.00%	-	KPMG
Eólica Dulcinea, S.L. *	Albacete	80.00%	-	KPMG
Eolica Alfoz, S.L. *	Madrid	67.98%	-	KPMG
Eólica Arlanzón, S.A. *	Madrid	62.00%	-	KPMG
Eólica Campollano, S.A. *	Madrid	60.00%	-	KPMG
Eneroliva, S.A. *	Sevilla	80.00%	-	Not audited
Fontesilva *	Coruña	80.00%	-	KPMG
Hidroeléctrica Fuentermosa S.L. *	Oviedo	80.00%	-	Not audited
Parques de Generación Eólica, S.L	Burgos	60.00%	-	KPMG
Generaciones Especiales I, S.L.	Madrid	80.00%	-	KPMG
Ceasa Promociones Eólicas SLU	Zaragoza	100.00%	-	KPMG
Subgrupo Veinco	Zaragoza	80.00%	-	Not audited
Guadalteba	Sevilla	80.00%	-	KPMG
Hidroeléctrica Gormaz S.A. *	Salamanca	60.00%	-	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	-	KPMG
Investigación y Desarrollo de Energías Renovables, S. L.	León	47.67%	-	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	72.00%	-	Not audited
La Janda *	Madrid	80.00%	-	KPMG
Lanavica	Madrid	80.00%	-	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	-	KPMG
Parc Eolic Molinars SL	GIRONA	54.00%	-	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	-	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	-	Not audited
Muxia I e II *	Coruña	80.00%	-	Not audited
NEO Energia Aragón SL	Madrid	100.00%	-	KPMG
NEO Catalunya SL	Barcelona	100.00%	-	KPMG
Neomai Inversiones SICAV, SA	Madrid	100.00%	-	PwC
Parque Eólico Santa Quiteria, S.L. *	Huesca	46.66%	-	KPMG
Parque Eólico Belchite, S.L. *	Zaragoza	80.00%	-	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	80.00%	-	KPMG
Parque Eólico La Sotonera, SL *	Zaragoza	51.87%	-	KPMG
Eolica de Radona SL *	Madrid	80.00%	-	KPMG
Rasacal Cogeneración S.A. *	Madrid	48.00%	-	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	80.00%	-	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	72.00%	-	KPMG

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Hidroeléctrica del Rumblar S.L. *	Madrid	64.00%	-	Not audited
Sierra Avila *	Madrid	71.99%	-	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	80.00%	-	KPMG
Sotromal, S.A. *	Soria	72.00%	-	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	-	KPMG
Tratanuebtis Medioambientales del Norte, S.A.	Madrid	64.00%	-	Not audited
Veinco Energia Limpia SL *	Zaragoza	80.00%	-	Not audited
Bon Vent de Corbera, SL	Barcelona	100.00%	-	KPMG
Bon Vent de Vilalba, SL	Barcelona	100.00%	-	KPMG
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	-	KPMG
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	48.70%	-	KPMG
Agrupación Eólica Francia SL	Madrid	100.00%	-	KPMG
Coll de la Garganta	Barcelona	100.00%	-	KPMG
Eólica Curiscao Pumar, S.A.	Madrid	80.00%	-	KPMG
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	40.80%	-	Not audited
Eólica Garcimuñoz, SL	Madrid	80.00%	-	Not audited
Energías Eólicas La Manchuela, S.L.U. *	Madrid	80.00%	-	KPMG
Sierra de la Peña, S.A.	Madrid	67.92%	-	KPMG
Bon Vent de L'Ebre, S.L.	Barcelona	100.00%	-	KPMG
Serra Voltorera	Barcelona	100.00%	-	KPMG
Electricity business France				
Parc Eolien D'Ardennes	Elbeuf	100.00%	-	Not audited
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	-	Not audited
Eolienne des Bocages, SARL	Elbeuf	100.00%	-	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	-	Not audited
CE Canet-Pont de Salars	Paris	100.00%	-	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	-	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	-	Not audited
CE Gueltas Noyal-Pontivy	Paris	100.00%	-	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	-	Not audited
SOCPE Le Mee SARL	Toulouse	49.00%	-	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	-	Not audited
Neo Galia , SAS	Paris	100.00%	-	KPMG
C.E. Patay, SAS	Paris	100.00%	-	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Petite Piece SARL	Toulouse	49.00%	-	KPMG
Plouvien Breiz SAS	Carhaix	100.00%	-	Jean-Yves Morisset
Parc Eolien de Roman, SARL	Elbeuf	100.00%	-	Not audited
C.E. Saint Barnabe, SAS	Paris	100.00%	-	KPMG
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Sauvageons SARL	Toulouse	49.00%	-	KPMG
C.E. Segur, SAS	Paris	100.00%	-	KPMG
Truc L'homme	Paris	100.00%	-	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	-	Not audited
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	-	Not audited
Mardelle, SARL	Toulouse	100.00%	-	Not audited
Quinze Mines, SARL	Toulouse	49.00%	-	Not audited
Vallée du Moulin, SARL	Toulouse	100.00%	-	Not audited
Electricity business Poland				
Elektrownia Wiatrowa Kresy I	Warsaw	100.00%	-	Not audited
Neolica Polska	Warsaw	100.00%	-	KPMG
Relax Wind Park I	Warsaw	96.43%	-	KPMG
Relax Wind Park II	Warsaw	51.00%	-	Not audited
Relax Wind Park III	Warsaw	100.00%	-	Not audited
Relax Wind Park IV	Warsaw	51.00%	-	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	-	Not audited
Electricity business Brazil				
EDP Renováveis Brasil, S.A.	São Paulo	55.00%	55.00%	KPMG
Central Nacional de Energia Eólica, S.A. (Cenaeel)	São Paulo	55.00%	-	KPMG
Elebrás Projectos, Ltda	São Paulo	55.00%	-	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	-	KPMG
Renovatio Power SRL	Bucharest	85.00%	-	KPMG

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Electricity business - Holland:				
Tarcan BV	Amsterdam	100.00%	-	Not audited
Electricity business - Great Britain:				
EDPR UK Limited	Cardiff	100.00%	-	Not audited
Moray Offshore Renewables Limited	Cardiff	75.00%	-	Not audited
Parent Company:				
Horizon Wind Energy LLC	Texas	100.00%	100.00%	KPMG
Electricity business USA				
Wind Turbine Prometheus, LP	California	100.00%	-	KPMG
Dickinson County Wind Farm LLC	Minnesota	100.00%	-	KPMG
Darlington Wind Farm, LLC	Minnesota	100.00%	-	KPMG
Cloud County Wind Farm	Kansas	100.00%	-	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	-	KPMG
Blue Canyon Windpower II LLC	Oklahoma	100.00%	-	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	-	KPMG
Horizon Wind Energy International	Texas	100.00%	-	KPMG
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	-	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	-	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	-	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Marble River, LLC	New York	100.00%	-	KPMG
Rail Splitter	Illionois	100.00%	-	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	-	KPMG
Aroostook Wind Energy LLC	Maine	100.00%	-	KPMG
Jericho Rise Wind Farm LLC	New York	100.00%	-	KPMG
Madison Windpower LLC	New York	100.00%	-	KPMG
Mesquite Wind, LLC	Texas	100.00%	-	KPMG
Martinsdale Wind Farm LLC	Colorado	100.00%	-	KPMG
Post Oak Wind, LLC	Texas	100.00%	-	KPMG
BC Maple Ridge Wind LLC	Texas	100.00%	-	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	-	KPMG
Arlington Wind Power Project LLC	Oregon	100.00%	-	KPMG
Signal Hill Wind Power Project LLC	Colorado	100.00%	-	KPMG
Tumbleweed Wind Power Project LLC	Colorado	100.00%	-	KPMG
Old Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Viento Grande Wind Power Project LLC	Colorado	100.00%	-	KPMG
OPQ Property LLC	Illionois	100.00%	-	KPMG
Meadow Lake Wind Farm, LLC	Indiana	100.00%	-	KPMG
Wheatfield Wind Power Project, LLC	Oregon	100.00%	-	KPMG
007 Vento I LLC	Texas	100.00%	-	KPMG
007 Vento II	Texas	100.00%	-	KPMG
008 Vento III	Texas	100.00%	-	KPMG
Horizon Wind Ventures I LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Clinton County Wind Farm, LLC	New York	100.00%	-	KPMG
BC2 Maple Ridge Holdings LLC	Texas	100.00%	-	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	-	Not audited
Five-Spot, LLC	Texas	100.00%	-	Not audited
Horizon Wind Chocolate Bayou I LLC	Texas	100.00%	-	Not audited
Alabama Ledge Wind Farm LLC	Texas	100.00%	-	Not audited
Antelope Ridge Wind Power Project LLC	Texas	100.00%	-	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	-	Not audited
Ashford Wind Farm LLC	Texas	100.00%	-	Not audited
Athena-Weston Wind Power Project LLC	Texas	100.00%	-	Not audited
Black Prairie Wind Farm LLC	Texas	100.00%	-	KPMG
Blackstone Wind Farm II LLC	Texas	100.00%	-	KPMG
Blackstone Wind Farm III LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm IV LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm V LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower III LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower IV LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower VI LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm II LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm III LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm LLC	Texas	100.00%	-	Not audited
Chateaugay River Wind Farm LLC	Texas	100.00%	-	Not audited
Cropsey Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Crossing Trails Wind, Power Project LLC	Texas	100.00%	-	Not audited
Dairy Hills Wind Farm LLC	Texas	100.00%	-	Not audited
Diamond Power Partners LLC	Texas	100.00%	-	Not audited
Ford Wind Farm LLC	Texas	100.00%	-	Not audited

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Freeport Windpower I, LP	Texas	100.00%	-	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	-	Not audited
Homestead Wind Farm LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest VII LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest X LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XI LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Panhandle I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest II LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest III LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest IV LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Valley I LLC	Texas	100.00%	-	Not audited
Horizon Wind MREC Iowa Partners LLC	Texas	100.00%	-	Not audited
Horizon Wind, Freeport Windpower I LLC	Texas	100.00%	-	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	-	Not audited
Lexington Chenoa Wind Farm LLC	Texas	100.00%	-	Not audited
Machias Wind Farm LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm II LLC	Texas	100.00%	-	KPMG
New Trail Wind Farm LLC	Texas	100.00%	-	Not audited
North Slope Wind Farm LLC	Texas	100.00%	-	Not audited
Number Nine Wind Farm LLC	Texas	100.00%	-	Not audited
Pacific Southwest Wind Farm LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Wind Farm II LLC	Texas	100.00%	-	Not audited
Rim Rock Power Partners LLC	Texas	100.00%	-	Not audited
Saddleback Wind Power Project LLC	Texas	100.00%	-	KPMG
Sardinia Windpower LLC	Texas	100.00%	-	Not audited
Turtle Creek Wind Farm LLC	Texas	100.00%	-	Not audited
Western Trail Wind Project I LLC	Texas	100.00%	-	Not audited
Whistling Wind WI Energy Center, LLC	Texas	100.00%	-	Not audited
Simpson Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Coos Curry Wind Power Project LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Midwest IX LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest I LLC	Texas	100.00%	-	Not audited
Peterson Power Partners LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Interconnection LLC	Texas	100.00%	-	Not audited
The Nook Wind Power Project LLC	Texas	100.00%	-	Not audited
Tug Hill Windpower LLC	Texas	100.00%	-	Not audited
Whiskey Ridge Power Partners LLC	Texas	100.00%	-	Not audited
Wilson Creek Power Partners LLC	Texas	100.00%	-	Not audited
WTP Management Company LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm IV LLC	Indiana	100.00%	-	KPMG
Meadow Lake Windfarm III LLC	Indiana	100.00%	-	KPMG
2009 Vento IV, LLC	Texas	100.00%	-	KPMG
2009 Vento V, LLC	Texas	100.00%	-	KPMG
2009 Vento VI, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures VI, LLC	Texas	100.00%	-	KPMG
Lexington Chenoa Wind Farm II LLC	Illinois	100.00%	-	KPMG
Lexington Chenoa Wind Farm III LLC	Illinois	100.00%	-	KPMG
East Klickitat Wind Power Project LLC	Washington	100.00%	-	KPMG
Horizon Wind Energy Northwest IV LLC	Oregon	100.00%	-	KPMG
Blue Canyon Wind Power VII LLC	Oklahoma	100.00%	-	KPMG
Horizon Wyoming Transmission LLC	Wyoming	100.00%	-	KPMG
AZ Solar LLC	Arizona	100.00%	-	KPMG
Black Prairie Wind Farm II LLC	Illinois	100.00%	-	KPMG
Black Prairie Wind Farm III LLC	Illinois	100.00%	-	KPMG
Paulding Wind Farm LLC	Ohio	100.00%	-	KPMG
Paulding Wind Farm II LLC	Ohio	100.00%	-	KPMG
Paulding Wind Farm III LLC	Ohio	100.00%	-	KPMG
Simpson Ridge Wind Farm II LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm III LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm IV LLC	Wyoming	100.00%	-	KPMG
Simpson Ridge Wind Farm V LLC	Wyoming	100.00%	-	KPMG
Athena-Weston Wind Power Project II, LLC	Oregon	100.00%	-	KPMG
Meadow Lake Wind Farm V, LLC	Indiana	100.00%	-	KPMG

The main financial indicators of the jointly controlled companies included in the consolidation under the **proportionate consolidation method** as at 31 December 2009, are as follows:

Jointly Controlled Companies	Head Office	Share Capital /Currency EUR	Non Current Assets 31-Dec-09 Euro'000	Current Assets 31-Dec-09 Euro'000	Non Current Liabilities 31-Dec-09 Euro'000	Current Liabilities 31-Dec-09 Euro'000	Total Equity 31-Dec-09 Euro'000	Total Incomes 31-Dec-09 Euro'000	Total Costs 31-Dec-09 Euro'000	Net Results 31-Dec-09 Euro'000	% Indirect	% Direct	Auditor
Electricity business													
Flat Rock Windpower LLC	New York	364,764 USD	-19,659	3,694	1,049	66	-17,081	11,353	-13,386	-2,033	50.00%	50.00%	E&Y
Flat Rock Windpower II LLC	New York	144,001 USD	-7,899	849	387	43	-7,479	2,743	-4,387	-1,644	50.00%	50.00%	E&Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6,701 EUR	105,014	9,088	44,313	13,357	56,433	14,805	-11,946	2,859	50.00%	50.00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15 EUR	-8	4	0	9	-13	0	0	0	39.92%	49.90%	KPMG
Evolución 2000, S.L.	Albacete	118 EUR	22,690	5,694	23,366	3,895	1,124	5,273	-3,955	1,318	39.32%	49.15%	KPMG
Murciasol-1 Solar Térmica, S.L.	Madrid	3 EUR	84	16	0	100	0	0	0	0	40.00%	50.00%	Not audited
Tebar Eólica, S.A.	Cuenca	4,720 EUR	15,436	4,992	14,981	2,845	2,601	4,054	-3,449	606	40.00%	50.00%	Abante Audit Auditores,

The **Associated Companies** included in the consolidation under the equity method as at 31 December 2009, are as follows:

Associates	Head Office	% Indirect	% Direct	Auditor
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	48.70%		Not audited
Biomasas del Pirineo S.A.	Huesca	24.00%	-	PwC
Cultivos Energéticos de Castilla S.A.	Burgos	24.00%	-	Not audited
D.E. DE CANARIAS, S.A.	Gran Canaria	35.80%	-	Not audited
Hidroastur S.A.	Oviedo	19.60%	-	KPMG
Naturneo Energía, S.L.	Bilbau	20.00%	-	Mazars
Parque Eólico Belmonte, S.A.	Asturias	49.01%	-	Centium
Parque Eólico Sierra del Madero S.A.	Soria	23.92%	-	Not audited
Parque Eólico Altos del Voltoya, S.A.	Madrid	33.60%	-	KPMG
Sodecoan, S.L.	Sevilla	39.20%	-	Ernst & Young
Solar Siglo XXI, S.A.	Ciudad Real	40.00%	-	KPMG
ENEOP - Éolicas de Portugal, S.A.	Lisboa	20.00%	-	Mazars

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2008, are as follows:

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Group's parent holding company:				
EDP Renováveis, Sociedad Anônima	Oviedo	100.00%	100.00%	KPMG
Parent Company:				
Nuevas Energías de Occdiente,S.L.	Oviedo	100.00%	100.00%	KPMG
Electricity business Portugal				
Eneraltius-Prodrução de Energia Eléctrica, S.A.	Lisboa	100.00%	-	KPMG
Enernova -Novas Energias, S.A.	Lisboa	100.00%	-	KPMG
Eólica da Alagoa	Arcos Valdevez	59.99%	-	PwC
Eólica de Montenegrelo, LDA	Vila Pouca de Aguiar	50.10%	-	KPMG
Eólica da Serra das Alturas	Porto	50.10%	-	PWC
Levante - Energia Eólica, Unipessoal, LDA	Porto Salvo	100.00%	-	KPMG
Malhadizes	Porto Salvo	100.00%	-	KPMG
Electricity business Spain				
Acampo Arias,S.L.	Zaragoza	98.19%	-	KPMG
Agrupación Eólica SLU	Zaragoza	100.00%	-	KPMG
Parque Eólico Plana de Artajona, SLU	Zaragoza	100.00%	-	Not audited
Bourbriac	Paris	100.00%	-	KPMG
Compañía Eólica Campo de Borja, S.A.	Zaragoza	75.83%	-	KPMG
Cía. Eléctrica de Energías Renovables Alternativas, SAL	Zaragoza	100.00%	-	Not audited
Ceprastur AIE *	Oviedo	45.41%	-	Not audited
Corporación Empresarial de Renovables Alternativas, SLU	Zaragoza	100.00%	-	Not audited
Parc Eòlic de Coll de Moro, S.L.	BARCELONA	60.00%	-	Not audited
D.E. Almarchal, SAL *	Cádiz	80.00%	-	KPMG
D.E. Buenavista, SAL *	Cádiz	80.00%	-	KPMG
Desarrollos Catalanes Del Viento,S.L.	Barcelona	60.00%	-	KPMG
D.E. de Corme, S.A. *	La Coruña	80.00%	-	KPMG
D.E. Dumbria, SAL *	La Coruña	80.00%	-	KPMG
Desarrollos Eólicos de Galicia, S.A. *	La Coruña	77.33%	-	KPMG
D.E. de Lugo, SAL *	Lugo	80.00%	-	KPMG
Desarrollos Eólicos Promoción S.A.U. *	Sevilla	80.00%	-	KPMG
D.E. Rabosera, S.A. *	Huesca	76.00%	-	KPMG
Desarrollos Eólicos, S.A. *	Sevilla	80.00%	-	KPMG
D.E. de Tarifa, SAL *	Cádiz	80.00%	-	KPMG

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Eólica Don Quijote, S.L. *	Albacete	80.00%	-	KPMG
Eólica Dulcinea, S.L. *	Albacete	80.00%	-	KPMG
Eolica Alfoz, S.L. *	Madrid	67.98%	-	KPMG
Eólica Arlanzón, S.A. *	Madrid	62.00%	-	KPMG
Eólica Campollano, S.A. *	Madrid	60.00%	-	KPMG
Eólica Mare Nostrum S.A. *	Valencia	48.00%	-	Not audited
Eólica La Brújula, S.A. *	Madrid	67.92%	-	KPMG
Energías Eólicas La Manchuela, S.L.U. *	Albacete	80.00%	-	KPMG
Eneroliva, S.A. *	Sevilla	80.00%	-	Not audited
Fontesilva *	Coruña	80.00%	-	Not audited
Hidroeléctrica Fuentermosa S.L. *	Oviedo	71.96%	-	Not audited
Parques de Generación Eólica, S.L	Burgos	60.00%	-	KPMG
Generaciones Especiales I, S.L.	Madrid	80.00%	-	KPMG
Ceasa Promociones Eólicas SLU	Zaragoza	100.00%	-	Ernst & Young
Subgrupo Veinco*	Zaragoza	80.00%	-	Not audited
Guadalteba*	Sevilla	80.00%	-	Not audited
Hidroeléctrica Gormaz S.A. *	Salamanca	60.00%	-	Not audited
Iberia Aprovechamientos Eólicos, SAL	Zaragoza	100.00%	-	KPMG
Investigación Y Desarrollo de Energías Renovables, S. L.	León	47.67%	-	KPMG
Industrias Medioambientales Río Carrión, S.A. *	Madrid	72.00%	-	Not audited
La Janda *	Madrid	80.00%	-	Not audited
Lanavica	Madrid	80.00%	-	KPMG
Parque Eólico Los Cantales, SLU	Zaragoza	100.00%	-	KPMG
Parc Eolic Molinars SL	GIRONA	54.00%	-	Not audited
Molino de Caragüeyes,S.L.	Zaragoza	80.00%	-	KPMG
Parque Eólico Montes de Castejón, S.L.	Zaragoza	100.00%	-	Not audited
Muxia I e II *	Coruña	80.00%	-	Not audited
NEO Energia Aragón SL	Madrid	100.00%	-	KPMG
NEO Catalunya SL	Barcelona	100.00%	-	KPMG
Neomai Inversiones SICAV, SA	Madrid	100.00%	-	PwC
Parque Eólico Santa Quiteria, S.L. *	Huesca	46.66%	-	KPMG
Parque Eólico Belchite, SL *	Zaragoza	80.00%	-	KPMG
Parques Eólicos del Cantábrico, S.A. *	Oviedo	80.00%	-	KPMG
Parque Eólico La Sotonera, SL *	Zaragoza	51.88%	-	KPMG
Eolica de Radona SL *	Madrid	80.00%	-	Not audited
Rasacal Cogeneración S.A. *	Madrid	48.00%	-	Not audited
Siesa Renovables Canarias, S.L. *	Gran Canaria	80.00%	-	Not audited
Renovables Castilla La Mancha S.A. *	Albacete	72.00%	-	KPMG
Hidroeléctrica del Rumblar S.L. *	Madrid	64.00%	-	Not audited
Sierra Avila *	Madrid	71.99%	-	KPMG
Sinae Inversiones Eólicas S.A. *	Madrid	80.00%	-	KPMG
Sotromal, S.A. *	Soria	72.00%	-	Not audited
Parc Eòlic de Torre Madrina, S.L.	Barcelona	60.00%	-	Not audited
Tratamientos Medioambientales del Norte, S.A. *	Madrid	64.00%	-	Not audited
Tratamientos Medioambientales Río Sotón, S.A.	Madrid	80.00%	-	KPMG
Veinco Energia Limpia SL *	Zaragoza	80.00%	-	Not audited
Bon Vent de Corbera, SL	Barcelona	100.00%	-	Not audited
Bon Vent de Vilalba, SL	Barcelona	100.00%	-	Not audited
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	60.00%	-	Not audited
Electricity business France				
Parc Eolien D'Ardennes	Elbeuf	100.00%	-	Not audited
C.E. Ayssenes-Le Truel	Paris	100.00%	-	KPMG
Parc Eolien du Clos Bataille, SAS	Elbeuf	100.00%	-	Cabinet Exco
C.E. Beaurevoir, SAS	Paris	100.00%	-	KPMG
Eolienne des Bocages, SARL	Elbeuf	100.00%	-	Not audited
C.E. Calanhel Lohuec, SAS	Paris	100.00%	-	Not audited
Eolienne de Callengeville, SAS	Elbeuf	100.00%	-	Cabinet Exco
CE Canet-Pont de Salars	Paris	100.00%	-	KPMG
Parc Eolien des Longs Champs, SARL	Elbeuf	100.00%	-	Not audited
Eole Service, SARL	Elbeuf	100.00%	-	Not audited
Eole 76 Developpement, SARL	Elbeuf	100.00%	-	Not audited
Eolienne D'Etalondes, SARL	Elbeuf	100.00%	-	Not audited
Le Gollot SAS	Carhaix	100.00%	-	Jean-Yves Morisset
CE Gueltas Noyal-Pontivy	Paris	100.00%	-	KPMG
Parc Eolien de La Hetroye, SAS	Elbeuf	100.00%	-	Cabinet Exco
Hollywell Investments Limited, SARL	Luxembourg	100.00%	-	Not audited
Keranfouler SAS	Carhaix	100.00%	-	Jean-Yves Morisset
SOCPE Le Mee SARL	Toulouse	49.00%	-	KPMG
Parc Eolien Les Bles D'Or SARL	Toulouse	100.00%	-	Not audited
C.E. Les Vielles, SAS	Paris	100.00%	-	KPMG
Parc Eolien de Mancheville, SARL	Elbeuf	100.00%	-	Not audited
Eole Futur Montloue 1, SAS	Elbeuf	100.00%	-	Cabinet Exco
Neo Galia , SAS	Paris	100.00%	-	KPMG

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
C.E. Patay, SAS	Paris	100.00%	-	KPMG
Parc Eolien des Bocages, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Petite Piece SARL	Toulouse	49.00%	-	KPMG
SOCPE Pieces de Vigne SARL	Toulouse	100.00%	-	Not audited
Plouvien Breiz SAS	Carhaix	100.00%	-	Jean-Yves Morisset
CE Pont d Ýeu, SAS	Paris	100.00%	-	KPMG
PROUVILLE	Paris	100.00%	-	KPMG
Rech. et Dével. Éoliennes	Paris	100.00%	-	Not audited
Ridgeside Investments Limited, SARL	Luxembourg	100.00%	-	Not audited
Parc Eolien de Roman, SARL	Elbeuf	100.00%	-	Not audited
CE Saint Alban-Henansal	Paris	100.00%	-	KPMG
C.E. Saint Barnabe, SAS	Paris	100.00%	-	KPMG
SOCPE Saint Jacques SARL	Toulouse	100.00%	-	Not audited
Eolienne de Saugueuse, SARL	Elbeuf	100.00%	-	Not audited
SOCPE Sauvageons SARL	Toulouse	49.00%	-	KPMG
C.E. Segur, SAS	Paris	100.00%	-	KPMG
Truc L'homme	Paris	100.00%	-	KPMG
Parc Eolien de Varimpre, SAS	Elbeuf	100.00%	-	Cabinet Exco
Parc Eolien des Vatines, SAS	Elbeuf	100.00%	-	Cabinet Exco
Electricity business Poland				
Chodow Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
KIP Wind Park I SP.ZO.O.	Varsóvia	100.00%	-	Not audited
KIP Wind Park II SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Neolica Polska SP Z.O.O.	Warsaw	100.00%	-	Not audited
Relax Wind Park I SP.ZO.O.	Varsóvia	93.29%	-	Not audited
Relax Wind Park II Sp. zoo	Warsaw	51.00%	-	Not audited
Relax Wind Park III SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Relax Wind Park IV Sp. zoo	Warsaw	51.00%	-	Not audited
Relax Wind Park V SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Relax Wind Park VI SP.ZO.O.	Varsóvia	100.00%	-	Not audited
SK Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Sokolowo Wind Park SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Zulawy Wind Park I SP.ZO.O.	Varsóvia	100.00%	-	Not audited
Electricity business Belgium				
Greenwind S.A.	Louvain-la-Neuve	70.00%	-	Not audited
Electricity business Brazil				
EDP Renováveis Brasil, S.A.	São Paulo	55.00%	55.00%	Not audited
Electricity business Romania				
Cernavoda Power SRL	Bucharest	85.00%	-	Not audited
Renovatio Power SRL	Bucharest	85.00%	-	Not audited
Electricity business - Holland:				
Tarcan BV	Amsterdam	100.00%	-	KPMG
Parent Company:				
Horizon Wind Energy LLC	Texas	100.00%	100.00%	KPMG
Electricity business USA				
Wind Turbine Prometheus, LP	California	100.00%	-	KPMG
Dickinson County Wind Farm LLC	Minnesota	100.00%	-	KPMG
Darlington Wind Farm, LLC	Minnesota	100.00%	-	KPMG
Cloud County Wind Farm	Kansas	100.00%	-	KPMG
Whitestone Wind Purchasing, LLC	Texas	100.00%	-	KPMG
Blue Canyon Windpower II LLC	Oklahoma	100.00%	-	KPMG
Blue Canyon Windpower V, LLC	Oklahoma	100.00%	-	KPMG
Horizon Wind Energy International	Texas	100.00%	-	KPMG
Pioneer Prairie Wind Farm I, LLC	Iowa	100.00%	-	KPMG
Sagebrush Power Partners, LLC	Washington	100.00%	-	KPMG
Telocaset Wind Power Partners, LLC	Oregon	100.00%	-	KPMG
High Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Chocolate Bayou Windpower I, LP	Texas	100.00%	-	KPMG
Marble River, LLC	New York	100.00%	-	KPMG
Rail Splitter	Illionois	100.00%	-	KPMG
Blackstone Wind Farm, LLC	Illionois	100.00%	-	KPMG
Aroostook Wind Energy LLC	Maine	100.00%	-	KPMG
Jericho Rise Wind Farm LLC	New York	100.00%	-	KPMG

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Madison Windpower LLC	New York	100.00%	-	KPMG
Mesquite Wind, LLC	Texas	100.00%	-	KPMG
Martinsdale Wind Farm LLC	Colorado	100.00%	-	KPMG
Post Oak Wind, LLC	Texas	100.00%	-	KPMG
BC Maple Ridge Wind LLC	Texas	100.00%	-	KPMG
High Prairie Wind Farm II, LLC	Minnesota	100.00%	-	KPMG
Arlington Wind Power Project LLC	Oregon	100.00%	-	KPMG
Signal Hill Wind Power Project LLC	Colorado	100.00%	-	KPMG
Tumbleweed Wind Power Project LLC	Colorado	100.00%	-	KPMG
Old Trail Wind Farm, LLC	Illionois	100.00%	-	KPMG
Viento Grande Wind Power Project LLC	Colorado	100.00%	-	KPMG
OPQ Property LLC	Illionois	100.00%	-	KPMG
Meadow Lake Wind Farm, LLC	Indiana	100.00%	-	KPMG
Wheatfield Wind Power Project, LLC	Oregon	100.00%	-	KPMG
007 Vento I LLC	Texas	100.00%	-	KPMG
007 Vento II	Texas	100.00%	-	KPMG
008 Vento III	Texas	100.00%	-	KPMG
Horizon Wind Ventures I LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures II, LLC	Texas	100.00%	-	KPMG
Horizon Wind Ventures III, LLC	Texas	100.00%	-	KPMG
Clinton County Wind Farm, LLC	New York	100.00%	-	KPMG
Electricity business USA (a)				
BC2 Maple Ridge Holdings LLC	Texas	100.00%	-	Not audited
Cloud West Wind Project, LLC	Texas	100.00%	-	Not audited
Five-Spot, LLC	Texas	100.00%	-	Not audited
Horizon Wind Chocolate Bayou I LLC	Texas	100.00%	-	Not audited
Alabama Ledge Wind Farm LLC	Texas	100.00%	-	Not audited
Antelope Ridge Wind Power Project LLC	Texas	100.00%	-	Not audited
Arkwright Summit Wind Farm LLC	Texas	100.00%	-	Not audited
Ashford Wind Farm LLC	Texas	100.00%	-	Not audited
Athena-Weston Wind Power Project LLC	Texas	100.00%	-	Not audited
Black Prairie Wind Farm LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm II LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm III LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm IV LLC	Texas	100.00%	-	Not audited
Blackstone Wind Farm V LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower III LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower IV LLC	Texas	100.00%	-	Not audited
Blue Canyon Windpower VI LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm II LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm III LLC	Texas	100.00%	-	Not audited
Broadlands Wind Farm LLC	Texas	100.00%	-	Not audited
Chateaugay River Wind Farm LLC	Texas	100.00%	-	Not audited
Cropsey Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Crossing Trails Wind, Power Project LLC	Texas	100.00%	-	Not audited
Dairy Hills Wind Farm LLC	Texas	100.00%	-	Not audited
Diamond Power Partners LLC	Texas	100.00%	-	Not audited
East Clickitat Wind Power Project LLC	Texas	100.00%	-	Not audited
Ford Wind Farm LLC	Texas	100.00%	-	Not audited
Freeport Windpower I, LP	Texas	100.00%	-	Not audited
Gulf Coast Windpower Management Company, LLC	Texas	100.00%	-	Not audited
Homestead Wind Farm LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest VII LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest X LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XI LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Panhandle I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest II LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest III LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Southwest IV LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Valley I LLC	Texas	100.00%	-	Not audited
Horizon Wind MREC Iowa Partners LLC	Texas	100.00%	-	Not audited
Horizon Wind, Freeport Windpower I LLC	Texas	100.00%	-	Not audited
Juniper Wind Power Partners, LLC	Texas	100.00%	-	Not audited
Lexington Chenoa Wind Farm LLC	Texas	100.00%	-	Not audited
Machias Wind Farm LLC	Texas	100.00%	-	Not audited
Meadow Lake Wind Farm II LLC	Texas	100.00%	-	Not audited
New Trail Wind Farm LLC	Texas	100.00%	-	Not audited
North Slope Wind Farm LLC	Texas	100.00%	-	Not audited
Number Nine Wind Farm LLC	Texas	100.00%	-	Not audited
Pacific Southwest Wind Farm LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Wind Farm II LLC	Texas	100.00%	-	Not audited
Rim Rock Power Partners LLC	Texas	100.00%	-	Not audited
Saddleback Wind Power Project LLC	Texas	100.00%	-	Not audited
Sardinia Windpower LLC	Texas	100.00%	-	Not audited
Turtle Creek Wind Farm LLC	Texas	100.00%	-	Not audited
Western Trail Wind Project I LLC	Texas	100.00%	-	Not audited

Subsidiaries Companies	Head Office	% Indirect	% Direct	Auditor
Whistling Wind WI Energy Center, LLC	Texas	100.00%	-	Not audited
Simpson Ridge Wind Farm LLC	Texas	100.00%	-	Not audited
Coos Curry Wind Power Project LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Midwest IX LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest I LLC	Texas	100.00%	-	Not audited
Horizon Wind Energy Northwest XV LLC	Texas	100.00%	-	Not audited
Peterson Power Partners LLC	Texas	100.00%	-	Not audited
Pioneer Prairie Interconnection LLC	Texas	100.00%	-	Not audited
The Nook Wind Power Project LLC	Texas	100.00%	-	Not audited
Tug Hill Windpower LLC	Texas	100.00%	-	Not audited
Whiskey Ridge Power Partners LLC	Texas	100.00%	-	Not audited
Wilson Creek Power Partners LLC	Texas	100.00%	-	Not audited
WTP Management Company LLC	Texas	100.00%	-	Not audited

The **Associated Companies** included in the consolidation under the equity method as at 31 December 2008, are as follows:

Associates	Head Office	% Indirect	% Direct	Auditor
Biomasas del Pirineo S.A.	Huesca	24.00%	-	Not audited
Cultivos Energéticos de Castilla S.A.	Burgos	24.00%	-	Not audited
D.E. de Canarias, S.A.	Gran Canaria	35.80%	-	KPMG
Hidroastur S.A.	Oviedo	20.00%	-	Centium
Naturneo Energía, S.L.	Bilbau	49.01%	-	Not audited
PARQUE Eólico Belmonte, S.A.	Asturias	23.92%	-	KPMG
Parque Eólico Sierra del Madero S.A.	Soria	33.60%	-	Ernst & Young
Parque Eólico Altos del Voltoya, S.A.	Madrid	24.80%	-	KPMG
Sodecoan, S.L.	Sevilla	40.00%	-	Not audited
Solar Siglo XXI, S.A.	Ciudad Real	20.00%	-	Not audited
Eneop - Éolicas de Portugal, S.A.	Lisboa	19.60%	-	Mazars

The main financial indicators of the jointly controlled companies included in the consolidation under the **proportionate consolidation method** as at 31 December 2008, are as follows:

Jointly Controlled Companies	Head Office	Share Capital /Currency EUR		Non Current Assets 31-Dec-09 Euro'000	Current Assets 31-Dec-09 Euro'000	Non Current Liabilities 31-Dec-09 Euro'000	Current Liabilities 31-Dec-09 Euro'000	Total Equity 31-Dec-09 Euro'000	Total Incomes 31-Dec-09 Euro'000	Total Costs 31-Dec-09 Euro'000	Net Results 31-Dec-09 Euro'000	% Indirect	% Direct	Auditor
Electricity business														
Flat Rock Windpower LLC	New York	377 581	USD	-12,354	4,431	1,003	212	-9,137	15,642	-13,257	2,385	50.00%	50.00%	E&Y
Flat Rock Windpower II LLC	New York	149,060	USD	-5,080	1,176	370	88	-4,362	5,407	-4,008	1,399	50.00%	50.00%	E&Y
Compañía Eólica Aragonesa, S.A.	Zaragosa	6,701	EUR	109,753	16,231	51,184	15,073	59,728	20,579	-14,574	6,005	50.00%	50.00%	Deloitte
Desarrollos Energeticos Canarios S.A.	Las Palmas	15	EUR	-8	4	0	9	-13	0	0	0	39.92%	49.90%	KPMG
Evolución 2000, S.L.	Albacete	118	EUR	23,989	5,692	22,566	5,392	1,723	6,619	-4,811	1,808	39.32%	49.15%	KPMG
Horta Medioambiente, S.A.	Madrid	60	EUR	-30	0	0	56	-86	0	0	0	40.00%	50.00%	Not audited
Ibersol E Solar Ibér	Madrid	65	EUR	1,035	28	50	1,013	0	0	0	0	40.00%	50.00%	KPMG
Murciasol-1 Solar Térmica, S.L.	Madrid	3	EUR	74	25	0	99	0	0	0	0	40.00%	50.00%	KPMG
Tebar Eólica, S.A.	Cuenca	4,720	EUR	16,532	5,369	16,176	3,049	2,676	6,082	-4,253	1,829	40.00%	50.00%	Abante Audit Auditores

* These companies have been consolidated considering that EDP Renováveis, through its subsidiary NEO, hold 100% of Genesa share capital, taking in consideration the put option over Caja Madrid (as described in note 36).

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2009

(Thousands of Euros)

	WIND ENERGY OPERATIONS								
	EUROPE								
	Portugal	Spain	Rest of Europe	Others	Adjustments	Total	U. S. A.	Other and Adjustments	EDP Renováveis Group
Revenue	**123,336**	**260,534**	**38,355**	**6,645**	**12,567**	**441,437**	**204,649**	**2,156**	**648,242**
External customers	123,336	258,590	38,355	287	19,270	439,838	204,649	2,286	646,773
Other operating segments	-	1,944	-	6,358	-6,703	1,599	-	-130	1,469
Cost of consumed electricity	-236	-10	-	-	-	-246	-1,198	-78	-1,522
Changes in inventories and cost of raw materials and consumables used	19	-6,493	745	-18	943	-4,804	-	91	-4,713
	123,119	254,031	39,100	6,627	13,510	436,387	203,451	2,169	642,007
Other operating income / (expenses)									
Other operating income	2,632	6,385	756	1,026	-946	9,853	115,318	60	125,231
Supplies and services	-17,633	-41,295	-7,573	-8,846	6,648	-68,699	-65,418	-14,187	-148,304
Personnel costs	-2,232	-7,029	-1,549	-3,855	-	-14,665	-19,641	-7,608	-41,914
Employee benefits expenses	968	-21	-1	-133	-	813	-1,346	-100	-633
Other operating expenses	-5,204	-6,334	-3,761	-84	61	-15,322	-17,926	-590	-33,838
	-21,469	-48,294	-12,128	-11,892	5,763	-88,020	10,987	-22,425	-99,458
	101,650	205,737	26,972	-5,265	19,273	348,367	214,438	-20,256	542,549
Provisions	170	12	-	-	-	182	-	1	183
Depreciation and amortisation expense	-31,151	-106,745	-14,809	-1,387	-	-154,092	-158,982	-1,276	-314,350
Amortisation of deferred income / Government grants	658	154	-	1	-	813	1,589	1	2,403
	71,327	99,158	12,163	-6,651	19,273	195,270	57,045	-21,530	230,785
Gains / (losses) from the sale of financial assets	-	268	-	-	-	268	-	-	268
Other financial income	-	-44	10,370	10,256	-10,200	10,382	6,218	2,144	18,744
Interest income	2,846	4,923	54	130,161	-130,145	7,839	692	8,442	16,973
Other financial expenses	-32	-5,631	-4,524	-273	-8,655	-19,115	-59,590	-392	-79,097
Interest expense	-25,711	-68,351	-17,370	-185,737	130,180	-166,989	2,477	135,458	-29,054
Share of profit of associates	421	3,788	-	-	-	4,209	-287	-	3,922
Profit before tax	48,851	34,111	693	-52,244	453	31,864	6,555	124,122	162,541
Income tax expense	-9,985	-7,804	-833	11,298	-	-7,324	-	-37,430	-44,754
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	**24,540**	**6,555**	**86,692**	**117,787**
Attributable to:									
Equity holders of EDP Renováveis	37,499	19,931	-319	-36,545	453	21,019	6,555	86,775	114,349
Minority interest	1,367	6,376	179	-4,401	-	3,521	-	-83	3,438
Profit (loss) for the period	**38,866**	**26,307**	**-140**	**-40,946**	**453**	**24,540**	**6,555**	**86,692**	**117,787**
Assets									
Property, plant and equipment	574,592	3,081,900	877,979	55,810	-	4,590,281	3,978,845	65,885	8,635,011
Intangible assets and Goodwill	43,920	107,048	49,550	75	571,751	772,344	549,122	14,230	1,335,696
Investments in associates	-	20,238	-	-23,835	49,521	45,924	1,686	-1	47,609
Current assets	159,152	442,570	57,273	792,842	-839,570	612,267	208,581	284,508	1,105,356
Equity and Liabilities									
Equity and Minority Interest	81,582	864,882	190,378	6,079	-697,366	445,555	2,858,681	2,023,319	5,327,555
Current Liabilities	99,865	953,159	259,080	379,776	-545,615	1,146,265	274,160	-174,915	1,245,510
Other information:									
Increase of the period									
Property, plant and equipment	105,400	535,294	381,463	19,973	-	1,042,130	828,519	24,538	1,895,187
Intangible assets and Goodwill	-	36,717	1,106	24	-	37,847	-	1,251	39,098

The following notes form an integral part of these Consolidated Annual Accounts

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2008

(Thousands of Euros)

	WIND ENERGY OPERATIONS								
	EUROPE						U. S. A.	Other and Adjustments	EDP Renováveis Group
	Portugal	Spain	Rest of Europe	Others	Adjustments	Total			
Revenue	**97,108**	**281,277**	**18,766**	**5,290**	**-1,826**	**400,615**	**131,814**	**-**	**532,429**
External customers	97,108	274,731	18,766	124	3,722	394,451	131,814	-	526,265
Other operating segments	-	6,546	-	5,166	-5,548	6,164	-	-	6,164
Cost of consumed electricity	-222	-265	-	-	-	-487	-506	-	-993
Changes in inventories and cost of raw materials and consumables used	43	-10,652	-1,563	-5	926	-11,251	-	-	-11,251
	96,929	270,360	17,203	5,285	-900	388,877	131,308	-	520,185
Other operating income / (expenses)									
Other operating income	864	2,673	801	1,330	-85	5,583	84,601	-660	89,524
Supplies and services	-11,437	-32,935	-4,368	-11,670	4,633	-55,777	-45,381	-5,789	-106,947
Personnel costs	-3,796	-9,338	-639	-4,759	-	-18,532	-17,098	-1,381	-37,011
Employee benefits expenses	-11	-22	-	-129	-	-162	-928	-	-1,090
Other operating expenses	-6,082	-4,763	-2,403	-43	74	-13,217	-14,034	467	-26,784
	-20,462	-44,385	-6,609	-15,271	4,622	-82,105	7,160	-7,363	-82,308
	76,467	225,975	10,594	-9,986	3,722	306,772	138,468	-7,363	437,877
Provisions	166	641	-	-	-	807	-1	-	806
Depreciation and amortisation expense	-25,940	-85,963	-7,817	-358	-	-120,078	-87,686	-	-207,764
Amortisation of deferred income / Government grants	540	155	-	1	-	696	-	-	696
	51,233	140,808	2,777	-10,343	3,722	188,197	50,781	-7,363	231,615
Gains / (losses) from the sale of financial assets	-	2,363	-	-	-	2,363	-	-	2,363
Other financial income	-	1,475	299	39	-	1,813	1,317	222,522	225,652
Interest income	1,151	8,036	212	77,574	-79,750	7,223	1,872	36,154	45,249
Other financial expenses	-50	-815	-1,158	-813	59	-2,777	-56,568	-221,966	-281,311
Interest expense	-21,757	-68,029	-10,392	-122,505	67,542	-155,141	10,974	77,358	-66,809
Share of profit of associates	-74	4,423	-	95	-	4,444	-6	-	4,438
Profit before tax	30,503	88,261	-8,262	-55,953	-8,427	46,122	8,370	106,705	161,197
Income tax expense	-8,038	-27,996	-378	19,130	290	-16,992	-	-31,987	-48,979
Profit (loss) for the period	**22,465**	**60,265**	**-8,640**	**-36,823**	**-8,137**	**29,130**	**8,370**	**74,718**	**112,218**
Attributable to:									
Equity holders of EDP Renováveis	22,469	45,524	-8,250	-26,717	-8,137	24,889	8,370	71,105	104,364
Minority interest	-4	14,741	-390	-10,106	-	4,241	-	3,613	7,854
Profit (loss) for the period	**22,465**	**60,265**	**-8,640**	**-36,823**	**-8,137**	**29,130**	**8,370**	**74,718**	**112,218**
Assets									
Property, plant and equipment	497,926	2,607,316	483,192	74,935	-	3,663,369	3,478,077	359	7,141,805
Intangible assets and Goodwill	49,224	110,014	-4,282	77	590,857	745,890	569,513	12,723	1,328,126
Investments in associates	-	16,659	-	12	22,080	38,751	2,031	-	40,782
Current assets	58,209	385,771	49,328	410,809	-430,602	473,515	126,338	132,467	732,320
Equity and Liabilities									
Equity and Minority Interest	52,560	844,480	133,785	34,534	-647,618	417,741	2,786,532	1,994,600	5,198,873
Current Liabilities	58,208	652,185	99,351	281,617	-297,890	793,471	175,002	-187,713	780,760
Other information:									
Increase of the period									
Property, plant and equipment	81,950	713,174	205,248	8,921	-	1,009,293	1,212,603	374	2,222,270
Intangible assets and Goodwill	40	31,358	99,151	-	-	130,549	-	-	130,549

The following notes form an integral part of these Consolidated Annual Accounts

edp renováveis

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 24, 2010.

Mr. António Luís Guerra Nunes Mexia

Mrs. Ana Maria Fernandes Machado

Mr. António Fernando Melo Martins da Costa

Mr. Nuno Maria Pestana de Almeida Alves

Mr. João Manuel Manso Neto

Mr. José Silva Lopes

Mr. António do Pranto Nogueira Leite

Mr. Rafael Caldeira de Castel-Branco Valverde

Mr. José Fernando Maia de Araújo e Silva

Mr. Manuel Menéndez Menéndez

edp renováveis

Mr. João Manuel de Mello Franco

Mr. Jorge Manuel Azevedo Henriques dos Santos

AUSENTE

Mr. Daniel M. Kammen

Mr. Francisco José Queiroz de ~~Barros~~ de Lacerda

Mr. Gilles August

Mr. João José Belard da Fonseca Lopes Raimundo