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Investors & Analysts' Briefing

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ATTRIBUTION OF CAPACITY PAYMENT FOR ELECTRICITY GENERATION IN PORTUGAL

Ordinance no. 765/ 2010 was published and establishes, while implementing the provisions of article 33-A of Decree-Law no. 172/2006 of 23 August, a capacity payment regime applicable to power plants located in Portugal that operate in the liberalized market, thus promoting the harmonization of the capacity payment conditions at the Iberian level.

The above mentioned ordinance establishes the attribution of a remuneration for the rendering of the service of availability of generating capacity for power plants operating under the ordinary regime to be used in connection with the technical management of the National Electricity Transmission Grid, the terms of which will be defined by means of order of the member of the government responsible for the energy sector. The power plants subject to the terms of the CMEC are, however, excluded from such regime.

Similarly, it establishes the attribution, for a period of 10 years, of an investment incentive to be used in generating capacity in the ordinary regime (not less than 50 MW), whose industrial operation starts from 1 January 2011 or has started less than 10 years from that date, excluding the power plants subject to the CMEC's regime. The increases in installed capacity with reversible power, resulting from the strengthening power of the hydro power plants, are still covered by this measure.

The investment incentive to be used in generating capacity will be set according to a methodology established in the ordinance, although it is established that, until its approval, the amount attributed is of 20,000€ per MW installed in respect of either the new power plants or those power plants that have come into operation less than 10 years ago.



For EDP Group, the entry into force of the Portuguese capacity payment regime allows it to earn a remuneration in Portugal under similar conditions to those that, since 2007, is available for the electric power generating companies in Spain, representing an estimable increase of the consolidated annual EBITDA of 45 million Euros from 2011 onwards.

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