



ANEEL APPROVES THE ANNUAL TARIFF READJUSTMENT FOR EDP SÃO PAULO

São Paulo, October 16th, 2018 - EDP - Energias do Brasil S.A. (“EDP” or “Company”) (“B3: ENBR3”) announces to the market that National Electricity Agency (“ANEEL”), in public meeting held on this date, approved the 2018 Annual Tariff Readjustment for EDP São Paulo (“EDP SP” or “Distributor”), to be applied as of October 23rd, 2018.

When compared to the current tariff, the average effect to be notice by consumers will be +16.12%, being +17.84% to high and medium voltage consumers and +15.13% to low voltage consumers. The component B determined by ANEEL was R\$ 961¹ million, resulting in a readjustment 9.48%.

The IGP-M (inflation index) calculated for the tariff period was +10.04% and the X-Factor was 0.56%. The X-Factor consists of portions “Pd” (gains of productivity) of 1.14%, “T” (trajectory for operational costs adequacy) of -0.24% and “Q” (incentive to quality) of -0.34%.

During the tariff adjustment process, ANEEL updates the regulatory costs that can be managed by the Distributor (Component B), the non-manageable costs (Component A: energy, transportation and charges) and defines the financial items.

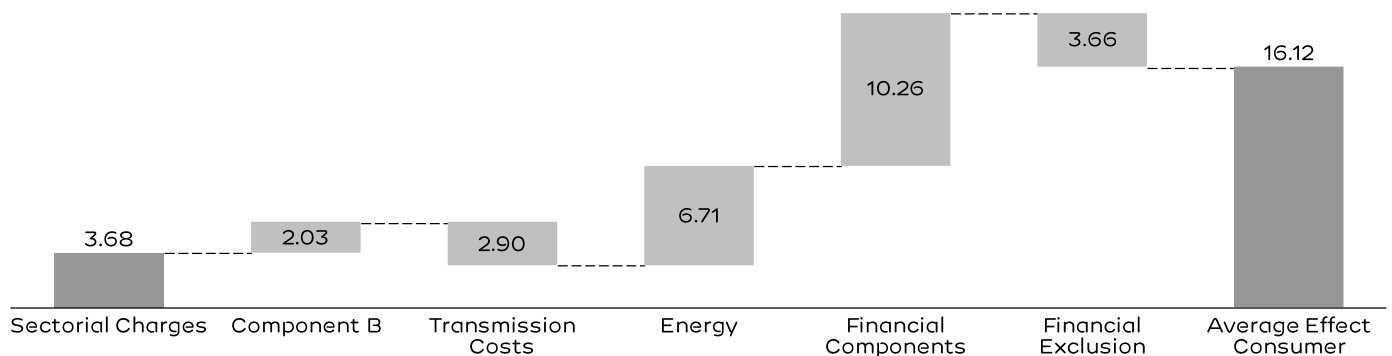


Figure 01: Average Effect Noticed by Consumers – Composition (%)

¹ The readjustment of 9.48% considers Component B approved in 2017 plus market growth, energy transportation and losses.



Description	Result
Sector Charges	R\$ 1,143,914,330.54
Transport	R\$ 443,574,761.03
Electricity Purchase	R\$ 1,931,140,339.34
Total of Component A	R\$ 3,518,629,430.91
Pd X-Factor (Productivity Index of Component B)	1.14%
Q X-Factor (Incentives to Quality)	-0.24%
T X-Factor (Trajectory for Operational Costs Adequacy)	-0.34%
IGP-M (Last 12 Months)	10.04%
Total of Component B	R\$ 961,068,786.27
Required Revenue (Component A + Component B)	R\$ 4,479,698,217.18
Financial Components	R\$ 434,470,999.29
Average Effect to be Noticed by Consumers	16.12%

Figure 02: EDP Espírito Santo - Composition of 2018 Tariff Repositioning

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