

ANEEL APPROVES THE 7th PERIODIC TARIFF REVIEW OF EDP ESCELSA

São Paulo, August 02, 2016 - EDP - Energias do Brasil S.A. (“EDP” or “Company”) (“BM&FBOVESPA: ENBR3”) announces to the market that National Electricity Agency (“ANEEL”), in a public meeting, held on this date, approved the 7th Periodic Tariff Review of Espírito Santo Centrais Elétricas S.A. (“EDP Escelsa” or “Distributor”), to be applied as of August 07, 2016.

When compared to the current tariff, the average effect to be notice by captive customers will be -2.80%, being -6.18% the average effect to high and medium voltage customers and -0.67% the average effect to low voltage customers.

In the periodic tariff review process, that occurs on every 3 years for EDP Escelsa, ANEEL recalculates the regulatory costs that can be managed by the distributor (Component B) which includes: (i) operational costs and (ii) capital costs (remuneration and depreciation). Non-manageable costs (Component A), that includes energy purchases from generators, cost of energy transportation, sector charges and financial adjustments are adjusted based on price variation during the preceding twelve months.

The X-Factor is calculated based on the components “Pd” (gains of productivity) and “T” (trajectory to adequation of operational costs) which will last during the interring period, and also by the component “Q” (incentives to quality), that will be recalculated in every tariff process. The amounts were approved in:

- “Pd”: 1.15%; “T”: 0.00%; “Q”: -0.36%.

In the 2016 tariff review composition, the following components were highlighted: Capital Remuneration and Regulatory Reintegration Quota derived from the Regulatory Remuneration Asset Base - RAB. Gross RAB was set at R\$ 3.533 billion and net RAB at R\$ 2.015 billion.

For Technical Losses and Non-Technical Low Voltage Losses, the regulatory indexes set by ANEEL will be 7.14% and 11.45%, respectively, until the next Tariff Review. It is important to highlight that these indexes remain constant during the tariff cycle, without downward trend.

The financial adjustments recognized by ANEEL in this process was - R\$ 41 million referring to the difference between the non-manageable costs (energy, transport and charges) approved and actually incurred by the company in the tariff period from 2015 to 2016.

EDP Escelsa: Composition of 2016 Tariff Repositioning– 7th Tariff Review

Description	Result
Sector Charges	766,344,712.48
Transport	142,959,295.30
Electricity Purchase	1,476,786,620.89
Total of Component A	2,386,090,628.67
Management, Operation and Maintenance costs	415,836,579.72
Annual Assets Cost (CAA)	453,211,444.73
Total of Component B	869,048,024.45
Pd X-Factor (Productivity index of Component B)	1.15%
Q X-Factor (Incentives to quality)	-0.36%
Component B Adjusted by X-Factor	862,200,150.81
Required Revenue (Component A+ Component B)	3,248,290,779.47
Other Revenues	-16,291,839.19
Component B deducted from Other Revenues	845,908,311.62
Financial Components	-40,772,444.08
Average Effect to be notice by customers	-2.80%

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