



## Investors & Analysts` Briefing

Reuters: EDPR.LS  
Bloomberg: EDPR PL

## Wind sector and Portuguese Government reached agreement for the extension of the remuneration framework

**Madrid, September 3<sup>rd</sup> 2012:** 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.

The agreement is only applicable to the wind farms under the “old tariff regime”, while the wind farms awarded under the competitive tenders (e.g. Eólicas de Portugal - ENEOP) after the publication of the Decree-Law 33-A/2005 will not be subject to any type of changes.

The agreement reached provides additional stability to the Portuguese electricity system, and reinforces the legal framework in place and the country’s commitment with renewable energy, by:

- Keeping unchanged all the provisions included in the Decree-Law 33-A/2005;
- Making the agreement voluntary to each one of the wind developers;
- Introducing a new tariff scheme, by extending the duration of the remuneration framework from the initial 15 years since the publication of the Decree-Law 33-A/2005 or the commercial operating date if later, to a duration of 20-22 years, in exchange for an annual payment by the developers from 2013 through 2020.

In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework the Government proposed 4 alternative tariff schemes to be elected by each of the wind developers, providing 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.

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EDP Renováveis, S.A. ("EDPR") currently has 615 MW remunerated according with the Decree-Law 33-A/2005, article 4, representing 8% of the company's total installed capacity (and 19% of Portugal's total capacity under the "old tariff regime" as of Dec-2011). With this agreement and once all legal and regulatory procedures be enforced, EDPR expects to choose the following tariff scheme:

Floor Price <sup>(1)</sup>	Cap Price <sup>(1)</sup>	Years	Capex/MW <sub>min</sub> <sup>(2)</sup>	Capex/MW <sub>max</sub> <sup>(2)</sup>
€74/MWh	€98/MWh	7	€5,800/MW	€6,500/MW

(1) Jun-2020 figures, including an estimated 2% inflation from 2012. Floor and Cap prices will evolve according to the actual inflation from 2012 until the end of the new tariff scheme.

(2) Annual capex in the 2013-2020 period. Capex/MW<sub>min</sub> in case the acceptance rate of the wind developers that voluntary accepts the agreement exceeds 80%. Capex/MW will be adjusted on an annual basis if inflation deviates from the expected 2% through 2020.

Through this regime, wind energy will be remunerated between year 16<sup>th</sup> and 22<sup>nd</sup> according with:

- the Floor Price whenever the daily average wholesale market price is below the Floor Price;
- the Cap Price whenever the daily average wholesale market price is above the Cap Price, and;
- the daily average wholesale market price when it is within the Floor and the Cap.

EDPR expects to annually invest between €3.6 million to €4.0 million, during the 2013-2020 period, thus enabling additional long-term remuneration visibility for its Portuguese assets.

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