

Reuters: EDPR.LS
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Investors & Analysts' Briefing

INVESTOR RELATIONS DEPARTMENT

Rui Antunes, Head of IR
Francisco Beirão
Diogo Cabral

Phone: +34 902 830 700
Fax: +34 914 238 410

Email: ir@edprenovaveis.com
www.edprenovaveis.com

EDP RENOVÁVEIS ENTERS THE ITALIAN WIND MARKET THROUGH THE ACQUISITION OF 520 MW TO BE DEVELOPED

EDP Renováveis S.A. ("EDPR") acquires 85% of Italian Wind srl, from Co-Ver group (an industrial conglomerate from the north of Italy), adding to its portfolio several wind projects in Italy totalling 520 MW in different stages of maturity and in prime locations: i) 4 wind projects totalling 108 MW classified as Tier 2; ii) 98 MW of projects classified as Tier 3; and iii) 314 MW classified as prospects.

The amount paid for the above mentioned stake is €12 million (Enterprise Value) and additional success fees will be paid as the wind projects reach certain predefined milestones.

Through this transaction EDPR acquires a quality pipeline in Italy and incorporates a team with a strong local expertise and track record on the Italian renewable sector, with an accumulated experience in the development and construction of 125 MW.

The entrance in the Italian market, will allow EDPR to be exposed to one of the most attractive countries in Europe given its strong regulatory framework, enabling the company to selectively diversify its growth options and expand its European footprint.

The Italian wind market

- Growth potential: Italian market has a high growth potential due to its current stage of development. With 4.9 GW of wind installed capacity in 2009 (+1.1 GW vis-à-vis 2008), Italy is one of the most promising wind markets in Europe. The approved renewable obligation quota set by the government required in 2009 a 5.3% of the electricity supplied to be sourced from renewable technologies, escalating to 7.6% by 2012 (requiring an estimated wind installed capacity of 10.5-13.5 GW by 2012).
- Remuneration scheme: a green certificate system is in place, where renewable generators in addition to the electricity price

receive tradable green certificates for the first 15 years of operation. In 2009, the average market price amounted to €152/MWh, of which €64/MWh related to the average electricity market price and €88/MWh related to the average green certificate market price. Under the current regulation, the annual deficit or excess of green certificates in the market vis-à-vis the obligatory quota, is managed by the market operator (GSE), that issues new certificates or buys the excess of certificates at a certain predefined regulated price.

- Wind resource: the average national long-term working hours is ~1,775h or a ~20% load factor. EDPR expects to deliver a 3-4% premium load factor on its wind farms as a result of its prime locations.

Through the entrance in the Italian market, EDPR expands its geographical diversification to 10 markets around the World (US, Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy and Brazil) and increases its optionalities to deliver a sustainable long term profitable growth.

EDP Renováveis, S.A.