



Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP PL

COMPETITION AUTHORITY'S DECISION ON ALLEGED ABUSE OF DOMINANCE POSITION

Lisbon, September 19th 2019: EDP – Energias de Portugal, S.A. (“EDP”) informs that its subsidiary EDP – Gestão da Produção de Energia, S.A. (“EDP Produção”) was yesterday notified by the Portuguese Competition Authority (“PCA”) of a negative decision in a case of alleged abuse of a dominant position imposing a fine of EUR 48 million.

This decision concerns the behaviour of EDP Produção in the balancing services market between 2009 and 2013. According to the PCA, EDP Produção would have restricted the participation of its power plants subject to the CMEC regime in the provision of secondary reserve, not only to avoid refunding to the national electricity system the revenues obtained in such market, but also to increase the market price received by EDP Produção’s power plants that are not under the CMEC regime but have provided such service.

EDP and EDP Produção firmly refute the PCA’s assertions, which lack factual, legal and economic grounds. Moreover, throughout the proceedings the PCA has largely rested its conclusions superficially in elements that either contradict them or do not afford the reaching of such conclusions. Even the auditor appointed by the State confirms that EDP Produção has acted in accordance with the legal framework in force and the incentives arising therefrom. Hence, EDP and EDP Produção reaffirm that they have always acted in accordance with the existing legal and contractual framework and with competition law.

Throughout the proceedings – initiated by the PCA in 2016, despite the fact that the authority became aware of the alleged conducts in 2013 and EDP Produção has started its autonomous participation in such market in 2008 following the legal framework enacted by the sector regulator – EDP Produção has always cooperated with the PCA with the view to clarify all its doubts. In particular, EDP Produção demonstrated, based on facts, legal explanations and independent economic reports, that the behaviour suggested by the PCA would have resulted in relevant financial losses for EDP Produção, which would be unacceptable and a breach of management fiduciary duties and thus may not be considered contrary to competition law.

EDP and EDP Produção are reviewing the decision and its respective grounds and will make use of all legal remedies available to secure their rights, notably by lodging an appeal with the Competition, Regulation and Supervision Court.

This information is disclosed to the terms and for the purposes of article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council and of article 248-A of the Portuguese Securities Code.

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