EDP Renováveis, S.A.

Consolidated Annual Accounts

31 December 2012

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Revenues	6	1,157,796	957,217
Income from institutional partnerships in US wind farms	7	127,350	111,610
		1,285,146	1,068,827
Other operating income / (expenses)			
Other operating income	8	63,116	84,544
Supplies and services	9	-261,810	-225,069
Personnel costs and employee benefits	10	-62,659	-60,832
Other operating expenses	11	-86,212	-66,732
		-347,565	-268,089
		937,581	800,738
Provisions		3	266
Depreciation and amortisation expense	12	-502,709	-468,493
Amortisation of deferred income (government grants)	12	15,231	14,986
		450,106	347,497
Gains / (losses) from the sale of financial assets		2,766	10,499
Financial income	13	74,188	61,555
Financial expenses	13	-351,804	-305,685
Share of profit of associates		6,833	4,796
Profit before tax		182,089	118,662
Income tax expense	14	-46,039	-28,038
Profit for the year		136,050	90,624
Attributable to:			
Equity holders of EDP Renováveis	29	126,266	88,604
Non-controlling interests	31	9,784	2,020
Profit for the year		136,050	90,624
Earnings per share basic and diluted - Euros	28	**0.14**	**0.10**

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

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the years ended
at 31 December 2012 and 2011

Thousands of Euros	2012 Equity holders of the parent	2012 Non--controlling Interests	2011 Equity holders of the parent	2011 Non--controlling Interests
Profit for the year	126,266	9,784	88,604	2,020
Fair value reserve (cash flow hedge)	-38,469	-7,375	-10,827	-1,109
Tax effect from the fair value reserve (cash flow hedge)	7,875	1,922	1,622	200
Fair value reserve (available for sale investments)	-129	-82	-7,673	844
Actuarial gains / (losses)	14	-	17	-
Tax effect of actuarial gains/(losses)	-4	-	-5	-
Exchange differences arising on consolidation	1,580	-6,861	-15,686	-1,357
Other comprehensive income for the year, net of income tax	-29,133	-12,396	-32,552	-1,422
Total comprehensive income for the year	97,133	-2,612	56,052	598

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EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2012 and 2011

Thousands of Euros	Notes	2012	2011
Assets			
Property, plant and equipment	15	10,536,907	10,454,621
Intangible assets	16	24,915	21,819
Goodwill	17	1,301,930	1,311,845
Investments in associates	18	47,473	51,381
Available for sale financial assets	19	9,407	9,618
Deferred tax assets	20	89,378	55,558
Debtors and other assets from commercial activities	23	55,153	64,211
Other debtors and other assets	24	299,653	185,324
Total Non-Current Assets		12,364,816	12,154,377
Inventories	21	16,209	23,751
Trade receivables	22	180,259	146,105
Debtors and other assets from commercial activities	23	104,165	80,029
Other debtors and other assets	24	335,209	379,246
Current tax assets	25	55,089	41,288
Financial assets at fair value through profit or loss		389	211
Cash and cash equivalents	26	245,837	219,922
Total Current Assets		937,157	890,552
Total Assets		13,301,973	13,044,929
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-74,385	-40,545
Other reserves and Retained earnings	28	458,202	365,531
Consolidated net profit attributable to equity holders of the parent		126,266	88,604
Total Equity attributable to equity holders of the parent		5,423,659	5,327,166
Non-controlling interests	29	325,168	126,559
Total Equity		5,748,827	5,453,725
Liabilities			
Medium / Long term financial debt	30	3,657,083	3,691,068
Employee benefits		222	163
Provisions	31	63,603	57,982
Deferred tax liabilities	20	380,592	381,468
Institutional partnerships in US wind farms	32	1,679,753	1,783,861
Trade and other payables from commercial activities	33	376,503	404,233
Other liabilities and other payables	34	258,824	189,250
Total Non-Current Liabilities		6,416,580	6,508,025
Short term financial debt	30	217,237	135,054
Trade and other payables from commercial activities	33	704,610	707,590
Other liabilities and other payables	34	157,876	189,119
Current tax liabilities	35	56,843	51,416
Total Current Liabilities		1,136,566	1,083,179
Total Liabilities		7,553,146	7,591,204
Total Equity and Liabilities		13,301,973	13,044,929

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

EDP Renováveis, S.A.

Consolidated Statement of Changes in Equity
for the years ended at 31 December 2012 and 31 December 2011

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non--controlling Interests
Balance as at 31 December 2010	**5,393,511**	**4,361,541**	**552,035**	**363,643**	**-15,316**	**-4,913**	**10,980**	**5,267,970**	**125,541**
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-6,829	-	-	-1,268	-	-	-6,405	-7,673	844
Fair value reserve (cash flow hedge) net of taxes	-10,114	-	-	-	-	-9,205	-	-9,205	-909
Actuarial gains/(losses) net of taxes	12	-	-	12	-	-	-	12	-
Exchange differences arising on consolidation	-17,043	-	-	-	-15,686	-	-	-15,686	-1,357
Profit for the year	90,624	-	-	88,604	-	-	-	88,604	2,020
Total recognised income and expense for the year	56,650	-	-	87,348	-15,686	-9,205	-6,405	56,052	598
Dividends attributable to non-controlling interests	-3,419	-	-	-	-	-	-	-	-3,419
Share capital increase in EDP Renovaveis Brazil	1,493	-	-	-	-	-	-	-	1,493
Changes resulting from acquisitions / sales and equity increases	5,215	-	-	2,810	-	-	-	2,810	2,405
Other	275	-	-	334	-	-	-	334	-59
Balance as at 31 December 2011	**5,453,725**	**4,361,541**	**552,035**	**454,135**	**-31,002**	**-14,118**	**4,575**	**5,327,166**	**126,559**
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-211	-	-	-	-	-	-129	-129	-82
Fair value reserve (cash flow hedge) net of taxes	-36,047	-	-	-	-	-30,594	-	-30,594	-5,453
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-5,281	-	-	-	1,580	-	-	1,580	-6,861
Profit for the year	136,050	-	-	126,266	-	-	-	126,266	9,784
Total recognised income and expense for the year	94,521	-	-	126,276	1,580	-30,594	-129	97,133	-2,612
Dividends attributable to non-controlling interests	-4,805	-	-	-	-	-	-	-	-4,805
Share capital increase in EDP Renovaveis Brasil	26,443	-	-	-	-	-	-	-	26,443
Sale without loss of control of Vento II (EDPR NA)	176,121	-	-	4,057	-3,224	-1,473	-	-640	176,761
Changes resulting from acquisitions / sales and equity increases	2,822	-	-	-	-	-	-	-	2,822
Balance as at 31 December 2012	**5,748,827**	**4,361,541**	**552,035**	**584,468**	**-32,646**	**-46,185**	**4,446**	**5,423,659**	**325,168**

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

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2012 and 2011

Thousands of Euros	2012	2011
Cash flows from operating activities		
Cash receipts from customers	1,141,490	987,826
Cash paid to suppliers	-285,247	-276,080
Cash paid to employees	-68,893	-56,807
Other receipts / (payments) relating to operating activities	-75,573	13,197
	711,777	668,136
Income tax received / (paid)	-45,465	-25,604
Net cash flows from operating activities	666,312	642,532
Continuing activities	666,312	642,532
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	11,113	66,644
Proceeds from sale of property, plant and equipment	2,273	40,075
Other proceeds related to fixed assets	489	605
Interest received	20,559	8,409
Dividends received	4,075	2,488
	38,509	118,221
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-28,880	-262,944
Acquisition of property, plant and equipment	-612,495	-892,409
	-641,375	-1,155,353
Net cash flows from investing activities	-602,866	-1,037,132
Continuing activities	-602,866	-1,037,132
Cash flows from financing activities		
Sale of non-controlling interests	175,687	3,879
Receipts/ (payments) of loans	-4,413	147,987
Interest and similar costs	-215,330	-164,089
Governmental grants received	4,817	2,587
Increases in capital and share premium	26,517	5,863
Receipts/ (payments) from derivative financial instruments	166	-5,726
Dividends paid	-4,805	-7,365
Receipts / (Payments) from institutional partnership in US wind farms	-15,159	141,111
Net cash flows from financing activities	-32,520	124,247
Continuing activities	-32,520	124,247
Net increase / (decrease) in cash and cash equivalents	30,926	-270,353
Effect of exchange rate fluctuations on cash held	-5,011	-10,364
Cash and cash equivalents at the beginning of the period (**)	219,922	500,639
Cash and cash equivalents at the end of the period (**)	245,837	219,922

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

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

Notes to the Consolidated Annual Accounts

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, using renewable energy sources, mainly wind. 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 2012 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 NYSE Euronext Lisbon.

As at 31 December 2012, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of EDP Renewables North America, L.L.C. ("EDPR NA"), a 100% stake in the share capital of EDP Renewables Canada, Ltd. ("EDPR Canada") and a 55% stake in the share capital of EDP Renováveis Brasil, S.A. ("EDPR BR").

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 - 4, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública — Participaçoes Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., a majority shareholder of the Company.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in the assets of the EDP Renováveis Group, representing 1.5 GW of installed capacity (900 MW in operation and 600 MW under construction).

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK Limited (offshore development projects).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2012, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity, as follows :

Installed capacity MW	31 Dec 2012	31 Dec 2011
United States of America	3,637	3,422
Spain	2,310	2,201
Portugal	615	613
Romania	350	285
France	314	306
Poland	190	190
Brazil	84	84
Belgium	57	57
Italy	40	-
	7,597	7,158

Additionally, through its interest in ENEOP- Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 390 MW (326 MW as at 31 December 2011).

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.
On May 2007, the Spanish Government approved a Royal Decree (RD 661/2007) implementing the new regulatory framework for wind energy installations to be built from 2008 to 2012, and to which all operating assets would be exposed after 31 December 2012.

According to Royal Decree 661 of 25 May 2007, published on 26 May 2007, wind farms are entitled to choose between two remuneration schemes: (i) Fixed tariff and (ii) market plus premium: wind farms receive each hour the pool price plus a variable premium. Once the decision between the two schemes has been made for a specific wind farm, it is binding for, at least, one year. Wind farms installed before January 2008 are ruled by Royal Decree 661/2007 transitory regime, which in fact is similar to previous Royal Decree 436/2004. Under this transitory regime, that ends in December 2012, wind farms could choose between a fixed tariff and a market option receiving market price plus a fixed premium.

On July 2010, the Industry Ministry established an agreement with two key renewable energy associations (the Spanish Wind Energy Association and Protermosolar) to amend the existing regulation. This agreement means the approval of the RD 1614/2010 of 7 December, that defines (i) a cut, for the years 2011 and 2012, of 35% of the renewable premium applicable to the wind capacity ruled by RD 661/2007, (II) an amendment to the article 44.3 of RD 661/2007 clarifying that future revisions to the premium value would only be applied to the capacity that comes on line after 2012 and (iii) the definition of a limit of 2,589 hours of installed capacity operation, from which the wind farm has no right to receive any premium if overall system equivalent hours is above 2,300 hours. The premium will be recovered from 2013 onwards.

On 28 January 2012 the Spanish Government enacted Royal-Decree Law 1/2012 that approves a temporary suspension of the premium remuneration for renewable energy capacity not included in the pre-assignation registry. Although in practice, it does not affect the assets of EDP Renováveis.

On December 2012, by means of Law15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

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, as amended by Decree-Law No. 168/99 dated 18 May, Decree-Law No. 312/2001 dated 10 December , and Decree-Law No. 339-C/2001 dated 29 December. Also relevant is Decree-Law No. 33-A/2005, dated 16 February ("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 Portuguese wind sector and the Portuguese Government reached an agreement in principles that maintains the legal stability of the current contracts (Decree-Law 33-A/2005) and protects the value of the investments made by the wind energy developers in the Portuguese economy. The wind farm operators can voluntarily invest to obtain further remuneration visibility, through the acquisition of a new tariff scheme to be applied upon the initial 15 years established by law. The proceeds will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: i) alternative cap and floor selling prices; ii) alternative durations to the new scheme beyond the initial 15 years of the current contracts; and consequently iii) alternative levels of investment (on a per MW basis) to acquire the new scheme. EDPR has chosen a 7-year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values growing with inflation from 2021 onwards, in exchange of a payment of 5.800€/MW from 2013 to 2020.

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.

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 which 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 annually 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 amended 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.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid was missed. On 15 May, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice (is expected 12 to 18 months to solve). In the event that the tariff is finally cancelled, the French government has urged the Council of State the postponement of this eventual ruling until 2013 onwards, thus, no retroactive effects are expected.

Regulatory framework for the activities in the United States of America

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 1992 EPACT. Additionally, 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.

On 1 January 2013, the US Congress approved "the American Taxpayer Relief Act" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2013 and changed the qualification criteria (projects can now qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows depreciation of a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

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").

Pursuant to the Energy Act, power generation from renewable sources is supported. 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) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

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.

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.

On 21 March 2012, Walloon government approved a decree which fixes the quotas of GC until 2020. The new quotas are: (i) 19.4% in 2013; (ii) 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016. For the period from 1 January 2017 until 31 December 2019, the yearly quotas will at the latest be fixed in 2014 on the basis of an evaluation carried out beforehand by the energy regulator of Wallonia (CWaPE).

A new tax for wind generators has been approved in Wallonia last July. According to this regulation, all generators earning green certificates shall pay 0,54€/MWh. The energy regulator of Wallonia (CWaPE) will be the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

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.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, introduced some changes in the green certificates system. In particular, it allows wind generators to receive 2GC/MWh until 2015 . 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 separate 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.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which must be carried out on a yearly basis. ANRE shall monitor the producers benefiting from the support system and prepare annual reports on this regard. If overcompensation is found, ANRE will propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminates the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market. On 4 September 2012, ANRE published the Order on Balancing Market. The new regulation has an impact for wind generation. On the one side, it states that for the energy reduced, the producer does not have the right to claim compensations for the loss of unproduced green certificates. This loss cannot be recovered. Also, new rules could result on larger balancing costs as the deficit price that wind generators have to face when the production is lower than the forecast may increase.

Regulatory frameworks for the activities in Italy

On 6 July 2012, the Government approved the new renewable regulation by means of the Decree on Renewables (DM FER) based on feed-in-tariff support scheme. The key aspects of the new regulation provided by the DM FER are the following: (i) Wind farms over 5 MW will be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered is set in different technologies' capacity paths (only set until 2015); (iii) the reference tariff for 2013 is 127 €/MWh for onshore wind. Tender participants will bid offering discounts on a reference tariff (in %);(iv) The reference tariff will decrease 2% per year and will be granted for the whole average useful life of the renewable plant -20 years for onshore wind.

The new system substitutes the previous one based on GCs. Under the previous system producers obtain their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) will continue to operate under the previous system until 2015 when the GC system will be transformed into a feed-in-premium.

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.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

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 financial statements for 2012 and 2011 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2012 and 2011, 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 28 February 2013. The annual accounts are presented in thousands 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 financial statements in accordance with the IFRS-EU 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 considered reasonable in accordance with 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).

Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of non-current Other debtors and other assets. In 2012, EDP Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. For consistency purposes, this presentation has been applied to all statements of financial position presented (see note 32).

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statments 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. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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 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 combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

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.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

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 financial statements. 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 absence 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 financial statements using the EDP consolidated 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

IFRS-EU did 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.

Until 31 December 2009, 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.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

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 as provided by an exchange, or is determined by using net present value 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 against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

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

Loans and receivable

Loans and 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 loans and 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 of impairment, namely those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and every time it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

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

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, impairment losses can not be reversed and any subsequent gain in fair value is recognised in equity under fair value reserves.

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 financial expenses 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	25
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

In the second quarter of 2011 EDPR Group, based on a study performed by an independent entity, has changed the useful life of the wind farms from 20 to 25 years, with effect from 1 April 2011 (see note 3).

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 statement of financial position 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

EDP Renováveis Portugal, 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.

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, Portugal and United States of America, 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 settled 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.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

With the change of the useful life of the wind farms from 20 to 25 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 25 years, with a prospective application from 1 April 2011.

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.

Engineering 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 interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate 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 balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

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.

w) 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.

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority 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.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these Financial Statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occured. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

The International Financial Reporting Commitee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date. IFRIC 12 is applicable to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of determined infrastructures as well as the price of these services and equally controls any significant residual interest in those infrastructures.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructures within the concession and results in the recognition of a financial asset, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructures (demand risk) and results in the recognition of an intangible asset.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of the contracts in place throughout the Group business, the Management of EDPR concluded that IFRIC 12 is not applicable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS 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 Financial Statements.

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2012 and 31 December 2011, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

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 financial statments 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 financial statments 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.

In the second quarter of 2011 EDPR Group has changed the useful life of the wind farms from 20 to 25 years (see note 2 h). The redefinition of the useful life of the wind generation assets was made based on a technical study performed by an independent entity which has considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study has covered 95% of wind installed capacity of EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimates that requires judgements.

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 financial statements.

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 EDPR'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 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.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty and Romanian Leu).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into two CIRS in BRL/EUR and two in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2012 and 2011, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	6,202	-7,581	-	-
PLN / EUR	11,628	-14,213	-	-
RON / EUR	5,957	-7,280	-	-
	23,787	-29,074	-	-

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	10,516	-12,853	-	-
PLN / EUR	-	-	3,309	-4,044
RON / EUR	-	-	-	-
	10,516	-12,853	3,309	-4,044

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

Interest rate risk management

The Group's operating 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 rate loans into fixed rate loans.

All these hedges 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 14 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 92% of EDP Renováveis Group financial debt bear interest at fixed rates, including operations with financial instruments.

Sensitivity 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 EDPR EU 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 2012 and 31 December 2011 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	44,406	-48,749
Unhedged debt (variable interest rates)	-1,333	1,333	-	-
	-1,333	1,333	44,406	-48,749

	31 Dec 2011			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	37,929	-40,540
Unhedged debt (variable interest rates)	-1,839	1,839	-	-
	-1,839	1,839	37,929	-40,540

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

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.

In the specific case of the EDPR EU 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 EDPR NA 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 unacceptable 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.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2012, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU the electricity is sold in Spain directly on the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the year 2012 and 2013 (see note 36). 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. CONSOLIDATION PERIMETER

During the year ended in 31 December 2012, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Europe, S.L. acquired 100% of the share capital of Pietragalla Eolico S.R.L. (see note 17) and 85% of the share capital of Sibioara Wind Farm, S.R.L.;
- EDP Renewables Canada, Ltd. acquired 100% of the share capital of the following companies:
  - 0867242 BC Ltd.;
  - Eolia Renewable Energy Canada Ltd.;
  - South Branch Wind Farm Inc.
- EDPR-RO-PV, S.R.L. (incorporated during the year 2012) acquired 100% of the share capital of the following companies (see note 17):
  - Cujmir Solar S.R.L.;
  - Foton Delta S.R.L.;
  - Foton Epsilon S.R.L..
  - Potelu Solar S.R.L.;
  - Studina Solar S.R.L.;
  - Vanju Mare Solar S.R.L..
- EDP Renewables Polska SP. ZO.O acquired 60% of the share capital of J&Z Wind Farms SP. ZO.O. and 100% of the share capital of Korsze Wind Farm SP. ZO.O.

Companies sold and liquidated:

- EDP Renewables North America, L.L.C. liquidated Horizon Wind Energy International, L.L.C.;
- EDPR Renovables España, S.L. liquidated Parque Eólico Plana de Artajona, SLU, Parque Eólico Montes de Castelón, S.L., Siesa Renovables Canarias, S.L.; Compañía Eléctrica de Energías Renovables Alternativas, SAL and Corporación Empresarial de Renovables Alternativas, SLU.
- Generaciones Especiales I, S.L. sold by 5,531 thousands of Euros all of its interests in the following companies which generated a gain of 2,857 thousands of Euros recognised against Gains/Losses on disposal of financial assets:
  - 25% interest in Hidroastur S.A. (see note 18);
  - 80% interest in Hidroeléctrica del Rumblar S.L. (see note 15);
  - 100% interest in Hidroeléctrica Fuentermosa S.L. (see note 15);
  - 75% in interest in Hidroeléctrica Gormaz S.A. (see note 15).

- A 49% share interest in 2007 Vento II, L.L.C. was sold by 175,687 thousands of Euros (225,721 thousands of US Dollar corresponding to a sale price of 230,000 thousands of US Dollar deducted of capital contributions and transaction fees amounting 2,800 and 1,478 thousands of US Dollar, respectively) with the subsequent loss of 49% share interest in the following companies (see note 29):
  - Telocaset Wind Power Partners, L.L.C.;
  - Post Oak Wind, L.L.C.;
  - High Prairie Wind Farm II, L.L.C.;
  - Old Trail Wind Farm, L.L.C.

Companies merged:

- The following companies were merged into Desarrollos Eólicos Promoción S.A.U., which then changed its designation to EDP Renovables España, S. L.:
  - Agrupación Eólica S.L.U.;
  - Desarrollos Eólicos, S.A.;
  - Ceasa Promociones Eólicas S.L.U.;
  - Generaciones Especiales I, S.L.;
  - Neo Catalunya S.L.;
  - Santa Quiteria Energia, S.L.U.;
  - Sinae Inversiones Eólicas S.A..

Companies incorporated:

- 2012 Vento XI, L.L.C. * ;
- Casellaneta Wind S.R.L.;
- Central Eólica Aventura, S.A.;
- Central Eólica Baixa do Feijão I, S.A.;
- Central Eólica Baixa do Feijão II, S.A.;
- Central Eólica Baixa do Feijão III, S.A.;
- Central Eólica Baixa do Feijão IV, S.A.;
- EDP Renewables SGPS, S.A.;
- EDP Renewables Belgium, S.A.;
- EDP Renewables Canada GP Ltd. * ;
- EDP Renewables Canada LP Ltd.;
- EDP Renováveis Servicios Financieros, S.L.;
- EDPR PT - Promoção e Operação, S.A.;
- EDPR Wind Ventures XI, L.L.C. * ;
- EDPR-RO-PV, S.R.L.;
- Laterza Wind S.R.L..;
- MFW Gryf SP. ZO.O.;
- MFW Neptun SP. ZO.O.;
- MFW Pomorze SP. ;
- Monts de la Madeleine Energie, S.A.S.;
- Monts du Forez Energie, S.A.S.;
- SBWFI GP Inc. * ;
- South Dundas Wind Farm LP * ;
- Verde Wind Power L.L.C. * ;

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2012 do not have any assets, liabilities, or operating activity.

During the year ended in 31 December 2011, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDPR Group, through its subsidiary EDPR UK, acquired 49% of the share capital of Seaenergy Renewables Inch Cape Limited.;
- EDPR Group, through its subsidiary EDPR EU, acquired 85% of the share capital of S.C. Ialomita Power, S.R.L.

Companies sold and liquidated:

- Generaciones Especiales I, S.L. dissolved and liquidated the subsidiary Sodecoan, S.L.;
- Generaciones Especiales I, S.L. sold the subsidiary Subgroup Veinco (see note 15);
- EDPR UK, sold an interest of 8.36% in the Moray Offshore Renewables Limited share capital for 4,033 thousands of Euros. As a consequence, the indirect shareholding in the subsidiaries MacColl Offshore Windfarm Limited, Stevenson Offshore Windfarm Limited and Telford Offshore Windfarm Limited have also been reduced in 8.36%;
- Agrupación Eólica, S.L.U. sold the subsidiary Neomai Inversiones SICAV, S.A. for 40.894 thousands of Euros;
- Sinae Inversiones Eólicas S.A., sold an interest of 1.25% in the Eólica Alfoz, S.L. share capital for 106 thousands of Euros.

Companies merged:

- Farma Wiatrowa Wyszogrod, SP. ZO.O. was merged into Masovia Wind Farm I, S.P. ZO.O.

Companies incorporated:
- 2011 Vento X, L.L.C.;
- Eastern Nebraska Wind Farm, L.L.C.*;
- EDP Renováveis Cantabria, S.L.;
- EDPR Wind Ventures X, L.L.C.;
- Paulding Wind Farm IV L.L.C.*;
- Pestera Wind Farm, S.A.;
- Pochidia Wind Farm, S.A.;
- Rush County Wind Farm, L.L.C.*;
- Villa Castelli Wind, S.R.L.

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2011 do not have any assets, liabilities, or operating activity.

Other changes
- The Group EDPR increased its indirect holding from 47% to 61% in the share capital of Aplicaciones Industriales de Energias Limpias, S.L. through the subsidiary Santa Quitéria Energia, S.L.U.;
- The Group EDPR increased its indirect holding from 58% to 84% in the share capital of Desarrollo Eólico Santa Quitéria, S.L. through the subsidiary Aplicaciones Industriales de Energias Limpias, S.L.;
- The Group EDPR increased its indirect holding from 51% to 100% in the share capital of the companies Relax Wind Park II, SP. ZO.O. and Relax Wind Park IV, SP. ZO.O. through the subsidiary EDP Renewables Polska, S.P. ZO.O;
- The Group EDPR increased its indirect holding from 90% to 100% in the share capital of Eólica Sierra de Avila, S.L. through the subsidiary Sinae Inversiones Eólicas S.A.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Revenues by business and geography:		
Electricity in Europe	773,070	634,518
Electricity in United States of America	355,508	302,890
Electricity, other	24,754	19,464
	1,153,332	956,872
Other revenues	6,850	17,709
	1,160,182	974,581
Services rendered	4,961	4,888
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-292	-15,168
Changes in inventories	-7,055	-7,084
	-7,347	-22,252
Total Revenues	1,157,796	957,217

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Income from institutional partnerships - EDPR NA	127,350	111,610
	127,350	111,610

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 32).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Amortisation of deferred income related to power purchase agreements	9,888	10,334
Gain related with business combinations	32,393	51,695
Other income	20,835	22,515
	63,116	84,544

The power purchase agreements between EDPR NA 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 of Euros (190.4 million of USD) 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 2012, the amortisation for the period amounts to 9,888 thousands of Euros (31 December 2011: 10,334 thousands of Euros).

In 2012, EDPR Group carried out the purchase price allocation of several companies acquired which originated the recognition of an operating income of 29,754 thousands of Euros in EDPR Romania and 2,639 thousands of Euros in EDPR Italia (see note 17). These occasional advantageous acquisitions were possible to execute mainly due to bargaining power of EDPR, ability to access funding and liquidity and, to a certain extend, the still developing nature of Romanian solar market which enables opportunistic favorable transactions.

During 2010, the Group acquired 85% of EDP Renewables Italia, S.r.l (see note 17). The EDPR Group granted the seller a put option over the remanaining 15% of the interest which, in line with the Group's accounting policy, has been treated as an advance purchase. The acquisition cost recognised in the annual accounts for 2011 included the balance settled in cash, consideration contigent on the successful implementation of projects underway and an amount reflecting the fair value of the put option. The contigent consideration and the amount of the put option are both at fair value, based on the EDPR Group's best estimate at the purchase data (see note 34).

In 2011, EDPR Italia increased its share capital. The minority shareholder, Energía in Natura, S.r.l., did not subscribe this increase. As a result, the percentage ownership on the non-controlling interests has fallen from 15% to 6.48% and the put option was reduced by the corresponding amount. Futhermore, at 2011 year end, the EDPR Group updated the fair value of the deferred amounts for the 2010 purchase (contigent consideration and put option), taking into account the information existing at year end which included a reduction in the estimated sales price of electricity to be produced and in the number of MW to be installed in the future. In light of the above, the EDPR Group has reduced the liability associated with the put option by 34,625 thousands of Euros and with the contigent consideration by 17,070 thousands of Euros, and recognised an other operating income for the year of 51,695 thousands of Euros (see note 34).

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Supplies and services:		
Leases and rents	40,670	34,857
Insurance	13,875	12,842
Maintenance and repairs	143,250	126,601
Specialised works:		
IT Services, legal and advisory fees	16,599	13,152
Shared services	11,866	7,918
Other services	12,225	10,109
Other supplies and services	23,325	19,590
	261,810	225,069

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Personnel costs		
Board remuneration	945	1,063
Remunerations	52,320	51,257
Social charges on remunerations	7,582	8,130
Employee's variable remuneration	8,937	15,104
Other costs	971	6,145
Own work capitalised	-15,339	-23,466
	55,416	58,233
Employee benefits		
Costs with pension plans	2,825	2,282
Costs with medical care plans and other benefits	3,320	317
Other	1,098	-
	7,243	2,599
	62,659	60,832

As at 31 December 2012, Costs with pension plans relates to defined contribution plans (2,802 thousands of Euros) and defined benefit plans (23 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2012 and 2011 is as follows:

	31 Dec 2012	31 Dec 2011
Board members	14	17
	14	17
Senior management / Senior officers	68	62
Middle management	504	453
Highly-skilled and skilled employees	221	206
Other employees	64	71
	857	792
	871	809

The companies of EDPR Group consolidated under the proportional consolidation method do not have contributed with employees (31 December 2011: 14 included in Other employees).

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

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Direct operating taxes	20,115	17,946
Indirect taxes	21,824	16,738
Losses on fixed assets	17,035	11,813
Lease costs related to the electricity generating centres	12,147	8,998
Other costs and losses	15,091	11,237
	86,212	66,732

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Property, plant and equipment:		
Buildings and other constructions	1,801	1,592
Plant and machinery:		
Wind generation	433,518	415,583
Other plant and machinery	16	119
Office equipment and tools	10,253	6,714
Other tangible fixed assets	1,862	1,819
Impairment	53,401	5,058
	500,851	430,885
Other intangible assets:		
Industrial property, other rights and other intangibles	1,858	2,120
Impairment of goodwill	-	35,488
	502,709	468,493
Amortisation of deferred income:		
Government grants	-15,231	-14,986
	-15,231	-14,986
	487,478	453,507

As a result of the recoverability assessment of the wind generation assets (see assumptions note 17) , was booked an impairment of 45,617 and 7,784 thousands of Euros in EDPR EU and in EDPR NA, respectively (see note 15).

In 2011, the caption Impairment of goodwill includes essentially, an impairment loss in EDPR Italia Group of 34,737 thousands of Euros resulting from the recoverability assessment of these assets based on the update of the assumptions in the estimates of MW to install and future energy prices (see notes 8 and 17).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2012	31 Dec 2011
Financial income		
Interest income	16,770	10,844
Derivative financial instruments		
Interest	5,483	19,913
Fair value	24,321	8,980
Foreign exchange gains	27,010	20,578
Other financial income	604	1,240
	74,188	61,555
Financial expenses		
Interest expense	215,987	204,094
Derivative financial instruments		
Interest	21,152	16,156
Fair value	35,136	3,211
Foreign exchange losses	10,496	42,284
Own work capitalised	-15,697	-33,927
Unwinding	72,824	68,279
Other financial expenses	11,906	5,588
	351,804	305,685
Financial income / (expenses)	-277,616	-244,130

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 34 and 36).

In accordance with the accounting policy described on note 2g), of the 31 December 2012 financial statements, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2012 amounted to 15,697 thousands of Euros (31 December 2011: 33,927 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.81% and 10.25% (31 December 2011: 2.62% and 13.06%).

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

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 3,366 thousands of Euros (31 December 2011: 2,995 thousands of Euros) (see note 31) and the implied return in institutional partnerships in US wind farms 68,431 thousands of Euros (31 December 2011: 62,538 thousands of Euros) (see note 31).

14. INCOME TAX EXPENSE

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, being the last year considered settled by the tax administration the year of 2008. In the United States of America the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

EDP Renewables Europe, 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. The companies of EDPR Group in Spain are included in the Tax consolidation perimeter of EDP, S.A. - Sucursal en España (EDP Branch).

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Current tax	-85,225	-29,060
Deferred tax	39,186	1,022
	-46,039	-28,038

The effective income tax rate as at 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before tax	182,089	118,662
Income tax expense	-46,039	-28,038
Effective Income Tax Rate	25.28%	23.63%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2012 and 2011 is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Profit before taxes	182,089	118,662
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-54,627	-35,599
Income taxes for the year	-46,039	-28,038
Difference	8,588	7,561
Accounting revaluations, amortizations, depreciations and provisions	5,403	-835
Capitalisation of deferred tax assets related to tax losses from previous periods	361	8,221
Unrecognised deferred tax assets related to tax losses generated in the period	-4,908	-2,792
Financial investments in associates	1,692	1,432
Difference between gains and accounting gains and losses	-	3,488
Non deductible expenses	-7,753	-1,276
Effect of tax rates in foreign jurisdictions	4,847	-3,175
Tax benefits	4,196	1,896
Other	4,750	602
	8,588	7,561

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

Country	Subgroup	31 Dec 2012	31 Dec 2011
Spain	EDPR EU	30.00%	30.00%
Portugal	EDPR EU	31.50%	29.00%
France	EDPR EU	33.33%	33.33%
Italy	EDPR EU	27.50%	27.50%
Poland	EDPR EU	19.00%	19.00%
Belgium	EDPR EU	33.99%	33.99%
Romania	EDPR EU	16.00%	16.00%
Canada	EDPR Canada	26.50%	26.50%
United States of America	EDPR NA	37.73%	37.22%
Brazil	EDPR BR	34.00%	34.00%

15. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Land and natural resources	24,601	21,389
Buildings and other constructions	16,700	16,053
Plant and machinery:		
Wind generation	11,572,839	10,905,666
Other plant and machinery	6,484	9,151
Office equipment and tools	62,336	48,753
Other tangible fixed assets	14,201	13,675
Assets under construction	1,080,675	1,203,445
	12,777,836	12,218,132
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-447,450	-425,827
Impairment for the period	-53,401	-5,058
Accumulated depreciation	-1,740,078	-1,332,626
	-2,240,929	-1,763,511
Carrying amount	10,536,907	10,454,621

The movement in Property, plant and equipment during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	21,389	3,942	-82	-	-417	-231	24,601
Buildings and other constructions	16,053	954	-	-	-366	59	16,700
Plant and machinery:							
Wind generation	10,905,666	9,610	-539	771,474	-114,251	879	11,572,839
Other plant and machinery	9,151	-	-108	61	-	-2,620	6,484
Office equipment and tools	48,753	11,176	-188	3,178	-673	90	62,336
Other tangible fixed assets	13,675	1,660	-13,911	12,875	-82	-16	14,201
Assets under construction	1,203,445	662,760	-4,862	-787,588	6,674	246	1,080,675
	12,218,132	690,102	-19,690	-	-109,115	-1,593	12,777,836

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	5,487	1,801	-	-	-105	4	7,187
Plant and machinery:							
Wind generation	1,723,783	433,518	52,977	-203	-19,663	-35	2,190,377
Other plant and machinery	8,011	16	-	-108	-	-1,691	6,228
Office equipment and tools	18,222	10,253	2	-188	-318	-17	27,954
Other tangible fixed assets	8,008	1,862	422	-1,033	-76	-	9,183
	1,763,511	447,450	53,401	-1,532	-20,162	-1,739	2,240,929

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

The caption Changes in perimeter/Other includes mainly the effect of the aquisition of J&Z Wind Farms SP. ZO.O., Pietragalla Eolico S.R.L. and solar photovoltaic companies acquired by EDPR-RO-PV, S.R.L and the sale of the companies holders of the mini-hydrics previously held in Spain (see note 5).

The movement in Property, plant and equipment during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Land and natural resources	18,867	2,322	-	153	-5	52	21,389
Buildings and other constructions	13,896	146	-24	1,993	158	-116	16,053
Plant and machinery:							
Wind generation	9,536,702	80,835	-6,646	1,158,187	136,548	40	10,905,666
Other plant and machinery	8,917	24	-	-	-	210	9,151
Office equipment and tools	29,186	3,047	-2,262	17,631	990	161	48,753
Other tangible fixed assets	13,846	2,421	-12,501	9,756	85	68	13,675
Assets under construction	1,666,957	741,915	-17,615	-1,187,720	1,010	-1,102	1,203,445
	11,288,371	830,710	-39,048	-	138,786	-687	12,218,132

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses:							
Buildings and other constructions	3,787	1,592	-	-24	145	-13	5,487
Plant and machinery:							
Wind generation	1,274,124	415,583	5,036	-87	29,113	14	1,723,783
Other plant and machinery	7,870	119	-	-	-	22	8,011
Office equipment and tools	13,454	6,714	-	-2,261	314	1	18,222
Other tangible fixed assets	7,365	1,819	22	-1,308	61	49	8,008
	1,306,600	425,827	5,058	-3,680	29,633	73	1,763,511

The caption Changes in perimeter/Other includes the effect of the sale of Subgroup Veinco made by EDPR EU during the first semester of 2011.

During 2011, EDPR Group changed the useful life of wind farms based on a study performed by an independent entity with prospective effect from 1 April of 2011 as described on the note 3 - Critical accounting estimates and judgements in preparing the consolidated financial statements.

Assets under construction as at 31 December 2012 and 2011 are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Electricity business:		
EDPR EU Group	842,278	757,921
EDPR NA Group	212,783	433,240
Other	25,614	12,284
	1,080,675	1,203,445

Assets under construction as at 31 December 2012 and 31 December 2011 for EDPR EU and EDPR NA Group are essentially related to wind farms and solar plants under construction and development.

Financial interests capitalised amount to 15,697 thousands of Euros as at 31 December 2012 (31 December 2011: 33,927 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 15,339 thousands of Euros as at 31 December 2012 (31 December 2011: 23,466 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cost:		
Industrial property, other rights and other intangible assets	47,221	42,462
Intangible assets under development	4	4
	47,225	42,466
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-1,858	-2,120
Accumulated depreciation	-20,452	-18,527
	-22,310	-20,647
Carrying amount	24,915	21,819

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 30,186 thousands of Euros related to wind generation licenses of EDPR Portugal (31 December 2011: 14,035 thousands of Euros) and EDPR NA Group (31 December 2011: 25,500 thousands of Euros), respectively.

The movement in Intangible assets during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	42,462	24	-	-	-601	5,336	47,221
Intangible assets under development	4	-	-	-	-	-	4
	42,466	24	-	-	-601	5,336	47,225

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	20,647	1,858	-	-	-154	-41	22,310
	20,647	1,858	-	-	-154	-41	22,310

The movement in Intangible assets during 2011, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost:							
Industrial property, other rights and other intangible assets	41,069	5	-	-	620	768	42,462
Intangible assets under development	-	4	-	-	-	-	4
	41,069	9	-	-	620	768	42,466

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	18,342	2,120	-	-	250	-65	20,647
	18,342	2,120	-	-	250	-65	20,647

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:

Thousands of Euros	Functional Currency	31 Dec 2012	31 Dec 2011
Electricity business:			
Goodwill booked in EDPR EU Group	Euro, Lei, Zloty	700,234	698,403
EDPR Spain Group	Euro	534,610	534,642
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	65,752
EDPR Italia Group	Euro	23,044	23,044
Other	Euro, Lei, Zloty	34,240	32,377
Goodwill booked in EDPR NA Group	US Dollar	600,302	611,882
Goodwill booked in EDPR BR Group	Brazilian Real	1,394	1,560
		1,301,930	1,311,845

The movements in Goodwill, by subgroup, during 2012 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	534,642	-	-32	-	-	-	534,610
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	65,753	-	-	-	-	-	65,753
EDPR Italia Group	23,044	-	-	-	-	-	23,044
Other	32,376	164	-	-	1,699	-	34,239
EDPR NA Group	611,882	-	-	-	-11,580	-	600,302
EDPR BR Group	1,560	-	-	-	-166	-	1,394
	1,311,845	164	-32	-	-10,047	-	1,301,930

The movements in Goodwill, by subgroup, during 2011 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Electricity Business							
EDPR EU Group							
EDPR Spain Group	547,488	-	-12,846	-	-	-	534,642
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-751	-	-	65,753
EDPR Italia Group	57,781	-	-	-34,737	-	-	23,044
Other	35,031	-	-	-	-2,655	-	32,376
EDPR NA Group	592,915	-	-	-	18,967	-	611,882
EDPR BR Group	1,699	-	-	-	-139	-	1,560
	1,344,006	-	-12,846	-35,488	16,173	-	1,311,845

In 2011, the decrease in EDPR Spain Group goodwill of 12,846 thousands of Euros is related with the final price of the liability related with the put option of Caja Madrid over the non-controlling interests held by this entity over EDP Renovables España (3,363 thousands of Euros) and the sale of Subgroup Veinco (9,483 thousands of Euros). This shareholding was sold by 15,8 million of Euros generating a gain of 732 thousands of Euros.

In 2011, the update of the assumptions in the estimates of MW to install and the energy prices resulted in an impairment in EDPR Italia Group of 34,737 thousands of Euros (see notes 8 and 12).

Other information for purchase price allocation and business combinations included in 2012

EDPR Italia Group

During 2012 the EDPR Group acquired 100% of the share capital of the company Pietragalla Eolico S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 2,639 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	1,227	10,300	11,527
Other assets (including licenses)	-	-	-
Total assets	1,227	10,300	11,527
Deferred tax liabilities	-	2,833	2,833
Current liabilities	1,035	-	1,035
Total liabilities	1,035	2,833	3,868
Net assets acquired	192	7,467	7,659
Consideration transferred	5,020		5,020
Badwill			-2,639

Other

During 2012 the EDPR Solar Romania acquired 99.99% of the share capital of the companies Cujmir Solar S.R.L., Foton Delta S.R.L., Foton Epsilon S.R.L., Potelu Solar S.R.L., Studina Solar S.R.L. and Vanju Mare Solar S.R.L. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 29,754 thousands of Euros (see note 8).

Thousands of Euros	Book value	PPA	Assets and Liabilities at fair value
Property, plant and equipment	26	43,305	43,331
Other assets (including licenses)	500	14,167	14,667
Total assets	526	57,472	57,998
Deferred tax liabilities	-	9,195	9,195
Current liabilities	513	-	513
Total liabilities	513	9,195	9,708
Net assets acquired	13	48,277	48,290
Consideration transferred	18,536		18,536
Badwill			-29,754

During 2012 the EDPR Group has paid an amount of 30,279 thousands of Euros (31 December 2011: 15,317 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Spain Group (2,325 thousands of Euros), EDPR Poland Group (7,348 thousands of Euros), EDPR Solar Romania (8,801 thousands of Euros), EDPR Italia Group (2,520 thousands of Euros), EDPR Canada Group (4,807 thousands of Euros) and Other (4,478 thousands of Euros wich 3,200 thousands of Euros related with EDPR Belgium Group).

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2012	2011
Portugal and Spain	7.0% - 7.1%	6.7%
United States	5.5% - 6.8%	5.0% - 6.9%
Rest of Europe	5.9% - 8.2%	6.0% - 8.6%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed a series of sensitivity analyses of the results of impairment tests to reasonable changes in some of the key variables, such as:
- EDPR NA, decrease in the Net Capacity Factors of 2.1%;
- EDPR NA, 10% reduction of Merchant Prices;
- EDPR EU, decrease of the terminal value until 10%.

Furthermore, EDPR Group has done an additional sensitivity analysis increasing 100 basis points the discount rate used in case base for EDPR NA and EDPR EU CGU's. These sensitivity analyses performed for each assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Investments in associates:		
Equity holdings in associates	47,473	51,381
Carrying amount	47,473	51,381

For the purpose of the consolidated financial statements 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**, is analysed as follows:

	31 Dec 2012	
Thousands of Euros	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,498	-
Desarrollos Eólicos de Canárias, S.A.	9,933	-
ENEOP - Éolicas de Portugal, S.A.	9,908	-
Parque Eólico Sierra del Madero S.A.	7,043	-
Other	6,091	-
	47,473	-

	31 Dec 2011	
Thousands of Euros	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,951	-
Desarrollos Eólicos de Canárias, S.A.	12,372	-
ENEOP - Éolicas de Portugal, S.A.	10,696	-
Parque Eólico Sierra del Madero S.A.	5,040	-
Other	8,322	-
	51,381	-

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

Thousands of Euros	2 012	2 011
Balance as at 1 January	51,381	45,871
Acquisitions	-	13,592
Disposals	-2,389	-3
Share of profits of associates	6,833	4,796
Dividends received	-3,512	-3,412
Exchange differences	42	1,419
Changes in consolidation method	-	-4,790
Others	-4,882	-6,092
Balance as at 31 December	47,473	51,381

Disposals are related with the sale of Hidroastur, S.A. ,included in the caption Others investments in associates, by Generaciones Especiales I, S.L. (see note 5).

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Parque Eólico Montes de las Navas, S.L.	8,636	8,847
Other	771	771
	9,407	9,618

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

The interest in share capital, voting rights, net assets and net income of the last approved financial statements of the investments classified as available for sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	27,122	3,772

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	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Tax losses brought forward	632,050	540,156	-	-
Provisions	11,497	7,796	4,896	-
Derivative financial instruments	15,720	13,091	361	49
Property, plant and equipment	24,662	19,646	315,013	225,121
Allocation of fair value to assets and liabilities	-	-	418,434	425,145
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Non-deductible financial expenses	16,230	-	-	-
Netting of deferred tax assets and liabilities	-611,281	-543,013	-611,281	-543,013
Other	500	17,882	1,383	2,207
	89,378	55,558	380,592	381,468

The movement in deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Europe:				
Tax losses brought forward	24,541	19,733	-	-
Provisions	8,821	7,468	4,896	-
Derivative financial instruments	15,953	7,285	361	49
Property, plant and equipment	22,316	19,646	15,142	1,098
Non-deductible financial expenses	16,230	-	-	-
Allocation of fair value to assets and liabilities	-	-	331,673	351,780
Other	500	1,098	1,342	2,207
	88,361	55,230	353,414	355,134
United States of America:				
Tax losses brought forward	606,550	520,423	-	-
Provisions	2,356	-	-	-
Derivative financial instruments	-233	5,806	-	-
Property, plant and equipment	2,346	-	299,803	224,023
Allocation of fair value to assets and liabilities	-	-	81,288	66,902
Income from institutional partnerships in US wind farms	-	-	251,786	271,959
Netting of deferred tax assets and liabilities	-611,019	-543,013	-611,019	-543,013
Other	-	16,784	-	-
	-	-	21,858	19,871

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

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Opening balance	55,558	38,519	-381,468	-371,600
Movements charged to the profit and loss account	27,257	18,417	11,928	-16,563
Movements charged to reserves	8,621	-1,107	1,173	2
Exchange differences and other movements	-2,058	-271	-12,225	6,693
	89,378	55,558	-380,592	-381,468

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Expiration date:		
2012	-	352
2013	249	249
2014	264	239
2015	108	7 556
2016	1,505	20 882
2017	3,649	742
2018 to 2032	1,659,359	1 363 370
Without expiration date	268,983	275 396
	1,934,117	1,668,786

21. INVENTORIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Advances on account of purchases	5,547	8,344
Finished and intermediate products	3,469	12,194
Raw and subsidiary materials and consumables	7,193	3,213
	16,209	23,751

The Finished and intermediate products are essentially related with wind farms under construction.

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade receivables - Current:		
Europe:		
Spain	67,141	64,424
Romania	26,467	5,440
Poland	13,356	12,420
Portugal	12,210	11,803
Rest of Europe	15,798	15,451
	134,972	109,538
United States of America	42,575	31,660
Other	4,054	6,344
	181,601	147,542
Impairment losses	-1,342	-1,437
	180,259	146,105

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	7,140	6,775
Services rendered	10,648	5,167
Advances to suppliers	49,516	45,445
Sundry debtors and other operations	36,861	22,642
	104,165	80,029
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDPR Portugal Group)	42,809	44,715
Sundry debtors and other operations	12,344	19,496
	55,153	64,211
	159,318	144,240

Deferred costs (EDPR Portugal 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 recognised on a straight line basis over the estimated useful life of the assets.

Advances to suppliers include downpayment advances to equipment manufacturers and suppliers.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other debtors and other assets - Current:		
Loans to related parties	302,214	324,242
Derivative financial instruments	7,323	9,430
Guarantees and tied deposits	15,067	14,943
Sundry debtors and other operations	10,605	30,631
	335,209	379,246
Other debtors and other assets - Non-current:		
Loans to related parties	236,196	123,560
Guarantees and tied deposits	48,484	45,828
Derivative financial instruments	5,145	8,650
Sundry debtors and other operations	9,828	7,286
	299,653	185,324
	634,862	564,570

Loans to related parties - Current includes mainly 62,138 thousands of Euros of loans granted by EDP Renováveis, S.A. to EDP Servicios Financieros España, S.A., 189,114 thousands of Euros (31 December 2011: 198,713 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España, 7,896 thousands of Euros (99,324 thousands of Euros) of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. and 28,244 thousands of Euros (31 December 2011: 19,920 thousands of Euros) of loans granted by EDPR Europe, S.L. to EDP S.A. - Sucursal en España.

Loans to related parties - Non-current includes mainly 232,200 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2011: 117,880 thousands of Euros).

Guarantees and tied deposits - non current refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	16,243	15,163
Value added tax (VAT)	33,610	21,738
Other taxes	5,236	4,387
	55,089	41,288

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Cash:		
Cash in hand	2	2
Bank deposits:		
Current deposits	240,667	188,607
Specific demand deposits in relation to institutional partnerships	65	24,636
Other deposits	5,103	6,677
	245,835	219,920
Cash and cash equivalents	245,837	219,922

During 2012, cash was distributed to institutional equity partnership.

27. CAPITAL

At 31 December 2012 and 2011, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2012 and 2011 are as follows:

Main shareholders and shares held by company officers:

EDP Renováveis, S.A. shareholder's structure as at 31 December 2012 is analysed as follows:

	No. of	% Capital	% Voting
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(*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008 the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

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

	31 Dec 2012	31 Dec 2011
Profit attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	126,266	88,604
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.14	0.10

The EDPR 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 2012 and 2011.

The average number of shares was determined as follows:

	31 Dec 2012	31 Dec 2011
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the year	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the year	872,308,162	872,308,162
Diluted average number of shares during the year	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Reserves:		
Fair value reserve (cash flow hedge)	-46,185	-14,118
Fair value reserve (available for sale financial assets)	4,446	4,575
Exchange differences arising on consolidation	-32,646	-31,002
	-74,385	-40,545
Other reserves and retained earnings:		
Retained earnings	372,944	286,175
Additional paid in capital	60,666	60,666
Legal reserve	24,592	18,690
	458,202	365,531
	383,817	324,986

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 EDPR has adopted an accounting policy for such transactions, judged 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 274 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 2012 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	50,838,439.82
Distribution	
Legal reserve	5,083,843.98
Dividends	34,892,326.48
Retained earnings	10,862,269.36
	50,838,439.82

The EDP Renováveis, S.A. 2011 profits distribution approved in the Annual General Meeting on 13 April 2012 was as follows:

	Euros
Profit for the period	59,018,372.50
Distribution	
Legal reserve	5,901,837.25
Retained earnings	53,116,535.25
	59,018,372.50

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 cumulative net change in the fair value of available for sale financial assets as at the balance sheet date.

Thousands of Euros	
Balance as at 1 January 2011	10,980
Sociedad Eólica de Andalucia	-7,725
Parque Eólico Montes de las Navas, S.L.	1,320
Balance as at 31 December 2011	4,575
Parque Eólico Montes de las Navas, S.L.	-129
Balance as at 31 December 2012	4,446

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statments 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 2012		Exchange rates as at 31 December 2011	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
US Dollar	USD	1.319	1.285	1.294	1.392
Zloty	PLN	4.074	4.185	4.458	4.121
Brazilian Real	BRL	2.704	2.508	2.416	2.327
New Leu	RON	4.445	4.459	4.323	4.239
Pound Sterling	GBP	0.816	0.811	0.835	0.868
Canadian Dollar	CAD	1.314	1.284	1.322	1.376

29. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Non-controlling interests in income statement	9,784	2,020
Non-controlling interests in share capital and reserves	315,384	124,539
	325,168	126,559

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
EDPR NA Group	176,825	-
EDPR EU Group	115,389	115,937
EDPR BR Group	32,954	10,622
	325,168	126,559

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 9,784 thousands of Euros; (ii) sale without loss of control of Vento II (EDPR NA Group) attributable to non-controlling interests of 176,761 thousands of Euros (see note 5); (iii) share capital increases from non-controlling interests of EDP Renováveis Brasil, S.A. totalling 26,443 thousands of Euros; (iv) dividends paid by EDPR EU to non-controlling interests amount to 4,805 thousands of Euros; (v) a negative effect due to Exchange differences arising on consolidation attributable to non-controlling interests totalling 6,861; (vi) and a negative variation of the fair value reserve attributable to non-controlling interests amounting 5,453 thousands of Euros.

30. FINANCIAL DEBT

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Financial debt - Current		
Bank loans:		
EDPR EU Group	77,777	66,876
EDPR BR Group	17,709	59,165
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	113,644	-
Other loans:		
EDPR EU Group	1,763	2,061
EDPR NA Group	1,122	1,050
Interest payable	5,222	5,902
	217,237	135,054
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	718,681	588,353
EDPR BR Group	73,501	91,997
Loans from shareholders of group entities:		
EDP Renováveis, S.A.	2,843,114	2,986,433
Other loans:		
EDPR EU Group	20,521	21,893
EDPR NA Group	1,266	2,392
	3,657,083	3,691,068
	3,874,320	3,826,122

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2.843.114 thousands of Euros). These loans have an average maturity of 6 years and bear interest at fixed 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. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Bank loans:		
Up to 1 year	100,270	129,512
1 to 5 years	319,176	295,382
Over 5 years	473,006	384,968
	892,452	809,862
Loans from shareholders of group entities:		
Up to 1 year	114,082	2,431
1 to 5 years	241,000	241,000
Over 5 years	2,602,114	2,745,433
	2,957,196	2,988,864
Other loans:		
Up to 1 year	2,885	3,111
1 to 5 years	21,787	24,285
Over 5 years	-	-
	24,672	27,396
	3,874,320	3,826,122

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

	31 Dec 2012		31 Dec 2011	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	217,237	217,237	135,054	135,054
Financial debt - Non current	3,657,083	3,468,395	3,691,068	3,262,999
	3,874,320	3,685,632	3,826,122	3,398,053

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 2012, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2013	2014	2015	2016	2017	Subsequent years
Debt and borrowings - Current	217,237	217,237	-	-	-	-	-
Debt and borrowings - Non current	3,657,083	-	102,890	84,135	329,892	65,046	3,075,120
	3,874,320	217,237	102,890	84,135	329,892	65,046	3,075,120

The breakdown of guarantees is presented in note 38 to the financial statments accounts.

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Loans denominated in EUR	2,173,786	2,035,563
Loans denominated in USD	1,508,329	1,538,832
Loans denominated in other currencies	192,205	251,727
	3,874,320	3,826,122

31. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Dismantling and decommission provisions	63,336	57,694
Provision for other liabilities and charges	267	288
	63,603	57,982

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in Note 2 o). The above amount respects to 37,652 thousands of Euros for wind farms in the United States of America (31 December 2011: 34,523 thousands of Euros), 15,968 thousands of Euros for wind farms in Spain (31 December 2011: 14,507 thousands of Euros), 4,087 thousands of Euros for wind farms in Portugal (31 December 2011: 3,768 thousands of Euros), 874 thousands of Euros for wind farms in Brazil (31 December 2011: 896 thousands of Euros), 1,879 thousands of Euros for wind farms in France (31 December 2011: 1,622 thousands of Euros), 1,498 thousands of Euros for wind farms in Romania (31 December 2011: 1,165 thousands of Euros), 1,030 thousands of Euros for wind farms in Poland (31 December 2011: 886 thousands of Euros) and 348 thousands of Euros for wind farms in Belgium (31 December 2011: 327 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations 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 2012 and 2011, 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:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	57,694	53,156
Capitalised amount for the year	3,092	452
Unwinding	3,366	2,995
Other and exchange differences	-816	1,091
Balance at the end of the year	63,336	57,694

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	288	631
Write back for the year	-3	-266
Other and exchange differences	-18	-77
Balance at the end of the year	267	288

32. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Deferred income related to benefits provided	737,598	773,252
Liabilities arising from institutional partnerships in US wind farms	942,155	1,010,609
	1,679,753	1,783,861

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	1,783,861	1,632,418
Proceeds received from institutional investors	-	153,192
Cash paid for deferred transaction costs	-176	-871
Cash paid to institutional investors	-14,983	-11,966
Income (see note 7)	-127,350	-111,610
Unwinding (see note 13)	68,431	62,538
Exchange differences	-32,601	60,160
Others	2,571	-
Balance at the end of the year	1,679,753	1,783,861

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements 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.

As referred in the note 2 a), EDPR Group change the presentation of Deferred tax equity costs to be deducted to the caption Institutional partnerships in US wind farms. Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of Other debtors and other assets non-current. In 2012, EDPR Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2011 comparative figures to conform to this change in presentation. The Group reclassified 12,948 thousands of Euros as at 31 December 2011 from Other debtors and other assets non-current - sundry debtors and other operations to Institutional partnerships in US wind farms.

During 2011 EDPR Group, through its subsidiary EDPR NA, has secured 116 million of USD (approximately 83 million of Euros) of institutional equity financing from Bank of America Corporation and Paribas North America in exchange for an interest in the Vento IX portfolio and 124 million of USD which 97 million of USD (approximately 70 million of Euros) were realized upfront of institutional equity financing from JPM Capital Corporation and Wells Fargo Wind Holdings in exchange for an interest in Vento X Portofolio.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Trade and other payables from commercial activities - Current:		
Suppliers	78,341	82,972
Property and equipment suppliers	579,540	582,280
Holiday pay, bonus and other charges with employees	14,999	20,584
Other creditors and sundry operations	31,730	21,754
	704,610	707,590
Trade and other payables from commercial activities — Non-current:		
Government grants / subsidies for investments in fixed assets	323,763	339,209
Electricity sale contracts - EDPR NA	49,449	61,663
Other creditors and sundry operations	3,291	3,361
	376,503	404,233
	1,081,113	1,111,823

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other operational income (see note 8).

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Other liabilities and other payables - Current:		
Success fees payable for the acquisition of subsidiaries	11,663	207
Derivative financial instruments	63,079	129,582
Other operations with related parties	37,700	37,891
Other creditors and sundry operations	45,434	21,439
	157,876	189,119
Other liabilities and other payables — Non-current:		
Success fees payable for the acquisition of subsidiaries	39,496	48,053
Payables - Group companies	30,864	31,103
Derivative financial instruments	182,318	106,115
Other creditors and sundry operations	6,146	3,979
	258,824	189,250
	416,700	378,369

Success fees payable for the acquisition of subsidiaries current and non-currents includes mainly the amounts related to the contingent prices of the acquisitions of EDPR Italy, Relax Wind Group, EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L (see note 5).

Derivative financial instruments current and non-current includes 128,493 and 41,369 thousands of Euros respectively (December 2011: 129,276 and 79,184 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

Other creditors and sundry operations - current include 35,220 thousands of Euros (December 2011: 18,148 thousands of Euros) related with the estimated corporate income tax.

Additionally, Other creditors and sundry operations current and non-current include the amounts of 3,572 and 4,213 thousands of Euros related with non-controlling interests, respectively (December 2011: 3,356 and 756 thousands of Euros).

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made from Spanish companies to suppliers during the year 2012 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2012 and 2011 with an overdue greater than the legal period, are the following:

	Payments and outstandig payments at year end			
	31 Dec 2012		31 Dec 2011	
Thousands of Euros	Value	%	Value	%
Within the legal deadline	197,375	82.28%	200,088	48.19%
Rest	42,503	17.72%	215,150	51.81%
Total payments for the year	239,878	100.00%	415,238	100.00%
Average payment period (days)	66.55		31.76	
Outstanding balances with an overdue greater than the legal period	16,212		27,873	

At 31 December 2012, the outstanding balances with an overdue greater then the legal period includes 10,560 thousands of Euros regarding group companies (31 December 2011: 22,165 thousands of Euros).

This law stipulates a maximum legal payment period of 75 days in 2012 and 85 days in 2011. The Company has applied this criterion when preparing the information required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 December 2010 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions, and as such the information for 2012 and 2011 is not directly comparable.

35. CURRENT TAX LIABILITIES

This balance is analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
State and other public entities:		
Income tax	17,283	8,838
Withholding tax	18,193	24,026
Value added tax (VAT)	17,877	15,320
Other taxes	3,490	3,232
	56,843	51,416

36. 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 hedge in foreign operations.

As of 31 December 2012, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
Cash flow hedge						
Power price swaps	5,589	-3,316	230,797	98,354	-	329,151
Interest rate swaps	-	-54,288	120,888	187,975	270,335	579,198
	5,589	-57,604	351,685	286,329	270,335	908,349
Trading						
Power price swaps	3,233	-3,324	19,012	898	-	19,910
Interest rate swaps	-	-172	470	1,881	470	2,821
Cross currency rate swaps	-	-1,045	-	57,000	-	57,000
Currency forwards	-	-12,956	428,744	9,290	-	438,034
	3,233	-17,497	448,226	69,069	470	517,765
	12,468	-245,397	1,932,412	477,810	964,479	3,374,701

As of 31 December 2011, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
	7,807	-208,460	1,132,501	77,008	693,674	1,903,183
Cash flow hedge						
Power price swaps	5,961	-29	61,500	1,098	-	62,598
Interest rate swaps	5	-26,931	41,846	184,337	198,763	424,946
	5,966	-26,960	103,346	185,435	198,763	487,544
Trading						
Power price swaps	2,251	-277	2,101	551	-	2,652
Currency forwards	2,056	-	38,803	-	-	38,803
	4,307	-277	40,904	551	-	41,455
	18,080	-235,697	1,276,751	262,994	892,437	2,432,182

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 34), 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 38 and 39. The fair value is based on internal valuation models, as described in note 39. The net investment derivatives also include CIRS in PLN and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Poland and Brazil.

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

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA 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. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA 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 economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap .

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

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

			31 Dec 2012		31 Dec 2011	
			Changes in fair value		Changes in fair value	
Thousands of Euros	Hedging instrument	Hedged item	Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN and BRL	34,014	-33,410	-55,530	55,530
Cashflow hedge	Interest rate swap	Interest rate	-33,953	-	-15,999	-
Cashflow hedge	Power price swaps	Power price	-3,670	-	6,219	-
Cashflow hedge	Currency forward	Exchange rate	-	-	2,789	-
			-3,609	-33,410	-62,521	55,530

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Balance at the beginning of the year	-24,458	-13,632
Fair value changes		
Interest rate swaps	-33,659	-16,333
Power price swaps	-5,449	6,110
Currency forward	-	2,789
Loans as hedging instruments for Green Certificates	-4,487	-
Transfers to results	-2,249	-4,502
Ineffectiveness	-	1
Non-controlling interests included in fair value changes	7,375	1,109
Effect of the sale without loss of control of Vento II	-1,473	-
Balance at the end of the year	-64,400	-24,458

During the 3rd quarter of 2012, EDPR adopted cashflow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cerdanova and Pestera windfarms in Roménia. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

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

Thousands of Euros	31 Dec 2012	31 Dec 2011
Net investment hedge - inefectiveness	604	-
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	944	3,117
Transfer to results from hedging of commodity prices	1,305	1,385
Ineffectiveness	-	-1
Non eligible for hedge accounting derivatives	-12,363	2,653
	-9,510	7,154

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2012, were as follows:

		EDP Renováveis Group	
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[1,36% - 5,01%]	[0,18% - 0,75%]
Interest rate swaps	PLN	5.41%	4.22%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,35% - 4%]	[0,2% - 3,9%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,38% - 5,65%]	[0,19% - 0,22%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,16% - 3,84%]	0.19%

The effective interest rates for derivative financial instruments associated with financing operations during 2011, were as follows:

	EDP Renováveis Group		
	Currency	Pays	Receives
Interest rate contracts:			
Interest rate swaps	EUR	[2.68% - 5.01%]	[1.43% - 1.81%]
Interest rate swaps	PLN	5.41%	4.90%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,48% - 2,83%]	[2,17% - 3,47%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,91% - 4,03%]	1.39%

37. COMMITMENTS

As at 31 December 2012 and 31 December 2011, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Guarantees of financial nature		
EDPR NA Group	3,411	3,478
EDPR EU Group	-	2,178
	3,411	5,656
Guarantees of operational nature		
EDP Renováveis, S.A.	762,197	655,213
EDPR NA Group	368,113	408,147
EDPR EU Group	69,285	36,954
EDPR BR Group	9,215	100
	1,208,810	1,100,414
Total	1,212,221	1,106,070
Real guarantees	14,065	16,512

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. As at 31 December 2012, these financings amount to 815,562 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

In addition, regarding the information disclosed above, EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2012 and 2011, EDPR's obligations under the tax equity agreements, in the amount of 901,301 thousands of Euros and 942,123 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

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

	31 Dec 2012				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,881,982	278,215	537,579	735,867	3,330,321
Operating lease rents not yet due	978,488	37,759	77,249	76,600	786,880
Purchase obligations	686,894	369,037	144,244	43,511	130,102
	6,547,364	685,011	759,072	855,978	4,247,303

	31 Dec 2011				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,184,933	326,786	545,454	515,460	3,797,233
Operating lease rents not yet due	918,874	35,694	72,745	70,520	739,915
Purchase obligations	1,619,040	906,488	669,351	23,917	19,284
	7,722,847	1,268,968	1,287,550	609,897	4,556,432

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.

As at 31 December 2012 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR FR, 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 EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively.

- EDP Renováveis, through its subsidiary EDPR FR, 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 EDPR FR. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 1 January 2013 and 31 December 2014, inclusively.

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of remaining 6.48% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 6.48% of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation. The exercise period of the options is 2 years after occurrence of one of the following events:

- Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
- When EDP Renováveis Italy is able to build, develop and operate 350 MW in Italy.

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation.

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019.

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation.

38. RELATED PARTIES

The number of shares held by company officers as at 31 December 2012 and 2011 are as follows:

	31 Dec 2012 No. of shares	31 Dec 2011 No. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	12,370	10,505
Gabriel Alonso Imaz	26,503	18,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	1,200	-
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José Fernando Maia de Araújo e Silva	80	80
	53,773	**42,708**

According to Article 229° of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatablity that could affect the performance of their duties.

The board members of the parent company, complying with the article 229º of the Spanish Companies Law, declared that they and their related parties do not exercise positions of responsibility in companies with the same, similar or complementary 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 complementary activity of EDP Renováveis Group parent company, with the following exceptions:

Board Member / **Company**	**Position**
António Luís Guerra Nunes Mexia	
EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Member of the Board
EDP - Energias de Portugal, S.A.	Member of the Board
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Gás.com - Comércio de Gás Natural, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Vice-Chairperson of the Board of Directors
ENEOP - Eólicas de Portugal, S.A.	Chairperson of the Board of Directors
Elétrica de La Ribera del Ebro, S.A.	Chairperson of the Board of Directors
Hidrocantábrico Energia , S.A.U.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Member of the Board
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP - Energias do Brasil, S.A.	Member of the Board
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
EDP - Estudos e Consultoria, S.A.	Chairperson of the Board of Directors
EDP - Imobiliária e Participacões, S.A.	Chairperson of the Board of Directors
Energia RE, S.A.	Chairperson of the Board of Directors
SCS–Serviços Complementares de Saúde,S.A.	Chairperson of the Board of Directors
Sãvida - Medicina Apoiada, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Member of the Board
Balwerk - Consultadoria Económica e Participacões, Soc.Unip.Lda	Manager
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP — Ásia Investimentos e Consultoria, Lda.	Chairperson of the Board of Directors
EDP — Ásia Soluções Energéticas Lda.	Chairperson of the Board of Directors
EDP Valor - Gestão Integrada de Servicos, S.A.	Chairperson of the Board of Directors
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
Companhia de Electricidade de Macau - CEM, S.A.	Chairperson
Manuel Menéndez Menéndez:	
Naturgás Energía, S.A.	Chairperson of the Board of Directors
EDP Renewables Europe, S.L.	Member of the Board
Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors

Board Member Company	Position
Rui Manuel Rodrigues Lopes Teixeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renewables SGPS, S.A.	Member of the Board
EDPR PT - Promocão e Operacão, S.A.	Member of the Board
EDP Renováveis Portugal, S.A.	Member of the Board
Malhadizes — Energia Eólica, S.A.	Member of the Board
EDP Renewables Canada LP Ltd.	Member of the Board
EDPR Renewables Canada GP Ltd.	Member of the Board
SBWF GP Inc.	Member of the Board
South Branch Wind Farm Inc.	Member of the Board
Eolia Renewable Energy Canada Inc.	Member of the Board
0867242 B.C. Ltd.	Member of the Board
EDP Renewables Canada, Ltd	Member of the Board
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
EDPR UK, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
EDP Renováveis Servicios Financieros S.L.U	Member of the Board
EDP Renováveis Brasil, S.A.	Member of the Board
João Paulo Nogueira Sousa Costeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renováveis Portugal, S.A.	Chairperson of the Board of Directors
EDP Renováveis Brasil, S.A.	Member of the Board
EDP Renováveis Servicios Financieros, S.L.U	Member of the Board
Malhadizes — Energia Eólica, S.A.	Chairperson of the Board of Directors
Eólica da Serra das Alturas, S.A.	Member of the Board
Eólica de Montenegrelo, S.A.	Member of the Board
ENEOP 2 — Exploração de Parques Eolicos, S.A.	Chairperson of the Board of Directors
EDP Renewables Romania, Srl	Member of the Board
Cernavoda Power, Srl	Member of the Board
Greenwind, S.A.	Chairperson of the Board of Directors
EDP Renewables France, S.A.	Chairperson of the Board of Directors
Centrale Eolienne Neo Truc de l'Homme, SAS	Chairperson of the Board of Directors
Parc Eolien des Vatines	Chairperson of the Board of Directors
Parc Eolien du Clos Bataille	Chairperson of the Board of Directors
Parc Eolien de Varimpre	Chairperson of the Board of Directors
Parc Eolien des Bocages	Joint Director
Parc Eolien des Longs Champs	Joint Director
Socpe de la Mardelle	Joint Director
Socpe de la Vallée du Moulin	Joint Director
Socpe de Sauvageons	Joint Director
Socpe des Quinze Mines	Joint Director
Socpe Le Mée	Joint Director
Socpe Petite Pièce	Joint Director
CE Canet Pont de Salars SAS	Chairperson of the Board of Directors
CE Gueltas Noyal Pontivy	Chairperson of the Board of Directors
CE Patay SAS	Chairperson of the Board of Directors
CE Saint Barnabé SAS	Chairperson of the Board of Directors

Board Member Company	Position
João Paulo Nogueira Sousa Costeira (Cont.):	
CE Segur SAS	Chairperson of the Board of Directors
Monts de la Madeleine Energie SAS	Chairperson of the Board of Directors
Monts du Forez Energie SAS	Chairperson of the Board of Directors
Eolienne de Callengeville, SAS	Chairperson of the Board of Directors
Neo Plouvien, SAS	Chairperson of the Board of Directors
Parc Eolien de la Hetroye, SAS	Chairperson of the Board of Directors
Eolienne de Saugueuse, SARL	Joint Director
Eolienne des Bocages, SARL	Joint Director
Eolienne d'Etalondes, SARL	Joint Director
Parc Eolien d'Ardennes, SARL	Joint Director
Parc Eolien de Mancheville, SARL	Joint Director
Parc Eolien de Roman, SARL	Joint Director
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
Relax Wind Park I SP. Z O.O	Member of the Supervisory Board
Relax Wind Park III SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
EDP Renewables Italia, Srl	Member of the Board
Operação e Manuntenção Industrial, S.A.	Member of the Board
EDP Renewables SGPS S.A.	Chairperson of the Board of Directors
EDPR PT - Promoção e Operação S.A.	Chairperson of the Board of Directors

Board Member Company	Position
Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chief Executive Officer
EDP Renewables North America, LLC and subsidiaries (see annex I)	Chief Executive Officer
American Wind Energy Association	Chair-Elect and Executive Board Member

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

Board Member Company	Number of shares
António Luís Guerra Nunes Mexia:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
João Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	125,000
EDP - Energias do Brasil, S.A.	1
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	3,878
Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,880
Iberdrola	27
Teresa Sancho, related person of Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,881
Iberdrola	26
João Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	980
Jorge Manuel Azevedo Henriques dos Santos:	
EDP - Energias de Portugal, S.A.	2,379

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 Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2012 and 2011 were as follows:

Thousands of Euros	31 Dec 2012	31 Dec 2011
CEO	566,821	551,362
Board members	396,666	512,083
	963,487	**1,063,445**

Mrs. Ana Maria Fernandes resigned as Chief Executive Officer of EDPR on 28 February, 2012 . The remuneration (variable and fixed) mentioned above refers only to the months when the prior CEO was still on duty paid in 2012 and adjustments paid on February 2013. On 28 February, Mr. João Manso Neto, was nominated Chief Executive Officer (CEO) and Vice-Chairperson of the Board of Directors of EDPR. In order to increase transparency and healthy corporate governance practices, and also to treat Mr. João Manso Neto consistently with the other managers, the Nominations and Remunerations Committee proposed to the Board of Directors (which approved it) a modification of the Remuneration Policy in order to include the CEO compensation in the management fee of the Executive Management Services Agreement. EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive Directors.This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDP Renováveis is due to pay an amount of 1,295 thousands of Euros (variable and fixed remuneration) for management services rendered by EDP through 2012 (380 thousands of Euros in 2011, fixed remuneration).

Additionally, the remuneration of the members of the Executive Committee that are also Officers and receive their remuneration as EDPR employees, not including the Chief Executive Officer, was in 2012, 1,231 thousands of Euros (31 December 2011: 1,857 thousands of Euros).

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

As at 31 December 2012 and 2011 there are no outstanding loans and advances with company officers and key management.

The Company has no pension or life insurance obligations with its former or current Board members in 2012 or 2011.

Balances and transactions with related parties

As at 31 December 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	7,027	14,500	-7,473
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	225,309	218,464	6,845
Hidrocantábrico Group companies (electric sector)	49,875	1,568	48,307
Associated companies	256,353	-	256,353
Other EDP Group companies	107,306	2,972,445	-2,865,139
	645,870	3,206,977	-2,561,107

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,956,758 thousands of Euros.

As at 31 December 2011, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	10,025	5,574	4,451
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	247,999	108,110	139,889
Hidrocantábrico Group companies (electric sector)	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Other EDP Group companies	47,892	2,996,070	-2,948,178
	576,400	3,113,669	-2,537,269

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,986,433 thousands of Euros.

Transactions with related parties for the year ended 31 December 2012 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	10,595	1,479	-3,310	-16,268
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	2,878	-12,196	-6,489
Hidrocantábrico Group companies (electric sector)	403,965	-	-4,470	-890
Associated companies	912	10,999	-	-1
Other EDP Group companies	149,877	19,458	-5,826	-186,361
	565,349	34,814	-25,802	-210,009

Operating income includes mainly the electricty sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of EDPR Group.

Transactions with related parties for the year ended 31 December 2011 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	4,861	-11,285	-3,197
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	15,633	-8,368	-2,174
Hidrocantábrico Group companies (electric sector)	358,814	-	-4,994	-700
Associated companies	1,533	6,820	-	-69
Other EDP Group companies	137,903	5,961	-6,992	-152,362
	498,250	33,275	-31,639	-158,502

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR 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 EPDR NA and of the USD external financing). As at 31 December 2012, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 169,862 thousands of Euros (31 December 2011: 208,460 thousands of Euros) (see notes 34 and 36).

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2012, EDP, S.A. and Hidrocantábrico granted financial (45,467 thousands of Euros, 31 December 2011: 57,272 thousands of Euros) and operational (375,772 thousands of Euros, 31 December 2011: 393,130 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37).

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

39. 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 2012 and 2011, 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 2012 Currencies			31 Dec 2011 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	0.19%	0.31%	7.06%	1.36%	0.58%	10.41%
6 months	0.32%	0.51%	7.09%	1.62%	0.81%	10.15%
9 months	0.43%	0.69%	7.08%	1.79%	0.97%	10.04%
1 year	0.54%	0.84%	7.14%	1.95%	1.13%	10.04%
2 years	0.38%	0.39%	7.71%	1.31%	0.73%	10.48%
3 years	0.44%	0.48%	8.19%	1.36%	0.82%	10.75%
5 years	0.77%	0.83%	8.64%	1.72%	1.23%	10.98%
7 years	1.12%	1.27%	9.00%	2.07%	1.64%	11.05%
10 years	1.57%	1.81%	9.33%	2.38%	2.03%	11.22%

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 statement of financial position at their fair value (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.

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 36)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position 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 and 24.

The fair values of assets and liabilities as at 31 December 2012 and 31 December 2011 are analysed as follows:

	31 December 2012			31 December 2011		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,407	9,407	-	9,618	9,618	-
Trade receivables	180,259	180,259	-	146,105	146,105	-
Debtors and other assets from commercial activities	159,318	159,318	-	144,240	144,240	-
Other debtors and other assets	622,394	622,394	-	546,490	546,490	-
Derivative financial instruments	12,468	12,468	-	18,080	18,080	-
Financial assets at fair value through profit or loss	389	389	-	211	211	-
Cash and cash equivalents	245,837	245,837	-	219,922	219,922	-
	1,230,072	1,230,072	-	1,084,666	1,084,666	-
Financial liabilities						
Financial debt	3,874,320	3,685,632	-188,688	3,826,122	3,398,053	-428,069
Suppliers	657,881	657,881	-	665,252	665,252	-
Institutional partnerships in US wind farms	1,679,753	1,679,753	-	1,783,861	1,783,861	-
Trade and other payables from commercial activities	99,469	99,469	-	107,362	107,362	-
Other liabilities and other payables	171,303	171,303	-	142,672	142,672	-
Derivative financial instruments	245,397	245,397	-	235,697	235,697	-
	6,728,123	6,539,435	-188,688	6,760,966	6,332,897	-428,069

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

- Level 1 - Quoted prices (unadjusted) 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 2012			31 December 2011		
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available for sale investments	-	-	9,407	-	-	9,618
Derivative financial instruments	-	12,468	-	-	18,080	-
Financial assets at fair value through profit or loss	-	389	-	-	211	-
	-	12,857	9,407	-	18,291	9,618
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	7,785	-	-	4,112
Derivative financial instruments	-	245,397	-	-	235,697	-
	-	245,397	7,785	-	235,697	4,112

The movement in 2012 and 2011 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available for sale investments		Trade and other payables	
Thousands of Euros	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Balance at the begining of the year	9,618	18,380	4,112	271,338
Gains / (Losses) in other comprehensive income	-211	2,070	-	-
Purchases	-	-	3,572	3,356
Fair value changes/Payments	-	-	101	-270,582
Disposals	-	-10,832	-	-
Transfers into / (out of) Level 3	-	-	-	-
Balance at the end of the year	9,407	9,618	7,785	4,112

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

40. RELEVANT SUBSEQUENT EVENTS

EDPR agrees with CTG on the first investment in minority stakes in wind farms

On 20 December 2012,EDP Renováveis S.A. ("EDPR"), 77.5% controlled by EDP, entered into an agreement with China Three Gorges International (Hong Kong) Company Limited ("CTGI HK"), a fully owned subsidiary of China Three Gorges ("CTG"), to sell a 49% equity shareholding and 25% of the outstanding shareholders loans in EDP Renováveis Portugal, S.A. ("EDPR PT") for a total consideration of 359 millions of Euros.

The transaction is subject to the customary regulatory approvals with closing expected to occur by the 1H13.

The transaction scope covers 615 MW in operation, with an average age of 6 years, as well as 29 MW ready-to-build, remunerated under a feed-in-tariff regime in accordance to Decree-Law 33-A/2005, article 4. This operation corresponds to a non-controlling interests sale in 2013 according with the accounting policy 2 b).

This transaction was agreed in the context of the EDP/CTG strategic partnership established in December 2011 and that entered into force on May 2012.

Spanish Government publishes Royal Decree-Law with regulatory modifications for the electricity sector

On 2 February 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 ("RDL 2/2013") that encompasses a set of regulatory modifications applicable to the Spanish electricity sector and therefore affecting the wind energy assets.

The main regulatory changes the RDL 2/2013 envisages vis-à-vis the Royal Decree 661/2007 that have an impact on EDP Renováveis S.A. ("EDPR") from 1st of January 2013 onwards, are:
- The value of the premium in the economic regime of Market + Premium, has been set in 0c€/kWh.
- Operators of the facilities operating under Market + Premium regime had the option to select before 15 February 2013, and applicable since 1 January 2013 onwards, whether they would like to remain in the Market + Premium regime (this is to sell their electricity at market price). If an option has not been taken before that date, all the facilities currently included in the Market + Premium regime were automatically included in the Feed-in Tariff regime.
Furthermore, RDL 2/2013 establishes that an operator that opts to sell the energy in the Market + Premium regime cannot later opt for the Feed-in Tariff regime.
- The index used to annually update all the regulated activities in the electricity sector will be the annual inflation excluding energy products and food prices, and any impact of tax changes.

There were no changes introduced by Spanish Government regarding the 2020 Renewable Energy Target for Spain.

At the closing of 2012 accounts, the Board of Directors of EDPR is evaluating the impact of the above mentioned regulatory changes in the cashflows of the Spanish portfolio. That being said, it is reasonable to expect that such unilateral changes introduced by the Spanish Government through the RD-L 2/2013 may have a significant impact from 2013 onwards via reduction of the cash flows of the projects and thence erode the profitability of the Spanish assets. As a result, EDPR will continue to promote a dialogue to achieve a negotiated solution while maintaining other avenues open. Preliminary sensitivity analysis to the impairment tests would not result in significant impacts in EDPR consolidated accounts.

Assets revaluation in Spain

On 27 December, the Spanish Government published the Law 16/2012 that includes various taxation measures directed to public finances consolidation and to promote economic activity. Incorporates important changes in Income Tax, such as the establishment of the option, for taxable corporate income tax to conduct a revaluation. Group management is currently analysing the possibility and the potencial impacts of revaluate its assets in 2013.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and not effective for the Group on its consolidated financial statements can be analysed as follows:

Annual Improvement Project

In May 2012, IASB published the Annual Improvement Project that implied changes to the standards in force. However, the effective date of the referred changes is 1 January 2013, being early adoption allowed.

- Changes to IAS 1 - Presentation of Financial Statements. This changes clarifies the difference between voluntary additional comparative information and the minimim required comparative information in cases of retrospective statements, reclassifications and changes in accounting policies. Generally, the minimum required comparative information is the previous period.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 16 - Property, Plant and Equipment. This amendement clarifies that if spare parts and servicing equipment meet with the definition of property, plant and equipment are not inventory.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 32 - Financial Instruments: Presentation. The amendment clarifies that income taxaes arising from distributions to equity holders are accounted in accordance with IAS 12 Income taxes.

  No significant impact is expected in the Group from the adoption of this change.

- Changes to IAS 34 - Interim Financial Reporting. The amendments aligns the disclosures requirement for total segment assets with total liabilities in interim financial statements, ensuring that interim disclosures are aligned with annual disclosures in relation to the changes of profit and losses account and other comprehensive income.

  No significant impact is expected in the Group from the adoption of this change.

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

IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offsseting Financial Assets

The International Accounting Standards Board (IASB), issued in December 2011, amendments to IFRS 7 — Financial Instruments: Disclosures, with effective date of mandatory application of 1 January 2013, being early adoption allowed.

With this change, the disclosures of financial instruments include information that will evaluate the effect or potential effect of the compensation arrangements, including the countervailing recognised as assets and financial liabilities in the statement of financial position.

The adoption of this amendement will only have impact on the financial statement disclosures.

IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB) issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2015, being allowed its early adoption. This standard, changed in October 2010, has not yet been adopted by the European Union.

This standard is included in phase I of the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

- debt instruments model can be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value; and

- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably elect equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves can not be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on This basis. the dividends received are recognised as income for the year;

- there is no exemption that allows unquoted equity investments and related derivatives to measure at cost. However, guidance is provided on the limited circumstances in which the cost of such an instrument may be an appropriate approximation of fair value;

- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Group is evaluating the impact of adopting this standard.

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, to variable returns arising from its involvement in the subsidiary and has the ability to influence these returns because of the power over it. Additionally, the concept of "de facto control" was introduced.

The Group is evaluating the impact of adopting this standard.

IFRS 11 - Joint Arrangements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, being the equity method mandatory.

The structure of a joint agreement ceases to be the main factor in determining the accounting model to adopt. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

The Group is evaluating the impact of adopting this standard.

IFRS 12 - Disclosure of Interests in Other Entities

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated financial statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

The information disclosed has to help users of the financial statements evaluate the nature and risks associated with its interests in other entities and the effects of those interests on the financial statements. The main issues considered are as follows:

- for the interests in subsidiaries, should be disclosed: (i) the composition of the group;(ii) non-controlling interests; (iii) significant restrictions on the parent's ability to access or use the assets and settle the liabilities of its subsidiares; (iv) the nature of, and changes in, the risks associated with interests in consolidated structured entities; and (v) changes in its ownership interest that did or did not result in a loss of control during the reporting period;

- for the interests in joint arrangements and associates, it should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and associates;

- for the interests in unconsolidated structured entities, should be disclose: (i) the nature and the extent of its interests in unconsolidated structured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

The Group is evaluating the impact of adopting this standard.

IFRS 13 - Fair Value Measurement

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 13 - Fair Value Measurement, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

No significant impact in the Group is expected from the adoption of this standard.

IAS 1 (Amended) - Presentation of Financial Statements

The International Accounting Standards Board (IASB) issued in June 2011, IAS 1 - Presentation of Financial Statements: Presentation of items of other comprehensive income, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption.

The principal changes are the following:

- the amendments retain the option to present profit or loss and other comprehensive income ineither a single continuos statement or in two separate but consecutive statements;
- items of other comprehensive are required to be grouped into those that will and will not subsequently be reclassified to profit or loss; and
- tax on items of other comprehensive income is required to be alocated on the same basis.

The Group is evaluating the impact from the adoption of this change.

IAS 28 (Amended) - Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) issued in May 2011, IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This amendment to IAS 28 (2003) describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

No significant impact in the Group is expected from the adoption of this change.

IAS 32 (Amended) - Financial Instruments: Presentation

The International Accounting Standards Board (IASB) issued in December 2011, IAS 32 (Amended) - Financial Statements: Presentation, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment clarifies the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognized amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

No significant impact in the Group is expected from the adoption of this change.

42. 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:

Thousands of Euros	31 Dec 2012	31 Dec 2011
Environmental Expenses	3,174	1,910
	3,174	1,910

As referred in accounting policy 2o), 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 63,336 thousands of Euros as at 31 December 2012 (31 December 2011: 57,694 thousands of Euros) (see note 31).

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 include the EDPR BR subgroup companies, the financial investments and remaining 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 2012 or 2011.

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 Annex 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.

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 sources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the EDPR Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- United States of America includes the EDPR NA Group companies that operate in this country;
- Other - Includes the EDPR BR Group, EDPR Canada Group companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the business segments.

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

Segment definition

The amounts reported in each business segment 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 eliminations, 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 annullations.

44. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2012 and 2011. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2012 and 2011, fees and expenses for professional services, according to the following detail (amounts in thousands of Euros):

	31 December 2012					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	177	634	68	791	411	2,081
Other audit services	40	54	-	31	12	137
	217	**688**	**68**	**822**	**423**	**2,218**
Tax consultancy services	-	164	-	32	-	196
Other services	10	30	-	-	40	80
	10	194	-	32	40	276
Total	**227**	**882**	**68**	**854**	**463**	**2,494**

	31 December 2011					
	Portugal	Spain	Brasil	United States of America	Other	Total
Audit and statutory audit of accounts	166	639	83	688	308	1,884
Other audit services	180	61	-	31	13	285
	346	**700**	**83**	**719**	**321**	**2,169**
Tax consultancy services	-	-	-	24	9	33
Other services	9	-	-	-	-	9
	9	**-**	**-**	**24**	**9**	**42**
Total	**355**	**700**	**83**	**743**	**330**	**2,211**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2012 and 2011, are as follows:

			2012		2011	
Company	Head Office	Auditor	% of capital	% of voting rights	% of capital	% of voting rights
Group's parent holding company and Related Activities:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Servicios Financieros, L.A.	Oviedo	n.a.	100.00%	100.00%	-	-
Europe Geography / Platform:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, A.I.E.	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.08%	95.08%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	83.96%	100.00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eneroliva, S.A.	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	83.73%	83.73%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica de Radona, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Dulcinea, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Janda, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Navica, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renovables España, S. L. (former Generaciones Especiales I, S.L.)	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S.L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
Eólica Muxía, S.L.	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
NEO Energia Aragón, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic Molinars, S.L.	Girona	n.a.	54.00%	90.00%	54.00%	90.00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Rasacal Cogeneración S.A.	Madrid	n.a.	60.00%	60.00%	60.00%	60.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
Sierra de la Peña, S.A.	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renewables, SGPS, S.A.	Porto	KPMG	100.00%	100.00%	-	-
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	-	-
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	60.00%	60.00%	60.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	50.10%	50.10%	50.10%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	50.10%	50.10%	50.10%	50.10%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Le Mee, S.A. R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Mardelle, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien D'Ardennes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	100.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	n.a.	100.00%	49.00%	100.00%	49.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Vallée du Moulin, S.A.R.L.	Toulouse	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
Poland:						
EDP Renewables Polska, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
J&Z Wind Farms SP. ZO.O.	Warsaw	n.a.	60.00%	60.00%	-	-
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Korsze Wind Farm SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Masovia Wind Farm I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
MFW Gryf SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Neptun SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
MFW Pomorze SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	-	-
Relax Wind Park I, SP. ZO.O	Warsaw	KPMG	96.43%	96.43%	96.43%	96.43%
Relax Wind Park II, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park III, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania:						
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
EDPR-RO-PV, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Delta, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Foton Epsilon, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
VS Wind Farm, S.A. (former Pochidia Wind Farm, S.A.)	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	85.00%	85.00%
Sibioara Wind Farm, S.R.L.	Bucharest	n.a.	85.00%	85.00%	-	-
Studina Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Vanju Mare Solar, S.R.L.	Bucharest	n.a.	100.00%	100.00%	-	-
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	66.64%	66.64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Casellaneta Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Laterza Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Monts de la Madeleine Energie, S.A.S.	Milano	KPMG	100.00%	100.00%	-	-
Pietragalla Eolico, S.R.L.	Milano	n.a.	100.00%	100.00%	-	-
Re Plus - S.R.L.	Milano	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Belgium:						
EDP Renewables Belgium	Brussels	n.a.	100.00%	100.00%	-	-
Greenwind, S.A.	Louvain-la-Neuve	KPMG	70.00%	70.00%	70.00%	70.00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
North America Geography / Platform:						
USA:						
EDP Renewables North America, L.L.C. (USA Parent Company)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
2008 Vento III, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2012 Vento XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Wind Power VII, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	51.00%	100.00%	100.00%	100.00%
High Trail Wind Farm, L.L.C.	Illionois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	51.00%	100.00%	100.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	51.00%	100.00%	100.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	51.00%	51.00%	100.00%	100.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Verde Wind Power, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
0867242 BC, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada GP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
EDP Renewables Canada LP, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
Eolia Renewable Energy Canada, Ltd.	Ontario	n.a.	100.00%	100.00%	-	-
SBWFI GP, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Branch Wind Farm, Inc.	Ontario	n.a.	100.00%	100.00%	-	-
South Dundas Wind Farm LP	Ontario	n.a.	100.00%	100.00%	-	-

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
South America Geography / Platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Central Eólica Aventura, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão I, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão II, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão III, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	n.a.	55.00%	100.00%	-	-
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Elebrás Projectos, Ltda	São Paulo	n.a.	55.00%	100.00%	55.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2012, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	43,999	9,885	11,605	6,815	35,464	17,995	-10,119	7,876
Desarrollos Energeticos Canarios S.A.	-	4	-	9	-5	-	-	-
Evolución 2000, S.L.	22,304	3,230	17,489	1,934	6,111	5,568	-3,570	1,998
Flat Rock Windpower, L.L.C.	147,901	2,304	1,308	130	148,767	11,170	-14,062	-2,892
Flat Rock Windpower II, L.L.C.	59,348	568	504	34	59,378	2,388	-4,966	-2,578
Tebar Eólica, S.A.	12,872	6,349	11,141	2,498	5,582	4,398	-3,482	916

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2011, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	47,204	9,709	19,424	6,826	30,663	17,986	-10,214	7,772
Desarrollos Energeticos Canarios S.A.	-	4	-5	-	9	-	-	-
Evolución 2000, S.L.	23,319	5,025	18,850	2,134	7,360	5,255	-3,578	1,677
Flat Rock Windpower, L.L.C.	158,942	3,125	1,265	28	160,774	11,565	-13,815	-2,250
Flat Rock Windpower II, L.L.C.	63,658	863	487	68	63,966	2,740	-4,609	-1,869
Tebar Eólica, S.A.	14,607	6,095	13,063	2,220	5,419	4,108	-3,276	832

The Associated Companies included in the consolidation under the equity method as at 31 December 2012 and 2011, are as follows:

Company	Head Office	Auditor	2012 % of capital	2012 % of voting rights	2011 % of capital	2011 % of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	Barcelona	n.a.	18.97%	38.96%	18.97%	38.96%
Biomasas del Pirineo, S.A.	Huesca	n.a.	30.00%	30.00%	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	Oklahoma	n.a.	25.00%	25.00%	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	Burgos	n.a.	30.00%	30.00%	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	Gran Canaria	KPMG	44.75%	44.75%	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	Lisboa	Mazars	35.96%	35.96%	35.96%	35.96%
Parque Eólico Belmonte, S.A.	Asturias	KPMG	29.90%	29.90%	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	Soria	Ernst & Young	42.00%	42.00%	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	Edimburg	Deloitte	49.00%	49.00%	49.00%	49.00%
Solar Siglo XXI, S.A.	Ciudad Real	n.a.	25.00%	25.00%	25.00%	25.00%

ANNEX 2

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2012

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenues	149,333	434,424	182,986	24,066	-13,271	777,538	355,504	24,754	1,157,796
Income from institutional partnerships in US wind farms						-	127,350		127,350
	149,333	434,424	182,986	24,066	-13,271	777,538	482,854	24,754	1,285,146
Other operating income / (expenses)									
Other operating income	815	6,255	35,586	1,573	2,311	46,540	19,796	-3,220	63,116
Supplies and services	-20,952	-75,477	-33,670	-19,121	24,124	-125,096	-116,456	-20,258	-261,810
Personnel costs	-3,016	-7,142	-2,933	-11,451	-	-24,542	-29,016	-9,101	-62,659
Other operating expenses	-7,513	-22,130	-9,891	-1,536	68	-41,002	-39,516	-5,694	-86,212
	-30,666	-98,494	-10,908	-30,535	26,503	-144,100	-165,192	-38,273	-347,565
	118,667	335,930	172,078	-6,469	13,232	633,438	317,662	-13,519	937,581
Provisions	3	-	-	-	-	3	-	-	3
Depreciation and amortisation expense	-27,082	-180,244	-48,782	-4,032	-	-260,140	-233,458	-9,111	-502,709
Amortisation of deferred income / Government grants	779	115	225	-	-	1,119	14,112	-	15,231
	92,367	155,801	123,521	-10,501	13,232	374,420	98,316	-22,630	450,106
Gains / (losses) from the sale of financial assets	-	2,766	-	-	-	2,766	-	-	2,766
Other financial income	-	563	16,742	163,436	-162,929	17,812	5,573	28,550	51,935
Interest income	11,000	7,161	2,020	174,635	-175,315	19,501	729	2,023	22,253
Other financial expenses	-1,185	-2,064	-23,291	-527	763	-26,304	-78,354	-25,311	-129,969
Interest expense	-35,185	-119,372	-75,560	-253,155	175,234	-308,038	-793	86,996	-221,835
Share of profit of associates	4,094	3,270	-531	-	-	6,833	-	-	6,833
Profit before tax	71,091	48,125	42,901	73,888	-149,015	86,990	25,471	69,628	182,089
Income tax expense	-18,578	-11,581	-11,705	22,556	313	-18,995	-3,901	-23,143	-46,039
Profit for the year	**52,513**	**36,544**	**31,196**	**96,444**	**-148,702**	**67,995**	**21,570**	**46,485**	**136,050**
Attributable to:									
Equity holders of EDP Renováveis	50,470	33,825	29,901	96,447	-148,702	61,941	16,657	47,668	126,266
Non-Controlling Interests	2,043	2,719	1,295	-3	-	6,054	4,913	-1,183	9,784
Profit (loss) for the period	**52,513**	**36,544**	**31,196**	**96,444**	**-148,702**	**67,995**	**21,570**	**46,485**	**136,050**
Assets									
Property, plant and equipment	507,691	2,941,560	1,733,352	160,612	-	5,343,215	4,991,866	201,826	10,536,907
Intangible assets and Goodwill	42,109	473,201	92,355	1	93,973	701,639	610,286	14,920	1,326,845
Investments in associates	-	8,567	12,136	2,638	22,291	45,632	1,840	1	47,473
Current assets	291,941	353,678	227,139	1,544,840	-1,727,712	689,886	129,095	118,176	937,157
Equity and Liabilities									
Equity and Non-Controlling Interest	113,873	1,247,542	249,839	218,993	-1,346,134	484,113	3,388,092	1,876,622	5,748,827
Current Liabilities	291,338	836,298	941,953	563,144	-1,439,737	1,192,996	277,131	-333,560	1,136,567
Other information:									
Increase of the period									
Property, plant and equipment	9,316	74,436	289,804	118,798	-	492,354	178,449	19,299	690,102
Intangible assets and Goodwill	-	-	177	-	-	177	11	-	188

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the year ended 31 December 2011

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenues	138,576	379,527	126,212	18,292	-27,744	634,863	302,890	19,464	957,217
Income from institutional partnerships in US wind farms						-	111,610		111,610
	138,576	379,527	126,212	18,292	-27,744	634,863	414,500	19,464	1,068,827
Other operating income / (expenses)									
Other operating income	2,094	5,502	1,606	8,195	45,159	62,556	17,712	4,276	84,544
Supplies and services	-21,481	-66,595	-23,138	-14,543	19,103	-106,654	-101,262	-17,153	-225,069
Personnel costs	-2,988	-6,856	-3,948	-9,050	-	-22,842	-25,936	-12,054	-60,832
Other operating expenses	-5,455	-16,459	-6,626	-1,238	1,130	-28,648	-34,839	-3,245	-66,732
	-27,830	-84,408	-32,106	-16,636	65,392	-95,588	-144,325	-28,176	-268,089
	110,746	295,119	94,106	1,656	37,648	539,275	270,175	-8,712	800,738
Provisions	-	266	-	-	-	266	-	-	266
Depreciation and amortisation expense	-28,643	-133,675	-49,084	-5,338	-35,488	-252,228	-209,653	-6,612	-468,493
Amortisation of deferred income / Government grants	913	140	242	1	-	1,296	13,690	-	14,986
	83,016	161,850	45,264	-3,681	2,160	288,609	74,212	-15,324	347,497
Gains / (losses) from the sale of financial assets	-	10,499	-	-	-	10,499	-	-	10,499
Other financial income	-	906	19,660	25,020	-23,842	21,744	8,299	756	30,799
Interest income	7,072	6,269	1,515	178,452	-179,101	14,207	539	16,010	30,756
Other financial expenses	-280	-1,869	-33,548	-12,751	10,275	-38,173	-72,098	-9,091	-119,362
Interest expense	-35,050	-114,724	-63,808	-247,094	179,057	-281,619	1,283	94,013	-186,323
Share of profit of associates	2,167	1,746	-7	889	-	4,795	-	1	4,796
Profit before tax	56,925	64,677	-30,924	-59,165	-11,451	20,062	12,235	86,365	118,662
Income tax expense	-15,665	-16,277	2,759	30,805	2,365	3,987	-5,813	-26,212	-28,038
Profit for the year	**41,260**	**48,400**	**-28,165**	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
Attributable to:									
Equity holders of EDP Renováveis	39,733	44,995	-26,586	-28,329	-9,086	20,727	6,422	61,455	88,604
Non-Controlling Interests	1,527	3,405	-1,579	-31	-	3,322	-	-1,302	2,020
Profit (loss) for the period	**41,260**	**48,400**	**-28,165**	**-28,360**	**-9,086**	**24,049**	**6,422**	**60,153**	**90,624**
Assets									
Property, plant and equipment	526,275	3,152,540	1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
Intangible assets and Goodwill	42,494	97,172	90,416	69	470,034	700,185	618,437	15,042	1,333,664
Investments in associates	-	9,381	14,700	-	25,423	49,504	1,877	-	51,381
Current assets	133,706	445,113	144,866	1,430,075	-1,496,724	657,036	137,865	95,651	890,552
Equity and Liabilities									
Equity and Non-Controlling Interest	97,953	936,440	223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
Current Liabilities	229,146	1,005,260	554,386	463,909	-1,371,231	881,470	396,278	-194,569	1,083,179
Other information:									
Increase of the period									
Property, plant and equipment	10,119	168,898	155,079	28,771	-	362,867	407,894	59,949	830,710
Intangible assets and Goodwill	-	-	5	-	-	5	-	4	9

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

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 statement of financial position at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of financial reporting legislation applicable to the Group, preparation of the Group's annual accounts 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 prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of the Company and subsidiaries at 31 December 2012 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of applicable legislation governing financial reporting.

The accompanying consolidated directors' report for 2012 contains such explanations as the Directors of the Company 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 2012. 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 the Company and subsidiaries.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013

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

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 4 June 2012, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2012, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2012 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 27 February 2013, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2012, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

Ana Fernández Poderós

27 February 2013

Report from Management concerning responsibility for the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2012 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2012 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2012 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

27 February 2013

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 26, 2013.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Nuno Maria Pestana de Almeida Alves	João Manuel Veríssimo Marques da Cruz
Rui Manuel Rodrigues Lopes Teixeira	João Paulo Nogueira da Sousa Costeira
Gabriel Alonso Imaz	Manuel Menéndez Menéndez
José Fernando Maia de Araújo e Silva	João Manuel de Mello Franco
João José Belard da Fonseca Lopes Raimundo	Jorge Manuel Azevedo Henriques dos Santos
Rafael Caldeira de Castel-Branco Valverde	Gilles August