ANNUAL REPORT

2013

NEVERENDING ENERGY

Once upon
a time there was an
energy that never slept.
An energy that traveled across
2 continents, 11 countries and
was made up of people from
24 different nationalities. An energy
that knew no borders and travelled
around the world 24 hours a day
and 365 days a year.
An energy that never rested
from working to create a
better future.

edp renováveis

01

INDEX

USA
EMPIRE STATE BUILDING
Coordinates:
40°44′ 54″ N 73° 59′ 08″ W
Time of day: 8H

ANTÓNIO MEXIA

Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN

In regions with solid renewable resources, wind is already the most competitive technology.

DEAR SHAREHOLDERS,

2013 was a year marked with numerous challenges for EDP Renováveis. However, our vision remains intact and our ability to achieve our targets, yet again, is a testament to the strength and focus of our team. Strategic initiatives implemented in 2012 were successfully executed in 2013 and will serve as the foundation of our growth moving forward. Regulatory changes in Spain changed the investment landscape in one of our core markets and due to the extension of the PTCs, the US placed itself as the growth pillar of EDPR for the upcoming years. The development of the renewable energy sector into a mature sector is unstoppable, becoming increasingly cost-competitive, and we believe we are well positioned to capture value and deliver it to our shareholders.

Marking the five year anniversary of becoming a publicly traded company, 2013 was a year of record performance. Our renewable energy portfolio reached 8.5 GW, produced 19.9 TWh of clean energy, delivered leading operational and financial metrics and all while maintaining the highest levels of sustainability principles.

EDPR shares the DNA of the EDP group, in what regards maintaining a low risk profile as a core priority. Our low risk profile was key to implement a successful self-funding business model – reducing exposure to the volatility of financial markets – which is based on the asset rotation program. Yielding EDPR 620 million euros of value crystallization through several transactions, the program success was determinant. CTG has also been instrumental in this success by recognizing the high quality of our assets and generating interest from our other partners. During the year, EDPR successfully closed its first transaction with CTG and signed a memorandum of understanding (MoU) for an investment in our ENEOP projects. This agreement provided further evidence of the successful implementation of the Strategic Partnership.

The wind energy sector is becoming increasingly competitive. Alongside with increased competitiveness, renewables have clear benefits in terms of reducing carbon emissions, creating local jobs, and securing national energy demands. Clearly there is a paradigm shift and in regions with solid renewable resources, wind is already the most competitive technology representing a significant portion of the production mix. For example, in the UK, the entrance price for new nuclear power stations can be 20%-30% above the cost for onshore wind. Also, the outcome of the energy auctions in Brazil showcased the strength of wind as it competed with conventional technologies and secured the bulk of the new long-term contracts. Towards the end of 2013, a record number of wind power MW were under construction in the United States and renewables was the overall leader for new installations in Europe. All this facts are testimonial to the significance of renewable energy, its increased competitiveness and sustainability. Now it is time to debate at a European level the importance of adopting a new Market Design, one that properly answers to the current challenges of the whole electric sector, where the cost of capital is a key factor of competitiveness and where fixed costs are increasingly dominant, as is the case with renewables.

As the sector continues to change and mature, it's important for us to maintain a flexible strategy. Given the inherent quality of our assets EDPR signed over 1,200 MW of long term power purchase agreements in the United States, providing visibility of our growth three years in advance. Because of its diversified portfolio, EDPR additionally secured long-term agreements in Italy and Brazil, an exceptional achievement in our growth markets. But we cannot afford to be careless and must maintain a prudent approach to the business. Inspired by our vision and confident of the long-term value of investing in renewables we continue to explore new markets and new technologies. On the solar side, 2013 was the first year of production of our newly installed plants and we will continue to search for opportunities and capture their potential as their costs continue to decline. In offshore wind, we partnered with GDF Suez and presented ourselves to the French Offshore Round II licenses program. The offshore market showed considerable growth in Europe during the year and looks to be an increasing source of growth in the long-term.

The Company's policy of investing in a diverse portfolio aims to generate consistent returns over the long term. We are pleased with our consistent performance despite the poor economic environment since 2008. We therefore view the next year with a mixture of caution and optimism as we continue to believe that good quality assets in which we invest can prosper even in the current tough environment.

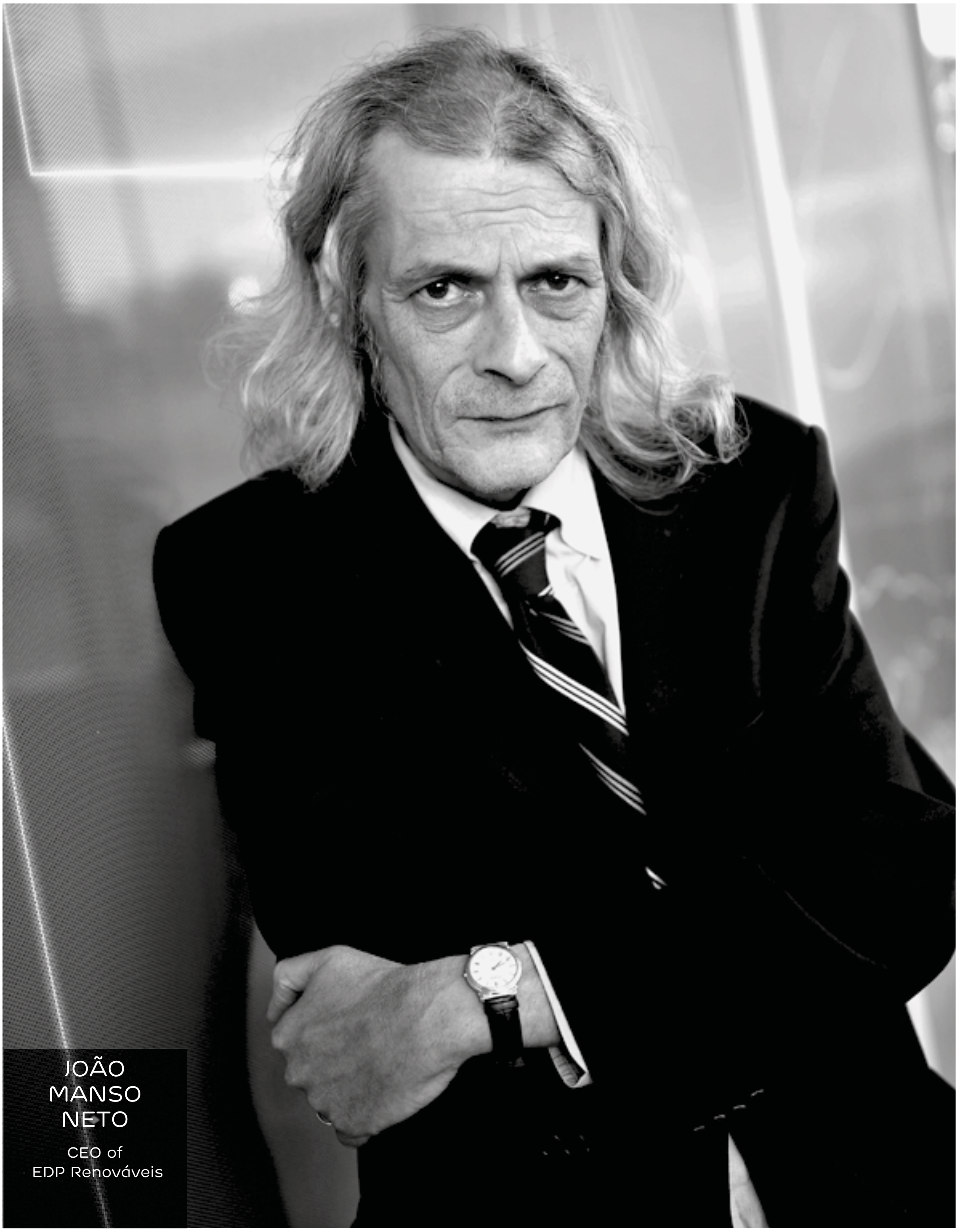
The company continues to execute its strategy to develop and operate a worldwide fleet that generates clean and CO_2-free electricity. Respect for biodiversity and supporting the society are decisive contributors to achieve a leadership position in the global arena of sustainability. We continued our commitment with the UN Global Compact to align our operations with the ten principles in the areas of human rights, labour, environment, and anti-corruption. This year, EDPR was distinguished with the number one worldwide position in the FTSE4Good Index and contributed to EDP's leading position in the Dow Jones Sustainability Index.

It takes the performance and dedication of our employees and their strong relationships with our stakeholders to achieve these humbling recognitions. I would like to openly praise their determination in overcoming challenges and capturing new growth opportunities. Based on their assessment, the company was selected as a Best Place to Work in several countries and I along with my colleagues of the Board, will make sure the Company keeps with the highest standards of health and safety, ethics and diversity, while providing challenging career opportunities for our employees.

I would also like to express my confidence in the work developed by the executive team and to give thanks to my fellow board directors for their support and supervisory role. The company has come a long way in five years as a public company. It is now a mature company facing increased challenges. We need to make sure we continue to operate our assets with premium metrics and continue to define our own growth path.

Sincerely,

António Mexia
Chairman of the Board of Directors



JOÃO MANSO NETO

CEO of EDP Renováveis

INTERVIEW WITH THE CEO

The company's growth will be focused in markets where the project's output is sold through long-term, low-risk-profile contracts that deliver predictable and recurrent cash-flows and guarantee the stability of the project's return.

Q: WHAT WERE THE MAIN DEVELOPMENTS OF THE RENEWABLE ENERGY SECTOR IN 2013?

JMN: My first comment when I analyse 2013 is that throughout the year we were able to confirm onshore wind technology as a competitive source of electricity. The question is no longer only about being green, but it is also about being competitive when comparing against other sources of generation. The tender for new nuclear power in the UK brought to public knowledge what is the price of a technology. Nuclear is commonly argued to have a lower cost versus renewables, yet the price awarded in this nuclear tender was 20% to 30% higher than the price of onshore wind energy in France or Portugal.

Based on this increased competitiveness, onshore wind continues to lead the number of annual installations worldwide. Excluding Europe, the development of new onshore wind projects increased in the relevant markets. Although installations in the US were drastically lower, once the PTC was extended in the beginning of the year, activity ramped up so that 2014 is now set up to be a solid year of growth due to the record figure of projects already under construction or in a ready-to-build state.

Europe – which is the worldwide leader in the wind energy industry – is lagging in terms of growth due to the increased discussions about the sustainability of renewables, as they were incorrectly identified as the cause of the increase in electricity prices and reducing the region's economic competitiveness. This discussion was particularly exacerbated in Spain where the Government unilaterally intervened in the sector's financial stability by changing the regulatory framework for wind energy projects built in the past 20 years.

However, 2013 also confirmed the strong appetite from institutional investors in gaining direct exposure to the solid visible returns provided by wind energy assets that are well managed and remunerated under long-term schemes.

Q: BUT PEOPLE CONTINUE TO PERCEIVE RENEWABLE AS A LUXURY THAT WILL ONLY SURVIVE WITH THE SUPPORT OF SUBSIDIES…

JMN: There are several persistent myths about renewable energy that have penetrated public opinion and are influencing the political landscape around the world. The idea that renewable energy is much more expensive than fossil fuel generation and will always rely on subsidies to be competitive is completely outdated.

When looking to the different investment costs, economic agents need to always analyse what are the total costs of each technology and the truth is that onshore wind with quality load factors is already competitive with all the other electricity generation technologies.

Typically renewable energy is perceived as being expensive because its total cost is compared to wholesale prices, and this is not correct. No technology is profitable based on existing wholesale electricity prices and this demands a restructuring of the electricity market in Europe.

The price gap between the European and the US electricity market is not driven by renewable energies but from the boom in production of shale gas in North America.

Q: WHAT WAS EDPR'S ACTION PLAN FOR THIS CHANGING ENVIRONMENT?

JMN: We decided to implement a rapid shift in investments for the upcoming years. Leveraging on our highly competitive and diversified pipeline of projects, and also on the more favourable business environment in the US, we placed the US at the centre of the company's growth.

In Europe, the management of the regulatory agenda and actively participating in the public debate intensified. This was not only specific to renewable energy but also for other sources of electricity.

I'm always focused on making sure EDPR continues to deliver premium operating metrics, for example in availability and load factors, and that financial sustainability and cost control continues to be a priority for all. With this mind-set we will continue to deliver premium returns.

We also continued our asset rotation strategy of selling minority stakes in operating projects. This allowed us to take advantage of the increased number of low-cost-of-capital financial investors looking to the fundamentals of the wind energy business and its solid low-risk profile.

Q: DOES THIS SHIFT TOWARDS THE US MARKET MEAN EUROPE IS A MARKET WITHOUT GROWTH?

JMN: No. Wind energy is economically competitive and contributes to the de-carbonization and energy independence of the European economy. Europe wants to reduce its CO_2 emissions by 40% and just reinforced its objective of having 27% of electricity production coming from renewable sources by 2030. Countries like the UK and Poland will need new power generation capacity as several coal plants are slated to retire in the upcoming years. But one does not need to go that far out in the future to justify the demand as several European markets still need to install new renewables to achieve the 20% renewable energy target by 2020.

EDPR has been operating wind energy assets in the region since the 90's and is currently present in 8 European markets, so we are long-term investors and will continue to look for new opportunities.

Q: HOW IS EDPR PLACED IN THIS NEW COMPETITIVE SCENARIO?

JMN: We really believe in the competitiveness of the projects originated by our teams, and the quality of our portfolio of assets is the most evident proof of it. Based on our knowledge in maximizing wind farms output, we will focus our growth in projects which can sell their production through long-term contracts, typically 15 to 20 years, with terms defined based on competitive systems.

We believe that investments in such a capital intensive business need to have long-term visibility on returns. In our opinion the best way to provide visibility and to deliver the most competitive price to end consumers, is to introduce ex-ante competition to award contracts for new installations. This competition can exist through energy auctions, organized on a national/regional basis, or through private negotiations with off-takers.

This competition is already a reality in some markets, such as the United States, Portugal and Brazil. It's also gaining traction in several other markets, most recently in Italy, and others are planning to introduce this mechanism for their future capacity additions, like Poland.

Q: LET'S NOW MOVE TO EDPR'S 2013 PERFORMANCE. WHAT WERE THE MAIN HIGHLIGHTS?

JMN: In 2013, the company again delivered quality growth. We met our growth targets with the addition of 502 MW to our portfolio that now reaches 8.5 GW. The high quality assets produced 19.9 TWh of clean electricity and resulted in revenues of 1.4 billion euros.

The additional capacity was concentrated in our growth markets, mainly in Central Eastern Europe which contributed 70% of the new capacity. This included building our largest wind farm in Romania, adding to our leading presence in Poland, and installing our first project in Canada.

The financial results for the year were clearly impacted by the regulatory changes in Spain. What is encouraging is that despite these cumulative changes, which negatively impacted results by 71 million euros, EDPR was still able to deliver financial growth, thus showing the benefits of its diversified portfolio and resilient business model.

Our EBITDA was up 1% year over year, our Net Profit increased 7% and operational cash-flow increased by 5%. Based on these figures and in line with our commitment, the EDPR Board of Directors will propose to distribute 26% of the consolidated Net Profit as dividend.

Q: IN THIS CHANGING ENVIRONMENT IS THE VISION OF THE COMPANY CHANGING FOR THE FUTURE?

JMN: No. When we first identified the potential of renewables, specifically onshore wind, we understood its competitiveness would quickly increase and become cost competitive with alternative options and thus represent an important share of the world's generation mix. This vision materialized and we continue to be strongly committed to it. We continue to see a crucial role of renewable's energy in the energy matrix and its increased competitiveness provides a bright future for the sector.

EDPR is a top worldwide player in renewables and is a long-term investor in the industry. We are experts in the development and operation of wind farms and we want to capitalize on our core capabilities and structural competitive advantages to deliver long-term value to our shareholders and stakeholders.

To obtain long-term value in this industry, EDPR has a strategy structured around three pillars: (i) delivering increased profitability supported by the performance of EDPR's premium wind farms; (ii) selective and profitable growth, and; (iii) a self-funded business model. My commitment to the company is to deliver this strategic agenda.

We need to continue to achieve premium operating figures and to maximize value from the assets already in operation. To achieve this excellence in operations we will continue to execute performance optimization initiatives to increase efficiency and maintain strong control over costs.

Looking for new investments, as I said previously, we introduced in 2013 a shift of the growth towards the United States and the company is committed to adding new value accretive projects to its portfolio. It is also relevant to maintain our self-funded business model and to achieve this we will continue to execute asset rotation transactions and re-invest proceeds in visible projects.

I would like to stress that the company's growth will be focused in markets where the project's output is sold through long-term, low-risk-profile contracts that deliver predictable and recurrent cash-flows and guarantee the stability of the project's return. With this approach, EDPR will be able to define its own future and continue to lead the renewable energy sector.

Q: WHAT IS THE CURRENT STATUS OF THE ASSET ROTATION TRANSACTIONS ALREADY EXECUTED AND WHAT IS THE ROLE OF CHINA THREE GORGES?

JMN: Since we started the asset rotation strategy we have executed 4 transactions and entered into a MoU for a fifth transaction.

Our first partner in the asset rotation strategy was Borealis for a portfolio of US wind farms. The second transaction in the US was with Fiera Axium involving a single wind farm. In Europe, we signed an agreement with Axpo for a portfolio of wind farms in France. And lastly, we signed two agreements with CTG for the assets in Portugal (the first concluded in June 2013 and the second – a MoU – regarding a future transaction including the ENEOP project which is on its way to conclusion).

But what is more important than the number of transactions or the names of the players involved, is the amount invested by our new partners. The first four transactions totalled 620 million euros. This is a remarkable success of the execution of this strategy as it is almost equivalent to a full year of investments for the company.

We will continue to execute new asset rotation transactions as it is a key source of funding for the company and allows it to maintain equilibrium between growth and financial discipline.

Q: IS EDPR LOOKING TO OTHER RENEWABLE TECHNOLOGIES OR WILL IT CONTINUE TO BE A WIND COMPANY?

JMN: Onshore wind is our priority. It is the most competitive renewable technology and EDPR has continuously delivered premium operating metrics as a worldwide market leader.

Looking ahead, offshore wind is a natural extension of our strong competences in wind energy. We are actively participating in the UK offshore wind market and we partnered with GDF Suez for an offshore wind tender in France. The main challenge for the offshore projects is to increase its competitiveness and reduce costs.

We are also involved in the solar PV space but the growth and opportunities will always be more limited. We will base our strategy on having an opportunistic approach and implementing a dual strategy where solar is an extension of our developments in wind.

Q; WHAT MAKES EDPR A GREAT PLACE TO WORK?

JMN: First and foremost are our people. It takes a dedicated team of experienced and driven individuals in order to continuously deliver on targets in this incredibly fast paced environment.

In 2014, I will continue to maintain a close relationship and direct contact with each of our employees, listening to their comments and suggestions, explaining the strategic decisions made by the management and continuing the activities developed in 2012 and 2013.

We have received several recognitions and this is a significant achievement for the company. We accept these recognitions with great pride and it is crucial that our employees are happy in their place of work, which in turn contributes to the strong performance of the company.

Beyond that, I believe we offer great training opportunities, competitive benefits, and simply have a group of people who are dedicated to realizing the vision of our company, which is to be a leading renewable energy company in terms of performance and sustainability.

Q: WOULD YOU LIKE TO LEAVE A FINAL MESSAGE?

JMN: I would like to say to our shareholders that we have a good company with high quality assets and a team which is grounded in solid principles and values. We are ambitious but not unrealistic, so we are going to base our growth in areas that fit our low risk investment profile and we are going to fund this growth by executing our strategic agenda. Renewable energy is one of the most competitive sources of energy and has an excellent and important future.

With that said, I would like to thank our employees for their hard work and dedication and our shareholders for their continuing trust and belief in our mission.

edp renováveis

Renewable Energy

we develop, construct and operate renewable energy facilities

wind/solar

8,5GW of installed capacity

more than **5,000 wind** turbines with superior performance controlled second-by-second

contribute to a better world

our green electricity avoied **16,3 milion** CO_2 emissions

low risk profile

93% of our wind farms sell the prodution under long-term schemes

selective growth

strategy designed for premium returns

diversified culture

24 nationalities

leaders in sustainability

FTSE4Good

WE SUPPORT

#1 in FTSE4Good Utilities
wind farms certified

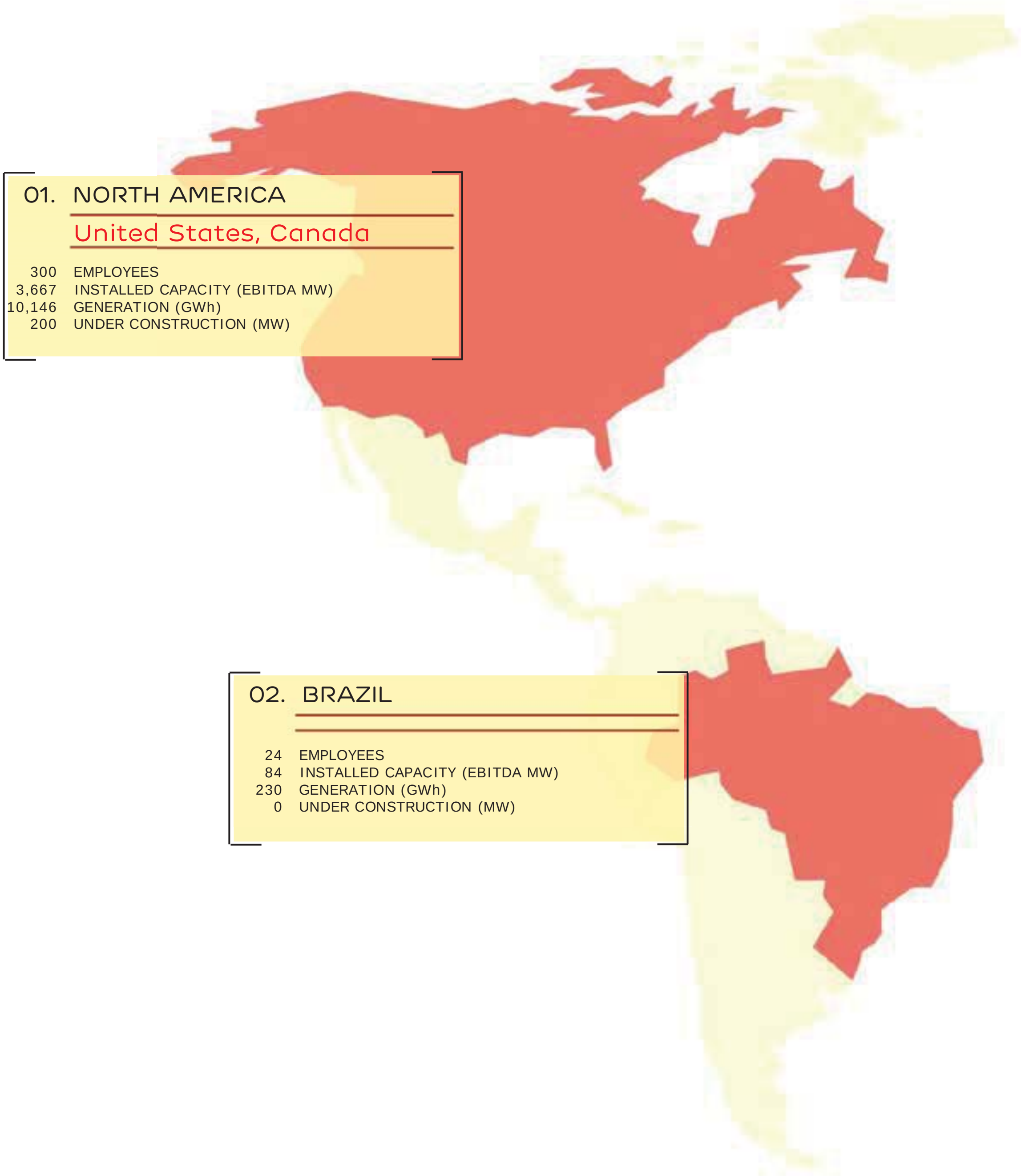
listed in NYSE Euronext in Lisbon

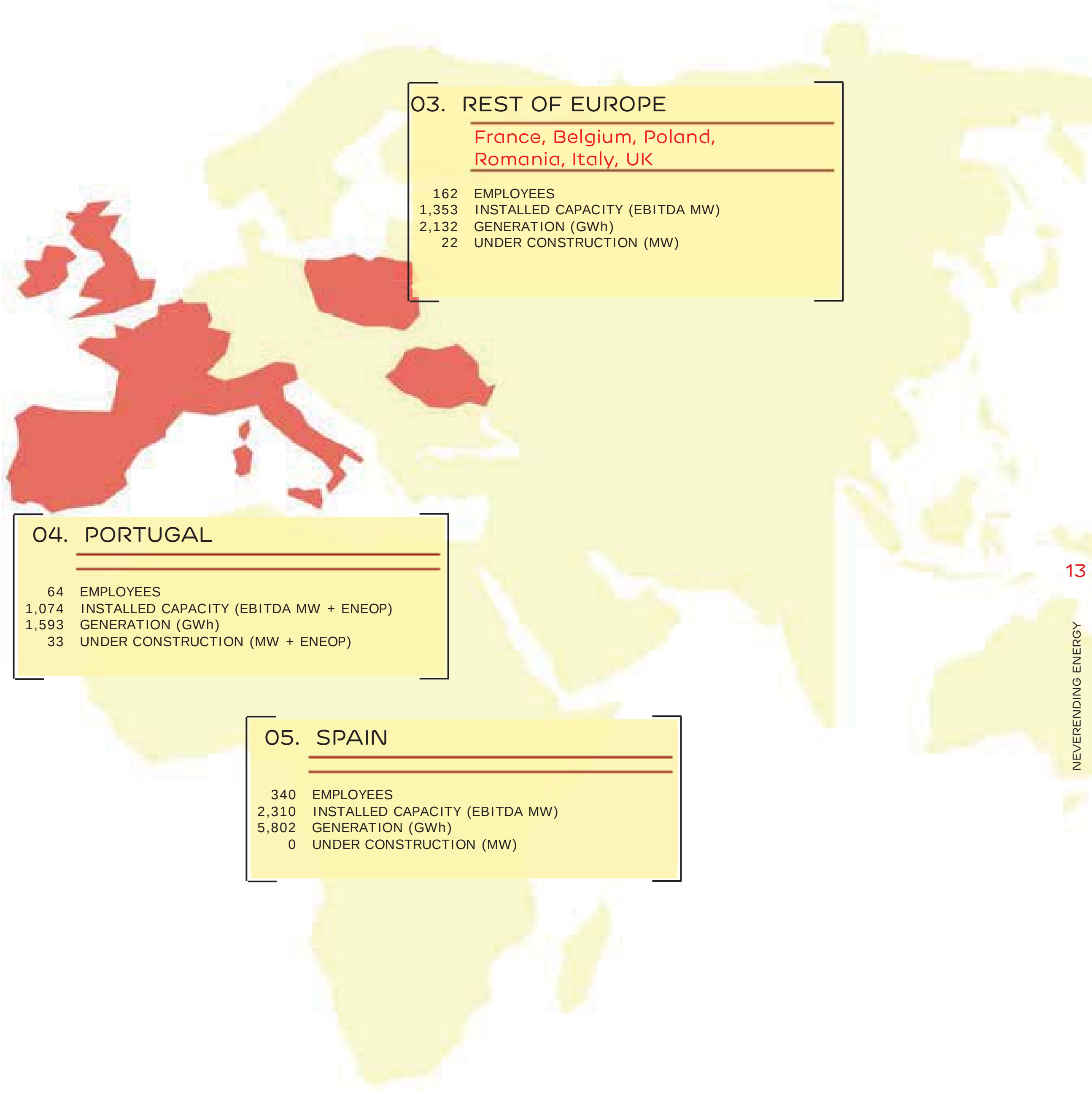
EDP as the principal shareholder: **77.5%**

1.1 COMPANY PRESENTATION

EDPR is a leading renewable energy company, an expert in the development, construction and operation of wind farms and solar plants.

Incorporated in 2007 with the clear objective of supplying a growing number of countries with CO_2 free and renewable energy, EDPR has quickly grown to become a global company and a front-runner in this market. With an installed capacity of 8.5 GW and 19.9 TWh generated in 2013, EDPR is one of the largest producers of wind energy in the world.





EDPR's business is organized in three platforms (Europe, North America and Brazil) and is present in 11 countries. These platforms are complemented by a net of country and regional offices that provide “on the ground” expertise and proximity to local stakeholders. This provides a perfect balance between the global view necessary to further develop its leadership in global renewable energy, and the local approach that is critical for the successful development of our wind farms and solar plants. These relationships with landowners, municipalities, regulators and other key stakeholders are crucial and a cornerstone of EDPR's success.

VISION, VALUES, AND COMMITTMENTS

VISION

A global renewable energy company, leader in value creation, innovation, and sustainability

VALUES

INITIATIVE	Demonstrated through the behaviour and attitude of our people.
TRUST	Of shareholders, customers, suppliers and other stakeholders.
EXCELLENCE	In the way we perform.
SUSTAINABILITY	Aimed at improving the quality of life for present and future generations.
INNOVATION	With the objective of creating value within the various areas in which we operate.

COMMITTMENTS

SUSTAINABILITY

We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating.

We avoid specific greenhouse gas emissions with the energy we produce.

Ensure the participatory, competent and honest governance of our business.

PEOPLE

We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.

We promote the development of skills and merit.

We believe that the balance between private and professional life is fundamental in order to be successful.

RESULTS

We fulfil the commitments that we embraced in the presence of our shareholders.

We are leaders due to our capacity of anticipating and implementing.

We demand excellence in everything that we do.

STAKEHOLDERS

We place ourselves in our Stakeholders' shoes whenever a decision has to be made.

We listen to our Stakeholders and answer in a simple and clear manner.

We surprise our Stakeholders by anticipating their needs.

HIGHLIGHTS OF 2013

PPAs in the US
EDPR secured **1,200 MW** of new PPAs in the US, of which 250 MW for projects already in operation and 950 MW for new projects to be installed in 2014 and beyond. These agreements reflect EDPR's selective and profitable growth strategy based on long-term and low-risk profile contracts that deliver predictable and recurrent cash-flows.

Auctions
EDPR also secured long-term contracts for **60 MW** of wind capacity at the new renewable energy auction in Italy and won PPAs for **116 MW** at the energy A-5 auction in Brazil.

Dividends
On May 23rd EDPR paid a gross **dividend of 0.04 euros per share** representing a pay-out ratio of 28% of the 2012 year end results, in line with its 25%-35% pay-out policy.

Sustainability Leader
EDPR ranked as number one worldwide in the Utility sector in the FTSE4Good index.

Regulation in Spain
Spanish Government published in the Official State Gazette the Royal Decree-Law 9/2013 ("RDL 9/2013") that changes the remuneration framework for the renewable energy sector.

PTC
The Production Tax Credits extension in January 2013 enabled a more favourable environment for the development of wind energy and for the establishment of new long-term PPA in the US. This created new growth opportunities for EDPR in the short-term.

EDP Foundation in Spain
EDPR joined other Spanish EDP Group companies in the creation of Fundación EDP. This organization aims to contribute to the cultural, educational, environmental and social development of local communities.

Asset Rotation Strategy
During 2013, EDPR continued executing its asset rotation strategy bringing the total value signed to 620 million euros.
EDPR has now executed agreements with Borealis, China Three Gorges (CTG), Fiera Axium and Axpo.
Additionally, EDP, EDPR and CTG signed a MoU regarding the future minority stake transaction with CTG for EDPR's interest in the ENEOP – Eólicas de Portugal consortium.

Best Utility in Portugal
EDPR ranked number one in the "Water, Electricity and Gas" category at the Portuguese "500 Largest & Best" companies in 2013, by EXAME magazine.

Project Finance
In 2013, EDPR closed two project finances in Poland, for a total capacity of 130 MW.
EDPR has now completed six project finance deals in Eastern Europe for a total amount of 485 million euros. This project finance strategy provides strong evidence of the company's competences in the development of top quality projects and in the establishment of solid financial structures.

Great Place to Work
Great Place to Work® named EDPR as one of the best places to work in 2013 in Spain, Poland and Scotland.

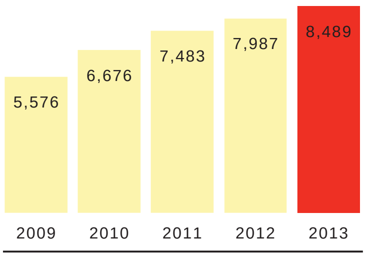
EDP-CTG Partnership
In June, EDPR concluded the asset rotation strategy for Portuguese assets – signed in 2012 - and in December, EDP and EDPR signed a MoU with CTG concerning a future sale of minorities in ENEOP assets.
In addition, EDP Brazil signed with CTG, a MoU which establishes the key guidelines of a partnership aimed at future co-investment opportunities.

First project in Canada
EDPR secured a 20 year Feed-in Tariff awarded by the Ontario Power Authority, for its first project in Canada. The South Branch project located in Ontario has an installed capacity of 30 MW.

RESULTS HIGHLIGHTS

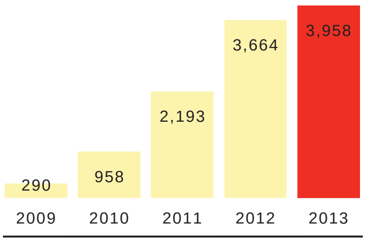
SINCE EDPR'S IPO IN 2008, 5 FULL YEARS HAVE PASSED LEADING TO RECORD RESULTS IN 2013

INSTALLED CAPACITY
(EBITDA MW + ENEOP)



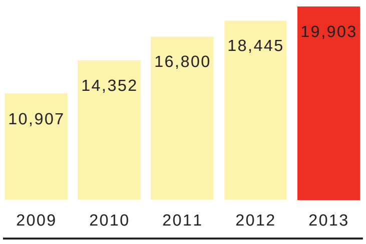
Installed 502 MW
to reach 8.5 GW

MW CERTIFIED ISO14001
(EBITDA MW)



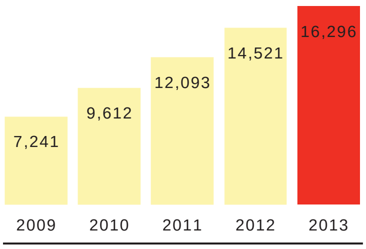
100% of the MW in Europe
are ISO 14001 Certified

GENERATION (GWh)



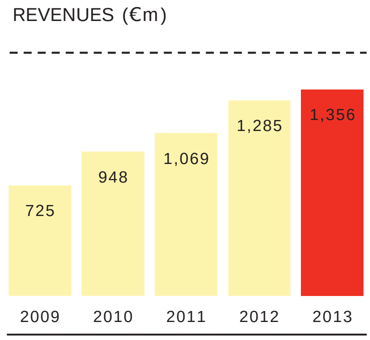
19.9 TWh of
clean electricity

CO_2 EQ AVOIDED (kt)

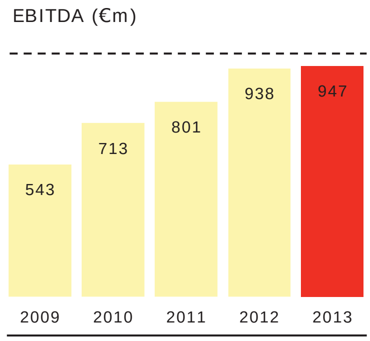


Avoided
16.3 million tons of CO_2

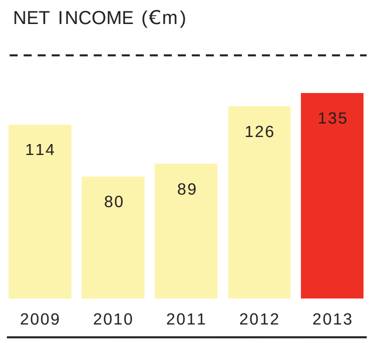
Revenues of 1.4 billion euros on the back of higher electricity production



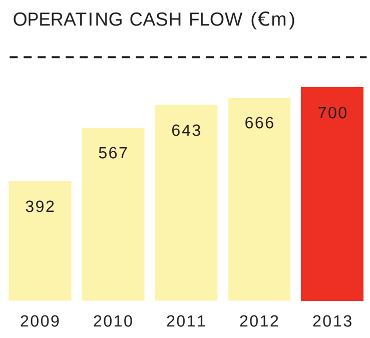
EBITDA of c. 950 million euros, a 1% growth, even in the face of regulatory changes



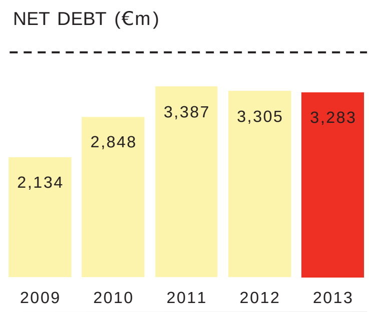
Record Net Income of 135 million euros, of which 26% to be paid out in dividends



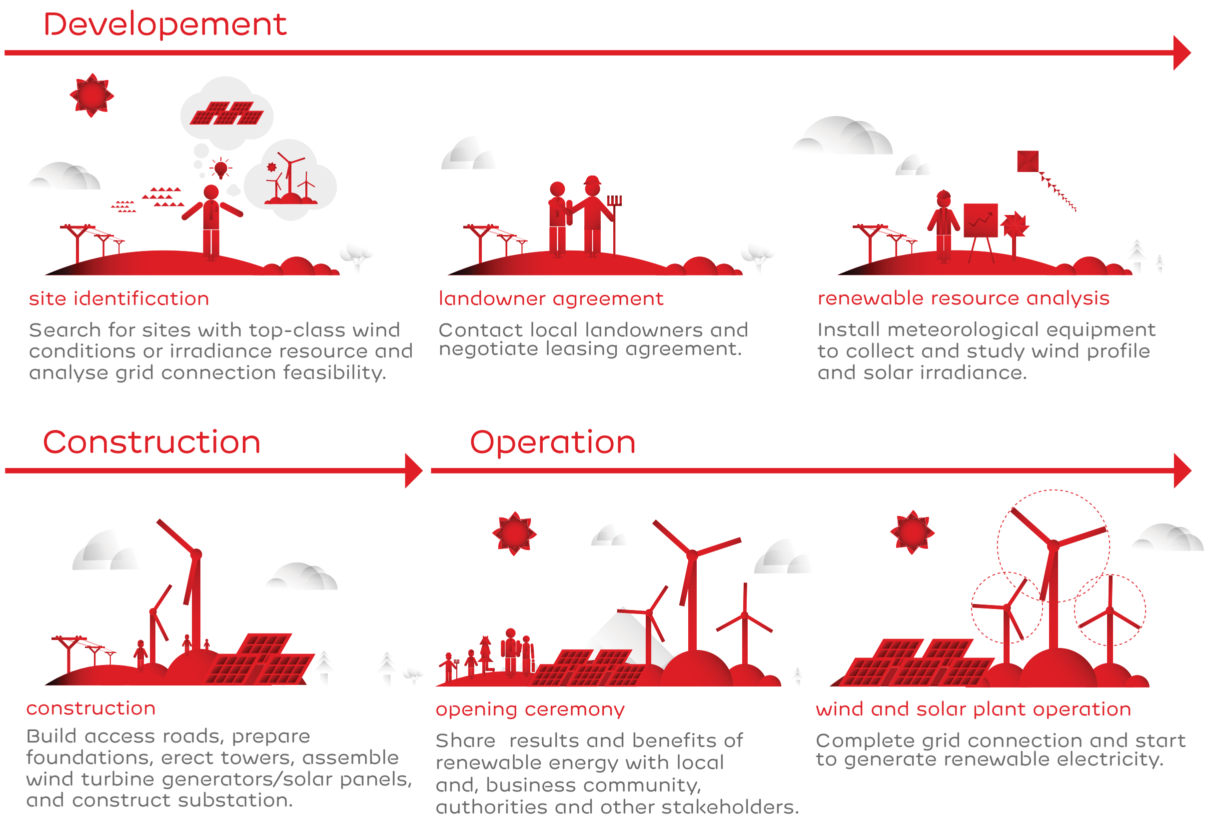
Continuous cash flow generation, showcasing the high quality of our assets



Successful execution of our strategy leads to a further reduction in Net Debt



1.2. BUSINESS MODEL



EDPR'S GOAL IS TO BUILD THE SAFEST, MOST EFFICIENT AND COST COMPETITIVE PROJECTS.

WHICH FACTORS ARE RELEVANT WHEN CHOOSING A SITE?

To guarantee premium performance of its assets, EDPR carefully analyses the site in terms of the quality of renewable resources, topography, type of soil, and assesses the proximity to transmission lines in order to deliver electricity generated to the grid. The historical data of the renewable resource, such as wind direction, speed and density, and solar radiance, is critical to successfully develop a project.

HOW LONG DOES IT TAKE TO COLLECT THE DATA?

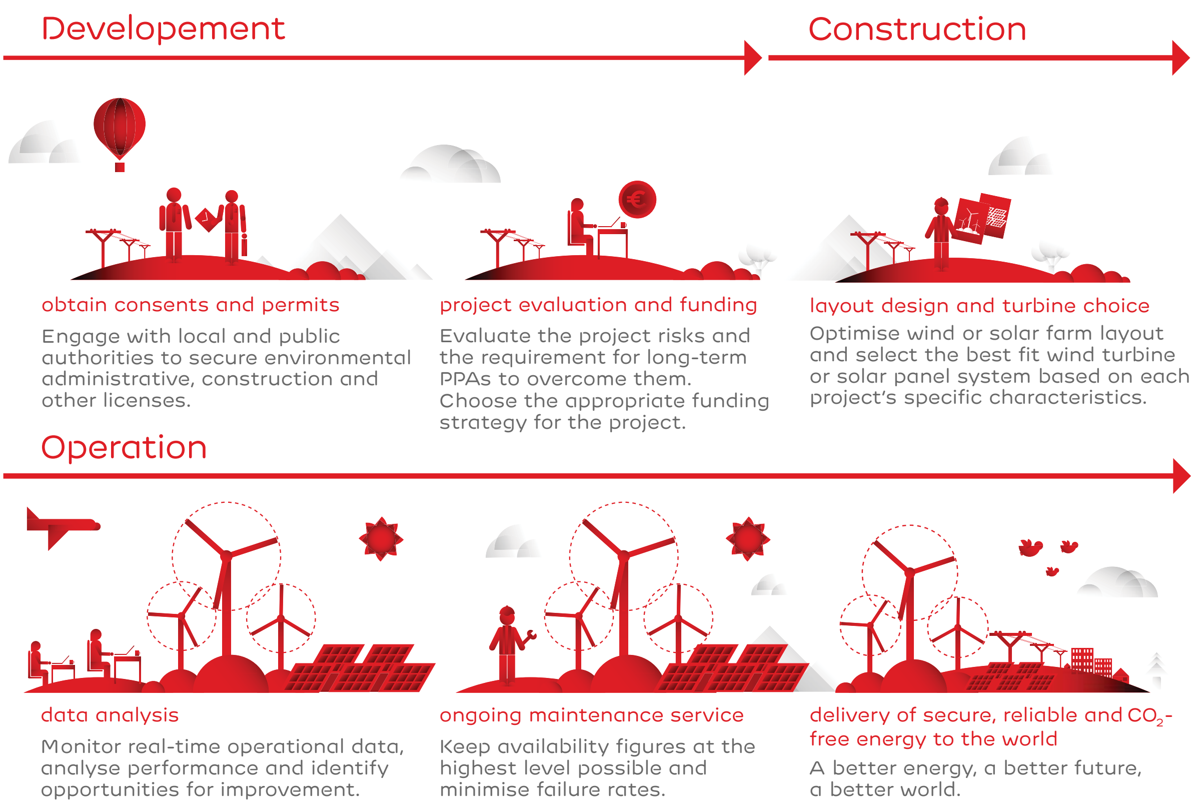
To capture and record the most accurate data, EDPR installs sensors and meteorological masts and uses internal models and software tools to analyse the data collected. The process of collecting and analysing data varies from project to project but usually takes about 2 years. The data will then be used to design the most efficient wind farm layout and choose the most suitable generator model.

IS WIND FARM LAYOUT CRITICAL FOR OPERATIONAL PERFORMANCE?

The wind farm layout is key to optimizing the energy that can be captured from the wind. To maximize the electricity that can be produced and maintain cost efficiency, EDPR's energy assessment team designs the layout considering meteorological fundamentals, thermal and topographic effects and variations in wind due to turbine height.

HOW LONG DOES IT TAKE TO BUILD A WIND FARM?

The construction of a wind farm typically last from six months to one year, depending on the size of the project and soil conditions. The civil infrastructure of a wind farm includes the turbine foundation, permanent and temporary access roads, temporary crane walk paths, erection crane pads and improvements to public roads. Along with the civil infrastructure, medium voltage collection systems and the main transformer substation are also built in order to transfer the electricity from the wind farm to the grid.



WHAT IS CRUCIAL WHEN EVALUATING THE PROJECT AND FUNDING?

EDPR evaluates several risks, of which the most crucial are the financial, commercial and funding. To guarantee a stable cash flow stream, long term agreements are preferred, such as Power Purchase Agreements (PPAs). EDPR implemented a self-funding strategy to minimize exposure to fluctuations in capital markets and to continuously deliver new higher quality and value accretive projects.

WHAT IS EDPR'S APPROACH TO ON-GOING MAINTENANCE SERVICE?

Once wind farms are in operation, EDPR follows an operation and maintenance strategy (O&M) to assure high levels of availability and minimal amounts of failures. There are two key warranty periods, the initial warranty period and the post warranty period. Within each period, EDPR employs specific strategies. During the initial warranty period, EDPR closely and proactively supervises its assets. During the post warranty period, EDPR opts between a competitive tender for full scope agreements with subcontractors or internalizes high value added activities through our Modular Maintenance Model (M3).

HOW DOES EDPR GUARANTEE ENVIRONMENTAL SUSTAINABILITY IN ITS WIND FARMS?

EDPR projects are built with a culture of sustainability. During the development phase several studies are carried out to assess potential impacts. While the project is under construction, our team seeks to minimize environmental impact and will restore the land to its initial use once construction is completed. Finally, an Environmental Management System is implemented during the operations phase, which guarantees that procedures are environmentally responsible and allows EDPR to produce CO_2 free electricity.

1.3. STRATEGY

EDPR'S STRATEGY IS BASED IN THREE MAIN PILLARS

EDPR's strategy is based in delivering higher profitability supported by the performance of its premium assets and selective and profitable growth through a self-funded business model.

To capture new growth opportunities and expand operations, it is important to successfully select the best projects and to minimize dependence on external sources of funding.

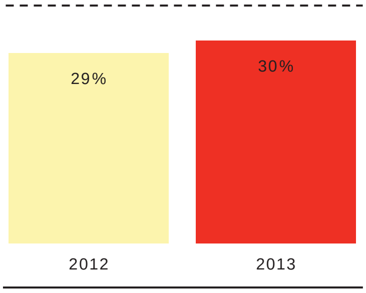
INCREASED PROFITABILITY	SELECTIVE GROWTH	SELF-FUNDED BUSINESS MODEL
Premium load factors	Credibility on targets	Solid operating cash-flow
Efficient operations	Successful growth shift	Long-term fixed debt
Cost control	Over 1,200 MW of new PPA	Asset rotation strategy

QUALITY ASSETS DELIVERING INCREASED PROFITABILITY

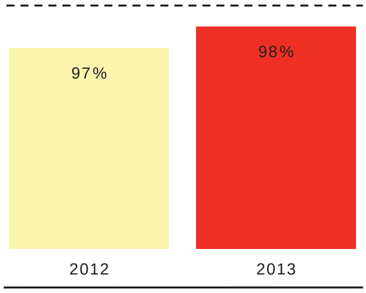
As of December 2013, EDPR managed a global portfolio of 8.5 GW spread over 10 countries, of which 8.0 GW fully consolidated (EBITDA MW) with additional 455 MW equity consolidated through its interest in the Eólicas de Portugal consortium. EDPR's portfolio has low exposure to electricity market volatility as 93% of the installed capacity has pre-defined remuneration schemes with a long-term profile and only 7% is exposed to US spot wholesale electricity markets.

Optimizing performance throughout a project's life-cycle is a key priority at EDPR. EDPR's superior know-how and expertise guided by internal models drives operational metrics above the market, resulting in premium load factors and high levels of availability. EDPR's focus on high operational efficiency metrics, with a comprehensive O&M strategy, is crucial to keep costs under control and key to achieve quality financial metrics.

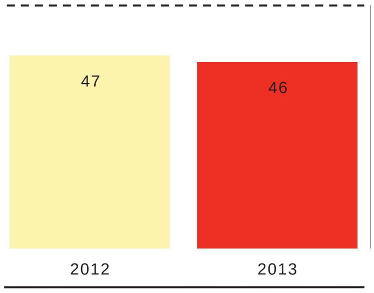
LOAD FACTOR (%)



TECHNICAL AVAILABILITY (%)



OPEX/MW* (€k)



* Excludes levies & write-offs

SELECTIVE AND PROFITABLE GROWTH

To grow profitably and create solid value, EDPR has a low risk strategy when it comes to energy prices. By entering markets with predictable prices through long-term power purchase agreements, EDPR is able to define its future in advance and achieve solid visibility of the projects' stable cash-flow stream.

1,200 MW OF NEW PPAS SECURED IN THE US

Since the extension of the PTCs in the United States in early 2013, EDPR secured 1,200 MW of PPAs in the US market with 950 MW for new projects to be installed in 2014 and beyond. The successful outcome from securing long-term PPA agreements reinforces EDPR's shift to markets with a low risk profile.

PPAS SIGNED	MW	Duration	State
In Operations	250 MW	20 Years	Oklahoma
2014 Projects	300 MW	20 Years	Indiana/California
2015 Projects	200 MW	20 Years	Oklahoma/California
2016 Projects	450 MW	15/20 Years	Maine/Kansas

Besides United States, EDPR was also granted during 2013 with new 20-year contracts for projects to be installed in Italy (60 MW) and Brazil (116 MW). The new long-term contract in Brazil, adds to a total of 236 MW of capacity already awarded in Brazil, reinforcing the growth potential of this market. France remains a market where EDPR will continue to grow by taking advantage of its low risk remuneration system.

EDPR continues to pursue new long-term PPAs along with contracts awarded in energy auctions, as these provide predictable prices over the useful life of the projects, allowing the company to define its future in advance and to create value thought projects with solid and visible cash flows.

SELF-FUNDED BUSINESS MODEL

In 2012, EDPR implemented a financial policy that embraces being independent from external funding sources to pursue its growth strategy. In capital intensive businesses, such as renewable energy, it is crucial to have visibility on the company's ability to raise funds to add new value accretive projects when a project is still in the final stages of development. With this mind-set it is of the upmost importance to make sure the operating cash-flow of the assets already installed is maximized as this will be the main source of funds for the company's growth.

In order to achieve this strategic pillar, while maximizing the execution of growth opportunities, EDPR implemented its Asset Rotation Strategy. The purpose is to sell minority stakes in operational assets with a low risk profile and reinvest the proceeds in new higher value accretive projects. With the successful execution, EDPR also crystallizes the value of the asset upfront and accelerates the value growth cycle.

620 MILLION EUROS ALREADY SIGNED WITH BOREALIS, CTG, FIERA AXIUM AND AXPO

Since the asset rotation strategy was implemented, EDPR has successfully executed four transactions totalling 620 million euros and signed a MoU envisaging an additional one. This remarkable track record in the Asset Rotation strategy, besides being crucial to continue adding news projects to the company's portfolio, also provides a good benchmark of the value of EDPR's assets to the capital markets.

In 2013, EDPR concluded the transactions structured in December 2012 with China Three Gorges (CTG) covering EDPR's wind farms in Portugal (613 MW) and executed deals with Fiera Axium for a 97 MW wind farm in the United States and with Axpo Power for a portfolio of 100 MW in France. Also in 2013 EDPR signed a MoU with CTG envisaging an asset rotation strategy in relation with EDPR's interest in the ENEOP consortium, which is to amount to 535 MW when the construction of the project is finalized.

EDPR's asset rotation strategy leverages on critical expertise in creating value in the project's initial stages, transforming high risk projects into low risk profile assets with a long useful life and stable and visible cash flows. This strategy allows EDPR to monetize the value of the project's future cash flows, while maintaining operating control of the wind farms, and re-investing the proceeds in the development of new higher quality and value accretive projects.

1.4. RISK MANAGEMENT

NEW FOCUS ON COUNTERPARTY CREDIT RISK AT EDPR

WHAT IS COUNTERPARTY CREDIT RISK?

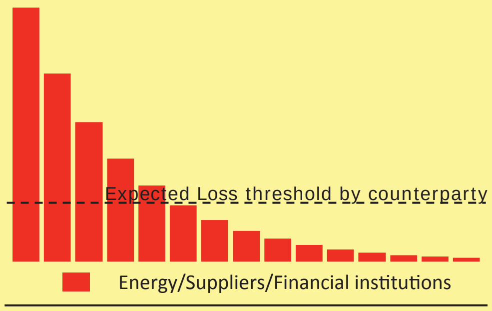
Counterparty credit risk is the risk that the counterparty of a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur if the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default.

WHO ARE EDPR'S COUNTERPARTIES?

From a credit risk perspective, EDPR classifies its counterparties in to three different groups: Energy off-takers, suppliers (developers, partners, WTG suppliers and O&M suppliers) and financial institutions.

COUNTERPARTY CREDIT RISK POLICY AT EDPR

During 2013, EDPR introduced a new Global Counterparty Credit Risk Policy. To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established, as defined under Basel Standards, and re-evaluated monthly. If threshold is surpassed by any counterparty or by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.



Consistent with the maintaining a controlled and low risk profile, EDPR has a Risk Management Process that defines the mechanisms for evaluation and management of risks and opportunities impacting the business. This process increases the likelihood of EDPR achieving its operational and financial targets, by minimizing fluctuations of financial results without compromising returns.

RISK MANAGEMENT PROCESS

EDPR's Risk Management Process is an integrated and transversal management model that ensures the implementation of best practices of Corporate Governance and transparency in the communication to the market and shareholders. This process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

The purpose of the Risk Management process is to ensure the alignment of EDPR's risk exposure with the company's desired risk profile. It consists of the identification and prioritization of risks, the development of adequate risk management policies, and their implementation. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company. It is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

These three risk functions work together and meet in the Risk Committee, the forum to discuss global risk policies to be implemented and to control the risk exposure of the company.

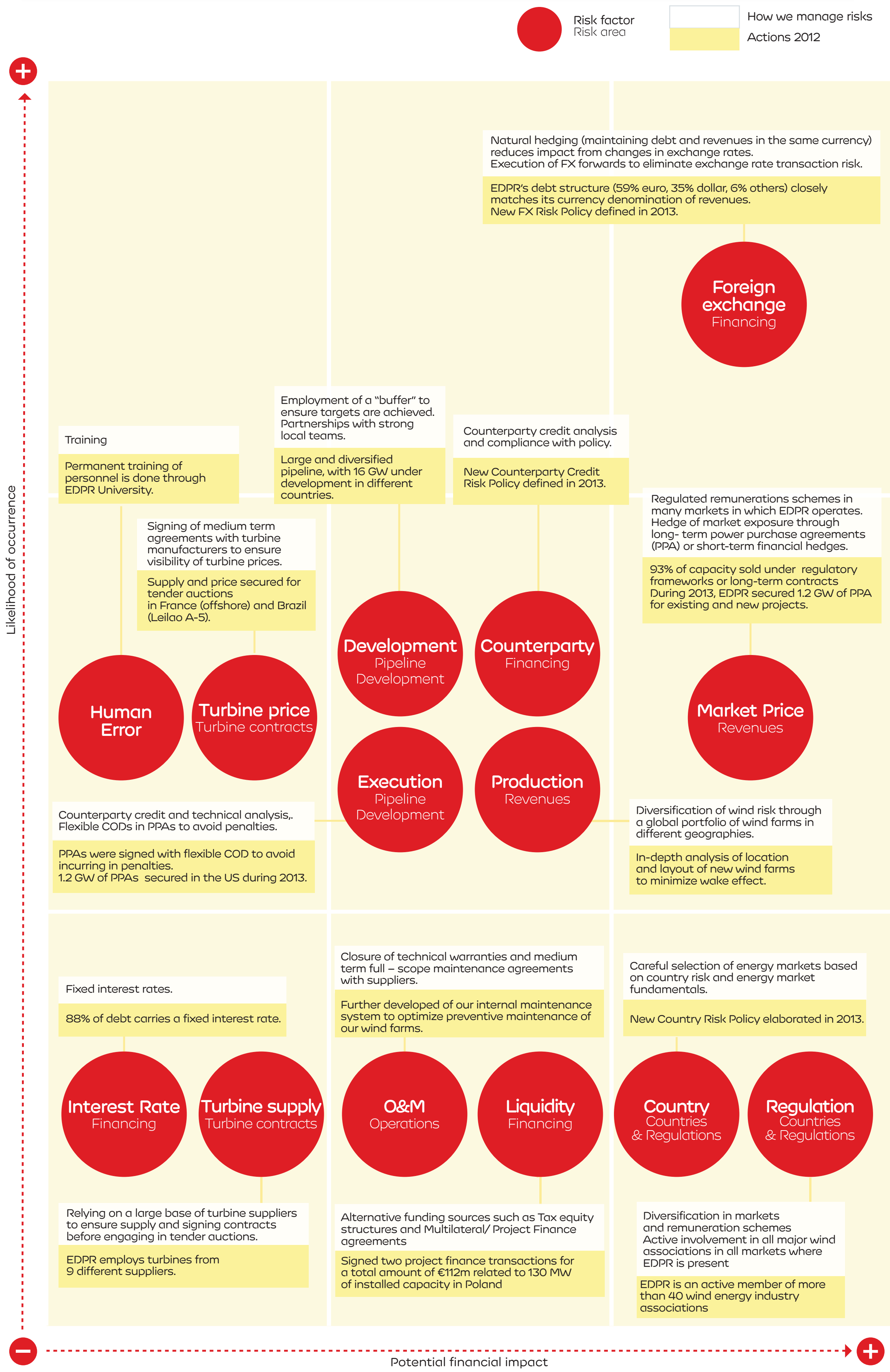
RISK AREAS AND MAIN RISK FACTORS

Risk Management at EDPR is focused on covering the market, credit and operational risks of the company. In order to have a holistic view of risks, they were grouped into Risk Areas spanning the three phases of our business model. Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Risk factors are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the company.

During 2013, EDPR defined or reviewed four new Global Risk Policies: Energy Price Hedging Policy, Counterparty Credit Risk Policy, Country Risk Policy and FX Risk Policy. These policies are already implemented or will be implemented throughout 2014. They tackled those Risk Groups with highest impact in EDPR's financial results.

RISK MATRIX AT EDPR BY RISK GROUP

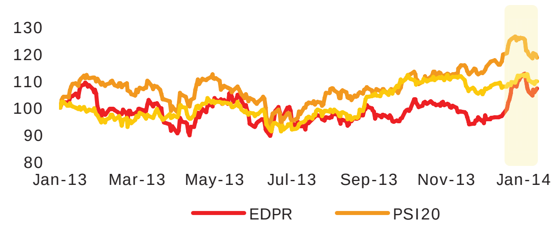
The following matrix summarizes the Risk Areas, Risk Groups and main Risk Factors of EDPR's business and the mitigation strategies, general and specific to the year 2013.



1.5. SHARE PERFORMANCE

IN MAY 2013, EDPR PAID ITS FIRST DIVIDEND OF 0.04 EURO PER SHARE, EQUAL TO A 28% PAY-OUT RATIO.

EDPR PERFORMANCE vs. PSI20 & SX6E



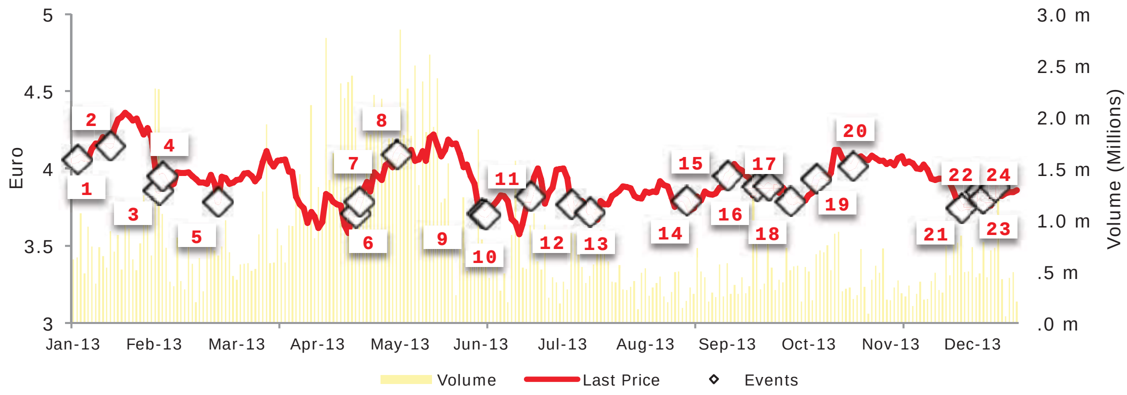
EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. In December 31st, 2013 EDPR had a market capitalization of 3.4 billion euro, down 3% from the 3.5 billion euro at December 31st , 2012, equivalent to 3.86 euro per share. In 2013 total shareholder return, considering the payment in May 23rd 2013 of EDPR first dividend of 0.04 euro per share, was -2%.

In 2013, EDPR share price underperformed the NYSE Euronext Lisbon benchmark index - PSI20 (+16%) and the Dow Jones Eurostoxx Utilities – SX6E (+9%).

MARKET INDICATORS

	2013	2012	2011	2010	2009
EDPR Shares in NYSE Euronext Lisbon (EUR)					
Opening price	3.99	4.73	4.34	6.63	5.00
Closing price	3.86	3.99	4.73	4.34	6.63
Peak price	4.36	4.86	5.25	7.01	7.75
Minimum price	3.58	2.31	3.89	3.72	5.00
Variation in Share Price and Reference Indices					
EDPR	-3%	-16%	9%	-35%	33%
EDPR (total shareholder return)	-2%	-16%	9%	-35%	33%
PSI20	16%	3%	-28%	-10%	33%
Dow Jones Eurostoxx Utilities	9%	-9%	-25%	-15%	-1%
Liquidity of EDPR Shares in the Market					
Volume in NYSE Euronext (EUR million)	787.53	697.91	1,060.32	1,539.22	1,676.04
Daily average volume (EUR million)	3.09	2.73	4.13	5.99	6.40
Number of shares traded (million)	200.29	207.49	232.29	311.23	256.98
Daily average traded shares (million)	0.79	0.81	0.90	1.21	0.98
Annual rotation of capital (% of total shares)	23%	24%	27%	36%	29%
Annual rotation of capital (% shares ex-EDP Group)	102%	106%	118%	159%	131%
EDPR Market Value (EUR million)					
Market capitalization at end of period	3,368	3,484	4,124	3,783	5,783

EDPR SHARE PRICE & 2013 MAIN EVENTS



1	Extension of energy tax incentives in the US, 3/Jan	9	PPA for new wind farm with 200 MW in the US to be installed in 2014, 10/Jun	17	MFS Investment Management notifies qualified shareholding, 25/Sep
2	Granted 20-year tariff for 40 MW to be developed in Italy, 16/Jan	10	Romanian Government - ordinance with modifications for renewable energy, 11/Jun	18	PPA for new 100 MW wind farm in the US to be installed in 2015, 3/Oct
3	Spain – publish Royal Decree-Law with regulatory changes for utility sector,4/Feb	11	Conclusion of the sale of minority stakes in wind farms in Portugal to CTG, 28/Jun	19	Asset rotation transaction with Axpo, in France, 14/Oct
4	2012 provisional operating data disclosure, 5/Feb	12	Spain - RDL is published with changes for the financial stability of the utility sector, 12/Jul	20	Extension to 100 MW its Rising Tree North wind farm project in California, US, 28/Oct
5	2012 financial results disclosure, 26/Feb	13	PPA for new 100 MW wind farm in the US to be installed in 2015, 19/Jul	21	Establishment of a MoU with CTG to sell a minority stake in ENEOP, 6/Dec
6	PPA for operating wind farms with 250 MW in the US, 22/Apr	14	PPA for new 80 MW wind farm in the US to be installed in 2014, 26/Aug	22	Awarded long term contracts for 116 MW at the Brazilian energy auction, 13/Dec
7	EDPR holds ASM, 23/Apr	15	Asset rotation transaction with Fiera Axium, in the US, 10/Sep	23	Project finance with EBRD for 80 MW in Poland, 16/Dec
8	Announcement of gross dividend payment of €0.04 per share, 8/May	16	PPA for new 250 MW wind farm in the US to be installed in 2016, 20/Sep	24	Project finance for 50 MW in Poland, for an amount of €40m, 19/Dec

At the Annual Shareholders' meeting of 2010, the Board of Directors was authorized, during a term of five years from the date of the General Shareholders Meeting, for the derivative acquisition and sale of own shares by the Company and/or other affiliate companies, to the maximum limit established by the Law and in accordance with its terms. EDPR has not executed any acquisition and consequently any trade of its own shares.

02

WHY INVEST IN RENEWABLES?

BRAZIL
OCTÁVIO FRIAS
DE OLIVEIRA BRIDGE
Coordinates:
23º 36′ 46″ S 46º 41′ 57″ W
Time of day: 9H

2. WHY INVEST IN RENEWABLES?

2.1. BUSINESS CASE

RENEWABLE ENERGY PROVIDES SUBSTANTIAL BENEFITS FOR OUR ECONOMY, CLIMATE AND HEALTH.

BENEFITS FOR OUR ECONOMY

Renewable energy brings benefits for our economy, mainly from three angles: enhanced security of supply, lower energy bills for end-consumers and job creation.

Enhanced security of supply: Access to cheap energy has become essential to the wealth of modern economies. However, the unbalanced distribution of fossil fuel supplies among countries has led to significant vulnerabilities. Threats to global energy security include political instability of energy producing countries, fluctuating energy supplies, competition over energy resources, among others. Energy dependence puts many countries in a very vulnerable position as it introduces a risk in the price of the imported fuels as well as a potential exposure on its future availability. For example, European's oil and gas import bills in 2012 was estimated at €470 billion which corresponded to 3.4% of the EU's GDP. In contrast, renewable sources use endogenous and unlimited resources such as wind, sun, plant residues, heat from the earth and fast-moving water, which enhance the security of supply, hence removing exposure to fluctuations of fuel prices and concerns about the availability of external supply.

Lower energy bills: Energy-consumers may benefit from lower energy bills as renewables reduce electricity prices. Renewable energy provides affordable electricity as these technologies have negligible variable costs which contributes to reduced wholesale prices. This is in stark contrast to conventional plants which have more expensive fuel costs. Although the cost of investment is high, on a unitary basis, future costs are expected to decline as technology becomes more efficient.

Job creation: Studies show that renewable energy is associated with significant job creation. Although countries that manufacture, install and export renewable energy technologies are likely to create the largest share of gross jobs, countries without this local industry will also benefit from new jobs related to development, construction and, once renewable plants are commissioned, operation and maintenance activities. Compared to conventional technologies, the renewable energy industry is more labour-intensive, meaning that, on average, more jobs are created for each unit of electricity generated from renewables than from conventional technologies.

According to the Political Economy Research Institute at the University of Massachusetts, investing in renewable energy is around 300 per cent more effective than investing in fossil fuel or nuclear jobs. This study concludes that for every million dollars invested in the wind sector it creates 13 jobs. In contrast, only 5 jobs would be created in the natural gas sector and 7 in the coal sector.

BENEFITS FOR OUR CLIMATE

Renewable energy plants produce zero to few greenhouse gases (GHG) emissions. In contrast, conventional energy generation is responsible for most of the human-produced GHG emissions, which trap heat in the atmosphere, driving up our planet's temperature, raising the level of our oceans ("global warming") and provoking harmful consequences on our health, climate and environment.

Therefore, increasing the deployment of renewable energy is probably the most effective way to fight global warming as it allows the replacement of fuel-burning plants with cleaner energy facilities.

BENEFITS FOR OUR HEALTH

Renewable energy sources promote a cleaner air space since they avoid GHG emissions coming from thermal generation. Also, renewable energy sources reduce the amount of oil, gas and coal mining necessary, and therefore, reduce the likelihood of accidental spills and nuclear accidents that these activities may cause. In addition, renewables technologies typically don´t require water to operate and therefore neither pollute water resources, nor compete for them.

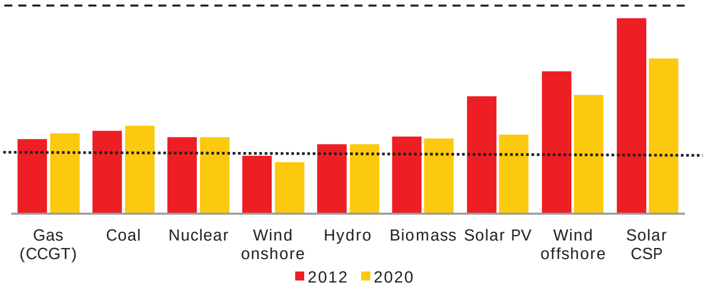
2.2. COMPETITIVENESS OF MATURE TECHNOLOGIES

ARE RENEWABLE ENERGIES A LUXURY?

When one needs to decide which electricity generation technology to invest in, to support or to be used to cope with the incremental electricity demand, there is a divide between renewable energies and conventional technologies. This division is also very commonly discussed in daily conversations between people around the world.

Apart from the economic and environmental benefits of the different technologies, as well as the different characteristics of each option, it is of the upmost importance to analyse the total costs of each of the options through the entire lifetime of operation. The most accurate measure to analyse the total cost of each technology is by comparing the Levelized Cost of Energy ("LCOE").

Evolution of Levelized Cost of Energy ("LCOE") for new investments (€/MWh)



Source: EDPR Internal analysis

Today, when comparing the LCOE of different technologies, there are renewable technologies which are less expensive than conventional technologies. This is clear in the case of onshore wind technology, which is benefiting from a sharp reduction in the investment costs per MWh and thus leading to stronger competitiveness. The evolution of the investment cost is driven by technological progress and increasing economies of scale.

Onshore wind projects with robust load factors are already competitive with new CCGT (combined cycle gas turbine) power options, even in the US which is benefiting from lower gas costs due to boom in shale gas production. In Brazil, as shown in the latest energy auctions, wind has proven to be the most competitive option (ex-hydro) ahead of biomass and CCGTs.

It is also true that, in terms of LCOE, there are renewable technologies, such as wind offshore, solar CSP, ocean current, tidal, among others, that are not yet mature and must continue to increase their competitiveness if wide scale deployment is to be reached.

2.3. PRICE VS. COST

IS IT ACCURATE TO COMPARE DAILY WHOLESALE ELECTRICITY PRICES WITH RENEWABLES COSTS?

One of the main arguments used to characterize renewable energy as expensive is by comparing its costs with electricity wholesale prices. With this, renewable energy costs are being compared to the variable costs of the electricity system, namely the variable cost of conventional technologies. So is it accurate to make this analysis when wholesale prices only reflect the variable cost of production of conventional technologies and not its full cost?

From EDPR's perspective it is inaccurate to make this comparison as:

- Renewable energy uses technology with negligible variable costs and so – despite various dispatch priorities – are the most effective and the first to sell its production thus contributing to lowering wholesale prices (in periods with very strong renewable production wholesale prices tend to zero). Renewable energies are creating a benefit for the system that is not being attributed to them.
- It is important to recognize that wholesale electricity markets are a highly competitive, and existing conventional generation facilities do not account for the initial capital investment when bidding to capture demand. It is also relevant to note that some conventional technologies are not covering their full costs with the wholesale price and therefore are not sustainable in the long run. There are conventional technologies that receive additional revenue on top of the wholesale price, including capacity payments and payments for ancillary grid-support services.
- The average life of the different assets in the energy mix distorts the analyses as comparisons are made between renewable assets with few years of operation with conventional facilities where the investment costs are already partially or fully amortised.

WIND ENERGY IMPACT ON PRICE

Wholesale price evolution in Spain in December 2013 is a good example of this. The first two weeks of December were unusually low in terms of wind resource, which led to a sharp increase of the wholesale price, up to its record value (93€/MWh on December, 8). However, meteorological conditions drastically changed at the end of the month and high wind generation made wholesale price plummet (5€/MWh on December, 25).

The problem of market prices not reflecting the cost structure of energy facilities is not specific to renewable energy. Electricity generation is generally a capital-intensive industry and the variable price obtained in wholesale energy markets is not sufficient to cover the full cost structure, as wholesale markets only create competition and pressure on the company's variable costs. To reduce the high risk attributed by investors to this type of investments – due to the volatility of wholesale markets and the low visibility on the recapture of fixed cost component –regulatory systems were established.

In order to improve competition and to provide investor visibility on returns, ex-ante competition should be introduced to attribute licenses for new generation facilities. With this process, only the best and most efficient projects would be installed.

EDPR believes that long-term contracting is the most efficient way to remunerate generators as it entails the lowest possible cost for consumers by reducing the investment risk for operators and providing long-term visibility on returns.

The rationale is that, as electricity generation investments are capital-intensive, they require stability and visibility. When the regulatory framework doesn´t allow for this stability and visibility (for example, when participating in the wholesale spot market), investors will require a higher risk-premium. On the contrary, schemes providing higher visibility entail lower risk for the equity investor, lower financing costs for the financing entities that will allow lower cost of capital, and therefore lower the required profitability. Lower required profitability will translate into lower required remuneration, which will be passed to the final consumers that will benefit from lower electricity tariffs for the same level of renewable penetration.

2.4. INVESTMENTS AND NEW TECHNOLOGIES

In 2013, according to the Global Wind Energy Council ("GWEC") 35.5 GW of new wind capacity were installed. China remains the main driver of global growth by adding 16.5 GW, nearly half of the total global new wind capacity, and reached 91 GW of installed capacity. According to the European Wind Energy Association ("EWEA"), 11.7 GW were installed in Europe during 2013, bringing the total installed capacity in the region to 121 GW, while based on the American Wind Energy Association ("AWEA") only 1.1 GW were installed in the US reaching a total installed capacity of 61 GW.

EUROPE

In the European Union (EU-28) the total wind capacity by the end of 2013 amounted to 117.3 GW and the electricity produced covered 8% of electricity demand. The year was marked by an increase in offshore technologies.

An annual addition of 11.1 GW, according to EWEA, represents a year over year decrease of 8%. The lower growth rate is reflection of the regulatory and political uncertainty in some European markets. However, despite the slowdown in yearly additions, wind power was the technology which installed the most, accounting for 32% of the new additions.

The new installations were mainly concentrated in two countries, Germany (3.2 GW) and the UK (1.9 GW), with an increasing presence in offshore wind. Germany continues to lead the European market in terms of installed capacity. Rounding out the top 5 are Poland (894 MW), Sweden (724 MW), and Romania (695 MW). EDPR is well positioned in several of these top markets.

Traditional large markets of Spain, Italy, and France saw their rate of new wind projects decrease in 2013, by 84%, 65% and 24% respectively, where regulatory changes in Spain drove the significant decline.

The offshore market in Europe had a record year in terms of new installation by adding an additional 1.6 GW, representing a 34% increase from 2012. For the year, Europe reached 6.6 GW of offshore wind installed capacity spread across 11 countries with the UK alone adding 733 MW, strengthening its worldwide offshore leadership, followed by Denmark (350 MW), Germany (240 MW), Belgium (192 MW) and Sweden (48 MW).

AMERICAS

Uncertainty regarding the extension of the Production Tax Credit ("PTC") and Investment Tax Credit ("ITC") led to a dramatic 92% decrease in new installed capacity to 1.1 GW in the United States. However, once the extensions were received, a flurry of construction activity ensued resulting in a record 12 GW of new projects under construction by year end, according to AWEA. 2014 will be a solid year for growth as these projects come online.

For the rest of the region, Canada installed 1.6 GW of wind additions, including EDPR's first project with 30 MW, while in Mexico 623 MW were added. Latin America was strongly represented by Brazil, another EDPR market, as it installed 948 MW, followed by Chile (130 MW), and Argentina (76 MW).

The renewable energy market is a growing and increasingly competitive arena which should continue to do well as investment costs decline and regulatory and general support is achieved.

03

EDPR INTEGRATED OPERATIONS

PORTUGAL
BELÉM TOWER
Coordinates:
38º 41' 30.1 N 9º 12' 56.9 W
Time of day: 13H

3. EDPR INTEGRATED OPERATIONS

3.1. PREMIUM ASSETS

CAPACITY

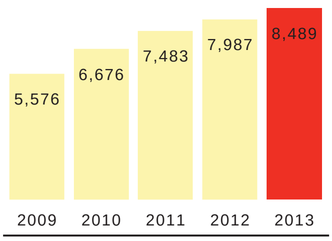
EDPR IS A WORLDWIDE MARKET LEADER

With a top quality portfolio present in eleven countries, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 8.5 GW is not only young, on average 5 years; it is also certified in terms of sustainability and safety standards.

Since 2009, EDPR has increased its installed capacity by 2,913 MW, resulting in a total installed capacity of 8,489 MW. As of year-end 2013, EDPR had installed 4,738 MW in Europe, 3,667 MW in North America and 84 MW in Brazil.

During 2013 EDPR added 502 MW to its installed capacity, of which 472 MW were in Europe and 30 MW in North America.

MW INSTALLED (EBITDA MW + ENEOP)



2013 INSTALLATIONS CONCENTRATED IN GROWTH MARKETS

The largest growth in MW occurred due to the 180 MW installed in Poland, maintaining the growth in the country and consolidating its leading position.

In Romania, 172 MW were installed, 160 MW of wind and 12 MW of solar PV. The installations of these new solar MW reinforces the objective of developing new technologies to further diversify EDPR's portfolio and provide additional growth avenues.

In Iberia, EDPR installed 70 MW (including 66 MW attributable to EDPR through the Eólicas de Portugal consortium). The interest in the Eólicas de Portugal consortium totalled 455 MW by year end. Spain's installed capacity of 2.3 GW remains unchanged vs. last year as significant changes were made in the remuneration framework for the renewable sector, including the removal of specific remunerations previously received and the standardization of returns on profitability.

EDPR added 8 MW to its installed capacity in France and completed the extension of the Chimay wind farm, adding 14 MW in Belgium.

2013 marked EDPR's first full year operating in Italy and 30 additional MW were installed, which originated from the existing pipeline.

In North America, EDPR reached a total installed capacity of 3,667 MW with the completion of its first project in Canada. The South Branch project located in Ontario has an installed capacity of 30 MW. With the successful execution of its first wind project in Canada, EDPR adds to its already diversified portfolio a market with a low risk profile and an attractive wind resource.

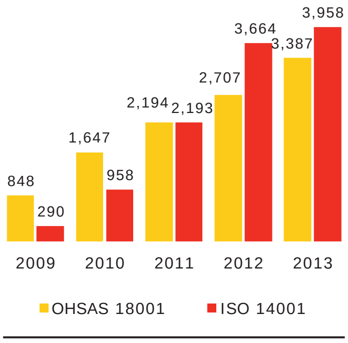
EDPR's wind installed capacity in Brazil totalled 84 MW and is fully covered under the incentive programs for renewable energy development. Although no new capacity was added during the year, EDPR secured 116 MW of long term PPAs during the December auction, securing future growth.

NEARLY 100% ISO14001 AND OHSAS 18001 CERTIFIED CAPACITY IN EUROPE

EDPR's capacity follows the highest standards to preserve the environment along with the health and safety of the employees. This commitment is recognized with the environmental certification ISO 14001 and Health & Safety certification OHSAS 18001. These certifications cover almost a 100% of our operations in Europe.

In North America, EDPR is currently pursuing ISO 14001 and OHSAS 18001 certifications for all of its wind farms.

MW CERTIFIED ISO 14001 AND OHSAS 18001



2013 PROJECT HIGHLIGHTS

SOUTH BRANCH: CANADA / 30 MW

South Branch will represent EDPR's first operating wind farm in Canada and is an important first step towards establishing a long-term presence in a market that is strongly committed to environmental leadership and clean energy supply.

LATERZA & CASTELLANETA: ITALY / 30 MW

Laterza (14 MW) and Castellaneta (16 MW) are part of the pipeline fully developed by EDPR. The projects were awarded long term contracts in the first auction on January 2013 and the construction was completed in less than 8 months. During the construction of the project, EDPR's team of experts had to create an innovative type of foundation to compensate for the poor and irregular quality of the soil.

FACAENI: ROMANIA / 132 MW

Facaeni is one of the largest wind farms built in Romania. Due to a strong local presence and expertise, this project was built in record time for a project of this size and despite the challenging weather conditions.

GOLANCZ: POLAND /80 MW

Adding to the existing leadership in Poland, EDPR installed one of its largest wind farms in the area. This along with the additional 100 MW installed during the year solidified the market leading position.

GENERATION

NEARLY 2X INCREASE OVER THE LAST 5 YEARS

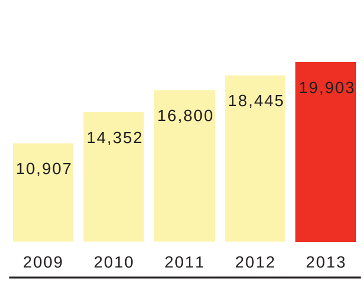
EDPR generated 19.9 TWh during 2013, enough to cover an entire year of household electricity demand for large metropolitan cities like Madrid, Lisbon, Bucharest, and Houston.

The 8% year over year increase in the electricity output benefited from the capacity additions over the last 12 months and the strong wind resource in Europe throughout 2013.

EDPR achieved a 30% load factor during 2013, which is +0.6pp higher over last year, maintaining its leading position within the wind sector and reflecting the intrinsic quality of the wind farms.

EDPR also achieved a stellar 98% availability. EDPR continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to mitigate the wind volatility risk.

GENERATION(GWh)



PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT

EDPR's operations in Europe were the main driver for the electricity production growth in 2013, increasing by +15% YoY to 9.5 TWh and represented 48% of the total output (45% in 2012). This performance was driven by strong output growth across all European regions. EDPR achieved a 28% load factor in Europe, +2pp vs. 2012, further reflecting the strong wind resource.

Both Spain and Portugal delivered a 29% load factor (vs. 27% in 2012), primarily due to the outstanding performance in the first and fourth quarter of 2013. In Spain, EDPR delivered once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 25% load factor (24% in 2012) and posted higher year over year generation. Romania increased its production by 226 GWh as new capacity and solid resource contributed to the strong performance. Higher production in Poland was mainly due to a full year of operations for capacity installed in 2012. Italy generated 83 GWh in its first operational year.

GENERATION AND NCF DETAIL 2013

	GWh	YOY%	NCF	YOY%
EDPR	**19,903**	**8%**	**30%**	**1 pp**
EUROPE	**9,527**	**15%**	**28%**	**2 pp**
Spain	5,802	14%	29%	3 pp
Portugal	1,593	10%	29%	3 pp
France	689	0%	25%	(1 pp)
Belgium	116	-5%	23%	(1 pp)
Poland	541	24%	24%	(2 pp)
Romania	702	47%	24%	3 pp
Italy	83	-	25%	-
USA	**10,146**	**2%**	**32%**	**(1 pp)**
East	4,385	11%	28%	(2pp)
Central	4,744	-1%	37%	(0 pp)
West	1,018	3%	29%	3 pp
BRAZIL	**230**	**-1%**	**31%**	**(0 pp)**

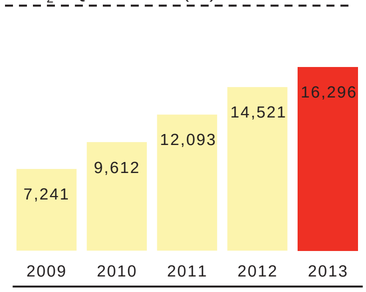
In the United States, EDPR's electricity output increased to 10.1 TWh (+2% YoY), supported by a higher average MW in operation in light of the lower load factor. Events not related to the wind resource resulted in a slightly lower load factor of 32% (33% in 2012); however, excluding this impact the load factor would be in line with the previous year.

In 2013, EDPR's output in Brazil decreased 1% YoY to 230 GWh, as a result of a lower wind resource during the third quarter, and led to a stable load factor of 31%. The Tramandai wind farm continues to deliver above average load factors.

CARBON FREE EMISSIONS

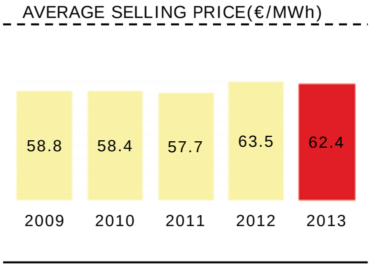
The 19.9 TWh of electricity produced has zero carbon emissions, thus contributing to the world's fight against climate change. Based on each countries' thermal emission factors, an estimate of 16 million tons of CO_2 equivalent emissions were avoided that would have otherwise been emitted by burning fossil fuels to generate the same amount of electricity in the geographies where EDPR is present.

CO_2 EQ AVOIDED(kt)



SELLING PRICE

As a part of maintaining a low risk profile, EDPR's coverage of installed capacity under regulated or long term remuneration schemes increased to 93%.



The average selling price decreased by 2% to €62.4/MWh (-€1.1/MWh YoY), driven mainly by regulatory changes in Spain (-9% YoY) partially offset by a higher production mix towards European output (48% vs. 45%) and a higher average selling price in the US (+3% YoY) and Brazil (+8% YoY).

EDPR'S BALANCED PORTFOLIO HELPS MINIMIZE THE IMPACT FROM NEW REGULATIONS

The 2013 average selling price in Europe decreased 6% YoY to €88.7/MWh (€94.2/MWh in 2012) mainly due to lower selling prices throughout the countries, except for France (indexed to inflation) and Belgium (PPA with a fixed price). In Portugal, the lower price was driven by the above average wind resource, ultimately resulting in higher revenues.

In Spain, changes in the remuneration framework, that were previously announced, drove the decline. The new framework, defined in RDL 9/2013, includes the removal of remuneration received for reactive power (up to €3.5/MWh) and sets the profitability of all assets at the Spanish 10-year Bond yield plus 300 basis points. The net result is a steep decline in the remuneration received as the average selling price fell to €80.0/MWh or a 9% year over year decline. As the production of Spain contributes to nearly 30% of EDPR´s generation, the impact is significant.

Although the average selling price in Portugal decreased to €99.3/MWh (-3% YoY), it was more than compensated by the increase in electricity output. All the wind farms that contribute to Portugal´s EBITDA are under the old remuneration scheme. Under this scheme there is a negative correlation between the price and the annual working hours. Whenever, there is a stronger wind resource, the final realized price will tend to be lower as a result of the tariff formula.

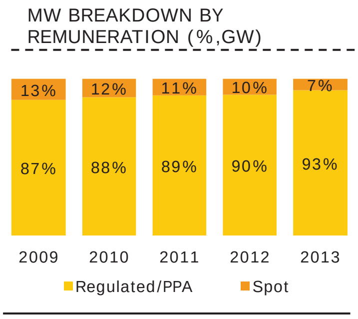
In Romania, the average selling price decreased to €110.9/MWh (-19% YoY). A key component of the remuneration scheme is the sale of Green Certificates (GCs). Renewable operators generate GCs based on the electricity output and have the option to sell them during monthly auctions. During the year, Romania approved Emergency Government Ordinance 57/2013, which caused uncertainty in the GC market leading to a decline in prices; however, there was a recovery during the fourth quarter. The new legislation does not change the number of GCs earned but rather delays the ability to sell 1GC for wind and 2GC for solar projects to 2017.

In Poland, the average selling price decreased to €95.6/MWh (-6% YoY). Similar to the remuneration scheme in Romania, renewable projects receive green certificates, which can be sold, and prices based on the spot market. During the year, several factors resulted in lower energy and green certificate market prices such as a decline in fuel and CO_2 prices and decreased electricity demand.

In France, the selling price improved 1% YoY to €90.2/MWh, while in Belgium it remained stable at €112.0/MWh due to the long-term PPA contracts in place.

In Italy, the above average selling price achieved reached €137.6/MWh, benefiting from the favourable remuneration scheme.

US MARKET SHOWS SIGNS OF IMPROVEMENT AS PRICES INCREASE



In the United States, the electricity generated from EDPR´s projects is primarily sold under long term power purchase agreements with fixed escalators or sold merchant on the spot market with short-term hedges. The average selling price increased 3% YoY to $48.6/MWh, driven mainly by a greater weight of output from projects with PPAs (which usually have annual price escalators) and an improvement of prices in the spot market.

Average selling prices for wind farms under PPA increased 2% YoY to $52.6/MWh, resulting from the contracted price escalators and the contribution of new PPAs. Selling prices for the production exposed to wholesale electricity increased 2% YoY to $31.9/MWh, benefiting from the recovery in wholesale gas prices from an average of $2.8/MMBtu in 2012 to $3.7/MMBtu in 2013.

From the beginning of 2013, EDPR has secured 1,200 MW of new wind energy PPAs. 250 MW for projects that were already in operation and 950MW will be installed over the next 3 years starting in 2014. The MW to be installed are backed by seven PPAs and are spread across the United States in five different states (California, Oklahoma, Kansas, Maine, and Indiana). In addition to the wind energy PPAs, EDPR has also secured two PPAs for 30 MW of solar plants to be installed in California. In line with EDPR´s growth strategy of expanding in to new technologies, the planned solar plant will be the first for EDPR in the North American market, capitalizing on both the attractiveness of the investment and the expertise gained from the installation of solar plants in Romania starting in 2012.

Risk management is critical when the price received from generating electricity is subject to the uncertainty in the wholesale market. In order to improve certainty and decrease exposure to volatile spot prices, EDPR entered into power futures contracts, partially hedging US merchant exposure. This allowed EDPR to secure a fixed price for a stated volume and provide price stability and effectively reduce the monthly cash flow volatility due to the variation in market-driven electricity prices.

BRAZIL PRICES INCREASE IN LINE WITH ESCALATORS

In 2013, the average selling price in Brazil increased 8% to R$309.2/MWh, reflecting the updated PPA price in accordance with the adjustment for inflation.

REMUNERATION SCHEMES

Spain: -9% YoY

2,310 MW/ €80.0/MWh

New regime: In July 2013 the Government changed the remuneration framework for existing facilities. According to the current secondary legislation draft, wind farms built in 2004 or earlier are not eligible to receive any incentive while newer farms will receive a flat premium per installed MW until the end of their regulatory life.

Portugal: -3% YoY

619 MW / €99.3/MWh

Feed in tariff "Old Regime" – Tariff is calculated according to a formula that takes into account the load factor, installed capacity, among other parameters.
Feed in tariff "New regime" – Price was defined with a different formula but similar parameters.

France: +1% YoY

322 MW / €90.2/MWh

Feed-in tariff, stable for 15 years. First 10 years: receive approximately €82/MWh; inflation type indexation and with an "x" factor only until the start of operation.

Romania: -12% YoY

521 MW / €121.1/MWh

Market price plus GC. Wind generators receive 2 GC for each MWh produced until 2017 (but one GC will be deferred from trading until March 2017). Solar receives 6 GC per MWh for 15 years (but 2 GC will be deferred from trading until March 2017).

Poland: -6% YoY

370 MW/ €95.6/MWh

Market price plus GC. Option to choose a regulated electricity price (PLN201.4/MWh for 2013). DisCos have a substitution fee for non compliance with GC obligation, which in 2013 was PLN297.4/MWh. Option to negotiate long-term PPAs.

Belgium: 0% YoY

71 MW / €112.0/MWh

Market price plus green certificate (GC) system. Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) and Flanders (€80/MWh-125/MWh). Option to negotiate long-term PPAs.

Italy: n.a.% YoY

70 MW / €137.6/MWh

Market price plus green certificates (old regime).

Long term PPA system set in a competitive tender (new regime).

United States: +3% YoY

3,637 MW / $48.6/MWh

Electricity price – market price or long-term PPA **- plus renewable energy certificates (RECs).** In addition, a number of tax/governmental incentive schemes may apply, such as Production Tax Credits (PTCs), Cash Grants (CGs) and MACRs.

Brazil: +8% YoY

84 MW / R$309.2/MWh

Feed-in-tariff – PROINFA.
Long-term PPA system set in a competitive tender.

Country: % YoY Price
Installed MW / 2013 Price
Remuneration scheme

3.2. EXCELLENCE IN OPERATIONS

Given the nature of the renewable energy business where excellence in development, construction and operations are paramount to ensure project success, EDPR prides itself in having developed competencies in all of these areas that set it apart from other players in the industry.

These areas of expertise are not limited to the more technical aspects of the business, such as the design of the wind farms, but encompass every aspect from environmental issues to the work developed in partnership with local communities. Most importantly these areas are supported by the knowledge and know-how of EDPR's team of young, highly skilled employees.

It is their tireless effort in the design, construction and day-to-day operation of our renewable power plants that drives our industry leading efficiency metrics.

EXCELLENCE IN OPERATIONS

Development

- Optimizing wind farm layout
- Evaluating social and environmental feasibility
- Understanding local considerations

Construction

- Engineering and construction
- Guaranteeing health & safety
- Enhancing social value of our projects

Operations

- Remote monitoring
- M3 O&M maintenance system
- Green energy with low footprint
- Positive impact in biodiversity

SUPPORTED BY EDPR's TEAM

Human resources

- Attractive Career & Training Plans
- Work-life balance practices
- Development opportunities through mobility

DEVELOPMENT

INDUSTRY LEADING LOAD FACTORS

16.3 GW OF PIPELINE UNDER DEVELOPMENT

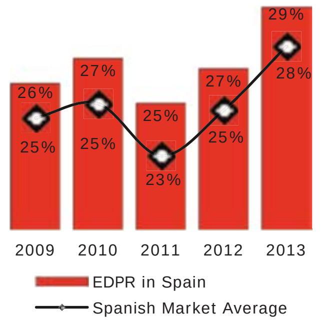
ENVIRONMENTAL AND SOCIAL CRITERIA IN PROJECT SELECTION

The development stage of the project is by far the most critical. The choice of location, wind farm layout or wind turbine generator will influence the top-line return of the project for the next 25 years of operations. Once the wind farm is up and running, certain adjustments can be made to maximize output and reduce costs, however the fundamental drivers of return were decided years before, during development.

Finding the prime locations to build our wind farms and defining the optimal placing of the turbines is critical for a project's success. Placing the turbine in a sub-optimal location could significantly reduce a wind turbine's load factor. For this reason, EDPR has implemented a thorough process that ensures the quality of the new additions to the global portfolio and tries to anticipate during the early stages of the development if a project will meet the highest standards defined by the company.

However, not only technical factors are taken into consideration during this initial process. Social and environmental aspects of potential sites are evaluated before initiating the permitting process, following our environmental and biodiversity policy commitments, in order to ensure that our development portfolio only considers projects that can meet our highest environmental standards.

EDPR VS. SPANISH MARKET AVERAGE



WIND FARM LAYOUT DESIGN

EDPR uses a two stage process to determine the optimal layout for a wind farm to maximize the profitability of the project. This process is carried out by one of the most experienced teams in the industry, including experts with more than 10 years of experience.

One of the first steps of developing a project is to use complex mathematical models to produce a series of layout options. Information on wind speeds, wind direction, foundation costs and zone restrictions are among the many variables considered in the model. Once these options are developed it's also important to consider the potential losses in energy output due to the "wake effect".

This effect relates to the loss of energy and increased turbulence caused by rotating blades on downstream wind turbines. It is important to anticipate the potential impact and adjust the layout accordingly because once a wind farm is built no further changes can be made without a sizeable impact. The ultimate goal is to design a layout that will capture the maximum amount of the wind resource, minimize construction costs and avoid unsustainable areas.

Since a wind farm can become a part of the local community, their input is also critical to achieve our goals. Early engagement provides a valuable understanding of the social considerations of the sites and also ensures a good and smooth development. During this process, potential conditions that might be attached to the consent of the wind farm are discussed. These conditions can influence the layout, construction techniques, scheduling, post-consent monitoring, and studies. Public consultations are a standard practice to understand social considerations and are well attended by the locals and often receive coverage in the local media.

WIND TURBINE GENERATOR CHOICE

As well as optimizing the layout of the wind farm, great effort is taken into choosing the best fit wind turbine generator for each site. When developing a new project our technical and procurement teams work closely to choose the model that will provide the best all-round profitability for the project. This is a delicate balance between the technical specifications of each model and the price offered by the manufacturer. The model selected is based on maximizing return, which based on the economics, could come at the expense of maximizing production.

EDPR manages more than 70 wind turbine models from 9 different suppliers in its global portfolio. The experience gained in working with a diversified portfolio of models helps ensure low turbine supply risk, high productivity and competitive pricing among turbine manufacturers.

ENGINEERING & CONSTRUCTION

502 MW BUILT DURING 2013

>200 TURBINES ERECTED IN 2013

PERSONNEL SAFETY INJURY RATE DECREASED 40%

A main goal of EDPR's engineering and construction team is to build highly efficient wind farms, while closely monitoring the investment costs, and to design wind farms that will require minimal infrastructure maintenance costs during the useful life of the asset. This is done with strict adherence to local and internal construction standards, considering on-site conditions and minimizing the impact on local communities and the environment.

During the engineering phase EDPR's teams perform deep geological researches with the aim of avoiding uncertainties during construction as well as designing optimal foundations, roads and platforms. The proper design of roads and other structures minimizes the use of earthworks, which ultimately reduces the construction costs of each project.

The electrical infrastructure requires equal time and effort. In this stage the choice of cables takes into consideration the best economics as well as the technical characteristics of the wind turbines to ultimately design the best electrical grid crossing.

The infrastructure investments developed have an ultimate positive benefit for the surrounding communities. The reinforcement of the existing electricity networks and the rehabilitation of existing roads, or the construction of new roads, is a valuable asset for the surrounding communities who may be able to use the developed infrastructure to access remote locations. Moreover, an upgraded electricity distribution system can increase the quality of the electricity supply by increasing stability and reducing outages.

The presence of EDPR in the area encourages economic development of the region, which can see an influx of temporary construction workers that brings local spending and increased sales tax revenue. Closely collaborating with stakeholders is important to ensure they maximize the value generated.

In the construction phase, EDPR stands out through its contract strategy and procurement process, among others. EDPR has perfected its contract strategy to provide the best balance between price and risk. This is done through several turnkey contracts for the wind turbines, construction works and electrical infrastructure that guarantee internal leadership in the construction management, whilst reducing the prices and controlling the schedule and possible deviations.

With regards to the procurement process, EDPR has implemented a process that guarantees technical considerations and competitive pricing. This includes a bidding process for several contractors with several stages of negotiations. Commercial and technical assessments are carried out in parallel to get the best commercial offer (economics, guarantees, low risk, financing) to assure the whole scope is included and quality and technical specifications are fulfilled.

Environmental requirements and best practices are also included in the bidding documentation or in specific environmental management plans. The construction of our projects brings many external partners and we believe it is essential to involve the entire value chain in order to guarantee that they are aligned with our environmental strategy. EDPR performs monitoring plans to ensure that the environmental requirements are met and in the unlikely event that an unexpected environmental impact is identified we are able to quickly implement the corrective measure.

MAIN STAGES OF WIND FARM CONSTRUCTION

1 – Construction of access roads.

2 – Foundations and Pads. Depending on the terrain construction of the wind farm foundation can be a difficult task. In EDPR's Facaeni wind farm, due to the soil conditions the foundation had to be built with 18 piles per turbine.

3 – Collector system (cables that link the wind turbine to the substation).

4 – Wind turbine generator (WTG) transport. The size and weight of the wind turbines means that transport is a logistical challenge. Turbines are moved in sections with some weighing in excess of 70 tons.

5 – WTG installation.

6 – Substation.

7 – Evacuation line.

A SAFE ENVIRONMENT FOR OUR EMPLOYEES AND CONTRACTORS

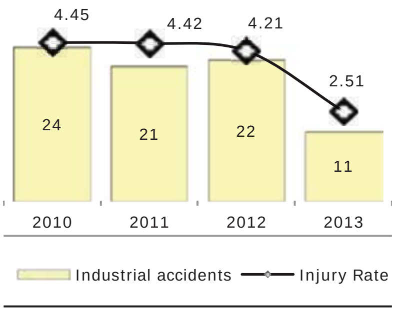
Guaranteeing a healthy and safe work environment for our employees and contractors is fundamental in all aspects of the business. EDPR's Health and Safety policy, available on our website, reflects the company's commitment to the prevention of occupational risks associated with our activities.

To support our strategy on health and safety, we have implemented proper management systems. These systems are adapted to each country, with specific standards and procedures based on the regulation and best practices.

The Management System is being certified OHSAS 18001:2007. At the end of 2013, the certification covered 3,387 MW, representing 42% of EDPR's installed capacity. The certification was additionally extended to Belgium and Romania.

During 2013, EDPR registered a substantial improvement in its health & safety ratios. The number of accidents registered for employees and contractor personnel reduced by 50%, an improvement towards our zero accidents goal stated in our Health & Safety policy.

HEALTH & SAFETY
(EMPLOYEES + CONTRACTORS)



OPERATIONS

>5000 TURBINES REMOTELY OPERATED

97.7% AVAILABILITY

CO_2 FREE ELECTRICITY WITH A SMALL WATER AND WASTE FOOTPRINT

As the operator of a global fleet of 8.5 GW, EDPR places great attention on effectively managing its assets. A cornerstone of this process is to ensure that operations and maintenance costs are kept to a minimum throughout the useful life of the wind farms.

In addition to its leading O&M strategy and remote operations infrastructure, EDPR continues to seek gains year after year in other areas such as improved warehouse logistics, better power forecasting and leaner operations. Minor improvements in any of these areas multiply into significant cost savings for the company and its shareholders.

IMPROVING POWER FORECASTING

During the day-to-day operation of a wind farm, forecasting plays a critical role as it allows EDPR to accurately predict the future energy generation. If wind farms are able to accurately forecast there energy production they can minimize imbalance costs and help improve the energy system as a whole. Energy imbalances happen when actual production or usage of energy is lower/higher that the scheduled amount. If a wind farm produces less energy that it forecasted it will have to pay the energy system authority for this deviation. To avoid such costs it is imperative that wind farm energy forecasts are as accurate as possible.

As with layout optimization, forecasting of energy production falls on EDPR's energy assessment team. In this case state-of-the art physical and statistical modelling is used to predict the wind resource for all our wind farms on an hourly basis. The availability of on-site wind data and advances in meteorological modelling has significantly helped improve the forecasting ability over the last years. However certain challenges remain such as accounting for thermal winds, complex terrain, very high winds and the impact from icing.

To deal with some of these problems EDPR has implemented a successful program to identify and correct periods of curtailment or unavailability. Our teams periodically analyse the millions of data points collected to identify problems and implement corrections. This program has resulted in a 10% improvement in the forecasting of production from some critical wind farms throughout 2013.

ASSET OPERATIONS

EDPR's top line revenues are the result of the product of two key factors, energy generated and selling price. As a result, selling the energy generated at attractive prices whilst reducing volatility is as important as maximizing production.

EDPR's energy management team uses long-term power purchasing agreements signed with local off takers to stabilize the energy price received for as long as 20 years. Additionally, depending on the specificities of each contract, exposure to other market uncertainties is also reduced. 93% of EDPR's capacity is covered either by the regulatory stability of country specific frameworks or long-term PPAs and the remaining 7% is exposed to the changes in energy spot markets. To further reduce its exposure to spot markets, following our low risk strategy, EDPR uses short-term hedging instruments to sell energy at fixed prices.

During 2013 EDPR signed 1,200 MW of long-term PPA in the US and contracted short-term hedges in at least 4 geographies.

M3 MAINTENANCE SYSTEM

During the first years of a wind farm's life, operations and maintenance of the wind turbine generators is usually guaranteed by the turbine manufacturer. Once this period has finished, EDPR must decide on the optimal maintenance system that will reduce costs, whilst maintaining high levels of availability. To deal with this problem EDPR has implemented a successful O&M program called M3 (Modular Maintenance Model). Depending on the country, turbine type, historical performance and other technical aspects, our O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, people intensive tasks.

This strategy has resulted in high costs savings for the company. When compared with other post-warranty wind farms under full scope O&M contracts, the costs savings achieve 15% and reaches 20% when compared with wind farms under their initial warranty.

EDPR'S LEAN PROGRAM

Launched in 2011, EDPR's Lean program focuses on optimizing process across the company's business using the lean-six sigma methodology. The objective is to leverage front-line personnel ideas and experience to improve the company's revenues and costs, improve safety and reduce environmental impact.

Within this strategy EDPR has implemented two programs, "Daily Lean" and "Lean improvement". The first applies continuous improvement to the day-to-day activities at our wind farms, with the objective of reducing repetitive and non-value added tasks. Improving the tracking of repaired components and warehouse layout are two examples of the results of this program.

The second program "Lean Improvement", developed together between our performance engineers and our field personnel, identifies and solves issues that are common to a fleet of turbines or part of a fleet. This program implemented changes that help reduce the impact of lightning damage and reduce gearbox overheating among many others.

BEYOND OPERATIONS

A GREEN ENERGY WITH A SMALL FOOTPRINT

ZERO EMISSIONS

- Zero carbon emissions
- No harmful SOx, NOx or mercury pollution

SMALL WATER FOOTPRINT

- Virtually no water used for electricity generation
- 0.46 litres of water consumed per MWh

LOW WASTE GENERATION

- No fly ash, gypsum or radioactive wastes generated
- 81% of waste recycled or recovered

OVERALL POSITIVE IMPACT INBIODIVERSITY

- EDPR preserves land for wildlife since our technology can co-exist peacefully and abundantly with most wildlife
- EDPR mitigates climate change; increase in global temperature and other symptoms of climate change such as extreme weather events will greatly reduce the biodiversity in most parts of the world
- EDPR takes precautionary measures to avoid locating wind farms in areas where they could pose risks to biodiversity.
- EDPR defines preventive, corrective and compensatory measures to reach an overall positive balance of our projects and activities

ENVIRONMENTAL MANAGEMENT

EDPR is very conscious of the importance of proper management of environmental matters in the wind farms in operation, which is assured through the Environmental Management System (EMS). The system ensures compliance with legal requirements and focuses on relevant environmental aspects, while setting environmental objectives and targets to improve environmental performance at country and platform levels. In the US, EDPR has completed the implementation of an EMS for all of its operating wind farms and the platform is currently pursuing ISO 14001 certification.

HUMAN CAPITAL

To attract, develop and retain talent is a main goal of EDPR's Human Resources strategy. At EDPR, our people are very important and we, as a responsible employer, want to retain them by offering quality employment that can be balanced with personal life.

Despite a difficult macroeconomic environment, our employee base increased by three percent over last year to reach 890. New employees have the opportunity to join a company with a strong work culture that emphasizes team work within a diverse environment represented by 24 nationalities.

We strive to offer our workforce with opportunities to develop professionally and to assume new roles to reach the company's goals. Our employees are distributed globally as 24% of our employees work at EDPR Holding, 44% within the European Platform, 29% within the North American Platform and 2% in Brazil. All are encouraged to take advantage of the functional and geographic mobility opportunities so they can assume more responsibilities.

ATTRACT AND COMMIT

HIRING

As part of the employee recruiting strategy, EDPR is committed to hiring the brightest people and seeks potential employees attending top universities and business schools. We have carried out different initiatives to enhance employer branding by participating in different Employer forums and hosting visits from top-tier universities. EDPR offers an internship program aimed at giving young professionals work experience and potentially identifying future employees with growth potential who can contribute to the future development of the business.

EDPR hires talented individuals who are passionate about the industry and share our vision and purpose. When hiring, the company takes into account not only the specific job skills for a certain position but also the behavioural skills, which are at the base of the organisational culture. As a company devoted to sustainability, EDPR aims to combine career goals with company values.

- Team Oriented Environment: EDPR promotes an environment based on team building.
- Career Development: EDPR recognizes the importance of career development, helps employees acquire knowledge to master the business, and rewards employees for their innovation, hard work and performance.
- Diversity: EDPR has a diverse team, with employees from a wide range of backgrounds and cultures.
- Sustainability: EDPR aims to encourage environmental, economic and social stewardship by its employees.

At EDPR, we hire top talent ensuring a non-discriminatory selection processes. This is confirmed in the Code of Ethics which contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

In 2013, EDPR hired 91 employees, 32% of which are women. EDPR additionally offered 87 long term internships and 18 summer internships.

INTEGRATION

EDPR has a strong company culture, and wants new hires to be able to understand this culture and quickly adopt it in their day-to-day activities. To encourage this, new hires are involved in a number of workshops and team building activities aimed at improving integration and gaining a better understanding of the company.

Our Welcome Day, a three day event for new hires, allows new employees to obtain basic knowledge of the company, our business, and depending on the employee's profile, a visit to one of the wind farms or the remote control dispatch centre. During 2013, EDPR introduced a new integration tool called the Induction Plan. New hires spend a few days at the corporate headquarters and are guided by colleagues from different areas to learn key aspects of their job and gain a better understanding of their work and how it contributes to the mission of EDPR.

BENEFITS & WORK LIFE BALANCE

BENEFITS

EDPR is committed to offer a competitive compensation and benefits package to recognize the work and talent of our employees. The compensation policy addresses the needs of local markets and provides flexibility to adapt to the specifics of each region. In addition to a fixed base compensation, there is a variable component that depends on a performance evaluation measured against the company's performance, area and individual KPIs.

Our performance based compensation is an important tool to promote a greater focus from our employees on not only the company's objectives but personal and team objectives as well. In order to be competitive in the marketplace and recruit the best talent, EDPR reviews and benchmarks itself against local markets in order to offer the most attractive benefits packages. For example, in 2013, EDPR extended the coverage of its life and accident insurances to 100% of the employees.

WORK LIFE BALANCE

At EDPR, we understand the importance of maintaining a balance between work and personal commitments. This understanding has led to an increase of employees' satisfaction, while boosting productivity, and morale.

EDPR has work-life balance programs and aims to constantly improve and provide the most suitable benefits to employees. Often specific benefits are only applicable to certain countries in which EDPR is present. As an example of normalizing key benefits across the countries, EDPR employees in the United States can now enjoy extended maternity leave, as it is a common practice in Europe.

Since 2011, EDPR's practices have been recognized with the Family Responsible Employer Certification (EFR- Empresa Familiarmente Responsable) by the MásFamilia Foundation, in Spain. This certification reflects EDPR's commitment to promote a healthy work-life balance for its employees. EDPR stood out for its effectiveness in terms of scheduling flexibility, family support, equal opportunities and its ambitious policy of continuous improvement.

EDPR does not limit itself to only providing benefits to the community through the construction of new wind farms and solar plants. Employees are also encouraged to actively participate in their communities and to be responsive and aware of emerging needs through many volunteering initiatives sponsored by EDPR's Volunteering Program. Employees can choose from several campaigns to donate financially or participate directly in volunteering opportunities held during working hours or weekends. For example, during the Christmas holidays, a campaign was started in partnership with a NGO to raise fund for a social initiative in South America.

DEVELOPMENT & TRAINING

1.4 M€ INVESTED IN TRAINING

33 HOURS OF TRAINING PER EMPLOYEE

1,541 € SPENT IN TRAINING PER EMPLOYEE

POTENTIAL APPRAISAL

Assessing the potential of our talented pool of employees is a fundamental tool in people management. The purpose of the annual Potential Appraisal is to prepare employees to achieve his/her top potential development based on a set of strategic skills. All of EDPR's employees, regardless of their professional category, are evaluated yearly to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager.

TRAINING PLAN

Each year a customized Training Plan is created based on the results of the potential performance assessment. The plan provides a framework for managing training within the company, in close alignment with the business strategy. When defining our strategy for the future, we strive to align current and future demands of the organization with our employees' capabilities while fulfilling their professional development expectations and supporting their continuous improvement. EDPR is committed to offer employees an attractive career plan, as well as advanced education and training opportunities.

Training Metrics #	Unit	2013	2012	(%)
Number of Training Hours	hours	29,298	17,324	69%
Number of Attendances	#	2,563	2,436	5%
Trained employees	#	838	n.a.	-

Note 1: 2012 figures do not include Portugal and Brazil. Training in Portugal and Brazil in 2013 accounts for 1,556 hours and 121 participants and 796 hours and 38 participants, respectively.
Note 2: Figures include Language training. In 2013, language training accounted for 6,754 hours, while in 2012 language training represented 2,713 hours.

In 2013, the number of training hours increased to 29,298, representing 33 hours of training per employee. Almost 95% of our employees received training during 2013. Internal training accounted for 10,993 hours.

Promoting talent from within is a strategic choice to ensure the long term advancement of EDPR. Recognizing that future leaders of EDPR could be present in the existing talent pool, a specific training program (HIPO) is essential to developing the skills of these high potential employees. In 2013, EDPR launched an innovative coaching program for those in the HIPO program. The objective is to enhance the professional development and soft skills through one on one coaching/mentoring session with a senior leader.

RENEWABLE ENERGY SCHOOL

In 2013, the Renewable Energy School had gained relevance as a tool aimed at sharing internal knowledge and fostering networking opportunities. The School has now established itself as a platform for knowledge sharing and exchange of best practices across the company and has been tasked with delivering the core programme within the defined EDPR employees' Training Roadmap.

The objective of the EDP University training is to familiarize employees with the core business of the company and to broaden their horizons by providing them with an overview of the strategic challenges that the company faces.

During 2013, the Renewable Energy School delivered 34 training sessions across Europe and the US, representing 7,444 hours and a total of 761 attendances. During this period, the School engaged 67 internal experts as trainers for these courses and has successfully implemented the strategy of reaching out to EDPR local offices by organizing courses in 8 different locations.

PROMOTIONS & MOBILITY

All our employees are covered by our performance evaluation system that collects information from several data sources to evaluate employee performance.

In the context of fostering workers' growth through diversity of experience, EDPR encourages professional mobility. To support the global growth strategy, mobility is of upmost importance as a powerful tool to share EDPR culture and best practices with new markets where we plan to enter.

During 2013, 41 employees had functional or geographical mobility including 10 new expats. EDPR now has a total of 25 expats.

COMMUNICATION

Based on the feedback of our employees, we have organized during 2013 meetings sessions between our employees and the CEO. During these meetings, employees are given the opportunity to share their point of view of the business from their positions and learn about the strategy of the company and how this relates to their day-to-day tasks. This is a great opportunity for employees to better understand their impact on the business. In Spain, 53% of our employees already had the chance to meet the CEO. This initiative has already started in other EDPR geographies. The feedback received from our employees is very positive.

At EDPR, it is important to have open lines of communications with employees. Different measures were implemented to gather and analyse opinions and suggestions. EDPR's CEO is keen on connecting with employees and will regularly hold organized meetings with a small group of employees to discuss important issues in an open forum. Continuous feedback between areas, through various means, is important to eliminate silos and encourage greater and more efficient teamwork.

In addition to open communication channels established between employees, satisfaction surveys are conducted every two years to gather opinions and gain an understanding of the motivation and satisfaction level of employees. The participation rate in this year's survey reached 95% with a satisfaction score of 77%.

In addition, EDPR continued among the 50 best companies to work in the GPTW Rankings in Spain, UK and Poland, where we pursued this recognition.

EDPR's ability to attract, develop, and retain talent is a testament to its commitment to excelling in all areas. It's no wonder that EDPR continues to be among the 50 best companies to work for as determined by the Great Place to Work rankings. A motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results during 2013.

04

FINANCIAL PERFORMANCE

SPAIN
PLAZA MAYOR
Coordinates:
40º 24′ 56″ N 3º 42′ 26″ W
Time of day: 14H

4. FINANCIAL PERFORMANCE

REVENUES INCREASED 6% TO 1.4 BILLION EUROS

In 2013, EDPR registered another year of record performance, with Revenues increasing to 1,356 million euros, mainly driven by the 8% increase in electricity generation. EDPR's average selling price decreased 2% as the result of the lower average selling price in Europe; however, the decrease was partially offset by the higher average selling price in the US and Brazil along with a higher production mix towards Europe.

EBITDA OF 947 MILLION EUROS

EBITDA improved 1% to 947 million euros, representing a 70% EBITDA margin. EBITDA grew despite the negative cumulative impact of 71 million euros related to all 2013 Spanish regulatory changes, including a 17 million euros adjustment on sales, related to the framework (RDL 9/2013) that was announced in July 2013 and pending approval.

FINANCIAL HIGHLIGHTS

€m	2013	2012	Δ% /€
INCOME STATEMENT			
Revenues	1,356	1,285	+6%
EBITDA	947	938	+1%
Net Profit (1)	135	126	+7%
CASH-FLOW			
Operating Cash-flow	700	666	+5%
Capex	627	612	+2%
BALANCE SHEET			
Assets	13,112	13,302	(190)
Equity	6,089	5,749	+341
Liabilities	7,022	7,553	(531)
LIABILITIES			
Net Debt	3,283	3,305	(23)
Institutional Partnerships	836	942	(106)

(1) Attributable to EDPR equity holders

NET PROFIT INCREASED 7% TO 135 MILLION EUROS

The positive year over year growth in Net Profit highlights EDPR's ability to transform strong operational metrics into quality bottom-line metrics.

ROBUST CASH-FLOW

Operating Cash-Flow increased 5% to 700 million euros, which more than covered the Capex expenditure of the year.

In 2013, EDPR concluded the sale of a minority equity stake and shareholders' loans in wind farms in Portugal to CTG, and executed a sale of a minority equity stake in the US with Fiera Axium, for a combined total of 402 million euros. In October 2013, EDPR structured an additional asset rotation transaction with Axpo Group for a portfolio of wind farms in France. The financial close occurred during the first quarter of 2014.

Capital expenditures (Capex) totalled 627 million euros reflecting the capacity additions and the capacity under construction. Moreover a cash grant for 120 million dollars was collected in the US. As a result of the robust cash flow, execution of the asset rotation strategy, and close monitoring of expenditures, Net Debt decreased by 23 million euros.

STRONG BALANCE SHEET

Execution of the asset rotation strategy primarily helped increase EDPR's total equity by 340 million euros to reach 6.1 billion euros.

Total liabilities decreased 531 million euros to 7.0 billion euros. This decrease was mainly driven by lower financial debt and a decrease in accounts payables.

Total assets of 13.1 billion euros are 190 million euros lower versus last year, mainly due to the depreciation of the US Dollar.

4.1. INCOME STATEMENT

SOLID TOP LINE PERFORMANCE

EDPR continues to deliver solid operating performance results as Revenues increased 6% to 1.4 billion euros.

In addition to operating assets to generate maximum revenue, controlling costs and achieving high levels of efficiency is equally a strong focus for EDPR. Operational expenditures (Opex) - defined as Operating Costs excluding Other operating income – increased 10% to 451 million euros. The increase is mostly a result of the 7% tax on electricity sales introduced in Spain during the year, which negatively impacted results by 32 million euros. On a per MW basis, the ratio is higher versus 2012; however, adjusting the ratio for this tax along with write-offs, EDPR's Opex per MW actually decreased 2% as a result of strict cost control.

CONSOLIDATED INCOME STATEMENT

€m	2013	2012	Δ % / €
Revenues	**1,356**	**1,285**	**+6%**
Other Operating Income	42	63	(34%)
Supplies and Services	(263)	(262)	+0%
Personnel Costs	(67)	(63)	+6%
Other Operating costs	(121)	(86)	+41%
Operating Costs (net)	**(409)**	**(348)**	**+18%**
EBITDA	**947**	**938**	**+1%**
EBITDA/Revenues	70%	73%	(3pp)
Provisions	(1)	0	-
Depreciation and amortisation	(491)	(503)	(2%)
Amortization of deferred income (government grants)	18	15	+21%
EBIT	**473**	**450**	**+5%**
Capital gains/(losses)	(0)	3	-
Financial Income/(expenses)	(263)	(278)	(5%)
Share of profits of associates	16	7	+133%
Pre-Tax Profit	**226**	**182**	**+24%**
Income taxes	(57)	(46)	+23%
Profit of the period	169	136	+24%
Net Profit (EDPR equity holders)	**135**	**126**	**+7%**
Non-controlling interests	34	10	+248%

Other operating income totalled 42 million euros in 2013. During the beginning of the year, EDPR re-designed the off taking volumes of a long term PPA in the US, which partially contributed to the amount. The decrease versus last year is mainly due to the 32 million euros recorded, in the prior year, as a result of asset revaluation.

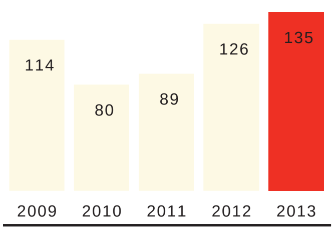
Despite the negative impacts from regulatory changes in Spain, EBITDA increased 1% to 947 million euros due to leading operational metrics and strict control over costs, leading to a 70% EBITDA margin.

EBIT (operating income) improved 5% to 473 million euros, reflecting the 2% lower depreciation and amortisation charges, including impairments. In 2013, EBIT was negatively impacted by 20 million euros of impairments, of which 9 million euros related to Spain and booked in the fourth quarter of 2013.

At the financial results level, net financial expenses decreased 5%, as net interest costs were lower, benefiting from a lower average debt and a stable 5.2% cost of debt. Institutional partnership costs were 9% lower, while the devaluation in the Zloty and Leu led to a negative forex impact. Share of profits of associates increased 9 million euros to 16 million euros mainly due to the stronger results of ENEOP.

Pre-Tax Profit increased 24% to 226 million euros resulting in Income Taxes of 57 million euros, equivalent to a 25% effective tax rate. Non-controlling interests totalled 34 million euros, a 24 million euros increase mainly as a result of the asset rotation strategy of selling minority stakes in operational assets.

NET PROFIT (€m)



All in all, Net Profit increased 7% to 135 million euros. When adjusting 2012 and 2013 for non-recurrent events on operating income, forex differences, capital gains, and tax asset base revaluation, the Adjusted Net Profit increases to 145 million euros, an 8% increase.

4.2. BALANCE SHEET

EQUITY INCREASES BY 340 MILLION EUROS

Total Equity of 6.1 billion euros increased by 340 million euros during year, with 93 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR of 247 million euros is a result of the 135 million euros of Net Profit, reduced by the 35 million euros in dividend payments, as well as the sale of non-controlling interests which contributed 147 million euros.

While equity increased, total liabilities reduced 7% to 531 million euros, mainly in financial debt (-182 million euros) and accounts payable (-185 million euros).

With total liabilities of 7.0 billion euros, the debt-to-equity ratio of EDPR stood at 1.2x by the end of 2013, which is a decrease from the 1.3x in 2012. Liabilities were mainly composed of financial debt (53%), liabilities related to institutional partnerships in the US (12%), and accounts payable (20%).

Liabilities to tax equity partnerships in the US stood at 836 million euros (-106 million euros or -11% from prior year-end). Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

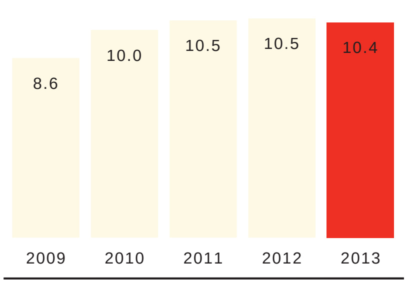
As total assets totalled 13.1 billion euros in 2013, the equity ratio of EDPR reached 46%, versus 43% in 2012, highlighting the continued de-leveraging of the company. Assets were 79% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of 10.4 billion euros changed in the year for the new additions during the year of 584 million euros, and reduced by 505 million euros for depreciation charges, impairment losses and write-offs plus an additional 260 million euros due to forex conversion, mainly as the result of a weaker US Dollar.

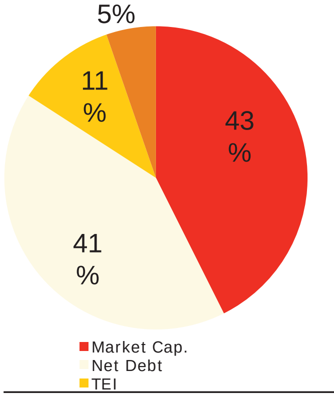
Net intangible assets mainly include 1.3 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

BALANCE SHEET €m	**2013**	**2012**
Assets (€m)		
Property, plant and equipment, net	10,359	10,537
Intangible assets and goodwill, net	1,346	1,327
Financial investments, net	72	57
Deferred tax assets	111	89
Inventories	15	16
Accounts receivable - trade, net	207	180
Accounts receivable - other, net	656	800
Financial assets at fair value through profit and loss	0	0
Collateral deposits	80	49
Cash and cash equivalents	265	246
Total Assets	**13,112**	**13,302**
Equity (€m)		
Share capital + share premium	4,914	4,914
Reserves and retained earnings	623	384
Net Profit (Equity holders of EDPR)	135	126
Non-controlling interests	418	325
Total Equity	**6,089**	**5,749**
Liabilities (€m)		
Financial debt	3,692	3,874
Institutional partnerships	836	942
Provisions	68	64
Deferred tax liabilities	383	381
Deferred revenues from institutional partnerships	672	738
Accounts payable - net	1,370	1,555
Total Liabilities	**7,022**	**7,553**
Total Equity and Liabilities	**13,112**	**13,302**

NET PP&E (€bn)

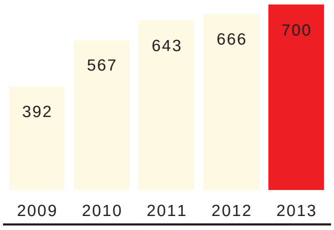


ENTERPRISE VALUE (%)
Dec-13: €3.86 share price

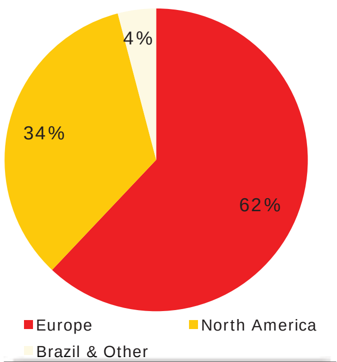


4.3. CASH-FLOW STATEMENT

OPERATING CASH-FLOW (€m)



CAPEX BREAKDOWN BY PLATFORM (%)



IMPROVED RECURRENT CASH-FLOW

EDPR generated Operating Cash-Flow of 700 million euros, a 5% increase from the prior year. EDPR continues to benefit from the strong cash-flow generation capabilities of its assets in operation.

The key items that explain 2013 cash-flow evolution are the following:

- Funds from operations (FFO), resulting from EBITDA after net interest expenses, income from associates and current taxes, increased to 671 million euros;
- Operating Cash-Flow, this is FFO before net interest costs, adjusted by non-cash items (namely write-offs and income from US institutional partnerships) and net of changes in working capital, amounted to 700 million euros.
- Capex related to the on-going construction and development works totalled 627 million euros. In Europe Capex reached 387 million euros, almost entirely dedicated to projects in Poland and Romania, while 212 million euros were in North America. A large part of the Capex in the US occurred during the fourth quarter in order to qualify projects for the PTC program. Other net investing activities amounted to 136 million euros, mostly reflecting the settlements to equipment suppliers related to Capex from previous periods and net of the 120 million US Dollars cash grant collected from the US Treasury related with the Marble River wind farm added in 2012.
- As part of the asset rotation program, EDPR concluded the sale of non-controlling interests and shareholders' loans amounting to 402 million euros.
- Total dividends and capital distributions paid amounted to 76 million euros, which includes the 35 million euros paid to EDPR shareholders.
- Forex & Others had a negative effect, increasing Net Debt by 20 million euros.

NET DEBT DECREASES BY 23 MILLION EUROS

All in all, Net Debt decreased versus last year and stood at 3,283 million euros by year end. In line with the self-funded business model and focus on operational excellence, EDPR will continue to benefit from the solid free cash-flow generation capabilities of its assets.

CASH-FLOW €m	**2013**	**2012**	**Δ % / €**
EBITDA	**947**	**938**	**+1%**
Current income tax	(93)	(85)	+9%
Net interest costs	(200)	(205)	(3%)
Share of profits of associates	16	7	+121%
FFO (Funds From Operations)	**671**	**655**	**+2%**
Net interest costs	200	205	(3%)
Income from associated companies	(16)	(7)	+121%
Non-cash items adjustments	(112)	(120)	(7%)
Changes in working capital	(42)	(66)	(36%)
Operating Cash-Flow	**700**	**666**	**+5%**
Capex	(627)	(612)	+2%
Financial (investments) divestments	(47)	(22)	+110%
Changes in working capital related to PP&E suppliers	(180)	2	-
Cash grant	91	5	-
Net Operating Cash-Flow	**(63)**	**39**	**-**
Sale of non-controlling interests and shareholders' loans	402	176	+129%
Proceeds (payments) related to institutional partnerships	(36)	(15)	+135%
Net interest costs (post capitalisation)	(184)	(189)	(3%)
Dividends and capital distributions	(76)	(5)	-
Forex & others	(20)	27	-
Decrease / (Increase) in Net Debt	**23**	**33**	**(30%)**

4.4. FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's total Financial Debt decreased 213 million euros to 3.6 billion euros. Loans with EDP group account for 76% of the debt, while loans with financial institutions, mainly in the form of project finances, represented the remaining 24%. To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2013, EDPR signed two project finance transactions for a total of 112 million euros related to 130 MW of installed capacity in Poland.

NET DEBT (€m) €m	2013	2012	Δ €
Nominal Financial Debt + Accrued interests on Debt	3,692	3,874	(182)
Collateral deposits associated with Debt	(80)	(49)	(31)
Total Financial Debt	**3,612**	**3,825**	**(213)**
Cash and cash equivalents	265	246	19
Loans to EDP Group related companies and cash pooling	64	274	(210)
Financial assets held for trading	0	0	(0)
Cash & Equivalents	**329**	**520**	**(191)**
Net Debt	**3,283**	**3,305**	**(23)**

As of December 2013, 59% of EDPR's financial debt was Euro denominated, while 35% was funded in US Dollar due to the investment in the US and the remaining 6% is mostly related with debt in Polish Zloty and Brazilian Real.

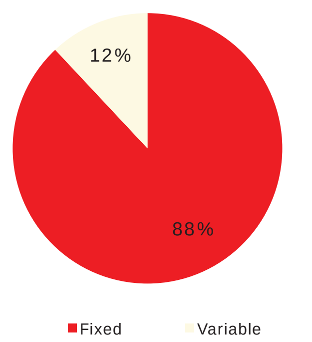
EDPR's debt has a long-term profile as 82% of the financial debt has a 2018 and beyond maturity. EDPR continues to follow a long-term fixed rate funding strategy and mitigate its interest rate risk by matching the operating cash-flow profile with its financial costs.

In addition to the long-term profile, stability in the average interest rate is a priority for controlling costs. 88% of the debt is financed based on a fixed rate debt profile and the average interest rate was stable at 5.2%.

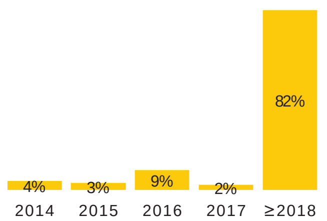
INSTITUTIONAL PARTNERSHIPS

Liabilities referred to as Institutional Partnerships decreased 106 million euros to 836 million euros, mainly due to tax benefits allocated to tax equity partners during the period and US Dollar depreciation.

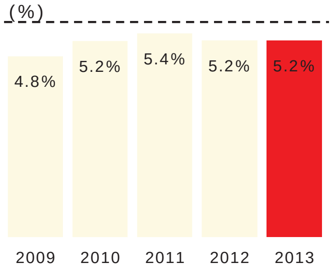
DEBT INTEREST RATE TYPE PROFILE (%)



DEBT MATURITY PROFILE (%)



COST OF DEBT (%)



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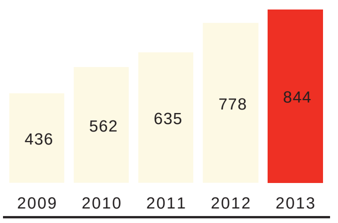
NEVERENDING ENERGY

4.5. EUROPE

REVENUES

REVENUES IN EUROPE (€m)

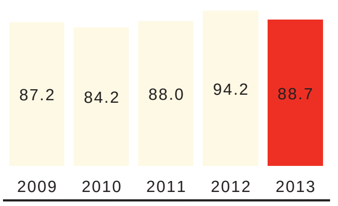


In Europe, EDPR delivered a 9% year-on-year growth in revenues, to 844 million euros. Increasing growth in Rest of Europe led to a higher contribution to Revenues, reaching 26% in 2013 versus 24% in the prior year. Consequently, the contribution from Spain and Portugal reduced to 55% and 19%, respectively.

The performance was driven by the higher electricity output which more than offset the effect of a lower average selling price. In detail, the increase in revenues was the result of higher revenues in Rest of Europe (+34 million euros), Spain (+18 million euros) and Portugal (+11 million euros). The stronger wind resource drove revenues higher by 123 million euros whereas the lower average selling price partially offset this by 57 million euros.

AVERAGE SELLING PRICE

AVERAGE SELLING PRICE IN EUROPE (€/MWh)



The average selling price in Europe decreased 6% to €89/MWh. In Spain the average selling price was impacted by changes in the remuneration framework for renewable assets and in Rest of Europe mainly by the lower realised price in Romania due to lower green certificate prices following some uncertainty created by the approval of Emergency Government Ordinance 57/2013.

OPERATING COSTS AND INCOME

Net Operating Costs amounted to 236 million euros due to the 30% growth in operating costs and lower other operating income. The increase is mostly explained by the 7% tax on electricity sales introduced in Spain during the year, which negatively impacted results by 32 million euros. Adjusted opex, excluding the 7% tax in Spain and write-offs, decreased 3% in MWh basis. Other operating income decreased by 34 million euros mainly due to the one-off 32 million euros recorded, in the prior year, related to asset revaluation.

EBITDA in Europe decreased 4% to 609 million euros, leading to an EBITDA margin of 72%, while EBIT reached 359 million euros.

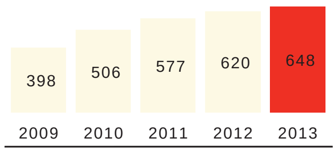
EUROPE INCOME STATEMENT	2013	2012	Δ %
€m			
Revenues	**844**	**778**	**+9%**
Other operating income	12	47	(74%)
Supplies and services	(142)	(125)	+13%
Personnel costs	(26)	(25)	+4%
Other operating costs	(80)	(41)	+96%
Operating Costs (net)	**(236)**	**(144)**	**+64%**
EBITDA	**609**	**633**	**(4%)**
EBITDA/Revenues	72%	81%	(9 pp)
Provisions	(0)	0	-
Depreciation and amortisation	(251)	(260)	(3%)
Amortisation of government grants	1	1	(2%)
EBIT	**359**	**374**	**(4%)**

4.6. UNITED STATES

REVENUES

Revenues for the period increased 4% to 648 million US Dollars, supported by a 3% increase in the average selling price and a 2% increase in production.

REVENUES IN THE US
(US$m)



AVERAGE SELLING PRICE

Average selling prices for wind farms under PPA/hedge contracts increased 2%, to $53/MWh, as a result of the contracted price escalators and the contribution of new PPAs. Selling prices for the production exposed to wholesale electricity prices also went up by 2%, benefiting from the effect driven by the recovery in wholesale gas prices.

OPERATING COSTS AND INCOME

Net Operating Costs decreased 7% to 198 million US Dollars, given the higher other operating income in 2013 versus 2012. The increase in other operating income reflects the 18 million US Dollar restructuring impact of the off-taking volumes of a PPA for 200 MW. A strict control over costs and high efficiency levels resulted in 3% decrease in Opex per MW.

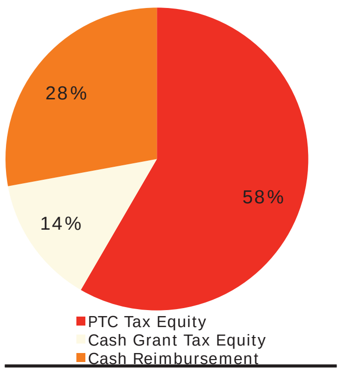
INSTITUTIONAL PARTNERSHIPS AND GOVERNMENT GRANTS

Income from institutional partnerships totalled 166 million US Dollars, in line with the output of projects generating PTCs. The projects that opted for the cash grant benefited from lower depreciation charges, booked in the income statement as amortisation of government grants, totalling 23 million US Dollars.

All in all, EBITDA went up 10% to 450 million US Dollars, leading to an EBITDA margin of 69%.

US INCOME STATEMENT	**2013**	**2012**	**Δ %**
US$m			
Electricity sales and other	482	457	+6%
Income from institutional partnerships	166	164	+2%
Revenues	**648**	**620**	**+4%**
Other operating income	41	25	+62%
Supplies and services	(149)	(150)	(0%)
Personnel costs	(38)	(37)	+2%
Other operating costs	(53)	(51)	+4%
Operating Costs (net)	**(198)**	**(212)**	**(7%)**
EBITDA	**450**	**408**	**+10%**
EBITDA/Revenues	69%	66%	+4 pp
Provisions	(2)	-	-
Depreciation and amortisation	(303)	(300)	+1%
Amortisation of government grants	23	18	+27%
EBIT	**169**	**126**	**+34%**

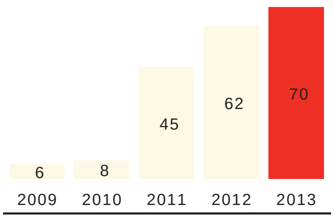
EDPR US INSTALLED CAPACITY BREAKDOWN BY TAX INCENTIVE (%)



4.7. BRAZIL

REVENUES

REVENUES IN BRAZIL
(R$m)



In Brazil, EDPR reached revenues of 70 million reais, representing a 12% increase versus the prior year primarily based on the higher average selling price.

The average selling price in Brazil increased 8% to R$309/MWh, basically reflecting the inflation indexed adjustments in the PPA.

EDPR installed capacity in Brazil is fully under incentive programs for renewable energy development. These programs provide long-term visibility, setting long-term contracts to sell the electricity produced for 20 years, which translates into a stable and visible cash-flow generation throughout the projects' life.

OPERATING COSTS AND INCOME

Net Operating Costs increased during the year mainly driven by several non-recurring events in Supplies and Services. All in all, EBITDA was stable at 41 million reais, leading to an EBITDA margin of 59%.

BRAZIL INCOME STATEMENT	**2013**	**2012**	**Δ %**
$Rm			
Revenues	**70**	**62**	**+12%**
Other operating income	-	-	-
Supplies and services	(22)	(15)	+45%
Personnel costs	(3)	(3)	+7%
Other operating costs	(2)	(2)	+24%
Operating Costs (net)	**(28)**	**(21)**	**+37%**
EBITDA	**41**	**42**	**(0%)**
EBITDA/Revenues	59%	67%	(7 pp)
Provisions	(0)	-	-
Depreciation and amortisation	(18)	(16)	+16%
Amortisation of deferred income (government grants)	-	-	-
EBIT	**23**	**26**	**(11%)**

05

GRI REPORT

FRANCE
LOUVRE MUSEUM
Coordinates:
48° 51′ 40″ N 2° 20′ 7″ E
Time of day: 15H

5. GRI REPORT

This sustainability report responds to the GRI G3.1 Guidelines indicators, and also provides information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources.

EDPR is not a traditional utility company, as its core business is based on generating electricity from renewable sources and does not include power distribution or power commercialization. As a result exceptions may exist for GRI and Sector Supplement indicators. We also consider as our final product the electricity produced by our wind energy assets. EDPR is committed to the progressive improvement of the information provided.

According to GRI Guidelines, this chapter presents sustainability performance indicators to describe the company's performance in 2013 for each one of the applicable or material GRI indicators. This section also includes references to other chapters of this integrated report, so it can be used as an index to find the company's management approach and strategy regarding specific topics. A complete GRI index can be found at www.edpr.com.

5.1. ECONOMIC PERFORMANCE

Renewable energies have a strong influence in the local communities. Assets are usually constructed in remote locations, bringing positive economic benefits to the local communities, while contributing to the world fight against climate change.

For additional information on economic strategy and performance, please refer to the EDPR Integrated Operations Section.

EC1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, INCLUDING REVENUES, OPERATING COSTS, EMPLOYEE COMPENSATION, DONATIONS AND OTHER COMMUNITY INVESTMENTS, RETAINED EARNINGS, AND PAYMENTS TO CAPITAL PROVIDERS AND GOVERNMENTS.

Economic value generated and distributed €m	**2013**	**2012**
Turnover	1,249	1,182
Other income	167	190
Gains/(losses) on the sale of financial assets	0	3
Share of profit in associates	16	7
Financial income	108	74
Economic Value Generated	**1,540**	**1,457**
Cost of raw material and consumables used	18	24
Supplies and services	263	262
Other costs	121	86
Personnel costs	67	63
Financial expenses	372	352
Current tax	93	85
Dividends	76	0
Economic Value Distributed	**1,010**	**872**
Economic Value Accumulated	**530**	**584**

EC2 - FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE.

The non-renewable power sector is responsible for producing more than 40% of all CO_2 emissions by burning fossil fuels and about 25% of the total greenhouse gas emissions (GHG). Promoting a shift from conventional fossil fuels to renewable energy is one of the most effective and feasible near-term ways of mitigating climate change.

The company's growth plans of pure renewable energy represent a solid commitment to foster the use of green energy sources. Moreover, we are committed to support the use the best technologies available in order to preserve natural resources and reduce pollution.

For additional information on indirect economic impacts of our energy, please refer to the Why Invest in Renewables? Section.

EC3 - COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS.

Information on EDPR benefit plan obligations, can be found in Note 2, Benefits Section and Note 10 in our Financial Statements

EC4 - SIGNIFICANT FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT.

Information on EDPR financial assistance received from government through Production Tax Credits, Cash Grants and other Tax savings in the US, can be found in Income from institutional partnerships in US wind farms and Amortisation of deferred income (government grants) in our Consolidated Income Statement and additional details on Note 7 and Note 12 in our Financial Statements

EC5 - RANGE OF RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION.

Standard entry level wage vs. local minimum wage	**2013**	**2012**
%		
Europe	247%	230%
North America	195%	195%
Brazil	430%	469%

The values presented in the table above shows the average standard entry level wage compared to the local minimum wage for each one of the countries where we have presence. To protect the privacy of employees' wages in those countries where our headcount is smaller, we do not disclose the information by country and gender.

EC6 - POLICY, PRACTICES, AND PROPORTION OF SPENDING ON LOCALLY-BASED SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION.

Wind energy creates many direct and indirect jobs. During the construction of our projects, the local community can see an influx of temporary construction workers that provide a positive impact on the local economy through local spending and increased sales tax revenue.

However at EDPR, there is no specific policy or in-house procedure for preferring locally based suppliers.

EC7 - PROCEDURES FOR LOCAL HIRING AND PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION.

Our Code of Ethics contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity. This is reflected in our procedures for hiring people via a non-discriminatory selection processes. A potential employee's race, gender, sexual orientation, religion, marital status, disability, political orientation or opinions of any other nature, ethnic or social origin, place of birth or trade union membership are not considered.

There are no specific procedures explicitly requiring local recruitment. However a high percentage of our employees are hired from the same location in which the company operates.

	All employees		**Directors**	
% of local hires	**2013**	**2012**	**2013**	**2012**
%				
Europe	84%	93%	50%	100%
North America	84%	91%	0%	50%
Brazil	100%	100%	n/a	n/a
Corporate	56%	72%	n/a	n/a

n/a: not applicable. No directors hired in that platform

For a complete description of our hiring and Human Resources strategy, please refer to the Attract And Commit Section.

EC8 - DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES PROVIDED PRIMARILY FOR PUBLIC BENEFIT THROUGH COMMERCIAL, IN-KIND, OR PRO BONO ENGAGEMENT.

Wind and solar energy require infrastructure investments which benefit surrounding communities. This includes the reinforcement of existing electricity networks and the rehabilitation of existing roads or the construction of new roads.

The investment in roads is necessary in order to transport heavy equipment (wind turbine components, power transformers, etc.) to the site during construction. The improved road system facilitates future maintenance activities after construction works, as well as improves access to remote locations for the surrounding communities. During the operation of our wind farms, these roads are maintained and further opportunities may be identified to increase the positive impact in the community.

The integration of our generation capacity may also require upgrades in the distribution and transmission grids that belong to the system operators. Those upgrades indirectly benefit the quality of service offered in the surrounding areas by minimizing electricity supply interruptions.

In 2013, EDPR invested 7.4 million Euros to developing these types of infrastructures.

EC9 - UNDERSTANDING AND DESCRIBING SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS.

Wind and solar energies create a positive impact on the local economies in terms of turnover, Gross Value Added (GVA), employment created and also in terms of energy security.

For additional information on indirect economic impacts of our energy, please refer to the Why Invest in Renewables? Section.

EU8 - RESEARCH AND DEVELOPMENT ACTIVITY AND EXPENDITURE AIMED AT PROVIDING RELIABLE ELECTRICITY AND PROMOTING SUSTAINABLE DEVELOPMENT

In partnership with the different companies of the EDP Group, EDP Inovação is responsible for performing Research &Development (R&D) activity and its expenditure. A detailed disclosure of the total expenditure in R&D can be found at www.edp.pt.

For additional information on how EDPR innovates in its operations, please refer to the Excellence in Operations Section.

5.2. ENVIRONMENTAL PERFORMANCE

EDPR is strongly committed to protecting the environment and biodiversity through a proactive environmental management of its operational wind farms, as is stated in our Environmental and Biodiversity policies (detailed information available at www.edpr.com).

Our environmental strategy focuses on three core aspects: legal compliance, management of environmental risks and continuous improvement. Numerous environmental appraisal and monitoring procedures are incorporated in all phases of the business processes ensuring that these central pillars are enforced.

This is sustained by a qualified team that is aligned with the environmental strategy of the company. Both, our environmental specialists and the network of external partners working with us, stand out for their extensive professional experience and knowledge of the environmental field.

For additional information about what sets EDPR apart in terms of environmental management, please refer to the Excellence in Operations Section.

EN4 - INDIRECT ENERGY CONSUMPTION BY PRIMARY SOURCE.

Wind turbines require a small amount of electricity to operate. This energy consumption is generally self-consumed. Given the intermittency of wind generation we sometimes need to consume electricity from the grid. The indirect CO_2 emissions related to the consumed electricity is around 0.14% of the emissions avoided by the company.

Wind farms indirect emissions	Unit	2013	2012
Energy consumption	GWh	54.4	51.2
Thousand tons CO_2	Kt	23.4	21.7

EN7 - INITIATIVES TO REDUCE INDIRECT ENERGY CONSUMPTION AND REDUCTIONS ACHIEVED.

Our activity is based on clean energy generation, and we produce about 350,500 times the electricity we consume. However, we are conscious about promoting a culture of rational use of resources and we promote many internal campaigns to promote sustainable behaviours as is explained in the following pages.

For additional information about our initiatives to promote sustainable behaviours, please refer to the EN18 Indicator.

EN8 - TOTAL WATER WITHDRAWAL BY SOURCE.

Generation from wind energy does not consume water in its operational processes. The water is consumed only for human use. The consumption of water per GWh generated accounts for 0.46 litres/GWh. Even so, the company actively seeks to adopt more eco-efficient practices. An example of this is that in 2013 seven substations installed rain water collection and treatment systems to cover their own water supply needs.

EN11 - LOCATION AND SIZE OF LAND OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS.

Country	Facility name	Type of operation	Position in relation with protected area	Facility area in protected natural area (ha)	Facility area in protected natural area (%)	Attribute of the protected area	Status of the protected area
Spain	Ávila	Wind farm	Adjacent	0,0	0%	Terrestrial-Freshwater	Natura 2000
	Sierra de los lagos	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Tahivilla	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000 National protected area
	Buenavista	Wind farm	Adjacent	0,0	0%	Terrestrial- Marine	Natura 2000
	Mostaza	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Los Almeriques	Wind farm	Adjacent	0,0	0%	Terrestrial-Freshwater	Natura 2000
	Serra Voltorera	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Sierra de Boquerón	Wind farm	Inside	10,4	100%	Terrestrial	Natura 2000
	Villoruebo	Wind farm	Partially within	2,0	41%	Terrestrial-Freshwater	Natura 2000
	Villamiel	Wind farm	Partially within	4,9	75%	Terrestrial-Freshwater	Natura 2000
	La Cabaña	Wind farm	Partially within	8,2	53%	Terrestrial	Natura 2000
	Hoya Gonzalo	Wind farm	Partially within	0,7	4%	Terrestrial	Natura 2000
	La Mallada	Wind farm	Partially within	1,4	8%	Terrestrial-Freshwater	Natura 2000
	Corme	Wind farm	Partially within	2,6	17%	Terrestrial-Marine	Natura 2000
	La Celaya	Wind farm	Partially within	9,1	70%	Terrestrial-Freshwater	Natura 2000
	Monseivane	Wind farm	Partially within	17,3	98%	Terrestrial-Freshwater	Natura 2000
	Tejonero	Wind farm	Partially within	1,0	6%	Terrestrial	Natura 2000
	Las Monjas	Wind farm	Partially within	0,0	0%	Terrestrial-Freshwater	Natura 2000
	Puntaza de Remolinos	Wind farm	Partially within	1,8	57%	Terrestrial	Natura 2000
	Planas de Pola	Wind farm	Partially within	6,2	55%	Terrestrial	Natura 2000
	Coll de la Garganta	Wind farm	Partially within	0,1	1%	Terrestrial-Freshwater	Natura 2000
	Loma del Suyal	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Cerro del Conilete	Wind farm	Partially within	0,01	0%	Terrestrial	Natura 2000
			Adjacent	0,0	0%	Terrestrial	Natura 2000

Country	Facility name	Type of operation	Position in relation with protected area	Facility area in protected natural area (ha)	Facility area in protected natural area (%)	Attribute of the protected area	Status of the protected area
Belgium	Cerfontaine	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Chimay	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
France	Ségur	Wind farm	Inside	1,3	100%	Terrestrial	National protected area
	Ayssènes – Le Truel	Wind farm	Inside	1,3	100%	Terrestrial	National protected area
	Marcellois	Wind farm	Inside	1,1	100%	Terrestrial	Natura 2000
	Massingy	Wind farm	Inside	0,9	100%	Terrestrial	Natura 2000
Portugal	Pena Suar	Wind farm	Inside	10,0	100%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	6,3	100%	Terrestrial	Natura 2000
	Alto do Talefe	Wind farm	Inside	8,9	100%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4,1	100%	Terrestrial	Natura 2000
	Safra-Coentral	Wind farm	Inside	19,9	100%	Terrestrial	Natura 2000
	Negrelo e Guilhado	Wind farm	Inside	9,1	100%	Terrestrial	Natura 2000
	Testos	Wind farm	Partially within	3,5	31%	Terrestrial	Natura 2000
	Fonte da Mesa	Wind farm	Partially within	7,2	85%	Terrestrial	Natura 2000
	Serra Alvoaça	Wind farm	Partially within	7,6	63%	Terrestrial	Natura 2000 National Legislation
	Tocha	Wind farm	Inside	6,7	100%	Terrestrial	Natura 2000
	Padrela/Soutelo	Wind farm	Partially within	0,5	19%	Terrestrial	Natura 2000
	Guerreiros	Wind farm	Partially within	0,9	11%	Terrestrial	Natura 2000
	Vila Nova	Wind farm	Partially within	1,3	11%	Terrestrial	Natura 2000
	Serra do Mú	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
Romania	Pestera	Wind farm	Adjacent	0,0	0%	Terrestrial	Natura 2000
	Sarichioi	Wind farm	Partially within	0,2	0%	Terrestrial	Natura 2000
	Burila Mica	Solar plant	Inside	22,7	100%	Terrestrial	Natura 2000
Poland	Zgorzelec	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000

Please visit our environmental information on the sustainability section our website for updated information, www.edpr.com.

EN12 - DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS.

Potential environmental impacts are analysed in detail in the environmental impact studies of the projects. Additionally feasible alternatives are assessed and preventive, corrective and compensation measures are determined.

The company has defined general procedures in its Environmental Management System to prevent, correct or compensate impacts in the environment. In addition, efforts are intensified with specific monitoring procedures in the small number of sites located inside or close to protected areas.

For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

EU13 - BIODIVERSITY OF OFFSET HABITATS COMPARED TO THE BIODIVERSITY OF THE AFFECTED AREAS.

In the small number of sites located inside or close to protected areas, we intensify our efforts with specific monitoring procedures, as defined in our Environmental Management System.

For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

EN13 - HABITATS PROTECTED OR RESTORED.

After the construction period, it is our duty to return the site to its initial state. Therefore, we perform morphological restoration and reseeding works. In 2013, 57 ha of affected land were restored.

EDPR has been collaborating for the past years with the Natural Heritage Foundation of Castilla y León (Spain). As part of the activities financed we highlight the environmental restoration of an area heavily impacted by a public motorway in the Burgos province of Spain. The restoration project created a wetland system that provides shelter and food for migratory birds crossing the Iberian Peninsula. Long fly routes without intermediate rest areas is one of the main causes of stress for migratory birds crossing the central dry regions of Spain.

The restored area also provides a habitat for numerous amphibians and reptile species and has benefited surrounding populations by recovering the landscape, designing flood control systems, implementing noise insulation from the motorway, among other benefits.

The collaboration of EDPR with the Natural Heritage Foundation of Castilla y León has also included other projects, such as:

- The restoration of various natural ponds in Carcedo de Burgos.
- Construction of a visitor's centre in Aliseda de Tormes.
- Adaptation of the pathways at the "Lagunas glaciares de Neila" natural park and signposts showing regulations for public use.
- Monitoring of the Dupont's Lark in the area of Medinaceli.
- Monitoring, preservation and improvement of the habitats of the Black Stork, the Cinereous Vulture, the Spanish Imperial Eagle and other birds of prey in the province of Ávila.

EN14 - STRATEGIES, CURRENT ACTIONS, AND FUTURE PLANS FOR MANAGING IMPACTS ON BIODIVERSITY.

The increase in global temperature and other symptoms of climate change such as extreme weather events will greatly reduce the biodiversity in most parts of the world. Acting now to mitigate climate change can avoid the projected climatic range loss for biodiversity. EDPR is committed to promote biodiversity conservation and has an active role in reducing loss in biodiversity.

The management of the impact on biodiversity is part of our own environmental policy. We take precautionary measures to avoid locating wind farms in areas where they could pose risks to biodiversity. Through preventive, corrective and compensatory measures we seek an overall positive balance of our projects and activities.

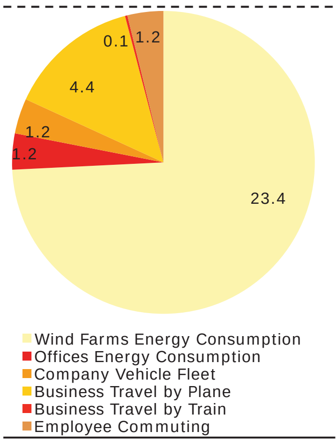
In 2013, we focused our efforts to standardize our environmental impact assessment studies, by adopting best practices, reinforced mitigation and compensation measures and adopted more efficient post-construction monitoring practices.

EN16 - TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT.

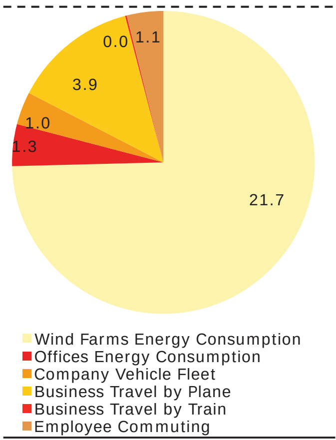
Our indirect emissions represent 0.2% of the total amount of emissions avoided and approximately 74% of the emissions are from the necessary electricity consumption by the wind farms.

In addition, part of the equipment used for electricity generation purposes contains SF_6 gasses and during 2013 we registered emissions of 9.14 kg of this gas.

CO_2 eq EMITTED 2013
(kt)



CO_2 eq EMITTED 2012
(kt)



Note: Gas consumption emissions were estimated according to the GHG protocol. Electricity consumption emissions were calculated with the global emission factors of each country and state within the US.

EN17 - OTHER RELEVANT INDIRECT GREENHOUSE GAS EMISSIONS BY WEIGHT.

Our work requires our employees to travel and commute. Based on our estimates, the transportation used by our employees accounted for a total of 6,925 tons of CO_2 emissions. Transport emissions were calculated according to the DEFRA standard. Employee commuting emissions were calculated from data collected in a survey to all employees.

EN18 - INITIATIVES TO REDUCE GREENHOUSE GAS EMISSIONS AND REDUCTIONS ACHIEVED.

Our core business activity inherently implies the reduction GHG emissions. Wind and solar energy has zero carbon emissions, contributing to the world's fight against climate change and does not produce harmful SOx, NOx, or mercury emissions, protecting valuable air and water resources. We estimated that our activities avoided the emission of 16,296 thousand tons of CO_2.

For additional information about our emissions avoidance, please refer to the Generation Section.

Even though our activity is based on the clean energy generation, we are conscious about promoting a culture of rational use of resources. During 2013, we continued promoting initiatives that foster environmental best practices in our offices.

Note: To calculate the emissions avoidance, the energy generation has been multiplied by the CO_2 eq emission factors of each country and state within the US. We considered the emission factor of just fossil fuel energy, as we considered that by increasing the generation of renewable energy, we are displacing these technologies, while other renewable technologies and nuclear plants will continue with its quota of generation.

EN22 - TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD.

More than 95% of the hazardous waste produced by wind farms is related to oil and oil-related wastes such as oil filters or oil containers, used mainly for lubrication of the turbines. The consumption of this oil is based on certain pre-defined replacement time frequencies (between 2 and 5 years, based on the component, oil type and manufacturer). The company has been actively working to improve the recycling rate of its hazardous wastes, through authorized waste haulers, reaching a 95% recycling rate in 2013 from a 75% in 2011.

The following table summarizes the amount of hazardous waste generated per GWh in our facilities and the rate of recycling.

Waste generated in wind farms (1)	Unit	2013	2012	(%)
Total waste	Kg/GWh	45.7	47.9	-4.2%
Total hazardous waste	Kg/GWh	28.9	30.2	-4.6%
% of hazardous waste recycled	%	95.4%	94.5%	0.9%

(1) Brazil not included

Annual fluctuations in hazardous waste generated are heavily dependent on the pluri-annual oil replacement programs above mentioned. Non-hazardous wastes generated by the company include metals, plastics, paper or domestic garbage which is recycled in their vast majority.

In 2013, we updated the non-hazardous waste reported criteria as previous values reported considered as non-hazardous waste the effluents resulting from human activity, either domestic wastewater or septic tank sludge. For the purposes of this report, we reviewed this criterion to stop considered the effluents collected in enclosed tanks as septic tank sludge considered. These effluents resulting of the human activity are sent to municipal treatment, either through direct connection to the sewage system or through enclosed tanks, and thus reported as wastewater. In any case, waste and effluents are monitored and managed.

Note 1: In Europe and Brazil, the method of disposal has been indicated by the waste hauler, while in the US the disposal method has been determined by the organizational defaults of the waste hauler.

Note 2: For the purposes of this report, all wastes have been classified as Hazardous or Non-hazardous according to European Waste Catalogue; however, in each country where EDPR has a geographic presence, each wind farm is required to adhere to national law by following company procedures for handling, labelling, and storage of wastes to ensure compliance. In cases, like in the United States, when our operations generate small quantities of substances which fall into additionally-regulated categories–such as used oils and universal wastes–we follow strict standards for handling and disposal of these waste types to ensure we remain compliant with all applicable laws.

EN23 - TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS.

Given our activity and our locations, oil spills and fires are the major environmental risks the company faces. The Environmental Management System is designed and implemented to prevent emergency situations from happening. But in case they happen, the system covers the identification and management of these, including the near-miss situations.

In 2013, we had 8 significant spills (above 0.16 m^3 that reached the ground) with a total volume of 0.94 m^3 of oil spilled, and 1 incipient fire with an area of 2 m^2 of dry scrub burned. All cases were properly managed: oil spills were confined early and contaminated soil was collected and managed; the incipient fire occurred in an agricultural area with some dry bushes without significant natural value, being promptly suffocated by the staff on site using the fire extinguishers.

EDPR performs regular environmental drills to guarantee that our employees are familiar with the risks and have received the appropriate training to prevent and act, if necessary. In 2013, we implemented self-protection plans to prevent and act in case of forest fires.

EN28 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

During 2013, the company was fined 1,020 euros for an incidence of non-compliance with environmental laws and regulations.

EN29 - SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS USED FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE.

The main environmental impact was from employees traveling and commuting for business activities.

For additional information about our emissions registered due to employees' transportation, please refer to the EN17 Indicator.

EN30 - TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE.

In 2013, 2.17 million euros were invested and 2.81 million euros were expended in environmental related activities

For additional information about environmental protection expenditures and investments, please refer to Note 42 in our Financial Statements

5.3. SOCIAL PERFORMANCE

LABOR PRACTICES AND DECENT WORK

To attract, develop and retain talent is a main goal of EDPR's Human Resources strategy. At EDPR, our people area a very important asset and we, as a responsible employer, want to retain by offering quality employment that can be balanced with personal life.

For additional information on our Human Resources strategy, please refer to the Human Capital Section.

LA1 - TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION.

In 2013, EDPR employed 890 people, 24% worked at EDPR holding, 44% in the European Platform, 29% in the North American Platform and 2% in Brazil.

Workforce Breakdown	2013	% Female	2012	% Female
#				
Total	**890**	**31%**	**861**	**32%**
By Employment type				
Full time	869	29%	843	30%
Part time	21	95%	18	100%
By Employment Contract				
Permanent	884	31%	853	32%
Temporary	6	33%	8	25%
By Country				
Spain	340	31%	337	31%
Portugal	64	13%	63	13%
France	34	26%	35	26%
Belgium	2	0%	1	0%
Poland	39	31%	37	30%
Romania	34	41%	29	38%
Italy	22	41%	19	37%
UK	31	35%	28	43%
USA	296	34%	291	36%
Canada	4	0%	-	-
Brazil	24	29%	21	33%

LA2 - TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION.

Throughout the year, EDPR hired 91 employees while 58 are no longer with the company, resulting in a turnover ratio of 8%, which is lower than the previous year.

Employee Turnover	New Hires	Departures	Turnover
#			
Total	**91**	**58**	**8%**
By Age Group			
Less than 30 years old	49	22	17%
Between 30 and 39 years old	27	21	6%
Over 40 years old	15	15	6%
By Gender			
Female	29	26	10%
Male	62	32	8%
By Country			
Spain	20	15	5%
Portugal	3	1	3%
France	6	5	16%
Belgium	1	0	25%
Poland	4	2	8%
Romania	4	1	7%
Italy	5	1	14%
UK	5	1	10%
USA	37	29	11%
Canada	2	0	25%
Brazil	4	3	15%

EU17 - DAYS WORKED BY CONTRACTOR AND SUBCONTRACTOR EMPLOYEES INVOLVED IN CONSTRUCTION, OPERATION AND MAINTENANCE ACTIVITIES.

Contractors involved in construction, operation and maintenance activities worked 360,274 days during 2013.

EU18 - PERCENTAGE OF CONTRACTOR AND SUBCONTRACTOR EMPLOYEES THAT HAVE UNDERGONE RELEVANT HEALTH AND SAFETY TRAINING.

As an integral part of our health & safety strategy, we conduct several training courses and risk assessment activities according to the potential risks identified for each position within the company.

We are equally concerned with the health and safety standard of our employees and contractors. To this extent our contractors are subject to a health and safety screening when they bid to work for our company. Once the contractor is selected, they are required to present proof of having completed the required training.

LA3 - BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY MAJOR OPERATIONS.

As a responsible employer we offer quality employment that can be balanced with personal life. The package of benefits provided to full-time employees does not differ from that offered to part-time employees, and generally it goes beyond what is agreed in collective bargaining agreements.

LA15 - RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER

Maternal and Paternal leave	Maternal	Paternal
#		
Spain	12	18
Portugal	1	0
France	0	1
Belgium	0	0
Poland	0	3
Romania	1	1
Italy	1	0
UK	3	0
USA	6	18
Canada	0	0
Brazil	0	0
Total	**24**	**41**

In 2013, of the 65 employees who left on parental leave, all returned and none extended their leave. In addition, in 2012 50 employees enjoyed a maternal or paternal leave and only two left the company during 2012 or 2013.

EU14 - PROCESSES AND PROCESSES TO ENSURE THE AVAILABILITY OF A SKILLED WORKFORCE

EDPR seeks talented individuals who are passionate about the industry and share our vision and purpose. We have carried out different initiatives to enhance employer branding by participating in different Employers forums and hosting visits from top-tier universities.

For a complete description of our hiring and Human Resources strategy, please refer to the Attract And Commit Section.

EU15 - PERCENTAGE OF EMPLOYEES ELIGIBLE TO RETIRE IN THE NEXT 5 AND 10 YEARS BROKEN DOWN BY JOB CATEGORY AND BY REGION

Employees eligible to retire	in 10 years	in 5 years
#		
By employment category		
Directors	8	4
Senior Managers	7	4
Managers	19	11
Professionals	6	2
Administrative	8	6
By Country		
Spain	11	5
Portugal	10	3
Poland	2	1
USA	24	17
Brazil	1	1

EU16 - POLICIES AND REQUIREMENTS REGARDING HEALTH AND SAFETY OF EMPLOYEES AND EMPLOYEES OF CONTRACTORS AND SUBCONTRACTORS

We are equally concerned with the health and safety standard of our contractors. To this extent our contractors are subject to a health and safety screening when they bid to work for our company. Once the contractor is selected, they are required to present proof of having provided the required training.

LA4 - PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS.

Employees covered by collective bargaining agreements	2013	%
#		
Spain	89	26%
Portugal	64	100%
France	34	100%
Belgium	2	100%
Poland	0	0%
Romania	0	0%
Italy	22	100%
UK	1	3%
USA	0	0%
Brazil	22	92%

From EDPR's 890 employees, 26% were covered by collective bargaining agreements.

Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

LA5 - MINIMUM NOTICE PERIOD(S) REGARDING SIGNIFICANT OPERATIONAL CHANGES, INCLUDING WHETHER IT IS SPECIFIED IN COLLECTIVE AGREEMENTS.

Per country case law, EDPR may have a minimum period which it must comply with for giving formal notice of organizational changes at the companies in the Group with an impact on employees. However, it is customary to communicate significant events to the affected groups in advance.

As an employer in the United States, EDPR complies with the Worker Adjustment and Retraining Notification (WARN) Act Guide to Advance Notice of Closings and Layoffs. Employees who have worked more than six months and 20 hours a week are required to receive 60 days' notice in the event of closings and layoffs.

LA6 - PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS.

A significant part of our organization plays a fundamental role in the implementation of our health and safety policy. The company created health and safety committees that collect information from different operational levels and involve employees in the definition and communication of a preventive plan.

During 2013, 1.2% of our employees attended health and safety committee meetings, representing 46% of our workforce. In addition, a new committee was created in Brazil to complement those already active in Spain, France, UK and in the US.

LA7 - RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES BY REGION.

H&S Indicators (EDPR and contractors personnel)[3] #	2013	2012	(%)
Number of industrial accidents	11	22	-50%
Number of industrial fatal accidents	0	0	0%
Working days lost by accidents caused	433	717	-40%
Injury Rate (IR)[1]	2.51	4.21	-40%
Lost work day rate (LDR)[2]	99	137	-28%

(1) Injury Rate calculated as [# of accidents/Hours worked * 1,000,000]
(2) Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]
(3) Minor first aid injuries are not included and number of days is calculated as the number of calendar days
Note: The average number of contracted personnel during the period has been 1,124 in Europe, 286 in North America and 38 in Brazil.

LA8 - EDUCATION, TRAINING, COUNSELLING, PREVENTION, AND RISK-CONTROL PROGRAMS IN PLACE TO ASSIST WORKFORCE MEMBERS, THEIR FAMILIES, OR COMMUNITY MEMBERS REGARDING SERIOUS DISEASES.

As an integral part of our health & safety strategy, we conduct several training courses and risk assessment activities according to the potential risks identified for each job within the company.

During 2013, 315 training activities were carried out, to address the hazards associated with their job responsibilities, representing over 6,762 hours of training.

Each one of our offices and wind farms in Europe and the US has its own emergency plan with contact details and instructions to follow in case of an emergency.

EDPR conducted 128 drills to be prepared for emergency situations in offices and wind farms.

LA9 - HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS.

The large majority of EDPR's collective bargaining agreements address employees' rights and duties of the company regarding health & safety.

LA10 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY.

Training Metrics	Unit	2013	2012
Number of Training Hours	hours	29,298	17,324
Training Investment	k€	1,372	913
Number of Attendances	#	2,563	2,436
Trained employees	#	838	n.a.

Note 1: 2012 figures do not include Portugal and Brazil. Training in Portugal and Brazil in 2013 accounts for 1,556 hours and 121 participants and 796 hours and 38 participants, respectively.

Note 2: Figures include Language training. In 2013, language training accounted for 6,754 hours, while in 2012 language training represented 2,713 hours.

For a complete description of our Training and Human Resources strategy, please refer to the Development & Training Section.

LA11 - PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS.

We strive to offer our total workforce with opportunities to develop professionally and assume new roles to reach the goals of the company. Employees are encouraged to take advantage of the functional and geographic mobility opportunities.

For a complete description of our Training and Human Resources strategy, please refer to the Development & Training Section.

LA12 - PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER.

All of EDPR's employees, regardless of their professional category, are evaluated yearly to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs. The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager.

LA13 - COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY.

A detailed description of the governance bodies can be found at the Corporate Governance Section of this report, Annex IV - Biographies.

LA14 - RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY.

M / F Salary Ratio	Headcount	Female	M / F Salary
#			
Board of Directors (non-executive)	11	0	n/a
Directors	67	11	112%
Senior Managers	88	21	102%
Managers	457	125	105%
Professionals	216	64	95%
Administrative	62	54	85%

HUMAN RIGHTS

EDPR became a signatory to the UN Global Compact, an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development.

EDPR also has a Code of Ethics that contains specific clauses for the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labour and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labour Organization and the UN Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

Additional information on the Code of Ethics and the Ethics Channel can be found at the Corporate Governance Section of this report, II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com.

HR1 - PERCENTAGE AND TOTAL NUMBER OF SIGNIFICANT INVESTMENT AGREEMENTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT HAVE UNDERGONE HUMAN RIGHTS SCREENING.

EDPR has a Code of Ethics that contains specific clauses for the respect for human rights. Our Procurement Manual also includes a chapter to put the UN Global Compact principles into practice.

HR2 - PERCENTAGE OF SIGNIFICANT SUPPLIERS AND CONTRACTORS THAT HAVE UNDERGONE SCREENING ON HUMAN RIGHTS AND ACTIONS TAKEN.

EDPR has a Code of Ethics that contains specific clauses for the respect for human rights. Our Procurement Manual also includes a chapter to put the UN Global Compact principles into practice.

When procuring and contracting goods and services, EDPR appeals to all reasonable endeavours so that the selected suppliers accept to comply with the UN Global Compact's ten principles.

However, as the business culture in the countries in which we operate is entirely respectful of human rights, the company has not undergone specific human rights screening of suppliers or contractors.

HR3 - TOTAL HOURS OF EMPLOYEE TRAINING ON POLICIES AND PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED.

In 2011, EDPR started an Ethics training program in Europe for all country managers, directors and senior managers with a team, holding a double objective:

- To enhance EDPR's ethical process and all the tools and documents available in the company
- To prepare them to give ethics training to their teams.

Each manager was responsible for providing training to his/her team during the first quarter of 2012.

HR4 - TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND ACTIONS TAKEN.

In 2013, EDPR did not record any incidents of discrimination.

HR5 - OPERATIONS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT SIGNIFICANT RISK, AND ACTIONS TAKEN TO SUPPORT THESE RIGHTS.

EDPR's Code of Ethics has specific clauses concerning the right to exercise freedom of association. The company has no knowledge of any activity carried out that could jeopardize the right of freedom of association or the right to adhere to collective bargaining agreements.

HR6 - OPERATIONS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOUR, AND MEASURES TAKEN TO CONTRIBUTE TO THE ELIMINATION OF CHILD LABOUR.

EDPR's Code of Ethics has specific clauses against child or forced labour. The company did not identify any operation that could have a significant risk for incidents of child labour, forced and compulsory labour or indigenous rights.

HR7 - OPERATIONS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOUR, AND MEASURES TO CONTRIBUTE TO THE ELIMINATION OF FORCED OR COMPULSORY LABOUR.

EDPR's Code of Ethics has specific clauses against child or forced labour. The company did not identify any operation that could have a significant risk for incidents of forced and compulsory labour or indigenous rights.

HR9 - TOTAL NUMBER OF INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLE AND ACTIONS TAKEN.

EDPR did not identify any operation that could have a significant risk for incidents with indigenous rights.

HR10 - PERCENTAGE AND TOTAL NUMBER OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS AND/OR IMPACT ASSESSMENTS.

EDPR has more than 200 renewable plants in operation and is present in 11 countries, all of which are within the scope of the Code of Ethics premises and regulation.

HR11 - NUMBER OF GRIEVANCES RELATED TO HUMAN RIGHTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS.

Additional information on the Whistleblowing Channel and the Ethics Channel can be found at the Corporate Governance Section of this report, II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com.

SOCIETY

Wind and solar energies create a positive impact on the local economies in terms of turnover, Gross Value Added (GVA), employment created and also in terms of energy security.

Land leases and taxes are a large contribution to the yearly budget for the municipalities where it is present. In addition, EDPR devoted 1.4 million Euros in social projects to support education and community related activities in 2013.

SUPPORTING EDUCATION

EDPR has developed its own original and comprehensive education support strategy, with different programs related to the renewable energy that have been implemented in areas where we are developing or we have operational projects.

During 2013, EDPR has continued with the third edition of its Green Education program, providing education grants to 90 students from Spain, Romania, Poland and Portugal based on their academic merits and financial situation. This program creates strong ties with the communities. In June 2013, Tarifa city council awarded EDPR a recognition and gratitude in this regards.

EDPR also promoted the education of students on the fundamentals of renewable energy. The Kid Wind initiative in the US, committed more than 60 thousand US dollars in scholarships to schools brings the science behind renewable energy into their classroom curricula.

Our education strategy is completed with our EDP University Challenge contest, where EDPR wants to promote excellence among university students and establish a collaboration framework between the company and the academic world. In this eighth edition 84 teams, with 245 students and 60 professors, coming from 41 different universities participated. The company devoted 68 thousand euros to this program, which can be followed through its own web site www.edpr-universitychallenge.es.

PARTICIPATING IN THE COMMUNITY

Becoming part of a community implies to host our stakeholders in our facilities, organizing visits and events, and participate and support our neighbouring communities' special occasions. During 2013, EDPR hosted visits from schools, such as the visit form MN's elementary school visited the Pioneer Prairie & Prairie Star Wind Farms, were different activities were prepared by EDPR volunteers, so we transmitted how the wind farm was managed and operated. This educational visit represented the first in a series of forthcoming educationally based partnerships with local schools in the US.

In addition, EDPR hosted a "Global Wind Day" as part of a worldwide initiative, in order to promote awareness for wind energy. Wind farms Pioneer Prairie and Prairie Star in North America and Rabosera in Europe held educational and recreational activities attended by students, general public, legislators and journalists.

EDPR also participated in a wide range of sponsorship and volunteering activities with the communities. As such, in 2013 we sponsored local fairs (Expofacic fair in Portugal), cultural events (Wiatrakalia music festival in Poland), sporting events (French National Track Cycling championships), and charitable events (Save the Children dinner in Romania). Some of these contributions also include social volunteering from our employees, like it was the volunteering at local food banks in Houston and Madrid.

BROADENING KNOWLEDGE

In between our two social strategies, the support to education and our involvement in the community, we have a range of activities aiming to share our knowledge. This refers to our participation and/or sponsorship of several conferences and workshops. We have contributed by sharing our knowledge in order to improve biodiversity protection, the adoption of socially responsible practices and the promotion of renewable energy.

FUNDACIÓN EDP

EDPR has joined Fundación EDP together with EDP and its subsidiary companies in Spain. Fundación EDP was created in November 2013 as an evolution of the former Fundación HC.

The Mission of Fundación EDP is to reinforce the commitment of EDP Group as regards to education, culture, social and environment in its geographical areas of activity.

Fundación EDP has planned for 2014 to directly develop activities in Spain for 2.7 million Euros, being EDPR an important contributor to these activities.

SO1 - NATURE, SCOPE, AND EFFECTIVENESS OF ANY PROGRAMS AND PRACTICES THAT ASSESS AND MANAGE THE IMPACTS OF OPERATIONS ON COMMUNITIES, INCLUDING ENTERING, OPERATING, AND EXITING.

Wind farm energy is a long lasting economic development driver for the municipalities where it is present. EDPR has different programs in place to assess and manage the impact on communities, and to maximize the shared value of our projects. For example, EDPR supports the development of the supply chain in the region in order to maximize the value retained by our operations.

For example, grievance mechanisms during operation are also available to ensure that suggestions or complaints are properly recorded and addressed. This allows us not only to solve the complaints but to introduce improvements in our processes. A good example is the way we handle the complaints related to possible interferences with TV signal in France. We have set a procedure involving the town halls to facilitate and speed up the collection of these complaints as soon as they arise, a proper analysis and communication with the plaintiff and a fast satisfactory resolution.

For additional the contributions to the society and stakeholder management, please refer to the Excellence in Operations Section and the introduction to the SOCIETY section of GRI Report.

SO2 -PERCENTAGE AND TOTAL NUMBER OF BUSINESS UNITS ANALYSED FOR RISKS RELATED TO CORRUPTION.

EDPR's Code of Ethics applies to all employees and business units. The code is published on the company's intranet and is included in the welcome pack given to all new hires, as it needs to be signed by all of them when entering the company. In the Code of Ethics, active and passive corruption is forbidden, either through acts and omissions or through the creation of situations of benefit or illicit influence.

Additional information on the Code of Ethics and the Ethics Channel can be found at the Corporate Governance Section of this report, II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com.

SO3 -PERCENTAGE OF EMPLOYEES TRAINED IN ORGANIZATION'S ANTI-CORRUPTION POLICIES AND PROCEDURES.

Additional information on the Code of Ethics and the Ethics Channel can be found at the Corporate Governance Section of this report, II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com.

SO4 -ACTIONS TAKEN IN RESPONSE TO INCIDENTS OF CORRUPTION.

EDPR has no knowledge of any corruption-related incidents recorded during 203.

Moreover, the company has internal procedures to monitor compliance with the Code of Ethics and defines actions to be taken in case of incidents.

Additional information on the Code of Ethics and the Ethics Channel can be found at the Corporate Governance Section of this report, II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com.

SO5 -PUBLIC POLICY POSITIONS AND PARTICIPATION IN PUBLIC POLICY DEVELOPMENT AND LOBBYING.

The renewable industry has been subject to public debate all over the world. EDPR is committed to contributing to public policy dialogue with key public institutions and local communities, generating effective initiatives and policy solutions that promote the development of renewable energy.

We are aware that only through legal and regulatory certainty, will we be able to provide a sustainable business in the long term, consistently adding value for all our stakeholders and providing a contribution in the challenge to provide clean and sustainable energy.

Please visit our stakeholders' information on the sustainability section our website, www.edpr.com, for additional information on our public policy.

SO6 -TOTAL VALUE OF FINANCIAL AND IN-KIND CONTRIBUTIONS TO POLITICAL PARTIES, POLITICIANS, AND RELATED INSTITUTIONS BY COUNTRY.

EDPR made no contributions to political parties in 2013.

SO7 -TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES AND THEIR OUTCOMES.

EDPR has no knowledge of any legal actions for anti-competitive behaviour, anti-trust or monopoly practices recorded during 2013.

SO8 -MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS.

During 2013, the company received a total penalty of 261,666 euros mainly tax- related.

PRODUCT RESPONSIBILITY

Our core business and health & safety initiatives are focused on the electricity generation and not in its final consumption.

EU25 - NUMBER OF INJURIES AND FATALITIES TO THE PUBLIC INVOLVING COMPANY ASSETS, INCLUDING LEGAL JUDGMENTS, SETTLEMENTS AND PENDING LEGAL CASES OF DISEASES.

During 2013, EDPR did not identify injuries or fatalities to the public involving company assets.

06

CORPORATE GOVERNANCE

ITALY
COLOSSEUM
Coordinates:
41º 53′ 24″ N 12º 29′ 32″ E
Time of day: 15H

6. CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

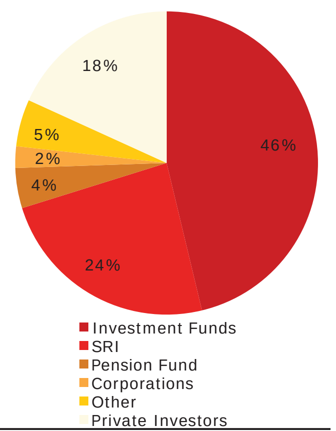
EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

EDP Renováveis, S.A.	
Share Capital	EUR 4,361,540,810
Nominal Share Value	EUR 5.00
Number of Shares	872,308,162
NYSE Euronext Lisbon	
Isin	ES0127797019
Bloomberg Ticker	EDPR.LS
Reuters RIC	EDPR PL

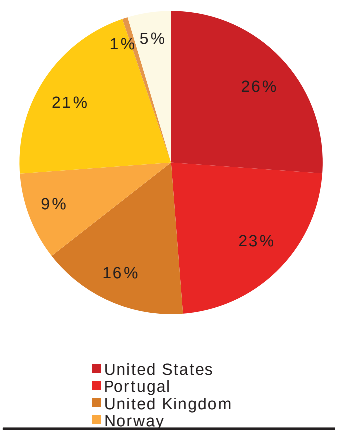
EDPR main shareholder is EDP Group, with 77.5% of share capital and voting rights. Excluding EDP Group holding, EDPR shareholders comprise about 92,000 institutional and private investors spread across more than 21 countries with main focus in United States, Portugal, United Kingdom and Norway. In Rest of Europe, France and Switzerland were the most representative countries.

Institutional Investors represented 82% of Company shareholders (ex-EDP Group), mainly Investment and SRI funds, while Private Investors, mostly Portuguese, stand for the remaining 18%.

INVESTOR TYPE
(ex-EDP Group)



INVESTOR BY GEOGRAPHY
(ex-EDP Group)



2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice in case of financing of certain wind farm projects by some of its group companies and on the case of intra-group agreements.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

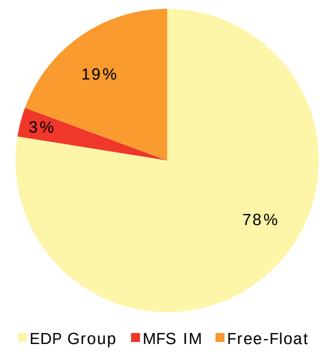
Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings.

As of December 31st 2013 the following qualified holdings were identified:

SHAREHOLDER	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	541,027,156	62%	62%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.5%	15.5%
EDP – Energias de Portugal	676,283,856	77.5%	77.5%
MFS Investment Management	27,149,038	3.1%	3.1%
Total Qualified Holdings	703,432,894	80.6%	80.6%

As of December 31st, 2013, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP Group and MFS Investment Management detaining 77.5% and 3.1% of EDPR total capital respectively, free-float represented 19.4% of the shares.

SHAREHOLDER STRUCTURE



In September 2013, MFS Investment Management notified EDPR of a qualified shareholding of 3.1% of share capital and the respective 3.1% of voting rights. MFS Investment Management is an American based active and global asset manager.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st of 2013. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisíon Nacional del Mercado de Valores – in Spain).

As regards to bonds, EDPR has no marketable bonds outstanding.

Board Member	Transactions reported in 2013				Number of Shares (31st Dec 2013)		
	Type	# Shares	Date	Price	Direct	Indirect	Total
António Mexia					3,880	320	4,200
João Manso Neto					-	-	-
Nuno Alves					5,000	-	5,000
João Marques da Cruz					1,200	-	1,200
Gabriel Alonso					26,503	-	26,503
João Paulo Costeira					3,000	-	3,000
Rui Teixeira					12,000	370	12,370
Acácio Piloto					300	-	300
António Nogueira Leite					400	-	400
Gilles August					-	-	-
João Raimundo					170	670	840
João Mello Franco					380	-	380
Jorge Santos					200	-	200
José Araújo e Silva					80	-	80
José Ferreira Machado	Acquisition	600	11-04-13	€ 3.61	630	-	630
Manuel Menéndez Menéndez					-	-	-
Rafael Caldeira Valverde					-	-	-

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights in rem;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labour courts and the labour sections ("Juzgados de lo Social e Salas de lo Social") of the Supreme Court and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general before the Government, in all its levels and hierarchies; to intervene or promote, follow and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sorts of notices and requirements and to grant a power of attorney to Court Representatives and other representatives, with the case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and their retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

Regarding the decisions to increase the share capital, the Board of Directors does not have this power but, subject to prior delegation from the General Shareholders' Meeting, would be able to decide the increase of the share capital. This delegation must comply with the law and the By-Laws.

On the other hand, the General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that have not been specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or in part and may also decide not to perform it in consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

As of today this power has never been delegated.

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company is on topic 90 of this Report.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are the Chairperson of the General Shareholders' Meeting, the Chairperson of the Board of Directors, or his substitute, the other Directors, and the Secretary of the Board of Directors.

The Chairperson of the General Shareholders' meeting, Rui Chancerelle de Machete, was elected on June 4th, 2008 and re-elected on April 11th, 2011 for a three-year term. However, as a result of having been appointed Foreign Affairs Minister of Portugal, the Chairperson of the General Shareholders' meeting had to resign on July 2013.

The Chairperson of the Board of Directors, António Mexia, was re-elected on June 21st, 2011 for a three-year term.

The Secretary of the General Shareholders' Meeting, Emilio García-Conde Noriega, was nominated as Secretary of the Board on December 4th, 2007. The Secretary of the Board mandate does not have a date for the end of the term according to the Spanish Companies Law since he is a non-member of the Board.

Apart from the Board of the General Shareholders' Meeting, the Chairperson of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore in addition to the resources from the Company Secretary and the legal support provided for that purpose, the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. RESTRICTIONS VOTING RIGHTS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association has no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend a General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in its Summon and shareholders guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) days in advance of the date of the General Shareholders' Meeting.

Any shareholder with the right to attend may be represented at the General Shareholders' Meeting by a third party, even if this person is not a shareholder. Such Power of attorney is revocable. The Board of Directors may require shareholders' power of attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as post.

Shareholders may vote on chapters on the agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for the purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at www.edprenovaveis.com.

Votes by mail shall be sent in writing to the place indicated on the summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) on the day before the scheduled meeting date on first call.

In order to vote by electronic communication, the shareholders will receive a password for voting by electronic communication within the time limit and in the form established in the call of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight of the day before the scheduled meeting date on first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED MAJORITY

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. On the second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present in order to comply with the minimum established under the Spanish Companies Law.

Nonetheless, to validly approve the issuance of bonds, the increase or reduction of capital, the transformation, merger or spin-off of the Company, and in general any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need: on the first call, that the Shareholders, either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital and, on the second call, that the Shareholders, either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital. In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the above mentioned resolutions will only be validly adopted with the favourable vote of two-thirds(2/3) of the present or represented capital in the General Shareholders' Meeting.

EDPR has not established any mechanism that may intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

The governance model of EDPR is designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. The most important bodies in the management and supervision model at EDPR are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model by EDPR is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, insofar as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The choice of this model is essentially an attempt to establish compatibility between two different systems of Company law, which can be considered applicable to this model.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other non-executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company posts its updated Articles of Association as well as its Committees Regulations at www.edprenovaveis.com

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent applicable, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM) (Portuguese Securities Market Commission) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model is designed to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices in corporate governance.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

Pursuant to Article 29, nº 5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-optation), re-elections, dismissal and remuneration of the Board and of its office, as well as regarding the composition of the several Committees of the Board, and the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that the Committee considers having the best qualities to fulfil the role of Board Member. The Board of Directors presents the proposal at the General Shareholders' Meeting for approval, which should be, accepted by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years. Nonetheless, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders wishing so, may group their shares until they constitute an amount of capital equal or higher than the result of dividing it by the number of Directors and nominate those that, using only whole fractions, are deducted from the corresponding proportion. Those making use of this power cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 247 of the Spanish Companies Law, the co-option of Directors, as for other Board decisions, must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. Their term of office shall be of three (3) years, and they may be re-elected once or more times for equal periods.

The number of Board Members was fixed in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st, 2011.

Name	Position	Date of first appointment	Date of Re-election	End of Term
António Mexia	Chairperson and Director	18/03/2008	21/06/2011	21/06/2014
João Manso Neto	Vice-Chairperson, CEO	18/03/2008	21/06/2011	21/06/2014
João Marques da Cruz	Director	16/05/2012	-	21/06/2014
Nuno Alves	Director	18/03/2008	21/06/2011	21/06/2014
Gabriel Alonso	Director	21/06/2011	-	21/06/2014
João Paulo Costeira	Director	21/06/2011	-	21/06/2014
Rui Teixeira	Director	11/04/2011	21/06/2011	21/06/2014
Acácio Piloto*	Director	26/02/2013	-	21/06/2014
António Nogueira Leite*	Director	26/02/2013	-	21/06/2014
Gilles August	Director	14/04/2009	21/06/2011	21/06/2014
João Raimundo	Director	04/06/2008	21/06/2011	21/06/2014
João Mello Franco	Director	40/06/2008	21/06/2011	21/06/2014
Jorge Santos	Director	04/06/2008	21/06/2011	21/06/2014
José Araújo e Silva	Director	04/06/2008	21/06/2011	21/06/2014
José Ferreira Machado*	Director	26/02/2013	-	21/06/2014
Manuel Menéndez Menéndez	Director	04/06/2008	21/06/2011	21/06/2014
Rafael Caldeira Valverde	Director	04/06/2008	21/06/2011	21/06/2014

*On February 26th, 2013, Mr. Acácio Piloto, Mr. António Nogueira Leite and Mr. José Ferreira Machado were elected by co-option as Members of the Board of Directors. The co-option proposal was made according to Article 23, nº 2, of EDPR's Articles of Association. On April 23rd, 2013, their election was ratified at the General Shareholders' Meeting.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edprenovaveis.com), contains the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations require that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those that are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or Articles of Association. Under Spanish law, people, among others, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions are not allowed to be Directors.

The Chairperson of EDPR's Board of Directors does not have executive duties.

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Name	Position
António Mexia	Chairperson and Non-Executive Director
João Manso Neto	Vice-Chairperson and Executive Director
João Marques da Cruz	Non-Executive Director
Nuno Alves	Executive Director
Gabriel Alonso	Executive Director
João Paulo Costeira	Executive Director
Rui Teixeira	Executive Director
Acácio Piloto	Non-Executive and Independent Director
António Nogueira Leite	Non-Executive and Independent Director
Gilles August	Non-Executive and Independent Director
João Raimundo	Non-Executive and Independent Director
João Mello Franco	Non-Executive and Independent Director
Jorge Santos	Non-Executive and Independent Director
José Araújo e Silva	Non-Executive and Independent Director
José Ferreira Machado	Non-Executive and Independent Director
Manuel Menéndez Menéndez	Non-Executive Director
Rafael Caldeira Valverde	Non-Executive and Independent Director

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information is available on Annexes I, II, III and IV respectively.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

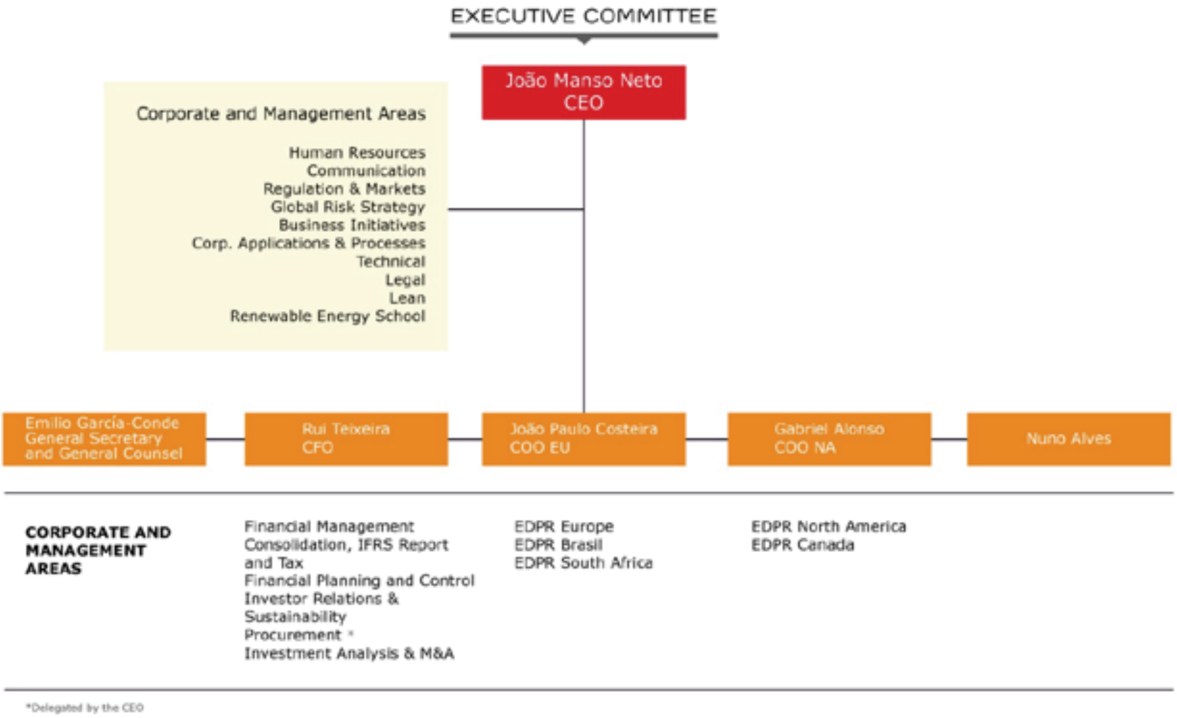
Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2013, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP - Energias de Portugal S.A., which are the following:

- António Mexia
- João Manso Neto
- João Marques da Cruz
- Nuno Alves
- Manuel Menéndez Menéndez

Or employees in other companies belonging to EDP's group, which are the following:

- João Costeira
- Rui Teixeira

21. MANAGEMENT STRUCTURE



According to the Spanish Law and the Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a *"conselho de administracão executivo"* takes the assignment of areas of business and each executive director is responsible to and for an area of business.

B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

The Board of Directors held six (6) meetings during the year ending on December 31st, 2013. Minutes of all meetings were drawn up. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2013:

Name	Position	Attendance %
António Mexia	Chairperson and Director	100%
João Manso Neto	Vice-Chairperson, CEO	100%
João Marques da Cruz	Director	83.5%
Nuno Alves	Director	83.5%
Gabriel Alonso	Director	66.8%
João Paulo Costeira	Director	100%
Rui Teixeira	Director	66.8%
Acácio Piloto	Director (Independent)	100%
António Nogueira Leite	Director (Independent)	100%
Gilles August	Director (Independent)	50%
João Raimundo	Director (Independent)	83.5%
João Mello Franco	Director (Independent)	100%
Jorge Santos	Director (Independent)	100%
José Araújo e Silva	Director (Independent)	100%
José Ferreira Machado	Director (Independent)	100%
Manuel Menéndez Menéndez	Director	66.8%
Rafael Caldeira Valverde	Director (Independent)	83.5%

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors.

25. PERFORMANCE EVALUATION CRITERIA

The criteria's for assessing the executive directors' performance are described on topics 70, 71 and 72 of the Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in Annexes I, II and III, respectively.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

The Board of Directors' Committees regulations are available to the public at the Company's website, www.edprenovaveis.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.
Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

The Board of Directors fixed the number of members of the Executive Committee of five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairperson and Chief Executive Officer
- Gabriel Alonso
- João Costeira
- Nuno Alves
- Rui Teixeira

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING OF THE EXECUTIVE COMMITTEE

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th, 2008. The committee regulations are available to the public at www.edprenovaveis.com.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairperson of the Executive Committee, who is currently also the Vice-Chairperson of the Board of Directors, shall send to the Chairperson of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairperson of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by simple majority. In the event of a tie, the Chairperson shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

The composition of the Executive Committee is described on the previous topic.

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairperson of the Board of Directors;
- Nomination of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings;
- Preparation and drafting of the Annual Management Report and Accounts and submission to the General Shareholders' Meeting;
- Change of registered office; and
- Drafting and approval of the proposal for mergers, spin-off, or transformation of the Company.

2013 ACTIVITY

In 2013 the Executive Committee held 47 meetings. The Executive Committee main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee' Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.
The Audit and Control committee consists of three (3) independent members, plus the Secretary. The current members are:

- João Mello Franco, who is the Chairperson
- João Raimundo
- Jorge Santos

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

Pursuant to Article 28 of the Articles of Association, the members of the Audit and Control Committee are nominated by the Board of Directors. The term of office of the Chairperson of the Audit and Control Committee is three (3) years, after which he may only be re-elected for a new term of three (3) years. Nonetheless, chairpersons leaving the committee may continue as members of the Audit and Control Committee.

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairperson, at General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor nomination;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluate those systems and propose the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;
- Establish a permanent contact with the external auditors to assure the conditions, including the independence, adequate to the services provided by them, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entity that has a direct interest and judicially protected, related with the Company social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, the importance of the matters entrusted to them and the economic situation of the Company must be taken into account;
- Drafting reports at the request of the Board and its committees;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING OF THE AUDIT AND CONTROL COMMITTEE

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th, 2008, amended on May 4th, 2010 available to the public at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2013 ACTIVITY

In 2013, the Audit and Control Committee's activities included the following: (I) monitor the closure of quarterly accounts, the first half-year and year end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities; (II) analysis of relevant rules to which the committee is subject in Portugal and Spain, (III) assessment of the external auditor's work, especially concerning with the scope of work in 2013 and approval of all "audit related" and "non-audit" services, (IV) supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed, (V) drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis (VI) pre-approval of the 2013 Internal Audit Action Plan, (VII) supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing, (VIII) reflection on the corporate governance system adopted by EDPR, (IX) analysis of the evolution of the SCIRF project, (X) information about the whistle-blowing, (XI) quarterly and annual report of its activities, (XII) The Audit and Control Committee participated on the Tender to select the External Auditor for EDP's Group for a three year term (2014-2016). The Chairperson of the Audit and Control Committee was part of the Evaluation Commission that selected the final proposal. The Audit and Control Committee will present on the next Board of Directors meeting the proposal for the appointment of the External Auditor to be submitted to approval at the next General Shareholders' Meeting according to Article 28º, nº 6, b) of the Company's Articles of Association.
The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31st, 2013 is available to shareholders at www.edprenovaveis.com.

NOMINATIONS AND REMUNERATIONS COMMITTEE

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairperson of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 44 of the Unified Code of Good Governance approved by decision of the Board of the Spanish Securities Committee (hereinafter the Comisión Nacional del Mercado de Valores - CNMV), as amended by CNMV Circular 4/2007 of December 27th, which lays down that the Nominations and Remunerations Committee must be entirely made up of external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- Jorge Santos, who is the Chairperson
- António Nogueira Leite
- Rafael Caldeira Valverde

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third-degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature and its recommendations and reports are not binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members;

- Proposing the nominations and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th, 2008. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairperson sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting held after each committee meeting. Decisions shall be adopted by simple majority. The Chairperson shall have the deciding vote in the event of a tie.

2013 ACTIVITY

In 2013 the main proposals made by the Nominations and Remunerations Committee were:

- Propose the names of the candidates for the election by co-option of new members for the Board of Directors due to the vacancies positions;
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2011-2013;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

RELATED-PARTY TRANSACTIONS COMMITTEE

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be independent, although in the case of this committee it has one non-independent member, Nuno Maria Pestana de Almeida Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

The current members are:

- José Ferreira Machado, who is the Chairperson
- João Mello Franco, Chairperson of the Audit and Control Committee
- Nuno Alves

Additionally, Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;

- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the fiscal year before;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000;
- Ratifying, in the correspondent terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entitied from EDP Renováveis Group whose annual value is superior to EUR 75,000;

If the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, the validity of such relations must be approved by 2/3 of the members of the Board of Directors, provided that at least one half of the members proposed by entities other than EDP, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, including independent directors, vote in favour, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of part 1 above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities are carried out under standardized conditions and are applied equally to different related entities of EDP and EDP, even standardized price conditions.

FUNCTIONING OF THE RELATED-PARTY TRANSACTIONS COMMITTEE

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th, 2008 and amended on February 28th, 2012. The committee's regulations are available at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by simple majority. The Chairperson shall have the casting vote in the event of a tie.

2013 ACTIVITY

In 2013, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected in topic 29 above. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Details of the members of the Audit and Control Committee which are considered to be independent are available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available on Annex IV of this Report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2013, the Audit and Control Committee held twelve (12) meetings, six (6) of those meetings were plenary and the other six (6) were with the different departments whose activity development was discussed with the Committee. The following table shows the attendance percentage to the meetings of the Audit and Control Committee by its members:

Members	Position	Attendance %
João Mello Franco	Chairperson	100%
João Raimundo	Vocal	83.5%
Jorge Santos	Vocal	83.5%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of this Committee throughout the financial year is listed in Annexes II and III, respectively.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2013.

The services, other than auditing services, provided to the Company by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8, nº 2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2013 such services reached only around 5% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit Committee were exercised during the 2013 financial year and should be highlighted:

- Nominate and hire the External Auditors and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditors;
- Direct and exclusive supervision by the Audit Committee;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of 20 November 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;

- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee;

- The Audit and Control Committee participated on the Tender to select the External Auditor for EDP's Group for a three year term (2014-2016). The Chairperson of the Audit and Control Committee was part of the Evaluation Commission that selected the final proposal. The Audit and Control Committee will present on the next Board of Directors meeting the proposal for the appointment of the External Auditor to be submitted to approval at the next General Shareholders' Meeting according to Article 28º, nº 6, b) of the Company's Articles of Association.

Within this context, it should be particularly stressed that External Auditor independence was safeguarded by the implementation of the Company's policy on pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

IV. STATUTORY AUDITOR

39-41. According to EDPR's governance model, the information requested is in Chapter IV. of CMVM Regulation no. 4/2013 does not apply to EDPR.

V. EXTERNAL AUDITOR

42. EXTERNAL AUDITOR IDENTIFICATION

EDPR's External Auditor is, since the year 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR's accounts auditing is Mrs. Ana Fernández Poderós. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KMG Auditores S.L. and the partner in charge of EDPR's accounts auditing have carried these duties for the last seven consecutive years.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall support auditor rotation after two or three terms whether four or three years, respectively**.** According to the Spanish law, the partner responsible for the auditing and signing of the accounts has a limited term of office of seven consecutive years. As of December 31st, 2013, KPMG Auditores S.L. has ended its seventh (7th) consecutive year as EDPR's External Auditor, therefore there has been no need to rotate yet the auditor, according to Recommendation IV.3 of the Portuguese Corporate Governance Code.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. Nevertheless, the Audit and Control Committee establishes a permanent contact throughout the year with the external auditor to assure the conditions, including the independence, adequate to the services provided by them, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2013, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8, nº 2, g) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2013 by the External Auditor for EDPR's business units:

- Tax and accounting due diligence services as well as tax structuring;
- Advising and structuring services in relation to the transfer to China Three Gorges of certain minority participation in determined assets in EDPR;
- KPMG's assistance in the process of IRS tax examination;
- KPMG's assistance in the process of IRS tax examination for the 2009 tax year;
- Tax services to prepare six technical memos on PTC qualification for six wind farms;
- Non-accounting consultancy related to the process of financial restructuring for the creation of EDPR Servicios Financieros;
- Technical support on the evaluation of potential accounting and tax impact due to the company restructuring of EDP Renováveis Portugal, SA.

The reasons for the engagement of the above mentioned services are mainly for i) a better knowledge of the business group and the fiscal questions related to its activity assuring an appropriate knowledge of the relevant information which favours a better flexibility and efficiency to answer to these questions, and ii) the engagement of these services didn't put in risk the independence of the External Auditor considering the measures applied to safeguard the independence of the External Auditor.

47. EXTERNAL AUDITOR REMUNERATION IN 2013

Values in €s	Portugal	Spain	Brazil	USA	Other	Total	%
Audit and statutory audit of accounts and financial statements	194	667	118	798	543	2,320	83%
Other assurance and reliability services (*)	180	68	-	104	34	386	11%
Sub-total audit related services	**374**	**735**	**118**	**902**	**577**	**2,706**	**94%**
Tax consultancy services	--	90	-	-	-	90	1%
Other services unrelated to statutory auditing	-	42	-	12	-	54	5%
Sub-total non-audit related services	-	**132**	-	**12**	**-**	**144**	**6%**
Total	**374**	**867**	**118**	**914**	**577**	**2,850**	**100%**

(*) The fees of Portugal regarding the inspection of the Internal Control System for Financial Reporting (SCIRF) includes the subsidiaries in Spain (EUR 95,000) and of EDPR NA (EUR 85,000), as their invoices were issued in this country.

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Amendment of the Articles of Association of the Company is of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On the first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) subscribed voting capital.
- On the second call, that the Shareholders either present or represented by proxy, represent at least twenty five percent (25%) of the subscribed voting capital.

In the event the shareholders attending represent less than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only be validly adopted with the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims:

- Guaranteeing conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitating the early detection of irregular situations which, if practised, might cause serious damage to the EDPR Group, its workers, customers, and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2013 there were no communications regarding any irregularity with material impact at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, which performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports to the Board of Directors.

In 2013 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR has Internal Audit Department composed by five people. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and commissions responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting are established, as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for overseeing the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board, must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice to the management and development of the SCIRF.

Additionally, in 2013 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the Company. It includes from strategic planning to evaluation of new investments and contracts.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Market, credit and operational risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the Company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2013, EDPR defined or reviewed four new Global Risk Policies: Energy Price Hedging Policy, Counterparty Credit Risk Policy, Country Risk Policy and FX Risk Policy. These policies are already implemented or in the process to be implemented next year.

53. RISK AREAS AND RISK FACTORS

Risk Management at EDPR is focused on covering all market, credit and operational risks of the Company. In order to have a holistic view of risks, they were grouped in Risk Areas converting all the value chain of EDPR's business. The following list summarizes Risk Areas defined within EDPR:

- Countries & regulations - Changes in regulations may impact EDPR's business in a given country;
- Revenues - Revenues received by EDPR's projects may diverge from what is expected;
- Financing - EDPR may not be able to raise enough cash to finance its planned Capex or to fulfil its financial obligations due to changes in exchange rates or bankruptcy of counterparties;
- Wind turbine contracts - Changes in turbine prices may impact projects' profitability; Contracts should take into account the pipeline development risk;
- Pipeline development - EDPR may deliver an installed capacity different from its targets or suffer delays and/or anticipations in its installation;
- Operations - Projects may deliver a volume different from expected.

Within each Risk Area, risks are classified in Risk Groups and finally into Risk Factors. Risk factors are the source of the risk and the purpose of Risk Management at EDPR is to measure, control and eventually mitigate all risk factors that affect the Company.

From Risk Areas to Risk Factors

1. COUNTRIES AND REGULATIONS

I.I. COUNTRY RISK

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. During 2013, EDPR has defined a new Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

Macroeconomic Risk: Risks from the country´s economic evolution, affecting revenue or cost time of the investments

Political Risk: All possible damaging actions or factors for the business of foreign firms that emanate from any political authority, governmental body or social group in the host country

Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions.

MANAGEMENT OF COUNTRY RISK

Before approving a new project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

I.II. REGULATORY RISK

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Although the European Union and various US federal and state bodies have regularly reaffirmed their desire to continue strengthening support for renewable energy sources, remuneration schemes have become less competitive in some countries due to the financial crisis. Thus, it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that the electricity produced by future renewable energy projects will benefit from purchase obligations, tax incentives or other support measures. Regulation promoting green energy has been revised or is under revision in some countries where EDPR is present.

In particular, during 2013 there were regulatory changes in Spain that reduced incentives for existing and future projects. In Romania, the number of green certificates for new wind projects was reduced.

In the US, renewable generation was incentivized through Production Tax Credits (PTC) at a Federal level till December 2013 and is still incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. As a general rule, EDPR focuses on developing in states which have an RPS program in place and are undersupplied of renewable generation. As aforementioned, in December 2013, PTC scheme for wind expired and all projects that will be built in the future will not receive PTC, except for those that qualified during 2013. EDPR was able to secure around 1 GW of PPA projects with PTC qualification that will be mainly built during 2014 and 2015.

MANAGEMENT OF REGULATORY RISK

EDPR is managing its exposure to regulatory risks through diversification (being present in several countries) and by being an active member in several wind associations. Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs.

Additionally, a high level analysis is performed for each country considering the meaningfulness of renewable generation from a strategic and financial standpoint. Among others, EDPR analyses the following for each country: existing and future generation mix, electricity prices, remuneration incentives for renewables, renewable generation target and energy autonomy.

Finally, Regulatory Risk is also considered ex-ante at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability.

2. REVENUES

I.III. ELECTRICITY PRICE RISK

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity price risk.

Despite EDPR's strategy of eliminating electricity price risk, EDPR still has some wind farms that have merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland, and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current PPAs in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain.

The US market does not provide a regulated framework system for the electricity price. However, most of EDPR's capacity in the US has predefined prices determined by long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's wind farms in the US do not have PPA and are selling merchant with exposure to electricity price risk. Some others with existing PPAs do not sell their energy where it is produced are exposed to basis risk.

In Ontario (Canada), the selling price is defined by a long term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with some exposure for the production above or below the contracted production.

MANAGEMENT OF RISKS RELATED TO EXPOSURE TO MARKET ELECTRICITY PRICES

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis if there are any deviations to the pre-defined limits (measured through EBITDA at risk and total merchant exposure).

EDPR seeks to eliminate electricity price risk through PPAs with private offtakers. In 2013, EDPR secured long term agreements in Europe for 60 MW, in Brazil for 116MW, and in the US for 1,000 MW.

In those geographies with remaining merchant exposure, EDPR uses various financial and commodity hedging instruments in order to minimize the exposure to fluctuating electricity prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure.

In 2013, EDPR financially hedged part of its generation in Poland and Romania. In Spain, hedges in place at the beginning of 2013 were unwound when new regulation eliminated the merchant exposure that included the previous legal framework (RD661).

As mentioned above, some US wind farms have exposure to electricity price risk or basis risk (difference in electricity price between locations). EDPR hedges electricity price and basis exposures through financial swaps or FTR buys (Financial Transmission Rights).

I.IV. GREEN CERTIFICATE OR REC PRICE RISK

In Europe, EDPR operates in countries where, on top of the electricity price, EDPR receives a green certificate whose price is achieved on a regulated market (Poland and Romania).

In these European countries with a green certificate scheme, EDPR is exposed to fluctuation on the price of green certificates.

In the US, renewable generation is incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the supply/demand equilibrium in the market.

MANAGEMENT OF RISKS RELATED TO EXPOSURE TO GREEN CERTIFICATES OR REC PRICES

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed.

The market of GCPA or RECPA is very illiquid and no financial derivatives exist for Green Certificates or RECs. Therefore, all exposure to Green Certificates or REC prices cannot be eliminated.

I.V. ENERGY PRODUCTION RISK

The amount of electricity generated by EDPR's wind farms is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Wind at different locations may be independent from each other or may be correlated (positively or negatively). A negative correlation implies a natural hedge of production fluctuations of the portfolio.

Other risk factors that affect production are turbine availability and curtailment, which are considered as operation risks and are explained in the corresponding section.

MANAGEMENT OF RISKS RELATED TO VOLATILITY OF ENERGY PRODUCTION

EDPR mitigates wind resource volatility and seasonality by having a strong knowledge in the design of its wind farms and through geographical diversification of its asset base in different countries and regions. EDPR has analysed correlation between different wind farms in its portfolio and this geographical diversification enables EDPR to partially offset wind variations in each area and to keep the total energy generation relatively steady. Currently, EDPR is present in 11 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, and Brazil.

EDPR has analysed in detail the potential use of financial products to hedge wind risk, and this product might be used to mitigate risk in specific cases.

3. FINANCING

I.VI. RISKS RELATED TO FINANCIAL MARKET EXPOSURE

EDPR finances its wind farms through project finance or corporate debt. In both cases, a variable interest rate would imply fluctuations in interest payments.

On the other hand, EDPR's presence in several countries implies revenues denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results.

MANAGEMENT OF FINANCIAL RISKS

The evolution of the financial markets is analysed on an on-going basis in accordance to EDP Group's risk management policy approved by the EDPR`s Executive Committee.

Taking into account risk management policy and approved exposure limits, the Finance team identifies, evaluates, and submits the financial strategy appropriate to each project/location for the Executive Committee's approval. Global Risk Area supports the Finance team in exchange rate hedging decisions.

I.VI.2. INTEREST RATE RISK

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

MANAGEMENT OF INTEREST RATE RISK

The purpose of the interest rate risk management policies is to reduce the exposure of long term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate. When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating rate to fixed rate.

EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

I.VI.3 EXCHANGE RATE RISK

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currently, the main currency exposure is to U.S. dollar/euro exchange rate that results from EDPR's operations in the US. With the increasing capacity in non-euro geographies, EDPR is increasing its exposure to currencies other than the euro in Poland, Romania, Brazil, United Kingdom and Canada.

MANAGEMENT OF EXCHANGE RATE RISK

EDPR´s general foreign exchange policy is the natural hedging in order to match currency cash flows, minimizing the impact of fluctuations of exchange rates in the Income Statement and preserving value. The essence of this approach is to create financial foreign currency outflows to match equivalent foreign currency inflows.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross interest rate swaps. EDPR also contracts foreign exchange forwards to hedge the risk in specific transactions (procurement, etc.)

EDPR´s hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

I.VI.4. COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

During 2013, EDPR introduced a new Global Counterparty Credit Risk Policy, which has already been implemented across the Company. Basel Standards were used as a reference for EDPR'S approach to counterparty credit risk.

From a credit risk perspective, EDPR classifies its counterparties in three different groups:

- Energy off-takers: Counterparties of EDPR in PPAs (energy and green certificates purchase agreements) and energy hedges
- Suppliers: Developers, partners, WTG suppliers and O&M suppliers
- Financial institutions: Counterparties of EDPR in foreign exchange forward contracts, interest rate swaps and bank deposits

MANAGEMENT OF COUNTERPARTY CREDIT RISK

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established as defined in Basel Standards. Expected Loss and Unexpected Loss from counterparty credit exposure are re-evaluated monthly. If threshold is surpassed by any counterparty or by the Company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

I.VI.5. LIQUIDITY RISK

Liquidity risk is the risk of EDPR not meeting its financial obligations.

MANAGEMENT OF LIQUIDITY RISK

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

EDPR uses a financial model to forecast liquidity risk in the medium and long term to meet strategic targets previously set (EBITDA, debt ratio and others).

4. WIND TURBINE CONTRACTS

The wind turbine generator (WTG) is a key element in the development of EDPR's wind-related energy projects, as the shortfall or an unexpected sharp increase in WTG prices can dramatically affect development of new projects and their profitability.

WTG represents on average 70 to 80% of an onshore wind farm capital expenditure

I.VI.7. WIND TURBINE SUPPLY RISK

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.

MANAGEMENT OF WIND TURBINE SUPPLY RISK

EDPR faces limited risk to the availability and price increase of WTG´s due to the framework agreements with major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify the wind turbine supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

WIND TURBINE PRICE RISK

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand.

MANAGEMENT OF WIND TURBINE PRICE RISK

For every new project, EDPR secures the demand risk that might increase price of the turbines.

With regards to market risk of the materials used to manufacture wind turbines, an escalation formula is negotiated with wind turbine manufacturers. EDPR might hedge some of the market exposure of this escalation formula if exposure is above a pre-established limit and the market is liquid.

5. PIPELINE DEVELOPMENT

I.VII.1. PERMITTING RISK

Wind farms are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (connection of the wind farm to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

MANAGEMENT OF PERMITTING RISK

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, lay-out, etc., the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates execution risk by generating optionality, with development activities in 11 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada and Brazil) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

6. OPERATIONS

I.VII.3. WIND TURBINE PERFORMANCE RISK

Wind farm output depends upon the operating availability of the turbines and the operating performance of the equipment, mainly the components of wind turbines and transformers.

MANAGEMENT OF WIND TURBINE PERFORMANCE RISK

EDPR mitigates this risk by using a mix of turbine suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk. Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program.

Most recently, EDPR is externalizing non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

I.VII.4. CURTAILMENT RISK

Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the Company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

MANAGEMENT OF WIND TURBINE PERFORMANCE RISK

Curtailment risk is managed ex-ante. For every new investment, EDPR factors the effect that expected curtailment will have on the output of the wind farm. Curtailment analysis is done considering the existing situation and potential upgrades of the transmission system in the location of the wind farm.

Curtailment of EDPR's wind farm is constantly monitored by asset managers.

I.VII.5. COUNTERPARTY OPERATIONAL RISK

Counterparty operational risk is defined as the risk that the counterparty to a transaction could default before the final settlement of the contract implying no direct economic loss to EDPR, but a replacement cost. Despite no exposure to the counterparty at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty, etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

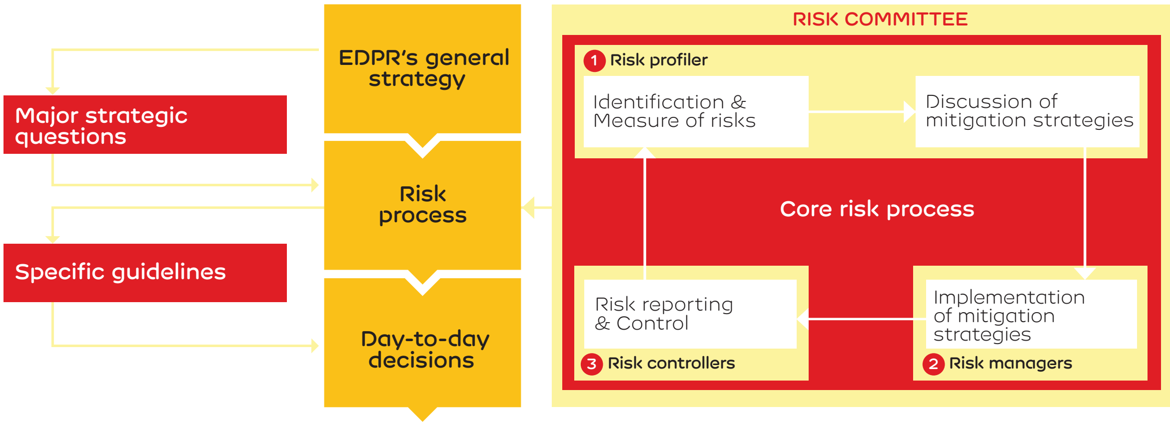
MANAGEMENT OF COUNTERPARTY OPERATIONAL RISK

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit notation and replacement cost of the counterparty.

54. RISK FUNCTIONS AND FRAMEWORK

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

These three Risk Functions work together following EDPR's risk framework, through which major strategic questions of the Executive Committee are translated into specific guidelines or policies, to be used by managers in their day-to-day decisions. The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the Company.



RISK COMMITTEE

EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the Company.

In order to separate discussions on business decisions from new analyses and the definition of new policies, EDPR has created two distinct meetings of the Risk Committee with different periodicity:

- Restricted Risk Committee: Held every month, it covers the risk of new transactions such as new power purchase agreements, new investments, energy price and FX hedges along with pipeline status and the EBITDA at Risk. It helps to control the implementation of defined policies and the exposure to most important risk factors.
- Risk Committee: Held every quarter, it is the forum where new analyses are discussed and newly defined policies are proposed in order to send to the Executive Committee for approval. Additionally, EDPR´s overall risk position is reviewed.

55. RISK POLICIES

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

During 2013, EDPR defined or reviewed four Global Risk Policies, which are already implemented or in the process to be implemented throughout 2014:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Country Risk Policy
- FX Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with information that can support them in making informed, clear, and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee the equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, prevent asymmetries in access to information and reduce the market perception gap of the Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CMNV – Comisíon Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of delivering on time transparent and detailed information to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. IR Department also elaborates and makes available quarterly, semi-annual and annual results presentations, handouts, key data files and interim presentations.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:

Rui Antunes, Head of IR

Calle Serrano Galvache 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th floor
28033 – Madrid – España
Website: www.edprenovaveis.com/investors
E-Mail: ir@edpr.com
Phone: +34 902 830 700 / Fax: +34 914 238 429

In 2013, the EDPR has promoted and participated in several events, namely road shows, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 12 broker conferences and hold 14 road shows, totalling more than 280 meetings with institutional investor in 13 of the major financial cities across Europe, US and Canada.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluated the Company, shareholders and investors by e-mail, phone, or face-to-face meetings. In 2013, as far as the Company is aware, sell-side analysts issued more than 200 reports evaluating EDPR's business and performance.

At the end of the 2013, as far as the Company is aware of, there were 21 institutions elaborating research reports and following actively EDPR activity. As of December 31st, 2013, the average price target of those analysts was of Euro 4.51 per share with the majority reporting "Buy" recommendations on EDPR's share: 12 Buys, 7 Neutrals, 1 Sell and 1 analyst with suspended rating.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 4.65	Buy
Barclays	Monica Girardi	€ 4.90	Equalweight
BBVA	Daniel Ortea	€ 4.25	Market Perform
Berenberg	Lawson Steele	€ 3.80	Hold
BES	Felipe Echevarria	€ 5.60	Buy
BPI	Flora Trindade	€ 4.90	Buy
Caixa BI	Helena Barbosa	-	Suspended
Citigroup	Andrew Simms	€ 4.55	Buy
Deutsche Bank	Virginia Sanz de Madrid	€ 4.00	Hold
Exane BNP	Manuel Palomo	€ 4.60	Outperform
Fidentiis	Daniel Rodríguez	€ 4.60	Buy
Goldman Sachs	Manuel Losa	€ 4.80	Buy
JP Morgan	Sarah Laitung	€ 4.31	Overweight
Kepler Cheuvreux	Jose Porta	€ 3.64	Underperform
Macquarie	Shai Hill	€ 4.20	Outperform
Millennium BCP	Vanda Mesquita	€ 5.40	Buy
Morgan Stanley	Carolina Dores	€ 4.50	Overweight
Natixis	Philippe Ourpatian	€ 3.91	Neutral
Santander	Bosco Mugiro	€ 5.00	Buy
Société Générale	Jorge Alonso	€ 4.00	Hold
UBS	Alberto Gandolfi	€ 4.20	Neutral

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is the Executive Member of the Board, Rui Manuel Rodrigues Lopes Teixeira.

58. INFORMATION REQUESTS

In 2013, 21 institutions published research reports about EDPR's activity. During the year, EDPR was present in several events with analysts and investors, such as road shows, presentations, meetings and conference calls, communicating EDPR's strategy and its operational and financial performance.
During the year, EDPR made 46 press releases. In 2013, IR Department received more than 600 information requests and was present in 280 meetings with institutional investors. On average, the information requests were replied in less than 24 hours. As of December 31st 2013 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65. EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, the Company website also carries financial and operational updates of EDPR's activities ensuring an easy access to the information.
EDPR website: www.edprenovaveis.com

Information	Link
Company information	www.edprenovaveis.com/investors/corporate-governance/companys-name www.edprenovaveis.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/investors/corporate-governance
Members of the corporate bodies	www.edprenovaveis.com/investors/corporate-governance/directors
Market relations representative, IR department	www.edprenovaveis.com/investors/contact-ir-team
Means of access	www.edprenovaveis.com/our-company/contacts/contact-us
Financial statements documents	www.edprenovaveis.com/investors/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/investors/calendar
General Shareholders' Meeting information	www.edprenovaveis.com/investors/shareholders-meeting-2

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the senior management of the Company. The Nominations and Remunerations committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel.

The Nominations and Remunerations Committee proposes each year to the Board of Directors the Remuneration Policy submitted to the approval of the Annual General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the director's remunerations is subject to a maximum value that can only be modified by a Shareholders agreement.

II. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected in topic 29 above.

In 2013 the company Heidrick & Struggles was hired to provide consultancy services to the committee, such as:

- Advice regarding the regulations and rules applicable to the executive board members remuneration;
- Drafting of a performance evaluation model and determination of the levels of variable remuneration applicable to the executive board members;
- Elaborate a benchmark study to analyse the performance evaluation model comparing with EDPR's piers.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

EDPR's Nominations and Remunerations Committee has at least one member with knowledge and experience in remuneration policy. The biographies of the members of the Nominations and Remunerations Committee are in Annex IV of the report.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was EUR 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum remuneration approved by the General Shareholders Meeting for the variable remuneration for all the executive members of the Board of Directors was EUR 600,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees don't accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 23rdth, 2013 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revising the KPI's (Key Performance Indicators) for variable multi-annual and annual components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

Variable annual and multi-annual remuneration will be a percentage of fixed annual components, with a superior weight for multiannual vs. annual component (120% vs. 80%). That is, the value of the variable remuneration may range between 0% and 85% of the 80% of the annual gross fixed remuneration, in the case of the annual variable, and between 0% and 85% of the 120% of the annual gross fixed remuneration, in the case of the multi-annual variable.

The KPIs (Key Performance Indicators) used to determine the amounts of the annual and multi-annual variable regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs. Benchmark, (TSR vs. Wind peers & PSI 20);
- EDP Renováveis growth (Incremental MW and profitable ready to build pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; EBITDA and net profit)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW).
- Environmental and social perspectives (i- the performance of the Sustainability Index applied to EDPR (DJSI method), ii- Employee satisfaction survey, iii- Appreciation of the Remuneration Committee).

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

72. MULTI-ANNUAL REMUNERATION

According to the Spanish law, the multi-annual variable remuneration is only payable if the predefined goals are achieved and is paid the year after the end of the term of office to which it applies.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: Company car and those who are expatriated receive housing allowance. In 2013, the non-monetary benefits corresponded to EUR 162,315.86.

The Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 23rd, 2013 (the Remuneration Policy included the retirement Plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration of the members of the Board of Directors for the year ended on December 31st 2013 was as follows:

Remuneration	Fixed	Euros		Total
		Variable		
		Annual	Multi-annual	
Executive Directors				
João Manso Neto (CEO) [A)]	0	0	0	0
Nuno Alves [A)]	0	0	0	0
Gabriel Alonso [B)]	0	0	0	0
João Paulo Costeira [B)]	5,150	0	0	5,150
Rui Teixeira [B)]	10,301	0	0	10,301
Non-Executive Directors				
António Mexia [C)]	0	0	0	0
Acácio Piloto [D)]	37,500	0	0	37,500
António Nogueira Leite [D)]	45,833	0	0	45,833
Gilles August	45,000	0	0	45,000
João Raimundo	60,000	0	0	60,000
João Mello Franco	80,000	0	0	80,000
João Marques da Cruz [C)]	0	0	0	0
Jorge Santos	60,000	0	0	60,000
José Araújo e Silva	45,000	0	0	50,000
José Ferreira Machado [D)]	50,000	0	0	45,000
Manuel Menéndez Menéndez	45,000	0	0	45,000
Rafael Caldeira Valverde	55,000	0	0	55,000
Total	538,784	0	0	538,784

[A)] João Manso Neto and Nuno Alves receive their remuneration through the Executive Management Services Agreement.

[B)] Gabriel Alonso, João Paulo Costeira and Rui Teixeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or EDPR Group employees, as described on the table below.

[C)] António Mexia and João Marques da Cruz receive their remuneration through the Executive Management Services Agreement.

[D)] Acácio Piloto, António Nogueira Leite and José Ferreira Machado were elected Members of the Board of Directors on February 26th, 2013 and their nomination was ratified at the General Shareholders' Meeting that took place on April 11th, 2013. The remuneration reflects the months of the year from their nomination onwards.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due to pay under said Agreement for the management services rendered by EDP in 2013 is EUR 994.335,61, corresponding, i) to the fixed remuneration of the Executive Managers, plus the variable component according to the Remuneration Policy, plus the PPR percentage, and ii) EUR 90,000, corresponding to the fixed remuneration of the Non-Executive Managers. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out.

In 2013, the remuneration of the Officers, as EDPR employees, excluding the Chief Executive Officer till, was the following:

Remuneration	Fixed	Euros		Total
		Variable*		
		Annual	Multi-annual	
Gabriel Alonso	-	-	-	-
João Paulo Costeira [A)]	232,143	85,000	-	317,143
Rui Teixeira [A)]	208,366	85,000	-	293,366
TOTAL	**440,509**	**170,000**	**-**	**610,509**

*Corresponds to the 2013 annual variable.

[A)] João Paulo Costeira and Rui Teixeira received their remuneration as employees of EDPR till November 30th, 2013 and October 31st, 2013, respectively, as further explained in topic 78.

78. REMUNERATION FROM OTHER GROUP COMPANIES

Due to the termination of the expatriation conditions of three Officers (CFO, COO EU and COO NA), new employment contracts were signed with other group companies, as follows:

- Gabriel Alonso with EDP Renewables North America LLC on December 31st, 2012;
- João Paulo Costeira with EDP Energias de Portugal, S.A. Sucursal en España on November 30th, 2013; and
- Rui Teixeira with EDP Energias de Portugal, S.A. Sucursal en España on October 31st, 2013.

In 2013, the remuneration of said Officers from the moment they became employees of the above referred companies, was the following:

REMUNERATION	FIXED (EUROS)	BONUS (EUROS)	TOTAL
Gabriel Alonso	276,261	85,000	361,261
João Paulo Costeira	16,041.86	0	16,041.86
Rui Teixeira	37,997.82	0	37,997.82
TOTAL	**330,300.68**	**85,000**	**415,300.68**

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no Compensation paid or owed to former executive directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration*
João Mello Franco	Chairperson	80,000
João Raimundo	Vocal	60,000
Jorge Santos	Vocal	60,000

* The non-executive directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2013, the remuneration of the Chairperson of the General Shareholders' Meeting of EDPR was EUR 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84. EDPR has no agreements with Remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88. EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies' and its qualified shareholders, the Board of Directors as created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders that need a previous opinion. This information is included on the annual report of the Audit and Control. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is the Chairperson of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2013

During 2013, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

However, EDPR closed a transaction with China Three Gorges (CTG), qualified shareholder of EDP, but not of EDPR, for the acquisition of 49% of the share capital of EDP Renewables Portugal (EDPR subsidiary). The transaction was approved by the correspondent regulatory authorities. For this transaction EDPR's Audit and Control Committee issued a favourable opinion as referred on Recommendation IV.1.2 of CMVM.

Regarding related-party transactions, EDPR and/or its subsidiaries have signed the contracts detailed below with EDP – Energias de Portugal, S.A. (hereinafter, EDP) or other members of its group not belonging to the EDPR subgroup.

The contracts signed between EDPR and its related parties have been analysed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The Related Party Transactions Committee was informed that in 2013, the average value and the maximum value regarding the transactions analysed by the Committee was EUR 1,041,256,60 and EUR 2,893,060, respectively.

The total amount of supplies and services in 2013 incurred with or charged by the EDP Group was EUR 16.1 million, corresponding to 6.1% of the total value of Supplies & Services for the year (EUR 263 million).

THE CONTRACTS IN FORCE DURING 2013 ARE THE FOLLOWING:

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP – Energias do Brasil, S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts.

The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4th, 2011 and effective from March 18th, 2011 and renewed again on May 10th, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting.

Under this contract, EDPR incurred an amount of EUR 994.335,61 corresponding to the fixed and variable remuneration, for the management services rendered in 2013. The term of the contract is on June 21st 2014.

FINANCE AGREEMENTS AND GUARANTEES

The finance agreements between EDP Group companies and EDPR Group companies were established under the above described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR (as the borrower) has loan agreements with EDP Finance BV (as the lender), a Company 100% owned by EDP – Energias de Portugal, S.A. Such loan agreements can be established both in EUR and USD, usually have a 10-year tenor and are remunerated at rates set at an arm's length basis. As at December 31st, 2013, such loan agreements totalled EUR 1,451,042,386 and USD 1,836,699,611.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal Sociedade Anónima, sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDPR North America LLC (hereinafter EDPR NA) to provide corporate

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guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP executive board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st, 2013, such counter-guarantee agreements totalled EUR 34,181,464 and USD 171,500,000.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertakes on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31st 2013, such counter-guarantee agreements totalled in terms of fees from EDPR to EDP – Energias do Brasil of BRL 200,738,411.

CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31st 2013, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SF España for a total amount of USD 47,250,188.09 in favour of EDP SF España;
- in EUR, EDPR SF with EDP SF España for a total amount of EUR 63,775,266.28 in favour of EDPR SF;

The agreements in place are valid for one year as of date of signing and are automatically renewable for equal periods.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD and EUR, with EDP Sucursal for a total amount of USD 2,632,613,000;
- in BRL and EUR, with EDP Energias de Portugal, S.A. for a total amount of BRL 118,000,000;
- in PLN and EUR, with EDP Energias de Portugal, S.A. for a total amount of PLN 597,357,663.

HEDGE AGREEMENTS – EXCHANGE RATE

EDP Energias de Portugal, S.A., EDPR and EDP Servicios Financieros España SLU entered into several hedge agreements with the purpose of managing the transaction exposure related with the short term positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31st 2013, the following amounts remained outstanding.

- Polish operations, for EUR/PLN, a total amount of PLN 1,168,793,373;
- Romanian operations, for EUR/RON a total amount of RON 52,158,079;
- US operations, for EUR/USD a total amount of USD 329,000,000;
- Canadian operations, For CAD/DKK a total amount of DKK 54,784,168, for CAD/USD a total amount of USD 9,894,148 and for EUR/CAD a total amount CAD 45,661,600 (which is supposed to converted into a CIRS as soon as the first project start its operation).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2013 for a total volume of 3,259,620MWh (sell position) and 2,848,095MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th, 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2013 the estimated cost of these services is EUR 2.893.060. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th, 2008, EDP Inovação, S.A. (hereinafter EDP Inovação), an EDP Group Company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or nominate the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS, S.A.

On January 1st, 2003, EDP Renováveis Portugal, S.A., holding Company of the EDPR subgroup in Portugal, and EDP Valor – Gestão Integrada de Recursos, S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDP Renováveis Portugal by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration paid to EDP Valor by EDP Renováveis Portugal and its subsidiaries for the services provided in 2013 totalled EUR 799.736,92.

The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1st, 2008.

Either party may renounce the contract with one (1) year's notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP – ENERGIAS DE PORTUGAL, S.A.

On January 1st, 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2013 totalled EUR 196.827,74.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

REPRESENTATION AGREEMENT WITH HIDROELÉTRICA DEL CANTÁBRICO S.A. FOR THE EDP RENOVÁVEIS, S.A. PORTFOLIO IN SPAIN

On October 27th, 2011 EDPR and Hidroeletrica del Cantábrico S.A. signed an Agreement for Representation services.

The object of this agreement was to provide EDPR representation services in the market and risk management for a fix tariff based in volume (0.12€/MWh) in the electricity market.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred to EDP Brasil for the services provided in 2013 totalled BRL 322,322.89.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

SUPPLY SERVICES AND INFRA-STRUCTURES AGREEMENT BETWEEN EDP RENEWABLES EUROPE S.L.U, HIDROCANTÁBRICO DISTRIBUCIÓN ELÉCTRICA S.A.U AND HIDROELÉCTRICA DEL CANTÁBRICO S.A.

On January 10th, 2012 EDPR Europe S.L.U, Hidrocantábrico Distribución Eléctrica S.A.U (HCDE) and Hidroeléctrica del Cantábrico S.A. signed a supply services and infra-structures agreement.

The object of this agreement is the provision to EDPR Europe S.L.U of communication services and technical assistance related to the infra-structures of energy production.

The amount incurred to HCDE for the services provided in 2013 totalled EUR 51,560,26.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned topic 89 of the report and by the Audit and Control Committee. According with Article 9º nº 1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to 1.000.000€. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is the Chairperson of the Audit and Control Committee, as stated on topic 39 of the report, constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS ARE AVAILABLE

The financial statements of EDPR, including the information on business dealings with related parties, are available to the public at the Company’s website, www.edprenovaveis.com and at its headquarters in Plaza de la Gesta, 2, 33007 Oviedo, Spain.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2º of CMVM Regulation nº 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates whether or not they have been fully adopted by EDPR and the place in this report in which they are described in more detail.

During 2013, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was recognised by an independent study developed in 2013 by the Universidade Católica Portuguesa (Portuguese Catholic University) at the request of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado (Portuguese Listed Companies Association), within which the Company was given the maximum rating – AAA - based on the Company's 2012 Governance Report and compliance with the abovementioned CMVM Recommendations.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

STATEMENT OF COMPLIANCE (CMVM RECOMMENDATIONS)

RECOMMENDATION	ADOPTION INFORMATION	DESCRIPTION IN THE REPORT
I. VOTING AND CORPORATE CONTROL		
I.1 Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	**Adopted**	Chapter B – I, b), topics 12 and 13
I.2 Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	**Adopted**	Chapter B – I, b), topic 14
I.3 Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	**Adopted**	Chapter B – I, b) topic 14
I.4 The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	**Not Applicable**	Chapter A – I, topic 5
I.5. Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	**Adopted**	Chapter A – I, Topics 2 and 4
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1 Supervision And Management		
II.1.1 Within the limits established by law, and except for the small size of the Company, the board of directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	**Adopted**	Chapter B – II, Topics 21, 28
II.1.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	**Not Applicable** ("Under Spanish Law, the matters referred to in this recommendation can be delegated by the Board of Directors on the Executive Committee. It is common practice in Spanish listed companies for the delegation of powers to be far-reaching, with the exception of matters related to the preparation of accounts. Nevertheless, the Executive Committee always informs the Board of Directors of all the strategic decisions or relevant structure changes".)	
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.	**Not Applicable** (The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)	
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	**Adopted**	Chapter B – II, C), Topics 27, 28, 29,
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	**Adopted**	Chapter B – III, C), III – Topics 52, 53, 54 and 55
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	**Adopted**	Chapter B – II, Topic 18 and Topic 29
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor	**Adopted**	Chapter B – II, Topic 18

RECOMMENDATION	ADOPTION INFORMATION	DESCRIPTION IN THE REPORT
is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.		
II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	**Adopted**	Chapter B – II, C) - Topic 28
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	**Adopted**	Chapter B – II, C) - Topic 28
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	**Not Applicable** (The Chairperson of EDPR's Board of Directors does not have executive duties.)	Chapter B – II, A) – Topic 18
II.2. SUPERVISION		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	**Adopted**	Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; Chapter B – III, A) – Topic 32
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company	**Adopted**	Chapter B – C), Topic 29; Chapter B – V, Topic 45
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	**Adopted**	Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; Chapter B – III – V, Topic 45
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	**Adopted**	Chapter B – II, Topic 29; Chapter B – III, C) – III, Topic 50 and 51
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	**Adopted**	Chapter B – II, Topic 29;
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	**Adopted**	Chapter D – II – Topic 67 and 68
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	**Adopted**	Chapter D – II – Topic 67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies ; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	**Adopted**	Chapter D – III – Topic 69

RECOMMENDATION	ADOPTION INFORMATION	DESCRIPTION IN THE REPORT
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	**Adopted**	Chapter V – III, Topic 69
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	**Adopted**	Chapter D – III, Topic 76
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	**Adopted**	Chapter D – III, Topic 69, 70, 71 and 72
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.	**Adopted**	Chapter D – III, Topic 69: Chapter D – IV, Topic 77
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	**Adopted**	Chapter D – III, Topics 71 and 72
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.	**Not Applicable**	Chapter D – III, Topic 72
III.5. Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.	**Adopted**	Chapter D – III, Topic 72
III.6. Executive board members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	**Not Applicable**	Chapter D – III, Topic 73
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	**Not Applicable**	Chapter D – III, Topic 74
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	**Adopted**	Chapter D – III, Topic 69 and 72
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.	**Adopted**	Chapter B – III – V, Topic 46
IV.2. The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.	**Adopted**	Chapter B – III – V, Topic 46
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	**Adopted**	Chapter B – III – V, Topic 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	**Adopted**	Chapter B – C), Topic 90
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.	**Adopted**	Chapter B – C), Topic 89 and 91
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	**Adopted**	Chapter B – C) – V
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	**Adopted**	Chapter B – C) - IV

ANNEX I

MAIN POSITIONS HELD BY MEMBERS OF BOARD OF DIRECTORS IN THE LAST FIVE YEARS

Name	Position
ANTÓNIO MEXIA	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CEO) Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. Chairperson of EDP - Gestão da Produção de Energia, S.A. Vice-Chairperson of Hidroeléctrica del Cantábrico, S.A. Vice-Chairperson of Naturgás Energia Grupo, S.A. Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	
	Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A. (CFO)
JOÃO MARQUES DA CRUZ	
	Member of the Board of EDP Internacional, S.A. Chairperson of the Board of Directors of CEM – Macao Electrical Company Member of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
RUI TEIXEIRA	
	Chief Financial Officer of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
JOÃO PAULO COSTEIRA	
	Chief Operating Officer for Europe and Brazil of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
GABRIEL ALONSO	
	Chief Operating Officer for North America of EDP Renováveis, S.A. Member of the Executive Committee of EDP Renováveis, S.A.
ACÁCIO PILOTO	
	Member of the Board of Directors of Banco Millennium BCP Investimento, S.A. Member of Board of Directors and CEO of Millennium Gestão de Activos, SGFI, S.A. Chairperson of the Board of Directors of BII International, Luxemburgo Chairperson of the Board of Directors of Millennium SICAV, Luxemburgo Member of the Board of Directors of INAPA, IPG, S.A. Member of the Audit Committee of INAPA, IPG, S.
ANTÓNIO NOGUEIRA LEITE	
	Vice-Chairperson of the Executive Committee of Caixa Geral de Depósitos, SA. Chairperson of the Board of Directors Caixa Banco de Investimento, SA. Chairperson of the Board of Directors of Caixa Capital, SCR, SGPS, SA Chairperson of the Board of Directors of Caixa Leasing e Factoring, SA, Chairperson of the Board of Directors of Partang, SGPS, SA, Member of the Board of Directors of Reditus, SGPS, SA. Member of the Board of Directors of José de Mello Investimentos e General Manager of (Planeamento Estratégico, Desenvolvimento e Controlo de Gestão), José de Mello, SGPS, SA. Member of the Board of Directors of Companhia União Fabril CUF, SGPS, SA. Member of the Board of Directors of Quimigal, SA (2002-2006) e CUF-Quimicos Industriais, SA. Member of the Board of Directors of Brisa, SA. Member of the Board of Directors of Efacec Capital, SGPS, SA. Member of the Board of Directors of Comitur, SGPS, SA. Member of the Board of Directors of Comitur Imobiliária, SA. Member of the Board of Directors of Expocomitur-Promoções e Gestão Imobiliária, SA. Member of the Board of Directors of Herdade do Vale da Fonte-Sociedade Agrícola, Turística e Imobiliária, SA. Member of the Board of Directors of Sociedade Imobiliária e Turística do Cojo, SA. Member of the Board of Directors of José de Mello Saúde, SGPS, SA. Administrador, EDP Renováveis SA. Vice-Chairperson and vocal afterwards of the Consultive Board of Banif Investment Bank.
GILLES AUGUST	
	Co-founder of August & Debouzy. Manages the firm's corporate department.

Name	Position
JOÃO RAIMUNDO	
	Member of the Board of Directors of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Chairperson of the Board of Directors of Banque BCP Luxembourg Chairperson of the Board of Directors of Banque BCP France Member of the Board of Directors of Banque Privée BCP Switzerland Managing Director of Banco Comercial Português Vice-Chairperson of the Board of Millennium Angola Member of the Board of Directors of Banco Millennium BCP de Investimento Vice-Chairperson of the Board of Directors of Millennium Bank, NA (USA) Member of the Board of Directors of CIMPOR - Cimentos de Portugal SGPS, S.A. Chairperson of the Board of Directors of BCP Holdings USA, Inc
JOÃO MELLO FRANCO	
	Director of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A Member of the Remunerations Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A. Chairperson of the Audit Committee of Sporting Clube de Portugal S.A.D.
JORGE SANTOS	
	Full Professor of Economics at Instituto Superior de Economia e Gestão (ISEG) da Universidade Técnica de Lisboa President of the Economics Department (ISEG) Member of the Scientific Council of ISEG Coordinator of the MSc course in Economics at ISEG Member of the Board of "Fundação Económicas" President of the General Assembly of IDEFE.
JOSÉ ARAÚJO E SILVA	
	Director of Corticeira Amorim, SGPS, SA Member of the Executive Committee of Corticeira, SGPS, SA Director of Caixa Geral de Depósitos Member of the Board of RTP, Rádio Televisão de Portugal, S.A.
JOSÉ FERREIRA MACHADO	
	Dean at Nova School of Business & Economics
MANUEL MENÉNDEZ MENÉNDEZ	
	Chairperson and CEO of Liberbank S.A. Chairperson of Banco de Castilla-La Mancha Chairperson of Cajastur Chairperson of Hidroeléctrica del Cantábrico, S.A. Chairperson of Naturgas Energía, S.A. Member of the Board of EDP Renewables Europe, SL Member of the Board of Directors of EDP Renováveis, S.A. Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of CECABANK Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	
	Vice-Chairperson and Member of the Executive Committee of Banco Espirito Santo de Investimento, SA Member of the Board of Directors of BES Investimento do Brasil S.A. - Banco de Investimento Member of the Board of Directors of ESSI S.G.P.S., S.A. Member of the Board of Directors of ESSI Comunicações, S.G.P.S., S.A. Member of the Board of Directors of ESSI Investimentos, S.G.P.S., S.A. Member of the Board of Directors of Espirito Santo Investment Holdings Limited Member of the Board of Directors of EDP Renováveis S.A. Member of the Supervisory Board of Academia de Música de Sta. Cecília Vice-Chairperson of Federação Portuguesa de Rugby Member of the Supervisory Board TRANS-POR

ANNEX II

CURRENT MAIN POSITIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS

IN COMPANIES NOT BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS, S.A. OR EDP – ENERGIAS DE PORTUGAL, S.A.

Name	Position
ANTÓNIO MEXIA	Member of the General Supervisory Board of Banco Comercial Portugues S.A.
JOÃO MANSO NETO	Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español(OMEL) Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
NUNO ALVES	N/A
JOÃO MARQUES DA CRUZ	Chairperson of the Board of Directors of Companhia de Electricidade de Macau - CEM, S.A.
RUI TEIXEIRA	N/A
JOÃO PAULO COSTEIRA	N/A
GABRIEL ALONSO	N/A
ACÁCIO PILOTO	N/A
ANTÓNIO NOGUEIRA LEITE	Administrador, HipogesIberia, SA Administrador, MP-Microprocessador, SA Administrador, Reditus SGPS, SA
GILLES AUGUST	Co-founder of August & Debouzy. Manages the firm’s corporate department.
JOÃO RAIMUNDO	Member of the Board of Directors of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. (OMIP SGPS) Chairperson of the Board of Directors of BCP Holdings USA, Inc. Managing Director of Banco Comercial Português
JOÃO MELLO FRANCO	Member of the Board of Portugal Telecom SGPS, SA Chairperson of the Audit Committee of Portugal Telecom SGPS, S.A. Member of the Evaluation Committee of Portugal Telecom SGPS, S.A. Member of the Corporate Governance Committee of Portugal Telecom SGPS, S.A.
JORGE SANTOS	Full Professor of Economics at Instituto Superior de Economia e Gestão (ISEG) da Universidade Técnica de Lisboa President of the Economics Department (ISEG) Member of the Scientific Council of ISEG Coordinator of the MSc course in Economics at ISEG Member of the Board of “Fundação Económicas” President of the General Assembly of IDEFE.
JOSÉ ARAÚJO E SILVA	Consultant
JOSÉ FERREIRA MACHADO	Dean at Nova School of Business & Economics
MANUEL MENÉNDEZ MENÉNDEZ	Chairperson and CEO of Liberbank, S.A. Chairperson of Cajastur Member of the Board of Confederación Española de Cajas de Ahorro Member of the Board of UNESA
RAFAEL CALDEIRA VALVERDE	Vice-Chairperson and Member of the Executive Committee of Banco Espirito Santo de Investimento, SA Member of the Board of Directors of BES Investimento do Brasil S.A. - Banco de Investimento Member of the Board of Directors of ESSI S.G.P.S., S.A. Member of the Board of Directors of ESSI Investimentos, S.G.P.S., S.A. Member of the Board of Directors of Espirito Santo Investment Holdings Limited Member of the Supervisory Board of Academia de Música de Sta. Cecília

ANNEX III

CURRENT POSITIONS OF MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP - ENERGIAS DE PORTUGAL S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménendez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
Balwerk - Consultadoria Económica e Participações, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-
Companhia de Electricidade de Macau – CEM, S.A.	-	-	CBD	-	-	-	-	-
EDP – Ásia Investimentos e Consultoria, Lda.	-	-	CBD	-	-	-	-	-
EDP – Ásia Soluções Energéticas Lda.	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	-	-
EDP Energía Gas SL	-	D	-	-	-	-	-	-
EDP Energia Ibérica S.A.	-	D	-	-		-	-	-
EDP Finance BV	R	R	R	-	R	-	-	-
EDP Gás.com - Comércio de Gás Natural, S.A.		CBD	-	-		-	-	-
EDP Inovacão, S.A.	-	-	-	-	-	-	-	-
EDP Valor—Gestão Integrada de Serviços, S.A.	-	-	CBD	-		-	-	-
EDP—Energias de Portugal, S.A.	CEBD	D	D	-	D	-	-	-
EDP—Energias do Brasil, S.A.	CBD	-	-	-	D	-	-	-
EDP—Estudos e Consultoria, S.A.	-	-	-	-	CBD	-	-	-
EDP—Imobiliária e Participações, S.A.	-	-	-	-	CBD	-	-	-
ENEOP – Eólicas de Portugal S.A.	-	CBD	-	-	-	-	-	-
Energia RE, S.A.	-	-	-	-	CBD	-	-	-
Hidroeléctrica del Cantábrico, S.A.	-	D	-	CBD	D	-	-	-
Naturgás Energia Grupo, S.A.	-	D	-	CBD	-	-	-	-
Sãvida—Medicina Apoiada, S.A.	-	-	-	-	CBD	-	-	-
SCS—Serviços Complementares de Saúde, S.A.	-	-	-	-	CBD	-	-	-

CEBD – Chairperson Executive Board of Directors
CBD – Chairperson of the Board of Directors/ CEO – Chief Executive Officer
D - Director
M - Manager
R – Representative
PR - Permanent Representative

CURRENT MAIN POSITIONS OF MEMBERS OF THE BOARD OF DIRECTORS IN COMPANIES BELONGING TO THE SAME GROUP AS EDP RENOVÁVEIS S.A.

	António Mexia	João Manso Neto	João Marques da Cruz	Manuel Ménendez Menéndez	Nuno Alves	Gabriel Alonso	João Paulo Costeira	Rui Teixeira
EDP Renewables Italia, SRL	-	-	-	-	-	-	CBD	-
						CEO		
EDP Renewables Canada, Ltd	-	-	-	-	-		-	D
EDP Renewables Europe, S.L.	-	CBD	-	D	-	-	D	D
EDP Renewables France SA	-	-	-	-	-	-	CBD	-
EDP Renewables North America LLC	-	-	-	-	-	CEO	-	-
EDP Renewables Polska, SP, z.o.o.	-	-	-	-	-	-	D	D
EDP Renewables Romania SRL	-	-	-	-	-	-	D	-
EDP Renewables SGPS, S.A.							CBD	D
EDP Renewables South Africa Proprietary Limited	-	-	-	-	-	-	CBD	-
EDP Renewables UK Ltd	-	-	-	-	-	-	D	D
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-		D	D
EDP Renováveis Portugal, SA	-	-	-	-	-	-	CBD	D
ENEOP 2 S.A	-	-	-	-	-	-	CBD	-
Greenwind, S.A.						-		-
	-	-	-	-	-		CBD	
EDPR PT – Promoção e Operação, S.A.						-		D
	-	-	-	-	-		CBD	
South Africa Wind & Solar Power SLU	-	-	-	-	-	-	CBD	-

CBD – Chairperson of the Board of Directors
CEO – Chief Executive Officer
D - Director
MSB – Member of the Supervisory Board
PGMS – President of the General Shareholders' Meeting
M – Manager

NOTE: This Annex contains information regarding all the main companies of the EDPR Group. The information regarding all other affiliate companies where the members of the Board of Directors hold a position is available in the Annual Accounts on Note 38.

ANNEX IV

BOARD OF DIRECTORS

ANTÓNIO MEXIA (CHAIRPERSON)

Born in 1957, he received a degree in Economics from Université de Genève (Switzerland) in 1980, where he was also Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica. He was also a member of the governing boards of Universidade Nova de Lisboa and of Universidade Católica, where he was Director from 1982 to 1995. Served as Assistant to the Secretary of State for Foreign Trade from 1986 until 1988. From 1988 to 1990, Antonio served as Vice-Chairperson of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade). From 1990 to 1998, he was Director of Banco Espírito Santo de Investimentos and, in 1998 was nominated Chairperson of the Board of Directors of Gás de Portugal and Transgás. In 2000, he joined Galp Energia as Vice-Chairperson of the Board of Directors. From 2001 to 2004, he was the Executive Chairperson of Galp Energia and Chairperson of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, was nominated Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairperson of the Portuguese Energy Association (APE) from 1999 to 2002, member of the Trilateral Commission from 1992 to 1998, Vice-Chairperson of the Portuguese Industrial Association (AIP), and Chairperson of the General Supervisory Board of Ambelis. He was also a Government representative to the EU working group for the trans-European network development. In January 2008, he was nominated member of the General Supervisory Board of Banco Comercial Portugues, S.A. having before integrated the Superior Board of this Bank. On 30th March 2006, was nominated Chairperson of EDP's Executive Board of Directors to start the term of office on 30th June 2006. He was re-elected on 15th April 2009 and 20th February 2012.

JOÃO MANSO NETO (VICE-CHAIRPERSON)

Born in 1958, he graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "Advanced Management Program for Overseas Bankers" at the Wharton School in Philadelphia. From 1981 to 1995 he worked at Banco Português do Atlântico, occupying several positions, manly as Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas. From 1995 to 2002 he worked at the Banco Comercial Português, where he held the posts of General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairperson of BIG Bank Gdansk in Poland. From 2002 to 2003, he was a member of the Board of Banco Português de Negócios. From 2003 to 2005 he worked at EDP as General Manager and Member of the Board of EDP Produção. In 2005 he was elected CEO at HC Energía, Chairperson of Genesa and Member of the Board of Naturgas Energia and OMEL. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012. On February 28th, 2012, he was nominated Vice-Chairperson of the Board of Directors and CEO of EDP Renováveis, S.A. Presently he is the Iberian Responsible for the Energy Management Regulation (Gas and Electricity).

JOÃO MARQUES DA CRUZ

Born in 1961, he holds a degree in Management (1984) from Lisbon's ISE at the Technical University of Lisbon - Instituto Superior de Economia da Universidade Técnica de Lisboa, an MBA (1989) from the Technical University of Lisbon - Universidade Técnica de Lisboa, and a Post-Graduation in Marketing and Management of Airlines (1992) from the Bath University /International Air Travel Association, UK. He began his career at the TAP Group in 1984 (Transportes Aéreos de Portugal) having had several positions until becoming General Director. Between 1997 and 1999 he was a Board Member of TAPGER. Between 2000 and 2002, he was a member of the Board of several companies within CP – Portuguese Railways, namely EMEF. From 2002 and 2005, he became CEO of Air Luxor, an airline Company, and from 2005 to 2007 he was Chairperson and CEO of ICEP - Instituto do Comércio Externo de Portugal, a Portuguese state owned agency for international trade and promotion. Since March 2007, he has been a board member of EDP Internacional S.A. and in 2009 he was nominated Chairperson of the Board of Directors of CEM – Macao Electrical Company. He was nominated as a member of the Executive Board of Directors on 20th February 2012. On May 8th, 2012, he was nominated Member of the Board of EDP Renováveis, S.A. by co-option.

NUNO ALVES

Born in 1958, he holds a degree in Naval Architecture and Marine Engineering (1980) and a Master in Business Administration (1985) by the University of Michigan. In 1988, he joins the Planning and Strategy Department of Millennium BCP and in 1990 becomes an associate director of the bank's Financial Investments Division. In 1991, Mr. Nuno Alves is appointed as the Investor Relations Officer for the group and in 1994 he joins the Retail network as Coordinating Manager. In 1996, he becomes Head of the Capital Markets Division of Banco CISF, currently Millennium BCP Investimento, and, in 1997, Co-Head of the bank's Investment Banking Division. In 1999, Mr. Nuno Alves is appointed as Chairperson and CEO of CISF Dealer, the brokerage arm of Banco CISF.

Since 2000, before his appointment as EDP's Chief Financial Officer in March 2006, Mr. Nuno Alves acted as an Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets. He was appointed on 30th March 2006 as member of the Executive Board of Directors, which office began on 30th June 2006, and reappointed on 15th April 2009 and 20th February 2012.

GABRIEL ALONSO

Born in 1973, he has been working in the global wind energy industry for more than 15 years in several countries across Europe, North America, and North Africa. He joined EDP in early 2007 as Managing Director for North America, where he led EDP's entrance into the United States' renewables arena through EDP's acquisition of Horizon Wind Energy from Goldman Sachs, the largest renewable energy transaction to date. He was instrumental in the creation, launch, and implementation of the initial public offering (IPO) of EDPR in June of 2008. He served in EDPR NA as Chief Development Officer (CDO) and Chief Operating Officer (COO), responsible for overseeing development, engineering, construction, energy management, procurement, and operations and maintenance. He is currently Chief Executive Officer for EDP Renewables North America LLC (EDPR NA), member of the Executive Committee, and Member of the Board of Directors of EDP Renováveis S.A. (EDPR). He is also member of the Executive Committee and currently holds the role of Chair-Elect of the Board of Directors of the American Wind Energy Association (AWEA). He holds a Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain, and has completed the Advanced Management Program at The University of Chicago Booth School of Business.

JOÃO PAULO COSTEIRA

Born in 1965, he was the Commercial Director of Portgás from 1992 to 1998. In 1998 he entered Galpenergia Group (Portugal's National Oil & Gas Company), where he held several positions such as General Manager of Lisboagás (Lisbon's Natural gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC). He also was a member of the Management Team of GalpEmpresas and Galpgás. In 2006 he became an Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain). In 2007 he joined EDP Renováveis S.A., where he serves currently as Chief Operating Officer for Europe, Brazil and South Africa, he's a member of the Executive Committee and member of the Board of Directors of EDP Renováveis S.A. He holds a degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto, and a Master in Business Administration by IEP/ESADE (Oporto and Barcelona). He also studied the Executive Development Program at École des HEC (Université de Lausanne, 1997), the Strategic Leadership Development Program at INSEAD (Fontainebleau, 2002) and the Advanced Management Program of IESE (Barcelona, 2004).

RUI TEIXEIRA

Born in 1972, he is a member of the Board of Directors of EDP Renováveis, S.A., a member of the Executive Committee, and is the Chief Financial Officer of the Company. From 1996 to 1997, he was assistant director of the commercial naval department of Gellweiler— Sociedade Equipamentos Maritimos e Industriais, Lda. From 1997 to 2001, he worked as a project manager and ship surveyor for Det Norske Veritas, with responsibilities for offshore structures, shipbuilding, and ship repair. Between 2001 and 2004, he was a consultant at McKinsey & Company, focussing on energy, shipping, and retail banking. From 2004 to 2007, he headed the corporate planning and control division within the EDP Group. In 2007 also served as Chief Financial Officer of EDP Renewables Europe SL (former NEO). He was nominated Chief Financial Officer of the Company in 2008. He is also Member of the Board of Directors of several subsidiaries of the Company's Group. He holds a Master of Science degree in Naval Architecture and Marine Engineering from the Institute Superior Técnico de Lisboa, a Master in Business and Administration from the Universidade Nova de Lisboa and an Advance Management Program from Harvard Business School.

ACÁCIO PILOTO

Born in 1957, Acácio Piloto holds a Law degree by the Law School of Lisbon University (1983). During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University and a Post- Graduation in European Community Competition Law by Max Planck Institut. He was a trainee at the International Division of Bayerische Hypoteken und Wechsel Bank. He also completed several professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International, 1991) and the Insead Executive Program (Fontainebleu, 1999).
In 1986 he joined the International Division of Banco Pinto e Sotto Mayor. In 1988 Acácio Piloto joins the International and Treasury Division of Banco Comercial Português. In 1989 is appointed Head of International Corporate Banking. From 1991 to 1996 he became Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank). In 1996 he is seconded to the Groups Subsidiary in charge of Asset Management, AF- Investimentos, joining its Executive Committee and acting as Chairperson of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International. In 1988 we returns to investment banking, first as member of the Executive Committee and in 2000 as an Executive Board Member of BCP- Banco de Investimento, in charge of Investment Banking, and from 2006 onwards in charge of Treasury and Capital Markets. In 2010 he is appointed as Millennium bcp General Manager responsible

for the Asset Management business and was nominated CEO of Millennium Gestão de Activos, SGFIM, Chairperson of Millennium SICAV and Chairperson of BII International.

During 2010/2013 Acácio Piloto also served as Member of the Board of Directors and Member of the Audit Committee of INAPA, IPG, S.A. Currently he serves as a Non- Executive Director of EDP Renováveis, S.A.

ANTÓNIO NOGUEIRA LEITE

Born in 1962. Between 1988 and 1996, he was a consultant to various national and international institutions, among which was the Bank of Portugal, the OCDE and the European Commission. Between 1995 and 1998, he was Secretary General of the APRITEL and between 2000 and 2002, he was a member of the Board of Directors of APRITEL. He was manager of Soporcel, S.A., from 1997 to 1999, manager of Papercel, S.A., from 1998 to 1999 and the director of MC Corretagem, S.A., also in 1999. The same year, he was appointed the Chairperson of the Board of Directors of the Lisbon Stock Exchange and a member of the Executive Committee of the Association of Ibero-American Scholarship. António Nogueira Leite is, since 2000, the member of the Advisory Board of the Portuguese Association for the Development of Communications. He was a consultant to Vodafone-Telecom Personal S.A. between 2000 and 2002, and GE Capital, between 2001 and 2002. In 2002, he was a member of the Advisory Board of the IGCP. Since 2002, has held various positions within Grupo José de Mello, and held management position in various organizations, including the Reditus, SGPS, S.A., Quimigal, S.A., Brisa, S.A., ADP, S.A., Comitur, SGPS, S.A., Comitur Imobiliária, S.A., Expocomitur- Deals & Real Estate Management, S.A., Valley Farm Supply - Sociedade Agrícola, Turística e Imobiliária, S.A., SGPS, S.A., Efacec Capital, SGPS, S.A. and Cuf – Químicos Industriais, S.A. He was director of the Society of Civil Explosives, SEC, S.A., from 2007 to March 2008. From October 1999 to August 2000 he was Secretary of the Department of Treasury and Finance and deputy governor of the European Investment Bank. He took the position at the European Bank for Reconstruction and Development and the International Monetary Fund and was also a member of the Economic and Financial Council of the European Union. He also held the position of Vice-President of the Advisory Board of Banif- Banco de Investimentos S.A. and the Chairperson of the General and Supervisory Board of OPEX, S.A. Between 2009 and 2011 he was President of the Association Ocean XXI (cluster do Mar). Between 2011 and 2013 he was Director and Deputy Chief Executive Officer of CGD, S.A. and a Director of the Caixa Investment Banking, Caixa Capital, Housing Development, Caixa Leasing & Factoring & Partang, SGPS, S.A. Since 2008, he is a non-executive Director of the Board of Directors of EDPR and a member of the Related Party Transactions. António Nogueira Leite has an undergraduate degree in Economics from Universidade Católica Portuguesa. He also has a master of economics and PhD of economics from the University of Illinois

GILLES AUGUST

Born in 1957. Between 1984 and 1986, he practiced law at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC. Between 1986 and 1991 he was an Associate and later became Partner at Baudel, Salès, Vincent & Georges Law Firm in Paris. In 1991 he became a Partner at Salès Vincent Georges, where he stayed until 1994. In 1995 he co-founded August & Debouzy Law firm where he is presently working as the manager of the firm's corporate department. He has been a Lecturer at École Supérieure des Sciences Economiques et Commerciales and at Collège de Polytechnique and is currently giving lectures at CNAM (Conservatoire National des Arts et Métiers). He is Knight of the Lègion d'Honneur. Since 2009, he has been a Non-Executive Director of EDPR's Board of Directors. He has a Master in Law from Georgetown University Law Center in Washington DC (1986); a Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984) and a Master in Private Law from the same University (1981). He graduated from the Ècole Supérieure des Sciences Economiques et Commerciales (ESSEC).

JOÃO RAIMUNDO

Born in 1960. Between 1982 to 1985 was a senior auditor of BDO—Binder Dijker Otte Co. Between 1987 to 1990, was a director of Banco Manufactures Hanover (Portugal), S.A. and between 1990 to 1993 was a Member of the Boards of TOTTAFactor, S.A. (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS, S.A. In 1993, held directorships with Nacional Factoring, da CISF—Imóveis and CISF Equipamentos. Between 1995 and 1997 was a director of CISF—Banco de Investimento and a Member of the Board of Directors of Nacional Factoring. In 1998, was appointed to the Board of Directors of several financial companies, including Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring. From 1999 to 2000, was a Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS. From 2000 to 2003, was appointed Chairman of the Board of Directors of Banque BCP (Luxemburg) and Chairman of the Executive Committee of Banque BCP (France). Between 2003 and 2006 he was a Member of the Board of Banque Prive BCP (Switzerland) and was General Manager of BCP's Private Banking Division. From 2006 to 2009, was a Member of the Board of Directors of Banco Millennium BCP de Investimento, S.A. and General Manager of Banco Comercial Português, S.A.. Also held a position until 2010 as vice-chairman of the General Assembly Board of Millennium Angola. From 2009 to 2010 was appointed Vice Chairman and CEO of Millenniumbcp bank, NA (USA). From 2009 to 2012 was a Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS, S.A. Currently is the Chairman of the Board of BCP Holdings (USA), Inc., General Manager of Investment Banking of Banco Comercial Português, Member of the Board of Directors of EDP Renováveis, S.A. and Member of the Board of Directors of OMIP – Operador do Mercado Ibérico (Portugal) SGPS. S.A. Has an undergraduate degree in Business and Administration from Universidade Católica Portuguesa of Lisbon and a MBA degree from INSEAD (Fontainebleau, France).

JOÃO MELLO FRANCO

He was born in 1946. Between 1986 and 1989, he was a member of the board of directors of Tecnologia das Comunicações, Lda. Between 1989 to 1994, he was chairperson of the board of directors of Telefones de Lisboa e Porto, S.A., and between 1993 to 1995 he was chairperson of Associação Portuguesa para o Desenvolvimento das Comunicações. From 1994 to 1995, he was chairperson of the board of directors of Companhia Portuguesa Rádio Marconi and additionally was chairperson of the board of directors of Companhia Santomense de Telecomunicações e da Guiné Telecom. From 1995 to 1997, he was vice-chairperson of the board of directors and CEO of Lisnave (Estaleiros Navais) S.A. Between 1997 and 2001, he was CEO and in the last year chairperson of the board of directors of Soponata and was a director and member of the audit committee of International Shipowners Reinsurance, Co S.A. Between 2001 and 2004, he was vice-chairperson of José de Mello Imobiliária SGPS, S.A. Since 1998, he has been a director of Portugal Telecom SGPS, S.A., chairperson of the audit committee since 2007, member of the corporate governance committee since 2006 and member of the evaluation committee since 2008. He is member of the board of Villas Boas ACP – Corretores de Seguros, Lda. since 2012. He was member of the remuneration committee of Portugal telecom, SGPS, SA between 2003 and 2008. Between 2011 and 2013 he was chairperson of the audit committee of Sporting Clube de Portugal S.A.D. He has an undergraduate degree in mechanical engineering from Instituto Superior Técnico. He additionally holds a certificate in strategic management and Company boards and is the holder of a grant of Junta de Energia Nuclear.

JORGE SANTOS

He was born in 1951. From 1997 to 1998, coordinated the committee for evaluation of the EC Support Framework II and was a member of the committee for the elaboration of the ex-ante EC Support Framework III. From 1998 to 2000, he was Chairperson of the Unidade de Estudos sobre a Complexidade na Economia and from 1998 to 2002 was Chairperson of the scientific council of Instituto Superior de Economia e Gestão of the Universidade Técnica de Lisboa. From 2001 to 2002, he coordinated the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal. Since 2007, he has been coordinator of the masters program in economics. Since 2009, he has been President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG). In December 2011 was elected president of the general assembly of IDEFE, and is now administrator of “Fundação Económicas”. He has an undergraduate degree in economics from Instituto Superior de Economia e Gestão, a master degree in economics from the University of Bristol and a Ph.D. in Economics from the University of Kent. He additionally has a doctorate degree in economics from the Instituto Superior de Economia e Gestão of Universidade Técnica de Lisboa, and has consequently held the positions of Professor Auxiliar and Professor Associado with Universidade Técnica de Lisboa. He has been appointed as university full professor (catedrático) of Universidade Técnica de Lisboa and is the President of the Department of Economics at ISEG.

JOSÉ ARAÚJO E SILVA

Born in 1951, he began his professional career as an assistant lecturer at Faculdade de Economia do Porto and in 1987 and 1988 he was responsible for the “Gestão Financeira Internacional” degree at the same University. From 1980 to 1983 he held a part-time position as technician for Comissão de Coordenação da Região Norte., and from 1991 he was invited to be a lecturer at Universidade Católica do Porto.He has since held the position of director of several companies, including of Banco Espírito Santo e Comercial de Lisboa and Soserfin— Sociedade Internacional de Serviços Financeiros—Oporto group. He has been involved in the finance and management coordination of Sonae Investimentos SGPS, was executive director of Sonae Participações Financeiras, SGPS, S.A. and was vice-Chairperson of Sonae Indústria, SGPS, S.A. He has additionally held directorships with Tafisa, S.A., Spread SGPS, S.A. and Corticeira Amorim, SGPS. He presently serves on the board of directors of Caixa Geral de Depósitos, S.A, and is President of Caixa Seguros e Saúde, Caixa Leasing and Factoring, and Locarent, as well as Non-Executive Director in several other companies. Since 2008 he has been a Non-Executive Director of EDPR’s Board of Directors. He has an undergraduate degree in economics from the Faculdade de Economia do Porto and has obtained certificates from Universidade de Paris IX, Dauphine and the Midland Bank International banker’s course in London.

JOSÉ FERREIRA MACHADO

Born in 1957. he holds a PhD in Economics by the University of Illinois at Urbana-Champaign, U.S.A. and an Agregacão (Habilitation) in Statistics and Econometrics by Universidade NOVA de Lisboa.
He is a member of the Editorial Boards of Empirical Economics and the Portuguese Economic Journal and has published his scientific research in some of the top journals of his field namely, Journal of the American Statistical Society, Journal of Econometrics, Journal of Economic Letters. He is consultant of the Bank of Portugal since 1992.

He is the Dean of Nova School of Business and Economics, Lisbon-Portugal, since 2005 and of Angola Business School, Luanda-Angola, since 2010.

MANUEL MENÉNDEZ MENÉNDEZ

Born in 1960, he is Chairperson and CEO of Liberbank, S.A., a financial institution formed by the integration of the financial businesses of Cajastur, Caja de Extremadura, Caja Cantabria y Banco Castilla-La Mancha, as well as Chairperson of Cajastur. He is a member of the board of directors of CECA, on behalf of Liberbank Group. He is also Chairperson of Hidroeléctrica del Cantábrico and Naturgas Energía and member of the board of directors of EDP RENOVAVEIS and of UNESA (the Spanish association of the electricity industry).
He was President of Banco de Castilla-La Mancha, which is part of Liberbank group, and was a member of the Board of Directors of CECABANK, Enagas and EDP Renewables Europa.

He is a university professor in the Department of Business Administration and Accounting at the University of Oviedo; he has a PhD in Economic Sciences and a degree in Economics and in Business Administration, both from the University of Oviedo. He has supervised several doctoral thesis', developing research work and has participated as a speaker in many courses and seminars. His main research areas are the efficiency in credit institutions, management control in decentralized companies and those in sectors with regulated economies. He is also author of several books and technical articles about the aforementioned matters.

RAFAEL CALDEIRA VALVERDE

Born in 1953. In 1987, he joined Banco Espírito Santo de Investimento, S.A. and was the Director responsible for financial services management, client management, structured financing management, capital markets management, and for the department for origination and information; between 1991 and 2005 he was also Director and Member of the Executive Committee. In March 2005, he was nominated as vice-chairperson of the board of Directors of Banco Espírito Santo de Investimento, S.A. and formed part of the executive committee of the Company. He is Vice-Chairperson of the Board of Directors and Member of the Executive Committee of Banco Espírito Santo de Investimento, S.A. Director of BES Investimento do Brasil, S.A.; ESSI, SGPS, S.A.; ESSI COMUNICAÇÕES, SGPS, S.A.; ESSI INVESTIMENTOS, S.A. and Espírito Santo Investment Holdings Limited. Since 2008 he has been a Non-Executive Director of EDPR's Board of Directors and member of the Nominations and Remunerations Committee.
He has an undergraduate degree in economics from the Instituto de Economia da Faculdade Técnica de Lisboa.

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCÍA-CONDE NORIEGA

Born in 1955, he joined Soto de Ribera Power Plant, which was owned by a consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico, as legal counsel in 1981. In 1995, he was nominated general counsel of Soto de Ribera Power Plant and also chief of administration and human resources of the consortium. In 1999, he was nominated as legal counsel at Hidrocantábrico and in 2003 was nominated general counsel of Hidrocantábrico and also a member of its management committee. Presently serves as general counsel of the Company, as secretary of the Board, and is also Chairperson, Director and/or secretary on Boards of Directors of a number the Company's subsidiaries in Europe. Holds a Law Degree from the University of Oviedo.

07

FINANCIAL STATEMENTS

POLAND
ROYAL CASTLE
Coordinates:
50º 03' 16" N 19º 56' 12" E
Time of day: 15H

EDP Renováveis, S.A. and subsidiaries

Consolidated Income Statement
for the years ended 31 December 2013 and 2012

Thousands of Euros	Notes	2013	2012
Revenues	6	1,230,963	1,157,796
Income from institutional partnerships in US wind farms	7	125,101	127,350
		1,356,064	1,285,146
Other operating income / (expenses)			
Other operating income	8	41,726	63,116
Supplies and services	9	-262,795	-261,810
Personnel costs and employee benefits	10	-66,554	-62,659
Other operating expenses	11	-121,314	-86,212
		-408,937	-347,565
		947,127	937,581
Provisions		-1,290	3
Depreciation, amortisation expense and impairment	12	-491,158	-502,709
Amortisation of deferred income (government grants)	12	18,472	15,231
		473,151	450,106
Gains / (losses) from the sale of financial assets		-3	2,766
Financial income	13	108,411	74,188
Financial expenses	13	-371,626	-351,804
Share of profit of associates		15,909	6,833
Profit before tax		225,842	182,089
Income tax expense	14	-56,718	-46,039
Profit for the year		169,124	136,050
Attributable to:			
Equity holders of EDP Renováveis	27	135,116	126,266
Non-controlling interests	29	34,008	9,784
Profit for the year		169,124	136,050
Earnings per share basic and diluted - Euros	27	**0.15**	**0.14**

The following notes form an integral part of these Consolidated Financial Statements

EDP Renováveis, S.A. and subsidiaries

Consolidated statement of comprehensive income for the for the year ended at 31 December 2013 and 2012

Thousands of Euros	2013 Equity holders of the parent	2013 Non controlling Interests	2012 Equity holders of the parent	2012 Non controlling Interests
Net profit for the year	135,116	34,008	126,266	9,784
Items that will never be reclassified to				
Actuarial gains / (losses)	14	-	14	-
Tax effect of actuarial gains/(losses)	-4	-	-4	-
	10	-	10	-
Items that are or may be reclassified to				
Fair value reserve (available for sale financial assets)	-1,204	-770	-129	-82
Tax effect of Fair value reserve (available for sale financial assets)	-	-	-	-
Fair value reserve (cash flow hedge)	18,177	3,372	-31,879	-7,375
Tax effect from the fair value reserve (cash flow hedge)	-4,837	-947	6,167	1,922
Share of other comprehensive income of associates, net of taxes	3,873	-	-5,149	
Exchange differences arising on consolidation	-10,589	-14,507	1,847	-6,861
	5,420	-12,852	-29,143	-12,396
Other comprehensive income for the year, net of income tax	5,430	-12,852	-29,133	-12,396
Total comprehensive income for the year	140,546	21,156	97,133	-2,612

The following notes form an integral part of these Consolidated Financial Statements

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Financial Position
as at 31 December 2013 and 2012

Thousands of Euros	Notes	2013	2012
Assets			
Property, plant and equipment	15	10,358,725	10,536,907
Intangible assets	16	89,796	24,915
Goodwill	17	1,255,725	1,301,930
Investments in associates	18	64,660	47,473
Available for sale financial assets	19	7,434	9,407
Deferred tax assets	20	111,055	89,378
Debtors and other assets from commercial activities	23	53,160	55,153
Other debtors and other assets	24	320,440	251,220
Collateral deposits associated to financial debt	30	74,172	48,433
Total Non-Current Assets		12,335,167	12,364,816
Inventories	21	15,489	16,209
Trade receivables	22	207,189	180,259
Debtors and other assets from commercial activities	23	45,768	104,165
Other debtors and other assets	24	133,094	334,490
Current tax assets	25	103,652	55,089
Financial assets at fair value through profit or loss		76	389
Collateral deposits associated to financial debt	30	6,054	719
Cash and cash equivalents	26	265,229	245,837
Total Current Assets		776,551	937,157
Total Assets		13,111,718	13,301,973
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-69,605	-74,385
Other reserves and Retained earnings	28	692,179	458,202
Consolidated net profit attributable to equity holders of the parent		135,116	126,266
Total Equity attributable to equity holders of the parent		5,671,266	5,423,659
Non-controlling interests	29	418,230	325,168
Total Equity		6,089,496	5,748,827
Liabilities			
Medium / Long term financial debt	30	3,543,805	3,657,083
Provisions	31	68,539	63,825
Deferred tax liabilities	20	383,329	380,592
Institutional partnerships in US wind farms	32	1,508,495	1,679,753
Trade and other payables from commercial activities	33	418,140	376,503
Other liabilities and other payables	34	239,770	258,824
Total Non-Current Liabilities		6,162,078	6,416,580
Short term financial debt	30	148,131	217,237
Trade and other payables from commercial activities	33	478,853	704,610
Other liabilities and other payables	34	134,511	157,876
Current tax liabilities	35	98,649	56,843
Total Current Liabilities		860,144	1,136,566
Total Liabilities		7,022,222	7,553,146
Total Equity and Liabilities		13,111,718	13,301,973

The following notes form an integral part of these Consolidated Financial Statements

EDP Renováveis, S.A.

Consolidated Statement of Changes in Equity
for the year ended at 31 December 2013 and 2012

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non--controlling Interests
Balance as at 31 December 2011	**5,453,725**	**4,361,541**	**552,035**	**454,135**	**-31,002**	**-14,118**	**4,575**	**5,327,166**	**126,559**
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	-211	-	-	-	-	-	-129	-129	-82
Fair value reserve (cash flow hedge) net of taxes	-31,165	-	-	-	-	-25,712	-	-25,712	-5,453
Share of other comprehensive income of associates, net of taxes	-5,149	-	-	-	-267	-4,882	-	-5,149	-
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-5,014	-	-	-	1,847	-	-	1,847	-6,861
Net profit for the year	136,050	-	-	126,266	-	-	-	126,266	9,784
Total comprehensive income for the year	94,521	-	-	126,276	1,580	-30,594	-129	97,133	-2,612
Dividends attributable to non-controlling interests	-4,805	-	-	-	-	-	-	-	-4,805
Share capital increase in EDP Renovaveis Brazil	26,443	-	-	-	-	-	-	-	26,443
Sale without loss of control of Vento II (EDPR NA)	176,121	-	-	4,057	-3,224	-1,473	-	-640	176,761
Changes resulting from acquisitions / sales and equity increases	2,822	-	-		-	-	-	-	2,822
Balance as at 31 December 2012	**5,748,827**	**4,361,541**	**552,035**	**584,468**	**-32,646**	**-46,185**	**4,446**	**5,423,659**	**325,168**
Comprehensive income:									
Fair value reserve (available for sale financial assets) net of taxes	-1,974	-	-	-	-	-	-1,204	-1,204	-770
Fair value reserve (cash flow hedge) net of taxes	15,765	-	-	-	-	13,340	-	13,340	2,425
Share of other comprehensive income of associates, net of taxes	3,873	-	-	-	-267	4,140	-	3,873	-
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-25,096	-	-	-	-10,589	-	-	-10,589	-14,507
Net profit for the year	169,124	-	-	135,116	-	-	-	135,116	34,008
Total comprehensive income for the year	161,702	-	-	135,126	-10,856	17,480	-1,204	140,546	21,156
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-16,719	-	-	-	-	-	-	-	-16,719
Sale without loss of control of EDPR Portugal	226,048	-	-	148,334	-	-	-	148,334	77,714
Sale without loss of control of Wheat Field (EDPR NA)	34,977	-	-	-1,043	-231	-	-	-1,274	36,251
Acquisitions without changes of control	-15,986	-	-	-4,754	-	-409	-	-5,163	-10,823
Other changes resulting from acquisitions / sales and equity increases	-14,514	-	-	-	-	-	-	-	-14,514
Other	53	-	-	56	-	-	-	56	-3
Balance as at 31 December 2013	**6,089,496**	**4,361,541**	**552,035**	**827,295**	**-43,733**	**-29,114**	**3,242**	**5,671,266**	**418,230**

The following notes form an integral part of these Consolidated Financial Statements

EDP Renováveis, S.A. and subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2013 and 2012

Thousands of Euros	2013	2012
Cash flows from operating activities		
Cash receipts from customers	1,239,154	1,141,490
Cash paid to suppliers	-314,289	-285,247
Cash paid to employees	-66,842	-68,893
Other receipts / (payments) relating to operating activities	-81,256	-75,573
	776,767	711,777
Income tax received / (paid)	-76,655	-45,465
Net cash flows from operating activities	700,112	666,312
Continuing activities	700,112	666,312
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of property, plant and equipment	2,193	2,273
Interest received	3,468	20,559
Dividends received	1,985	4,075
Loans to related parties	138,954	-
Other receipts from investing activities	2,170	11,602
	148,770	38,509
Cash payments resulting from:		
Acquisition of assets / subsidiaries	-46,728	-27,808
Acquisition of property, plant and equipment	-809,705	-612,495
Loans to related parties	-174,443	-
Other payments in investing activities	-1,669	-1,072
	-1,032,545	-641,375
Net cash flows from investing activities	-883,775	-602,866
Continuing activities	-883,775	-602,866
Cash flows from financing activities		
Sale of assets / subsidiaries without loss of control	292,143	175,687
Receipts/ (payments) of loans	1,187	-4,413
Interest and similar costs	-49,381	-215,330
Governmental grants received	90,539	4,817
Dividends paid	-51,610	-4,805
Receipts / (Payments) from institutional partnership in US wind farms	-35,579	-15,159
Other cash flows from financing activities	-37,293	26,683
Net cash flows from financing activities	210,006	-32,520
Continuing activities	210,006	-32,520
Net increase / (decrease) in cash and cash equivalents	26,343	30,926
Effect of exchange rate fluctuations on cash held	-6,951	-5,011
Cash and cash equivalents at the beginning of the period (*)	245,837	219,922
Cash and cash equivalents at the end of the period (*)	265,229	245,837

(*) See Note 26 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

Notes to the Consolidated Annual Accounts

1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2013 and 2012 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext

As at 31 December 2013, EDP Renováveis holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, L.L.C. (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), South África Wind & Solar Power, S.L.U. and EDP Renováveis Servicios Financieros, S.L.. Also holds a 55% stake in the share capital of EDP Renováveis Brasil, S.A. (EDPR BR).

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 - 4, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, in June 2013, EDPR has completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RP PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

EDPR EDPR Canada's main activities consist in the development, management and operation of wind farms in Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

As at 31 December 2013, EDP Renováveis and its subsidiaries ("the Group" or the "EDP Renováveis Group") had a fully consolidated installed capacity, as follows :

Installed capacity MW	31 Dec 2013	31 Dec 2012
United States of America	3,637	3,637
Spain	2,310	2,310
Portugal	619	615
Romania	521	350
Poland	370	190
France	322	314
Brazil	84	84
Belgium	71	57
Italy	70	40
Canada	30	-
	8,034	7,597

Additionally, through its interest in ENEOP- Eólicas de Portugal, S.A. is attributable to EDPR - equity consolidated - 455 MW (390 MW as at 31 December 2012).

Regulatory framework for the activities in Spain

On December 2012, by means of Law15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

On 4 February 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 2/2013 that includes a set of regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets.

The main regulatory modifications that Royal Decree-Law presents towards the Royal Decree-Law 661/2007 with impact in EDP Renováveis S.A. (EDPR) effective from 1 January 2013 onwards, are as follows:

- Every energy production facilities operating under the special regime are to be remunerated according to current feed-in tariff schemes for the remaining useful life of the asset;

- Energy production facilities operating under the special regime currently remunerated according to the market option were able to chose, until 15 February 2013 and for the remaining useful life of the asset, a remuneration based on the electricity wholesale market price with no renewable energy premium, and neither cap nor floor prices;

- The index used to annually update all the regulated activities in the electricity sector is the annual inflation excluding energy products and food prices, and any impact of tax changes.

The Spanish government disclosed the Energy Market Reform, which aims to end with the Spanish tariff deficit. The government claims that the reform may eliminate 4.5 billions of Euros/year of the structural deficit by: (i) 2.7 billons of Euros reduction in regulated costs of utilities and renewable energy source companies, and (ii) 0.9 billions of Euros contribution from the Spanish Treasury which will pay throught the Budget 50% of the extra costs of generation in the non-mainland territories.

The complete regulatory package will consist of: (i) a Royal Decree-Law (RD-L 9/2013, published in the Diário Oficial da União on 13 July), (ii) eight Decrees and Orders and (iii) the submission in the Parliament of the Project of Law ("Anteproyecto de Ley").

Until now, RD-L 9/2013 is the only rule approved and published: it outlines the principles that will govern the renewable energy source energy sector but it does not disclose the details of the new remuneration. According to this RD-L, renewable energy source plants will be subject to a new legal and economic framework: previous RD 661 framework will disappear and renewable energy source plants will receive the market price plus a payment per installed MW, so that the return on investment will be equivalent to the Spanish Government 10-year bonds yield plus a spread of 300bp. This Royal Decree-Law also suppresses the renewables remuneration for reactive power (2€/MWh).

On 26 November 2013, the Government submitted to the CNMC ("Comisión Nacional de los Mercados y la Competencia"), a draft decree describing the new remuneration scheme for renewables facilities. This new draft decree did not include the required parameters to calculate the remuneration for the renewables' sector activities, defining that should be retrospectively applied since 14 July. These parameters were released on 3 February 2014 when the CNMC disclosed the draft Ministerial Order containing the needed parameters to calculate the remuneration for each one of the 1,600 different types of renewable installation defined by the government.

According to these parameters, wind farms built in 2004 or earlier are not eligible to receive any incentive while newest farms will receive a flat premium per installed MW untill the end of their regulatory life. The flat premium will be subject of tri-annual modifications due to updates in the forecast of the parameters affecting the profitability of the installations. Overall, the wind sector will receive 1,191 millions of Euros in 2014 which compares to the forecast of 2,000 millions of Euros that would have been received under the old regulation. These cut of approximately 800 millions of Euros in wind sector represents a 45% of the total savings for the whole renewable sector that were estimated in 1,750 millions of Euros in the budget published within the tariff and charges order draft.

Spanish government has cancelled the results of the CESUR ("Contratos de Energía para el Suministro de Último Recurso") auctions dated of 19 December 2013, that would have led to a 26 % increase in the electricity price to be charged to regulated residential customers in the first quarter of 2014. Instead, was an increase of 2,8 % in the electricity cost and a 0,9 % increase in the access tariff. The government has also announced a structural change in the procedure to fix the electricity prices that will be designed and published in the next months.

On 26 December 2013, the Spanish government published a new regulation that will govern the electricity sector (Law 24/ 2013) replacing the existing from 1997 (Law 54 /1997).

The government defines the new law´s objective is to guarantee the supply of electricity and adapt to the consumer need at the lowest possible cost. It refers to the need to finish with the sector´s structural deficit that that has been accumulated during the last decade as the motivation to undertake the reform.

Regarding the renewable sector, the development of new installations will be conditioned to market needs, and their retribution will be based on market price with complementary revenues in order to ensure a reasonable return rate. Details on the renewable remuneration will be disclosed in the next months upon approval of the Royal Decree-Law for renewables and cogeneration activities.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law 189/88 dated 27 May, as amended by Decree-Law 168/99 dated 18 May, Decree-Law 312/2001 dated 10 December , and Decree-Law 339-C/2001 dated 29 December. Also relevant is Decree-Law 33-A/2005, dated 16 February ("DL 33-A/2005"), which establishes the current amounts used in the remuneration formula applicable to energy produced by means of renewable resources and the deadlines for the application of such remuneration formula.

The Portuguese Govermment published on 28 February 2013, the Decree Law 35/2013, 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 producers in the Portuguese economy. The wind farm producers can voluntarily invest to obtain further remuneration stability, through a new tariff scheme to be applied upon the actual 15 years established by law. The total investment will be used to reduce the overall costs of the Portuguese electricity system. In order to maximise the number of wind developers that voluntarily adheres to the extension of the remuneration framework, the Government proposed four alternative tariff schemes to be elected by each of the wind developers, that include the following conditions: 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 adhere a new scheme. EDPR has chosen a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values updated with inflation from 2021 onwards, in exchange for a payment of 5.800€/MW from 2013 to 2020. This decree also includes the possibility for wind farms under the new regime (i.e. ENEOP) to adhere to a similar sheme, still in negociation.

This Decree-Law modifies the remuneration regime applicable to the production of electricity by mini hydro plants (PCH). Establishes that the PCH that were framed by a remuneration regime prior to Decree-Law 33-A/2005, of 16 February, benefit from that remuneration regime for a period of 25 years from the date they were attributed the exploration license or until the expiration date of their water use license, whichever occurs first. After this 25- year period and as longer as the above mentioned license remains valid, electricity produced by these plants will be sold at market prices.

Regulatory framework for the activities in France

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed on 10 February 2000, which governs the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 provides that, operator of wind facilities may enter into long-term agreements for the purchase and sale of energy with Electricité de France (EDF). The tariffs are set by Order of July 10, 2006 which was repealed in August 2008 due to formal defect in its approval, and then republished without any amendment in December 2008. The tariffs are the following: i) during the first ten years of the EDF Agreement, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on a inflation-related index); ii) During years 11 to 15 of the EDF Agreement, the tariff is based on the annual average percentage of energy produced during the wind facility' s first ten years. These tariffs are also amended annually, based, in part, on a inflation-related index; iii) Beginning in the year 16, there is no specific support structure and the wind energy generators will sell their electricity at market price.

On March 2012, the legality of the 2008 feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid was missed. On 15 May, the French Council of State decided to raise the issue for a preliminary ruling before the EU Court of Justice (is expected 12 to 18 months to solve). In the event that the tariff is finally cancelled, the French government has urged the Council of State the postponement of this eventual ruling until 2013 onwards, thus, no retroactive effects are expected.

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 EPACT. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

On 1 January 2013, the US Congress approved "the American Taxpayer Relief Act" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2013 and changed the qualification criteria (projects can now qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows depreciation of a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed on 10 April 1997, which has been amended by the Act of 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the ''Energy Act'').

Pursuant to the Energy Act, power generation from renewable sources is supported. The following are forms of such support introduced in Poland: (i) A system of obligatory purchase of certificates of origin by the generation companies and trading companies selling electricity to the end user interconnected to a grid in Poland. These power companies are obliged to: a) obtain a certificate or origin and submit it to the ERA President for cancellation, or b) pay a substitute fee calculated in accordance with the Energy Act. ii) If the power company does not purchase certificates or origin or does not pay a substitute fee, the ERA President will penalize such company by the financial penalty calculated in accordance with the Energy Act.

On 13 November 2013, the Polish Government disclosed a new renewable act draft introducing a tendering scheme for renewable capacity. Then, the Ministry of Economy published a second version of the law on renewables at 2 January 2014. The law is not expected to be applicable before 1 January 2016 as it will come into force on the first day of the month commencing after the lapse of 12 months following the issuance of a positive decision of the European Commission on the compliance of the state aid regulations. According to this draft, operating plants will be entitled to choose between remaining under the Green Certificate (GC) scheme and participating in tenders. This version has already been referred in the Permanent Committee of the Council of Ministers.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the ''Electricity Act''). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of green certificates (each a ''GC''), as described below. The Belgian federal government is responsible for offshore power plants and for imposing obligations on the transmission system operators. The various GC systems are very similar across the three regions and are similar to the GC system for federally-regulated offshore power plants. There are currently differences in terms of quotas, fines and thresholds for granting GCs.

On 21 March 2012, Walloon government approved a decree which fixes the quotas of GC until 2020. The new quotas are: (i) 19.4% in 2013; (ii) 23.1% in 2014; (iii) 26.7% in 2015; (iv) 30.4% in 2016. For the period from 1 January 2017 until 31 December 2019, the yearly quotas will at the latest be fixed in 2014 on the basis of an evaluation carried out beforehand by the energy regulator of Wallonia (CWaPE).

A new tax for wind generators has been approved in Wallonia last July. According to this regulation, all generators earning green certificates shall pay 0,54€/MWh. The energy regulator of Wallonia (CWaPE) will be the beneficiary of this tax, aimed at supporting the costs originated by green certificates management.

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was set with the Electricity Law 318/2003. In 2005 a Green Certificate mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements.The regulatory authority establishes a fixed quota of electricity produced from RES which suppliers are obliges to buy, and, annually reviews applications form green generators in order to be awarded green certificates. Law 220/2008 of November, introduced some changes in the green certificates system. In particular, it allows wind generators to receive 2GC/MWh until 2015 . From 2016 onwards generators receive 1 green certificate for each MWh . The price of electricity is determined in the electricity market and the price of green certificates is determined on a separate market.

The trading value of green certificates has a floor of 27€ and a cap of 55€, both indexed to Romanian inflation. Law 220/2008 also guarantees the access to the National Grid for the electricity produced from renewable sources.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the overcompensation analysis which must be carried out on a yearly basis. ANRE shall monitor the producers benefiting from the support system and prepare annual reports on this regard. If overcompensation is found, ANRE will propose a reduction of the applicability period of the support scheme or the number of GCs initially granted to the technology. This reduction would be applied only to new plants.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminates the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market. On 4 September 2012, ANRE published the Order on Balancing Market. The new regulation has an impact for wind generation. On the one side, it states that for the energy reduced, the producer does not have the right to claim compensations for the loss of unproduced green certificates. This loss cannot be recovered. Also, new rules could result on larger balancing costs as the deficit price that wind generators have to face when the production is lower than the forecast may increase.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance). The law brings several amendments to the Ordinance and implicitly to the Renewables Law (i.e. Law 220/2008). However, this law, although formally approved by the Government has not ratified by the president.

Another important provision of the law is the postponement of Green Certificates of operating plants. The postponement will only apply to renewable energy operators accredited by ANRE before 2013. Wind power producers will receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC will be postponed from trading between 1 July 2013 and 31 March 2017. Solar producers will see 2 GCs (out of 6 GCs) postponed from trading from 1 July 2013 and 31 March 2017. The GCs postponed will be gradually recovered until 31 December 2020 (starting on 1 April 2017 for solar PV and 1 January 2018 for wind).

Wind facilities accredited after this date will receive 1,5 GC/MWh until 2017 and 0,75GC/MWh from 2018 onwards. All these GC will be immediately tradable.

Solar facilities will only receive 3 GC from 1 January 2014 onwards.

Regulatory frameworks for the activities in Italy

On 6 July 2012, the Government approved the new renewable regulation by means of the Decree on Renewables (DM FER) based on feed-in-tariff support scheme. The key aspects of the new regulation provided by the DM FER are the following: (i) Wind farms over 5 MW will be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered is set in different technologies' capacity paths (only set until 2015); (iii) the reference tariff for 2013 is 127 €/MWh for onshore wind. Tender participants will bid offering discounts on a reference tariff (in %);(iv) The reference tariff will decrease 2% per year and will be granted for the whole average useful life of the renewable plant - 20 years for onshore wind.

The new system substitutes the previous one based on GCs. Under the previous system producers obtain their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) will continue to operate under the previous system until 2015 when the GC system will be transformed into a feed-in-premium.

Regulatory frameworks for the activities in Brazil

The Electrical Sector in Brazil is regulated by Federal Law nº 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nº 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nº 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nº 10,762 of 11 November 2003 and Law nº 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power; and, subsequent amendments to the legislation.

The Decree nº 5,025 of 30 March 2004, regulates the Federal Law nº 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state “Energy Planning and Research Company” (EPE), who registers, analyses and allows potential participants.

2. ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2013 and 2012 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2013 and 2012, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 27 February 2014. These account will be submited for approval of the "Junta General de Accionistas". The annual accounts are presented in thousands of Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of annual accounts in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:
• The fair value of the consideration transferred; plus
• The recognised amount of any non-controlling interests in the acquiree; plus
• If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
• The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and there subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by using net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;
(ii) The hedge is expected to be highly effective;
(iii) The effectiveness of the hedge can be reliably measured;
(iv) The hedge is revalued on a on-going basis and is considered to be highly effective over the reporting period; and
(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired principally for the purpose of being sold in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available-for-sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available-for-sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available-for-sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date an assessment is performed as to whether there is objective evidence of impairment, namely those resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets, and every time it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed to the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. In the case of equity instruments, impairment losses can not be reversed and any subsequent gain in fair value is recognised in equity under fair value reserves.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery:	
- Wind farm generation	25
- Hydroelectric generation	20 to 30
- Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group assesses for impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement. The recoverable value is determined by the highest amount between its net selling price and its value in use, this being calculated by the present value of the estimated future cash-flows obtained from the asset and sale price at the end of its economic useful life.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

Green Certificates

As a consequence of the regulatory changes in Romania there's a new category of Green Certificates (GCs) which although granted are restricted for sale until 2017 (solar) and 2018 (wind). These deferred GCs are recognised as intangible assets when generated at fair market value. These GCs will be offset as they will be collected.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Employee benefits

Pensions

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained and (ii) changes in the actuarial assumptions are fully recognised against equity, since the transition date on 1 January 2004.

The increase in past service costs arising from early retirements (retirements before the normal age of retirement) or plan amendments are recognised in the income statement when incurred.

The Group recognises as operational expenses, in the income statement, the current and the past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

Defined contribution plans

In Spain, Portugal and United States of America, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

Deferred Green Certificates (GCs) are recognised as revenue when they are produced at fair market value.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups (groups of assets and related liabilities that include at least a non-current asset) are classified as held for sale when their carrying amounts will be recovered principally through sale and the assets or disposal groups are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

Immediately before classification as held for sale, the measurement of the non-current assets or all assets and liabilities in a disposal group, is adjusted in accordance with the applicable IFRS. Subsequently, these assets or disposal groups are measured at the lower of their carrying amount at fair value less costs to sell.

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor’s residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occured. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors’ minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

The International Financial Reporting Commitee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date. IFRIC 12 is applicable to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of determined infrastructures as well as the price of these services and equally controls any significant residual interest in those infrastructures.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as tangible fixed assets or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructures within the concession and results in the recognition of a financial asset, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructures (demand risk) and results in the recognition of an intangible asset.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Under the terms of the contracts in place throughout the Group business, the Management of EDPR concluded that IFRIC 12 is not applicable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group’s reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Board of Directors based on the best information available at 31 December 2013 and 31 December 2012, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group’s reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statments are presented fairly, in all material respects, the Group’s financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statments and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment of available-for-sale investments

The Group determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

Determination of a significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

Alternative methodologies and the use of different assumptions and estimates could result in a higher level of impairment losses recognised with a consequent impact in the income statement of the Group.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The goodwill in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Renováveis and its subsidiaries, are confident that there will be no material tax assessments within the context of the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Regulatory changes occurred in Spain

As a consequence of the recent regulatory mesures in Spain related with wind farm remuneration (see note 1), EDPR Group estimated and booked the impact of this measure: a decrease in electricity sales of 16,6 millions of Euros (net of 7% tax on electricity sales) and an impairment of 16 millions of Euros (see note 12).

Green Certificates

As a consequence of the regulatory changes in Romenia related to Green Certificates (GCs), the Group has the following assumptions:

(i) For estimating the price of GCs, the model is based on current regulation including the latest developments published in the last months and estimations on renewable capacity to be added in the following years;

(ii) Our GC model determines whether there will be excess or deficit of GCs to evaluate the price to apply;
In order to determine whether there will be excess or deficit of GCs, we compare demand with supply of GCs. Demand of GCs is calculated by multiplying gross electricity demand and quotas of renewable electricity. Electricity demand growth is based on ANRE's estimates. EDPR has made sensitivity analyses to the quotas and has assumed a conservative scenario that considers the latest regulatory changes. Regarding supply of GCs, starting from year-end 2013 renewables installed capacity, EDPR assumes capacity additions in line with latest market view on renewables development in the country.

4. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. The main financial risks lie essentially in its debt portfolio, arising from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with the EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from the interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the US Dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Zloty, New Romanian Leu and Canadian Dollar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into two CIRS in BRL/EUR and two in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2013 and 2012, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2013			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	3,778	-4,617	-	-
PLN / EUR	20,883	-25,524	-	-
RON / EUR	1,019	-1,246	-	-
	25,680	-31,387	-	-

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	6,202	-7,581	-	-
PLN / EUR	11,628	-14,213	-	-
RON / EUR	5,957	-7,280	-	-
	23,787	-29,074	-	-

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

In the floating-rate financing context, the Group contracts interest-rate derivative financial instruments to hedge cash flows associated with future interest payments, which have the effect of converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 13 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 87% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 31 December 2013 and 2012 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	31 Dec 2013			
	Profit or loss		Equity	
Thousands of Euros	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Cash flow hedge derivatives	-	-	19,674	-21,050
Unhedged debt (variable interest rates)	-687	687	-	-
	-687	687	19,674	-21,050

	31 Dec 2012			
	Profit or loss		Equity	
Thousands of Euros	+ 50 bp	- 50 bp	+ 50 bp	- 50 bp
Cash flow hedge derivatives	-	-	22,203	-24,375
Unhedged debt (variable interest rates)	-667	667	-	-
	-667	667	22,203	-24,375

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2013, market price risk affecting the EDP Renovavéis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain through regulated tariffs. In the remaining countries, prices are mainly determined through regulated tariffs except for Romania and Poland, where most plants are under power purchase agreements with fixed prices or floors.

For the small share of energy generated with market exposure, this risk is managed through electricity sales swaps. EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2014 to 2018 (see note 36). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the year ended in 31 December 2013, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:
- EDP Renewables, SGPS, S.A. acquired 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda. (see note 17);
- South África Wind & Solar Power, S.L. (which was incorporated in March 2013) acquired 42.5% of the share capital of Modderfontein Wind Energy Project, Ltd., 100% of the share capital of Dejann Trading and Investments Proprietary Ltd., 100% of the share capital of EDP Renewables South Africa, Proprietary Ltd. and 100% of the share capital of Jouren Trading and Investments Pty Ltd. (see note 17);
- EDP Renewables North America L.L.C. acquired 100% of the share capital of Lone Valley Solar Park I L.L.C. (ex-EDPR Agincourt L.L.C.), 100% of the share capital of Lone Valley Solar Park II L.L.C. (ex- EDPR Marathon L.L.C.) and 100% of the share capital of Rising Tree Wind Farm III (see note 17);
- EDP Renewables Polska, S.P. ZO.O acquired 65,07% of the share capital of Molen Wind II S.P. ZO.O. (see note 17).

Companies sold and liquidated:
- A 49% share interest in EDP Renováveis Portugal, S.A. was sold by 257.954 thousands of Euros, as part of a transaction totalling 368.483 thousands of Euros deducted of loans totalling 110.529 thousands of Euros, with a subsequent loss of share interest in Eólica da Alagoa, S.A., Eólica de Montenegrelo, S.A., Eólica da Serra das Alturas, S.A. and Malhadizes, S.A.
  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 148.334 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- A 49% share interest in Wheat Field Holding, L.L.C. (which was incorpored in September 2013) was sold by 34,977 thousands of Euros (corresponding to a sale price of 48,400 thousands of US Dollar deducted of capital contributions, transaction fees and tax effect), with a subsequent loss of share interest in Wheat Field Wind Power Project, L.L.C.;
  This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling -1,274 thousands of Euros, was booked against reserves under the corresponding accounting policy.
- EDPR Renovables España, S.L. liquidated Parc Eolic Molinars S.L.

Companies incorporated:
- South África Wind & Solar Power, S.L.;
- Sustaining Power Solutions, L.L.C.;
- Green Power Offsets, L.L.C.;
- Bourbriac II, S.A.S.;
- EDPR France Holding, S.A.S.;
- Parc Eolien de Montagne Fayel, S.A.S.;
- Arbuckle Mountain;
- Rising Tree Wind Farm II *;
- Wheat Field Holding, L.L.C.;
- Les Eoliennes en Mer de Dieppe - Le Tréport, S.A.S.;
- Les Eoliennes en Mer de Vendée, S.A.S.;

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2013 do not have any assets, liabilities, or operating activity.

Other changes:
- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Greenwind, S.A.;
- EDP Renewables Europe, S.L. increased its shareholding to 100% in the share capital of Relax Wind Park I, S.P. ZO.O through its subsidiary EDP Renewables Polska, S.P. ZO.O.

During the year ended in 31 December 2012, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Europe, S.L. acquired 100% of the share capital of Pietragalla Eolico S.R.L. (see note 17) and 85% of the share capital of Sibioara Wind Farm, S.R.L.;
- EDP Renewables Canada, Ltd. acquired 100% of the share capital of the following companies:
  - 0867242 BC Ltd.;
  - Eolia Renewable Energy Canada Ltd.;
  - South Branch Wind Farm Inc.
- EDPR-RO-PV, S.R.L. (incorporated during the year 2012) acquired 100% of the share capital of the following companies (see note 17):
  - Cujmir Solar S.R.L.;
  - Foton Delta S.R.L.;
  - Foton Epsilon S.R.L..
  - Potelu Solar S.R.L.;
  - Studina Solar S.R.L.;
  - Vanju Mare Solar S.R.L..
- EDP Renewables Polska SP. ZO.O acquired 60% of the share capital of J&Z Wind Farms SP. ZO.O. and 100% of the share capital of Korsze Wind Farm SP. ZO.O.

Companies sold and liquidated:

- EDP Renewables North America, L.L.C. liquidated Horizon Wind Energy International, L.L.C.;
- EDPR Renovables España, S.L. liquidated Parque Eólico Plana de Artajona, SLU, Parque Eólico Montes de Castelón, S.L., Siesa Renovables Canarias, S.L.; Compañía Eléctrica de Energías Renovables Alternativas, SAL and Corporación Empresarial de Renovables Alternativas, SLU;
- Generaciones Especiales I, S.L. sold by 5,531 thousands of Euros all of its interests in the following companies which generated a gain of 2,857 thousands of Euros recognised against Gains/Losses on disposal of financial assets:
  - 25% interest in Hidroastur S.A. (see note 18);
  - 80% interest in Hidroeléctrica del Rumblar S.L. (see note 15);
  - 100% interest in Hidroeléctrica Fuentermosa S.L. (see note 15);
  - 75% in interest in Hidroeléctrica Gormaz S.A. (see note 15).
- A 49% share interest in 2007 Vento II, L.L.C. was sold by 175,687 thousands of Euros (225,721 thousands of US Dollar corresponding to a sale price of 230,000 thousands of US Dollar deducted of capital contributions and transaction fees amounting 2,800 and 1,478 thousands of US Dollar, respectively) with the subsequent loss of 49% share interest in the following companies (see note 29):
  - Telocaset Wind Power Partners, L.L.C.;
  - Post Oak Wind, L.L.C.;
  - High Prairie Wind Farm II, L.L.C.;
  - Old Trail Wind Farm, L.L.C.

Companies merged:

- The following companies were merged into Desarrollos Eólicos Promoción S.A.U., which then changed its designation to EDP Renovables España, S. L.:
  - Agrupación Eólica S.L.U.;
  - Desarrollos Eólicos, S.A.;
  - Ceasa Promociones Eólicas S.L.U.;
  - Generaciones Especiales I, S.L.;
  - Neo Catalunya S.L.;
  - Santa Quiteria Energia, S.L.U.;
  - Sinae Inversiones Eólicas S.A..

Companies incorporated:

- 2012 Vento XI, L.L.C. * ;
- Casellaneta Wind S.R.L.;
- Central Eólica Aventura, S.A.;
- Central Eólica Baixa do Feijão I, S.A.;
- Central Eólica Baixa do Feijão II, S.A.;
- Central Eólica Baixa do Feijão III, S.A.;
- Central Eólica Baixa do Feijão IV, S.A.;
- EDP Renewables SGPS, S.A.;
- EDP Renewables Belgium, S.A.;
- EDP Renewables Canada GP Ltd. * ;
- EDP Renewables Canada LP Ltd.;
- EDP Renováveis Servicios Financieros, S.L.;
- EDPR PT - Promoção e Operação, S.A.;
- EDPR Wind Ventures XI, L.L.C. * ;
- EDPR-RO-PV, S.R.L.;
- Laterza Wind S.R.L..;
- MFW Gryf SP. ZO.O.;
- MFW Neptun SP. ZO.O.;
- MFW Pomorze SP. ;
- Monts de la Madeleine Energie, S.A.S.;
- Monts du Forez Energie, S.A.S.;
- SBWFI GP Inc. * ;
- South Dundas Wind Farm LP * ;
- Verde Wind Power L.L.C. * ;

* EDP Renováveis Group holds, through its subsidiary EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally incorporated without share capital and that as at 31 December 2012 do not have any assets, liabilities, or operating activity.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Revenues by business and geography		
Electricity in Europe	838,415	773,070
Electricity in United States of America	362,903	355,508
Electricity, other	24,250	24,754
	1,225,568	1,153,332
Other revenues	2,225	6,850
	1,227,793	1,160,182
Services rendered	4,772	4,961
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	20	-292
Changes in inventories	-1,622	-7,055
	-1,602	-7,347
Total Revenues	1,230,963	1,157,796

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnership in US Wind Farms in the amount of 125,101 thousands of Euros (31 December 2012: 127,350 thousands of Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 32).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Gain related with business combinations	3,477	32,393
Amortisation of deferred income related to power purchase agreements	8,362	9,888
Contract and Insurance compensations	21,935	8,788
Other income	7,952	12,047
	41,726	63,116

During 2013, EDP Renewables Polska carried out the purchase price allocation of the identificable assets acquired and liabilities of Molen Wind II, S.P. ZO.O., which originated an operating income of 3,477 thousands of Euros, booked under the caption Gain related with business combinations (see note 17).

The power purchase agreements between EDPR NA and its customers which were valued based on market assumptions, at the acquisition date, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and recorded as a non-current liability (see note 33). This liability is amortised over the period of the agreements against Other operating income. As at 31 December 2013, the amortisation for the period amounts to 8,362 thousands of Euros (31 December 2012: 9,888 thousands of Euros).

As at 31 December 2013, Contract and insurance compensations include 13,779 thousands of Euros related with the indemnity received following an amendment of the power purchase agreement between Mesquite Wind, L.L.C. (subsidiary of Wind I, L.L.C) and its client.

In 2012, EDPR Group carried out the purchase price allocation of several companies acquired which originated the recognition of an operating income of 29,754 thousands of Euros in EDPR Romania and 2,639 thousands of Euros in EDPR Italia (see note 17). These occasional advantageous acquisitions were possible to execute mainly due to bargaining power of EDPR, ability to access funding and liquidity and, to a certain extend, the still developing nature of Romanian solar market which enables opportunistic favorable transactions.

9. SUPPLIES AND SERVICES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Rents and leases	42,979	40,670
Maintenance and repairs	148,147	143,250
Specialised works:		
- IT Services, legal and advisory fees	17,493	16,599
- Shared services	7,807	11,866
- Other services	11,769	12,225
Other supplies and services	34,600	37,200
	262,795	261,810

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Personnel costs		
Board remuneration	539	945
Remunerations	53,300	52,320
Social charges on remunerations	8,911	7,582
Employee's variable remuneration	9,512	8,937
Other costs	1,347	971
Own work capitalised	-13,913	-15,339
	59,696	55,416
Employee benefits		
Costs with pension plans	2,572	2,825
Costs with medical care plans and other benefits	2,981	3,320
Other	1,305	1,098
	6,858	7,243
	66,554	62,659

As at 31 December 2013, Costs with pension plans relates to defined contribution plans (2,566 thousands of Euros) and defined benefit plans (6 thousands of Euros).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2013 and 2012 is as follows:

	31 Dec 2013	31 Dec 2012
Board members	17	14
	17	14
Senior management / Senior officers	69	68
Middle management	532	504
Highly-skilled and skilled employees	213	221
Other employees	61	64
	875	857
	892	871

In 2013 and 2012, the companies of EDPR Group consolidated under the proportional consolidation method do not have contributed with employee.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Direct and indirect taxes	72,512	41,939
Losses on fixed assets	12,591	17,035
Other costs and losses	36,211	27,238
	121,314	86,212

The caption Direct and indirect taxes, on 31 December 2013, includes the amount of 32.5 millions of Euros related with the approval made by Spanish Government of a new Royal Decree. This law establish an additional tax for energy generators, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

12. DEPRECIATION, AMORTISATION EXPENSE AND IMPAIRMENT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Property, plant and equipment		
Buildings and other constructions	1,398	1,801
Plant and machinery	457,347	433,534
Other	11,007	12,115
Impairment loss	19,763	53,401
	489,515	500,851
Intangible assets		
Industrial property, other rights and other intangibles	1,643	1,858
Amortisation of deferred income (Government grants)	-18,472	-15,231
	472,686	487,478

EDPR Group booked an impairment loss of 19,763 thousands of Euros referring to 16,046 and 3,717 thousands of Euros in EDPR EU and in EDPR NA, respectively. The impairment loss booked in EDPR EU results from regulatory changes issued in Spain (see note 1), and in EDPR NA results from the write-off of work in progress recognised during the second quarter of 2013 (see note 15).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	31 Dec 2013	31 Dec 2012
Financial income		
Interest income	20,677	16,770
Derivative financial instruments:		
Interest	1,498	5,483
Fair value	68,167	24,321
Foreign exchange gains	17,388	27,010
Other financial income	681	604
	108,411	74,188
Financial expenses		
Interest expense	197,807	215,987
Derivative financial instruments:		
Interest	30,635	21,152
Fair value	70,400	35,136
Own work capitalised	-15,579	-15,697
Unwinding	65,069	72,824
Other financial expenses	23,294	22,402
	371,626	351,804
Financial income / (expenses)	-263,215	-277,616

Derivative financial instruments includes interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 36 and 38).

In accordance with the accounting policy described on note 2g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2013 amounted to 15,579 thousands of Euros (31 December 2012: 15,697 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.69% and 11.27% (31 December 2012: 1.81% and 10.25%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 3,660 thousands of Euros (31 December 2012: 3,366 thousands of Euros) (see note 31) and the implied return in institutional partnerships in US wind farms 60,840 thousands of Euros (31 December 2012: 68,431 thousands of Euros) (see note 32).

14. INCOME TAX EXPENSE

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, being the last year considered settled by the tax administration the year of 2008. In the United States of America the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years from the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

EDP Renewables Europe, S.L. and its subsidiary companies file individual tax declarations in accordance with prevailing tax legislation. Nevertheless, the main Group companies pay income tax following the specific principles of the Special Tax Consolidation Regime, contained in articles 64 and 82 of Royal Legislative Decree 4/2004 whereby the revised corporate income tax law was approved. The companies of EDPR Group in Spain are included in the Tax consolidation perimeter of EDP, S.A. - Sucursal en España (EDP Branch).

EDP Renováveis, S.A. and subsidiaries
Notes to the Consolidated Annual Accounts for the years ended 31 December 2013 and 2012

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Current tax	-93,083	-85,225
Deferred tax	36,365	39,186
	-56,718	-46,039

The effective income tax rate as at 31 December 2013 and 2012 is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Profit before tax	225,842	182,089
Income tax expense	-56,718	-46,039
Effective Income Tax Rate	25.11%	25.28%

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2013 and 2012 is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Profit before taxes	225,842	182,089
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-67,753	-54,627
Income taxes for the year	-56,718	-46,039
Difference	11,035	8,588
Accounting revaluations, amortizations, depreciations and provisions	7,922	5,403
Tax losses and tax credits	-3,938	-4,547
Financial investments in associates	4,896	1,692
Effect of tax rates in foreign jurisdictions	-3,933	4,847
Tax benefits	4,124	4,196
Other	1,964	-3,003
	11,035	8,588

Accounting revaluations, amortizations, depreciations and provisions include the fiscal revaluation of EDPR assets in Spain in accordance with Law 16/2012 of 27 December, which does not have accounting impact but led to an increase of the assets' tax basis in 50.3 millions of Euros. Therefore, the Group recognised deferred tax assets of 14.2 millions of Euros benefiting from a tax credit for the period ended 31 December 2013, net of an upfront fee ("gravamen único") that amounted to 2.4 millions of Euros, corresponding to 5% of the revaluation reserves.

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Cost		
Land and natural resources	33,637	24,601
Buildings and other constructions	16,095	16,700
Plant and machinery:		
- Renewables generation	11,826,264	11,572,839
- Other plant and machinery	6,692	6,484
Other	75,458	76,537
Assets under construction	1,058,748	1,080,675
	13,016,894	12,777,836
Accumulated depreciation and impairment losses		
Depreciation charge	-469,752	-447,450
Accumulated depreciation in previous years	-2,129,010	-1,735,706
Impairment losses	-19,763	-53,401
Impairment losses in previous years	-39,644	-4,372
	-2,658,169	-2,240,929
Carrying amount	10,358,725	10,536,907

The movement in Property, plant and equipment during 2013, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Land and natural resources	24,601	8,209	-677	2,070	-585	19	33,637
Buildings and other constructions	16,700	28	-	-	-633	-	16,095
Plant and machinery	11,579,323	6,826	-1,435	523,974	-281,885	6,153	11,832,956
Other	76,537	2,352	-5,521	10,111	-1,466	-6,555	75,458
Assets under construction	1,080,675	566,254	-8,181	-536,155	-30,164	-13,681	1,058,748
	12,777,836	583,669	-15,814	-	-314,733	-14,064	13,016,894

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses							
Buildings and other constructions	7,187	1,398	-	-	-252	-	8,333
Plant and machinery	2,196,605	457,347	19,763	-291	-53,065	-16,174	2,604,185
Other	37,137	11,007	-	-43	-934	-1,516	45,651
	2,240,929	469,752	19,763	-334	-54,251	-17,690	2,658,169

Plant and machinery includes the cost of the wind farms under operation.

Transfers from assets under construction into operation in 2013, refer mainly to wind farms of EDP Renováveis that become operational.

The caption Changes in perimeter/Other includes mainly the effect of the aquisition of Lone Valley Solar Park I L.L.C. (ex-EDPR Agincourt L.L.C.) and Lone Valley Solar Park II L.L.C. (ex-EDPR Marathon L.L.C.) by EDP Renewables NA, and the liquidation Parc Eolic Molinars S.L. by EDPR Renovables España, S.L (see note 5).

The movement in Property, plant and equipment during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Land and natural resources	21,389	3,942	-82	-	-417	-231	24,601
Buildings and other constructions	16,053	954	-	-	-366	59	16,700
Plant and machinery	10,914,817	9,610	-647	771,535	-114,251	-1,741	11,579,323
Other	62,428	12,836	-14,099	16,053	-755	74	76,537
Assets under construction	1,203,445	662,760	-4,862	-787,588	6,674	246	1,080,675
	12,218,132	690,102	-19,690	-	-109,115	-1,593	12,777,836

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated depreciation and impairment losses							
Buildings and other constructions	5,487	1,801	-	-	-105	4	7,187
Plant and machinery	1,731,794	433,534	52,977	-311	-19,663	-1,726	2,196,605
Other	26,230	12,115	424	-1,221	-394	-17	37,137
	1,763,511	447,450	53,401	-1,532	-20,162	-1,739	2,240,929

The caption Changes in perimeter/Other includes mainly the effect of the aquisition of J&Z Wind Farms SP. ZO.O., Pietragalla Eolico S.R.L. and solar photovoltaic companies acquired by EDPR-RO-PV, S.R.L and the sale of the companies holders of the mini-hydrics previously held in Spain.

Assets under construction as at 31 December 2013 and 2012 are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
EDPR EU Group	675,580	842,278
EDPR NA Group	302,244	212,783
Other	80,924	25,614
	1,058,748	1,080,675

Assets under construction as at 31 December 2013 and 2012 are essentially related to wind farms and solar plants under construction and development in EDPR EU and EDPR NA.

Financial interests capitalised amount to 15,579 thousands of Euros as at 31 December 2013 (31 December 2012: 15,697 thousands of Euros) (see note 13).

Personnel costs capitalised amount to 13,913 thousands of Euros as at 31 December 2013 (31 December 2012: 15,339 thousands of Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Cost		
Industrial property, other rights and other intangible assets	108,498	47,221
Intangible assets under development	4,862	4
	113,360	47,225
Accumulated depreciation		
Depreciation charge	-1,643	-1,858
Accumulated depreciation in previous years	-21,921	-20,452
	-23,564	-22,310
Carrying amount	89,796	24,915

Industrial property, other rights and other intangible assets include 78,837 thousands of Euros and 14,035 thousands of Euros related to wind generation licenses of EDPR NA Group (31 December 2012: 30,186 thousands of Euros) and EDPR Portugal (31 December 2012: 14,035 thousands of Euros), respectively, and 12,791 thousands of Euros related with green certificates in Romania (see note 2 i).

The movement in Intangible assets during 2013, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	47,221	63,967	-	-	-3,547	857	108,498
Intangible assets under development	4	4,481	-76	-	-188	641	4,862
	47,225	68,448	-76	-	-3,735	1,498	113,360

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	22,310	1,643	-	-	-389	-	23,564
	22,310	1,643	-	-	-389	-	23,564

Additions include the power purchase agreements of Rising Tree (see note 2 i) and 17) in the amount of 47,297 thousands of Euros and the recognition of the deferred portion of green certificates rights in Romania in the amount of 12,941 thousands of Euros.

The movement in Intangible assets during 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	42,462	24	-	-	-601	5,336	47,221
Intangible assets under development	4	-	-	-	-	-	4
	42,466	24	-	-	-601	5,336	47,225

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	20,647	1,858	-	-	-154	-41	22,310
	20,647	1,858	-	-	-154	-41	22,310

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Goodwill booked in EDPR EU Group:	679,256	700,234
- EDPR Spain Group	534,438	534,610
- EDPR France Group	64,047	65,752
- EDPR Portugal Group	42,915	42,588
- Other	37,856	57,284
Goodwill booked in EDPR NA Group	574,867	600,302
Other	1,602	1,394
	1,255,725	1,301,930

The movements in Goodwill, by subgroup, during 2013 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair-ment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	534,610	-	-172	-	-	-	534,438
- EDPR France Group	65,752	-	-1,705	-	-	-	64,047
- EDPR Portugal Group	42,588	327	-	-	-	-	42,915
- Other	57,284	348	-19,173	-	-603	-	37,856
EDPR NA Group	600,302	-	-	-	-25,435	-	574,867
Other	1,394	477	-	-	-269	-	1,602
	1,301,930	1,152	-21,050	-	-26,307	-	1,255,725

The movements in Goodwill, by subgroup, during 2012 are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impair-ment	Exchange Differences	Changes in perimeter / Other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	534,642	-	-32	-	-	-	534,610
- EDPR France Group	65,752	-	-	-	-	-	65,752
- EDPR Portugal Group	42,588	-	-	-	-	-	42,588
- Other	55,421	164	-	-	1,699	-	57,284
EDPR NA Group	611,882	-	-	-	-11,580	-	600,302
Other	1,560	-	-	-	-166	-	1,394
	1,311,845	164	-32	-	-10,047	-	1,301,930

EDPR EU Group

The goodwill movement in EDPR EU Group in 2013 includes essentially a decrease in the amount of 19,173 thousands of Euros related to the contingent prices revision of some purchase agreements signed before 1 january 2010, date of the adoption of the revised IFRS 3 (as described in accounting policy 2b) (see note 5 and 34).

Other information for purchase price allocation and business combinations included in 2013

EDPR EU - Other

During 2013 the EDP Renewables Polska, S.P. ZO.O acquired 65,07% of the share capital of the company Molen Wind II, S.P. ZO.O. (see note 5) and has carried out the purchase price allocation that originates the recognition of an operating income of 3,477 thousands of Euros (nota 8).

Thousands of Euros	Book value	PPA	Assets Liabilities at fair value
Property, plant and equipment	1,691	10,739	12,430
Other assets (including licenses)	10,112	-	10,112
Total assets	11,803	10,739	22,542
Deferred tax liabilities	-	2,040	2,040
Current liabilities	1,868	-	1,868
Total liabilities	1,868	2,040	3,908
Net assets	9,935	8,699	18,634
Non-controlling interests	-3,470	-3,039	-6,509
Net assets acquired	6,465	5,660	12,125
Consideration transferred	8,648		8,648
Badwill			-3,477

During 2013 the EDPR Group has paid an amount of 46,728 thousands of Euros (31 December 2012: 30,279 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Belgium Group (14,149 thousands of Euros), EDPR Poland Group (10,802 thousands of Euros), EDPR Solar Romania (9,443 thousands of Euros), EDPR Italia Group (8,440 thousands of Euros), EDPR NA Group (3,860 thousands of Euros) and Other (34 thousands of Euros).

Other business combinations

During 2013, EDPR Group acquire 100% of the following companies: Gravitangle - Fotovoltaica Unipessoal, Lda., Dejann Trading and Investments Proprietary Ltd., Renewables South Africa, Proprietary Ltd. and Jouren Trading and Investments Pty Ltd. (see note 5), with the following agreggated impacts:

Thousands of Euros	Assets Liabilities at fair value
Property, plant and equipment	9,885
Other assets (including licenses)	29,722
Total assets	39,607
Deferred tax liabilities	-
Current liabilities	-
Total liabilities	2,105
Net assets	37,502
Non-controlling interests	-
Net assets acquired	37,502
Consideration transferred	38,308
Goodwill	806

Other information for purchase price allocation and business combinations included in 2012

EDPR Italia Group

During 2012 the EDPR Group acquired 100% of the share capital of the company Pietragalla Eolico S.R.L. and has carried out the purchase price allocation that originates the recognition of an operating income of 2,639 thousands of Euros.

Thousands of Euros	Book value	PPA	Assets Liabilities at fair value
Property, plant and equipment	1,227	10,300	11,527
Other assets (including licenses)	-	-	-
Total assets	1,227	10,300	11,527
Deferred tax liabilities	-	2,833	2,833
Current liabilities	1,035	-	1,035
Total liabilities	1,035	2,833	3,868
Net assets acquired	192	7,467	7,659
Consideration transferred	5,020		5,020
Badwill			-2,639

Other

During 2012 the EDPR Solar Romania acquired 99.99% of the share capital of the companies Cujmir Solar S.R.L., Foton Delta S.R.L., Foton Epsilon S.R.L., Potelu Solar S.R.L., Studina Solar S.R.L. and Vanju Mare Solar S.R.L. and has carried out the purchase price allocation that originates the recognition of an operating income of 29,754 thousands of Euros.

Thousands of Euros	Book value	PPA	Assets Liabilities at fair value
Property, plant and equipment	26	43,305	43,331
Other assets (including licenses)	500	14,167	14,667
Total assets	526	57,472	57,998
Deferred tax liabilities	-	9,195	9,195
Current liabilities	513	-	513
Total liabilities	513	9,195	9,708
Net assets acquired	13	48,277	48,290
Consideration transferred	18,536		18,536
Badwill			-29,754

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (25 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

	2013	**2012**
Portugal and Spain	5.3% - 6.5%	7.0% - 7.1%
United States	6.0% - 7.3%	5.5% - 6.8%
Brazil	8.6% - 9.9%	7.6% - 8.8%
Rest of Europe	4.8% - 7.6%	5.9% - 8.2%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed a series of sensitivity analyses of the results of impairment tests to reasonable changes in some of the key variables, such as:
- EDPR NA, decrease in the Net Capacity Factors;
- EDPR NA, 5% and 10% reduction of Merchant Prices.

Furthermore, EDPR Group has done an additional sensitivity analysis increasing 100 basis points the discount rate used in case base for EDPR NA and EDPR EU CGU's. These sensitivity analyses performed for each assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN ASSOCIATES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Investments in associates		
Equity holdings in associates	64,660	47,473
Carrying amount	64,660	47,473

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

The breakdown of Investments in associates, is analysed as follows:

	31 Dec 2013	
Thousands of Euros	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	13,827	-
Desarrollos Eólicos de Canárias, S.A.	8,806	-
ENEOP - Éolicas de Portugal, S.A.	26,876	-
Other	15,151	-
	64,660	-

	31 Dec 2012	
Thousands of Euros	Investment	Impairment
Associated companies:		
Seaenergy Renewables Inch Cape Limited	14,498	-
Desarrollos Eólicos de Canárias, S.A.	9,933	-
ENEOP - Éolicas de Portugal, S.A.	9,908	-
Other	13,134	-
	47,473	-

The movement in Investments in associates, is analysed as follows:

Thousands of Euros	2013	2012
Balance as at 1 January	47,473	51,381
Disposals	-	-2,389
Share of profits of associates	15,909	6,833
Dividends received	-1,461	-3,512
Others	2,739	-4,840
Balance as at 31 December	64,660	47,473

In 2012, Disposals are related with the sale of Hidroastur, S.A. ,included in the caption Others investments in associates, by Generaciones Especiales I, S.L.

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Parque Eólico Montes de las Navas, S.L.	6,662	8,636
Other	772	771
	7,434	9,407

The assumptions used in the valuation models of available-for-sale financial assets are as the same used to the impairment tests.

The interest in share capital, voting rights, net assets and net income of the last approved financial statements of the investments classified as available-for-sale financial assets are analysed as follows:

	Head office	% of share capital	Voting rights	Net assets	Net income
Parque Eólico Montes de las Navas, S.L.	Madrid	17.00%	17.00%	24,865	8,299

20. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Tax losses brought forward	684,286	632,050	-	-
Provisions	21,399	11,497	4,265	4,896
Derivative financial instruments	11,729	15,720	625	361
Property, plant and equipment	48,467	24,662	338,481	315,013
Allocation of fair value to assets and liabilities from business combinations	-	-	416,076	418,434
Income from institutional partnerships in US wind farms	-	-	299,403	251,786
Non-deductible financial expenses	21,113	16,230	-	-
Netting of deferred tax assets and liabilities	-676,449	-611,281	-676,449	-611,281
Other	510	500	928	1,383
	111,055	89,378	383,329	380,592

Deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Europe:				
Tax losses brought forward	17,579	24,541	-	-
Provisions	15,422	8,821	4,265	4,896
Derivative financial instruments	9,723	15,953	500	361
Property, plant and equipment	45,529	22,316	25,064	15,142
Non-deductible financial expenses	21,113	16,230	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	318,268	331,673
Other	510	500	830	1,342
	109,876	88,361	348,927	353,414
United States of America:				
Tax losses brought forward	665,054	606,550	-	-
Provisions	5,761	2,356	-	-
Derivative financial instruments	2,007	-233	-	-
Property, plant and equipment	2,937	2,346	313,029	299,803
Allocation of fair value to assets and liabilities from business combinations	-	-	93,090	81,288
Income from institutional partnerships in US wind farms	-	-	299,403	251,786
Netting of deferred tax assets and liabilities	-675,759	-611,019	-675,759	-611,019
	-	-	29,763	21,858

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

	Deferred tax assets		Deferred tax liabilities	
Thousands of Euros	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Balance as at 1 January	89,378	55,558	-380,592	-381,468
Charges to the profit and loss account	40,236	27,257	-3,871	11,928
Charges against reserves	-5,464	8,621	-320	1,173
Exchange differences and other variations	-13,095	-2,058	1,454	-12,225
Balance as at 31 December	111,055	89,378	-383,329	-380,592

The Group tax losses carried forward are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Expiration date:		
2013	-	249
2014	259	264
2015	107	108
2016	1,523	1,505
2017	3,597	3,649
2018	33,923	7,645
2019 to 2033	1,755,934	1,651,714
Without expiration date	229,144	268,983
	2,024,487	1,934,117

21. INVENTORIES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Advances on account of purchases	2,951	5,547
Finished and intermediate products	2,248	3,469
Raw and subsidiary materials and consumables	10,290	7,193
	15,489	16,209

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Trade receivables - Current		
Europe:		
- Spain	71,765	67,141
- Romania	40,464	26,467
- Poland	19,237	13,356
- Rest of Europe	33,022	28,008
	164,488	134,972
United States of America	41,328	42,575
Other	2,715	4,054
	208,531	181,601
Impairment losses	-1,342	-1,342
	207,189	180,259

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Debtors and other assets from commercial activities - Non-current		
Deferred costs	41,771	42,809
Sundry debtors and other operations	11,389	12,344
	53,160	55,153
Debtors and other assets from commercial activities - Current		
Prepaid turbine maintenance	7,125	7,140
Services rendered	12,266	10,648
Advances to suppliers	1,709	49,516
Sundry debtors and other operations	24,668	36,861
	45,768	104,165
	98,928	159,318

Deferred costs - non-current mainly includes up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and recognised on a straight line basis over the estimated useful life of the assets.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Other debtors and other assets - Non-current		
Loans to related parties	300,054	236,196
Derivative financial instruments	14,148	5,145
Sundry debtors and other operations	6,238	9,879
	320,440	251,220
Other debtors and other assets - Current		
Loans to related parties	95,324	302,214
Derivative financial instruments	11,154	7,323
Sundry debtors and other operations	26,616	24,953
	133,094	334,490
	453,534	585,710

Loans to related parties - Non-current mainly includes 286,520 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2012: 232,200 thousands of Euros) maturing in 2015.

Loans to related parties - Current mainly includes 63,775 thousands of Euros of short term loans to EDP Servicios Financieros España, S.A. (31 December 2012: 62,138 thousands of Euros). As at 31 December 2012 this caption also includes 189,114 thousands of Euros of short term loans to EDP S.A. - Sucursal en España.

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Income tax	18,751	16,243
Value added tax (VAT)	78,737	33,610
Other taxes	6,164	5,236
	103,652	55,089

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Cash		
Cash in hand	-	2
Bank deposits		
Current deposits	214,536	240,667
Specific demand deposits in relation to institutional partnerships	62	65
Other deposits	50,631	5,103
	265,229	245,835
Cash and cash equivalents	265,229	245,837

The caption Other deposits includes very short term investments promptly convertible into cash.

27. CAPITAL

At 31 December 2013 and 2012, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting

EDP Renováveis, S.A. shareholder's structure as at 31 December 2013 and 2012 is analysed as follows:

	No. of Shares	% Capital	% Voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other(*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

In 2007 and 2008, the Company carried out various share capital increases, which were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDPR EU.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	31 Dec 2013	31 Dec 2012
Profit attributable to the equity holders of the parent (in thousands of Euros)	135,116	126,266
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	135,116	126,266
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.15	0.14
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.15	0.14
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.15	0.14
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.15	0.14

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2013 and 2012.

The average number of shares was determined as follows:

	31 Dec 2013	31 Dec 2012
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Reserves		
Fair value reserve (cash flow hedge)	-29,114	-46,185
Fair value reserve (available-for-sale financial assets)	3,242	4,446
Exchange differences arising on consolidation	-43,733	-32,646
	-69,605	-74,385
Other reserves and retained earnings		
Retained earnings and other reserves	601,838	372,944
Additional paid in capital	60,666	60,666
Legal reserve	29,675	24,592
	692,179	458,202
	622,574	383,817

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2013 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	56,998,823.86
Distribution:	
Legal reserve	5,699,882.39
Dividends	34,892,326.48
Retained earnings	16,406,614.99
	56,998,823.86

The EDP Renováveis, S.A. proposal for 2012 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Profit for the period	50,838,439.82
Distribution	
Legal reserve	5,083,843.98
Dividends	34,892,326.48
Retained earnings	10,862,269.36
	50,838,439.82

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

Thousands of Euros	
Balance as at 1 January 2012	4,575
Parque Eólico Montes de las Navas, S.L.	-129
Balance as at 31 December 2012	4,446
Parque Eólico Montes de las Navas, S.L.	-1,204
Balance as at 31 December 2013	3,242

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statments of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

		Exchange rates as at 31 December		Exchange rates as at 31 December	
Currency		**Closing Rate**	**Average Rate**	**Closing Rate**	**Average Rate**
US Dollar	USD	1.379	1.328	1.319	1.285
Zloty	PLN	4.154	4.197	4.074	4.185
Brazilian Real	BRL	3.258	2.868	2.704	2.508
New Leu	RON	4.471	4.419	4.445	4.459
Pound Sterling	GBP	0.834	0.849	0.816	0.811
Canadian Dollar	CAD	1.467	1.368	1.314	1.284

29. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Non-controlling interests in income statement	34,008	9,784
Non-controlling interests in share capital and reserves	384,222	315,384
	418,230	325,168

Non-controlling interests, by subgroup, are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
EDPR NA Group	198,348	176,825
EDPR EU Group	192,414	115,389
EDPR BR Group	27,468	32,954
	418,230	325,168

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 34,008 thousands of Euros; (ii) sale without loss of control of EDPR Portugal attributable to non-controlling interests of 77,714 thousands of Euros (see note 5); (iii) sale without loss of control of Wheat Field (EDPR NA group) attributable to non-controlling interests of 36,251 thousands of Euros (see note 5); (iv) acquisitions of Relax Wind Park I and Greenwind without change of control attributable to non-controlling interests with a negative impact of 10,823 thousands of Euros (see note 5); (v) equity decreases in EDPR NA group attributable to non-controlling interests of 24,851 thousands of Euros; (vi) share capital increases from non-controlling interests if EDPR EU group of 10,337 thousands of Euros; (vii) dividends attributable to non-controlling interests in EDPR EU group of 16,719 thousands of Euros; (viii) and a negative effect due to exchange differences arising on consolidation attributable to non-controlling interests of 14,507 thousands of Euros.

30. FINANCIAL DEBT

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	665,873	718,681
- EDPR BR Group	53,833	73,501
Non convertible bonds:		
- EDPR BR Group	29,102	-
Loans from shareholders of group entities:		
- EDP Renováveis, S.A.	324,417	2,843,114
- EDP Renováveis Servicios Financieros, S.L.	2,458,436	-
Other loans:		
- EDPR EU Group	11,363	20,521
- EDPR NA Group	-	1,266
Interest payable	781	-
Total Debt and borrowings - Non-current	3,543,805	3,657,083
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-74,172	-48,433
Total Collateral Deposits - Non-current	-74,172	-48,433

Thousands of Euros	31 Dec 2013	31 Dec 2012
Financial debt - Current		
Bank loans:		
- EDPR EU Group	83,928	77,777
- EDPR BR Group	7,160	17,709
Commercial Paper:		
- EDPR BR Group	6,139	-
Loans from shareholders of group entities:		
- EDP Renováveis, S.A.	34,262	113,644
Other loans:		
- EDPR EU Group	9,716	1,763
- EDPR NA Group	1,208	1,122
Interest payable	5,718	5,222
Total Debt and borrowings - Current	148,131	217,237
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-6,054	-719
Total Collateral Deposits - Current	-6,054	-719
	3,611,710	3,825,168

(*) Collateral Deposits informative note
Collateral Deposits refer mainly to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,782,853 thousands of Euros). These loans have an average maturity of 5 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2013, these financings amount to 805,443 thousands of Euros (31 December 2012: 815,562 thousands of Euros), which are included in the total debt of the Group.

The breakdown of Financial debt by maturity, is as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Bank loans		
Up to 1 year	95,996	100,270
1 to 5 years	323,960	319,176
Over 5 years	395,746	473,006
	815,702	892,452
Non convertible bonds		
1 to 5 years	29,883	-
	29,883	-
Loans from shareholders of group entities		
Up to 1 year	35,072	114,082
1 to 5 years	2,199,205	241,000
Over 5 years	583,648	2,602,114
	2,817,925	2,957,196
Commercial Paper		
Up to 1 year	6,139	-
	6,139	-
Other loans		
Up to 1 year	10,924	2,885
1 to 5 years	11,363	21,787
	22,287	24,672
	3,691,936	3,874,320

The fair value of EDP Renováveis Group's debt is analysed as follows:

	31 Dec 2013		31 Dec 2012	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Non-current	3,543,805	3,512,894	3,657,083	3,468,395
Financial debt - Current	148,131	148,131	217,237	217,237
	3,691,936	3,661,025	3,874,320	3,685,632

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 31 December 2013, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2014	2015	2016	2017	2018	Subsequent years
Debt and borrowings - Non-current	3,543,805	-	114,995	331,491	82,893	2,035,032	979,394
Debt and borrowings - Current	148,131	148,131	-	-	-	-	-
	3,691,936	148,131	114,995	331,491	82,893	2,035,032	979,394

The breakdown of guarantees is presented in note 37 to the financial statments accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Loans denominated in EUR	2,134,579	2,173,786
Loans denominated in USD	1,333,401	1,508,329
Loans denominated in other currencies	223,956	192,205
	3,691,936	3,874,320

31. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Dismantling and decommission provisions	66,468	63,336
Provision for other liabilities and charges	1,873	267
Employee benefits	198	222
	68,539	63,825

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects mainly to 37,960 thousands of Euros for wind farms in the United States of America (31 December 2012: 37,652 thousands of Euros) and 27,715 thousands of Euros for wind farms in Europe (31 December 2012: 24,810 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 31 December 2013 and 2012, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Balance at the beginning of the year	63,336	57,694
Capitalised amount for the year	1,362	3,092
Unwinding	3,660	3,366
Other and exchange differences	-1,890	-816
Balance at the end of the year	66,468	63,336

Capitalised amount for the year and other includes the impact of the update of dismantling provisions assumptions.

The movements in Provision for other liabilities and charges are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Balance at the beginning of the year	267	288
Charge for the year	1,290	-
Write back for the year	-	-3
Other and exchange differences	316	-18
Balance at the end of the year	1,873	267

32. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Deferred income related to benefits provided	672,154	737,598
Liabilities arising from institutional partnerships in US wind farms	836,341	942,155
	1,508,495	1,679,753

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Balance at the beginning of the year	1,679,753	1,783,861
Cash paid to institutional investors	-35,579	-14,983
Income (see note 7)	-125,101	-127,350
Unwinding (see note 13)	60,840	68,431
Exchange differences	-68,930	-32,601
Others	-2,488	2,395
Balance at the end of the year	1,508,495	1,679,753

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	379,975	323,763
Electricity sale contracts - EDPR NA	35,750	49,449
Other creditors and sundry operations	2,415	3,291
	418,140	376,503
Trade and other payables from commercial activities - Current		
Suppliers	69,852	78,341
Property and equipment suppliers	330,274	579,540
Other creditors and sundry operations	78,727	46,729
	478,853	704,610
	896,993	1,081,113

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other operational income (see note 8).

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	14,172	39,496
Loans from non-controlling interests	125,693	30,864
Derivative financial instruments	98,655	182,318
Other creditors and sundry operations	1,250	6,146
	239,770	258,824
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	-	11,663
Derivative financial instruments	37,105	63,079
Loans from non-controlling interests	49,571	37,700
Other creditors and sundry operations	47,835	45,434
	134,511	157,876
	374,281	416,700

Success fees payable for the acquisition of subsidiaries non-current includes mainly the amounts related to the contingent prices of several European and Brazilian projects. The reduction occurred in this caption is related with the contingent price revision associated with the acquisitions of Polish wind farms in the amount of 17,423 thousands of Euros and Greenwind in the amount of 1,750 thousands of Euros, and the revision of the contingent price associated to several French due to projects cancellation in the amount of 1,705 thousands of Euros. Additionally, also includes the exercise of the remaining put option of 6.48% over EDPR Italia share capital in the amount of 2,894 thousands of Euros (see note 17).

The variation in the caption Success fees payable for the acquisition of subsidiaries current includes mainly the payment of the success fees of the solar photovoltaic companies held by EDPR-RO-PV, S.R.L. in the amount of 9,444 thousands of Euros and of Feijão in the amount of 1,842 thousands of Euros.

Derivative financial instruments current and non-current includes 62,874 and 19,898 thousands of Euros respectively (31 December 2012: 128,493 and 41,369 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

The variation in the caption Loans from non-controlling interests Current and Non-Current is mainly related to EDPR Portugal loan formerly due to EDPR-EU in the second quarter of 2013 in the amount of 110,529 thousands of Euros that following the sale process of 49% of its shareholding in EDPR Portugal to CTG, shareholder of EDP Group, were also acquired by CTG. The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5% and the interests are paid half-yearly. At 31 December 2013, this loan amounts to 99,414 thousands of Euros.

Other creditors and sundry operations - current include 30,915 thousands of Euros (31 December 2012: 35,220 thousands of Euros) related with the estimated corporate income tax due to EDP Energias de Portugal, S.A. Sucursal en España.

According to Spanish law 15/2010 of 5 July the Group disclose the details of payments made from Spanish companies to suppliers during the year 2013 (distinguishing those who have exceeded the legal limits of postponement), the average payments period, the outstanding balances that at 31 December 2013 and 2012 with an overdue greater than the legal period, are the following:

	Payments and outstandig payments at year end			
	31 Dec 2013		31 Dec 2012	
Thousands of Euros	Value	%	Value	%
Within the legal deadline	123,871	70.51%	197,375	82.28%
Rest	51,813	29.49%	42,503	17.72%
Total payments for the year	175,684	100.00%	239,878	100.00%
Average payment period (days)	146.95		66.55	
Outstanding balances with an overdue greater than the legal period	5,890		16,212	

At 31 December 2013, the outstanding balances with an overdue greater then the legal period includes 2,672 thousands of Euros regarding group companies (31 December 2012: 10,560 thousands of Euros).

This law stipulates a maximum legal payment period of 60 days in 2013 and 75 days in 2012. The Company has applied this criterion when preparing the information required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 December 2010 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions, and as such the information for 2013 and 2012 is not directly comparable.

35. CURRENT TAX LIABILITIES

This caption is analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Income tax	53,302	17,283
Withholding tax	16,884	18,193
Value added tax (VAT)	16,225	17,877
Other taxes	12,238	3,490
	98,649	56,843

36. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedge in foreign operations.

As of 31 December 2013, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	From 1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	12,438	-82,772	438,827	1,509,759	-	1,948,586
Currency forwards	2,360	-	33,305	-	-	33,305
	14,798	-82,772	472,132	1,509,759	-	1,981,891
Cash flow hedge						
Power price swaps	4,164	-5,378	55,769	61,578	-	117,347
Interest rate swaps	-	-33,263	47,342	214,592	269,229	531,163
Currency forwards	169	-	2,749	-	-	2,749
	4,333	-38,641	105,860	276,170	269,229	651,259
Trading						
Power price swaps	5,046	-7,863	30,965	46,818	-	77,783
Interest rate swaps	-	-110	470	1,881	-	2,351
Cross currency rate swaps	486	-86	-	69,750	-	69,750
Currency forwards	639	-6,288	539,199	-	-	539,199
	6,171	-14,347	570,634	118,449	-	689,083
	25,302	-135,760	1,148,626	1,904,378	269,229	3,322,233

As of 31 December 2012, the fair value and maturity of derivatives is analysed as follows:

	Fair Value		Notional			
Thousands of Euros	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
	3,646	-170,296	1,132,501	122,412	693,674	1,948,587
Cash flow hedge						
Power price swaps	5,589	-3,316	230,797	98,354	-	329,151
Interest rate swaps	-	-54,288	120,888	187,975	270,335	579,198
	5,589	-57,604	351,685	286,329	270,335	908,349
Trading						
Power price swaps	3,233	-3,324	19,012	898	-	19,910
Interest rate swaps	-	-172	470	1,881	470	2,821
Cross currency rate swaps	-	-1,045	-	57,000	-	57,000
Currency forwards	-	-12,956	428,744	9,290	-	438,034
	3,233	-17,497	448,226	69,069	470	517,765
	12,468	-245,397	1,932,412	477,810	964,479	3,374,701

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 38 and 39. The net investment derivatives also include Currency forwards in CAD and CIRS in PLN and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Canada, Poland and Brazil.

Interest rate swaps are related to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivative financial instruments is based on quotes indicated by external entities. These entities use discount cash flows techniques usually accepted and data from public markets. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of Level 2 (note 39).

The changes in the fair value of hedging instruments and risks being hedged are as follows:

			31 Dec 2013		31 Dec 2012	
			Changes in fair value		Changes in fair value	
Thousands of Euros	Hedging instrument	Hedged item	Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN and BRL	96,316	-95,793	34,014	-33,410
Net Investment hedge	Currency forward	Subsidiary accounts in CAD	2,360	-2,360	-	-
Cashflow hedge	Interest rate swap	Interest rate	21,025	-	-33,953	-
Cashflow hedge	Power price swaps	Power price	-3,487	-	-3,670	-
Cashflow hedge	Currency forward	Exchange rate	169	-	-	-
			116,383	-98,153	-3,609	-33,410

During 2013 and 2012 the following market inputs were considered for the fair value calculation:

Instrument	Market input
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, daily brazilian CDI, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN e EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M and Wibor 6M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, CAD/DKK, CAD/USD and EUR/CAD.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Balance at the beginning of the year	-64,400	-24,458
Fair value changes	24,430	-43,595
Transfers to results	3,072	-2,249
Non-controlling interests included in fair value changes	-3,372	7,375
Effect of the acquisition of 3% of Relax Wind Park I, S.P. ZO.O and 30% of Greenwind, S.A.	-534	-1,473
Balance at the end of the year	-40,804	-64,400

EDPR has adopted cashflow hedge accounting in order to hedge exchange rate risk in the future sell of green certificates granted to Cernavoda, Pestera and VS windfarms in Roménia. The sell price is indexed to EUR/RON exchange rate for which EDPR elected as hedging instrument the project finance loans contracted in EUR for those projects.

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Net investment hedge - inefectiveness	523	604
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	2,711	944
Transfer to results from hedging of commodity prices	-5,783	1,305
Ineffectiveness	-	-
Non eligible for hedge accounting derivatives	-5,467	-12,363
	-8,016	-9,510

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2013, were as follows:

	EDP Renováveis Group		
	Currency	**Pays**	**Receives**
Interest rate contracts			
Interest rate swaps	EUR	[1,36% - 4,95%]	[0,33% - 0,39%]
Interest rate swaps	PLN	[3,30% - 5,41%]	[2,70% - 0,33%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,35% - 4,25%]	[1,19% - 4,19%]
CIRS (currency interest rate swaps)	EUR/BRL	[7,62% - 7,91%]	[0,22% - 0,29%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,73% - 2,55%]	[0,25% - 0,29%]

The effective interest rates for derivative financial instruments associated with financing operations during 2012, were as follows:

	EDP Renováveis Group		
	Currency	**Pays**	**Receives**
Interest rate contracts			
Interest rate swaps	EUR	[1,36% - 5,01%]	[0,18% - 0,75%]
Interest rate swaps	PLN	5.41%	4.22%
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,35% - 4,00%]	[0,20% - 3,90%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,38% - 5,65%]	[0,19% - 0,22%]
CIRS (currency interest rate swaps)	EUR/PLN	[3,16% - 3,84%]	0.19%

37. COMMITMENTS

As at 31 December 2013 and 2012, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
Guarantees of financial nature		
EDPR NA Group	3,263	3,411
	3,263	3,411
Guarantees of operational nature		
EDP Renováveis, S.A.	314,979	762,197
EDPR NA Group	499,612	368,113
EDPR EU Group	44,646	69,285
EDPR BR Group	8,609	9,215
	867,846	1,208,810
Total	871,109	1,212,221
Real guarantees	16,166	14,065

As at 31 December 2013 and 31 December 2012, EDPR has operational guarantees regarding its commercial activity, in the amount of 303,182 thousands of Euros and 494,327 thousands of Euros, already reflected in liabilities.

Regarding the information disclosed above:

i) The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2013, these financings amount to 805,443 thousands of Euros (31 December 2012: 815,562 thousands of Euros), which are included in the total debt of the Group;

ii) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2013 and 2012, EDPR's obligations under the tax equity agreements, in the amount of 803,006 thousands of Euros and 901,301 thousands of Euros, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

	31 Dec 2013				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,622,605	318,906	787,291	458,163	3,058,245
Operating lease rents not yet due	753,253	31,023	59,615	58,827	603,788
Purchase obligations	735,746	473,681	95,682	47,323	119,060
	6,111,604	823,610	942,588	564,313	3,781,093

	31 Dec 2012				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,881,982	278,215	537,579	735,867	3,330,321
Operating lease rents not yet due	978,488	37,759	77,249	76,600	786,880
Purchase obligations	686,894	369,037	144,244	43,511	130,102
	6,547,364	685,011	759,072	855,978	4,247,303

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2013 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively;

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 1 January 2013 and 31 December 2014, inclusively;

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;

- EDP Renováveis, through its subsidiary EDPR EU, holds a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park;

- EDP Renováveis holds, through its subsidiary South África Wind & Solar Power, S.L., a call option of an additional 42,5% of the share capital of Modderfontein Wind Energy Project, Ltd., whose exercise price corresponds to the amounts contributed by the other partner to Modderfontein project development. This option can be exercised from the date of the agreement until 45 calendar days before the deadline for submission of tenders for the next auction of energy;

- EDP Renováveis holds, through its subsidiary EDPR EU, a call option of the remaining 35% of the share capital of Molen Wind II, S.P. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised until 2 years after the maturity of financial debt for the park construction.

38. RELATED PARTIES

The number of shares held by company officers as at 31 December 2013 and 2012 are as follows:

	31 Dec 2013	31 Dec 2012
	No. of shares	No. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Rui Manuel Rodrigues Lopes Teixeira	12,370	12,370
Acácio Jaime Liberado Mota Piloto	300	-
António do Pranto Nogueira Leite	400	-
Gabriel Alonso Imaz	26,503	26,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Manuel Veríssimo Marques da Cruz	1,200	1,200
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José António Ferreira Machado	630	-
José Fernando Maia de Araújo e Silva	80	80
	55,103	**53,773**

According to Article 229º of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatablity that could affect the performance of their duties.

The board members of the parent company, complying with the article 229º of the Spanish Companies Law, declared that they and their related parties do not exercise positions of responsibility in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, and they do not have exercised by their own or through third entities any activity in companies with the same, similar or complementary activity of EDP Renováveis Group parent company, with the following exceptions:

Board Member Company	Position
António Luís Guerra Nunes Mexia	
EDP - Energias de Portugal, S.A.	Chairperson of the Executive Board of Directors
EDP - Energias do Brasil, S.A.	Chairperson of the Board of Directors
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
João Manuel Manso Neto:	
Naturgás Energia, S.A.	Member of the Board
EDP - Energias de Portugal, S.A.	Member of the Board
EDP Finance BV	Representative
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Energia Ibérica S.A.	Member of the Board
EDP Energía Gas SL	Member of the Board
EDP Gás.com - Comércio de Gás Natural, S.A.	Chairperson of the Board of Directors
EDP Renewables Europe, S.L.	Chairperson of the Board of Directors
EDP Renováveis Brasil, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Member of the Board
ENEOP - Eólicas de Portugal, S.A.	Chairperson of the Board of Directors
EDP Energia Ibérica S.A.	Member of the Board

EDP Renováveis, S.A. and subsidiaries
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Board Member / Company	Position
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP - Energias do Brasil, S.A.	Member of the Board
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	Permanent Representative
EDP Finance BV	Representative
EDP - Estudos e Consultoria, S.A.	Chairperson of the Board of Directors
EDP - Imobiliária e Participacões, S.A.	Chairperson of the Board of Directors
Energia RE, S.A.	Chairperson of the Board of Directors
SCS - Serviços Complementares de Saúde, S.A.	Chairperson of the Board of Directors
Sãvida - Medicina Apoiada, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Member of the Board
Balwerk - Consultadoria Económica e Participacões, Soc.Unip.Lda	Manager
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	Member of the Board
EDP – Ásia Investimentos e Consultoria, Lda.	Chairperson of the Board of Directors
EDP – Ásia Soluções Energéticas Lda.	Chairperson of the Board of Directors
EDP Valor - Gestão Integrada de Servicos, S.A.	Chairperson of the Board of Directors
EDP Finance BV	Representative
Companhia de Electricidade de Macau - CEM, S.A.	Chairperson of the Board of Directors
Manuel Menéndez Menéndez:	
Naturgás Energía, S.A.	Chairperson of the Board of Directors
Hidroeléctrica del Cantábrico, S.A.	Chairperson of the Board of Directors
Rui Manuel Rodrigues Lopes Teixeira:	
EDP Renewables Europe, S.L.	Member of the Board
South Africa Wind & Solar Power SLU	Member of the Board
EDP Renewables SGPS, S.A.	Member of the Board
EDPR PT - Promocão e Operacão, S.A.	Member of the Board
EDP Renováveis Portugal, S.A.	Member of the Board
Malhadizes – Energia Eólica, S.A.	Member of the Board
EDP Renewables Canada LP Ltd.	Member of the Board
EDPR Renewables Canada GP Ltd.	Member of the Board
SBWF GP Inc.	Member of the Board
South Branch Wind Farm Inc.	Member of the Board
Eolia Renewable Energy Canada Inc.	Member of the Board
0867242 B.C. Ltd.	Member of the Board
EDP Renewables Canada, Ltd	Member of the Board
Relax Wind Park I SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park II SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park III SP. Z O.O.	Member of the Supervisory Board
Relax Wind Park IV SP. Z O.O.	Member of the Supervisory Board
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
EDPR UK, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
EDP Renováveis Servicios Financieros S.L.U	Member of the Board
EDP Renováveis Brasil, S.A.	Member of the Board

EDP Renováveis, S.A. and subsidiaries
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Board Member Company	Position
João Paulo Nogueira Sousa Costeira:	
EDP Renewables Europe, S.L.	Member of the Board
EDP Renováveis Portugal, S.A.	Chairperson of the Board of Directors
EDP Renováveis Brasil, S.A.	Member of the Board
EDP Renewables South Africa, Proprietary Limited	Chairperson of the Board of Directors
South Africa Wind & Solar Power SLU	Chairperson of the Board of Directors
EDP Renováveis Servicios Financieros, S.L.U	Member of the Board
Malhadizes - Energia Eólica, S.A.	Chairperson of the Board of Directors
ENEOP 2 - Exploração de Parques Eolicos, S.A.	Chairperson of the Board of Directors
EDP Renewables Romania, Srl	Member of the Board
Cernavoda Power, Srl	Member of the Board
Greenwind, S.A.	Chairperson of the Board of Directors
EDP Renewables France, S.A.	Chairperson of the Board of Directors
Centrale Eolienne Neo Truc de l'Homme, SAS	Chairperson of the Board of Directors
Parc Eolien des Vatines	Chairperson of the Board of Directors
Parc Eolien du Clos Bataille	Chairperson of the Board of Directors
Parc Eolien de Varimpre	Chairperson of the Board of Directors
Parc Eolien des Bocages	Joint Director
Parc Eolien des Longs Champs	Joint Director
Socpe de la Mardelle	Joint Director
Socpe de la Vallée du Moulin	Joint Director
Socpe de Sauvageons	Joint Director
Socpe des Quinze Mines	Joint Director
Socpe Le Mée	Joint Director
Socpe Petite Pièce	Joint Director
CE Canet Pont de Salars SAS	Chairperson of the Board of Directors
CE Gueltas Noyal Pontivy	Chairperson of the Board of Directors
CE Patay SAS	Chairperson of the Board of Directors
CE Saint Barnabé SAS	Chairperson of the Board of Directors
CE Segur SAS	Chairperson of the Board of Directors
Monts de la Madeleine Energie SAS	Chairperson of the Board of Directors
Monts du Forez Energie SAS	Chairperson of the Board of Directors
Eolienne de Callengeville, SAS	Chairperson of the Board of Directors
Neo Plouvien, SAS	Chairperson of the Board of Directors
Parc Eolien de la Hetroye, SAS	Chairperson of the Board of Directors
Eolienne de Saugueuse, SARL	Joint Director
Eolienne des Bocages, SARL	Joint Director
Eolienne d'Etalondes, SARL	Joint Director
Parc Eolien d'Ardennes, SARL	Joint Director
Parc Eolien de Mancheville, SARL	Joint Director
Parc Eolien de Roman, SARL	Joint Director
EDP Renewables Polska SP. Z O.O	Member of the Board
Elektrownia Wiatrowa Kresy I SP. Z O.O.	Member of the Board
Masovia Wind Farm I SP. Z O.O.	Member of the Board
Farma Wiatrowa Starozreby SP. Z O.O.	Member of the Board
Karpacka Mala Energetyka SP. Z O.O	Member of the Board
Relax Wind Park I SP. Z O.O	Member of the Supervisory Board
Relax Wind Park III SP. Z O.O	Member of the Supervisory Board
EDPR UK, Ltd	Member of the Board
Moray Offshore Renewables, Ltd	Member of the Board
Maccoll Offshore Windfarm, Ltd	Member of the Board
Stevenson Offshore Windfarm, Ltd	Member of the Board
Telford Offshore Windfarm, Ltd	Member of the Board
EDP Renewables Italia, Srl	Member of the Board
Operação e Manuntenção Industrial, S.A.	Member of the Board
EDP Renewables SGPS S.A.	Chairperson of the Board of Directors
EDPR PT - Promoção e Operação S.A.	Chairperson of the Board of Directors

Board Member Company	Position
Gabriel Alonso Imaz:	
EDP Renewables Canada, Ltd.	Chief Executive Officer
EDP Renewables North America, LLC and subsidiaries (see annex I)	Chief Executive Officer
American Wind Energy Association	Chair and Executive Board Member

Additionally the board members have comunicated that they do not own any interest in the share capital of any other company with the same, similar or complementary activity of EDP Renováveis Group, with the following exceptions:

Board Member Company	Number of shares
António Luís Guerra Nunes Mexia:	
EDP - Energias de Portugal, S.A.	41,000
EDP - Energias do Brasil, S.A.	1
João Manuel Manso Neto:	
EDP - Energias de Portugal, S.A.	1,268
Nuno Maria Pestana de Almeida Alves:	
EDP - Energias de Portugal, S.A.	125,000
EDP - Energias do Brasil, S.A.	1
João Manuel Veríssimo Marques da Cruz:	
EDP - Energias de Portugal, S.A.	3,878
Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	7,880
Iberdrola	27
Teresa Sancho, related person of Gabriel Alonso Imaz:	
Gamesa Corp. Tec. S.A.	12,880
Iberdrola	27
Rui Manuel Rodrigues Lopes Teixeira:	
EDP - Energias de Portugal, S.A.	19,843
Lina Dantas Martins, related person of Rui Manuel Rodrigues Lopes	
EDP - Energias de Portugal, S.A.	4,340
Acácio Jaime Liberado Mota Piloto	
EDP - Energias de Portugal, S.A.	15,000
João Manuel de Mello Franco:	
EDP - Energias de Portugal, S.A.	4,550
REN - Redes Energéticas Nacionais, S.G.P.S., S.A.	980
Jorge Manuel Azevedo Henriques dos Santos:	
EDP - Energias de Portugal, S.A.	2,379

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2013 and 2012 were as follows:

Thousands of Euros	31 Dec 2013	31 Dec 2012
CEO	-	567
Board members	539	397
	539	**964**

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive Directors.This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDP Renováveis is due to pay an amount of 994 thousands of Euros (variable and fixed remuneration) for management services rendered by EDP through 2013 (1,295 thousands of Euros in 2012).

Additionally, in 2013 the remuneration of the members of the Executive Committee that are also Officers and received their remuneration as EDPR employees, excluding the Chief Executive Officer and Gabriel Alonso Imaz (that received his remuneration through EDPR North America as mentioned below) was 611 thousands of Euros (31 December 2012: 1,231 thousands of Euros). Due to the termination of the expatriation conditions of three Officers (CFO, COO EU and COO NA), new employment contracts were signed with other group companies, as follows:
- Gabriel Alonso with EDP Renewables North America LLC on 31 December 2012;
- João Paulo Costeira with EDP Energias de Portugal, S.A. Sucursal en España on 30 November 2013; and
- Rui Teixeira with EDP Energias de Portugal, S.A. Sucursal en España on 31 October 2013.
The total remuneration paid in 2013 from the moment they became employees of the previous mentioned companies was 415 thousands of Euros.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range betweeen 3% to 6% of their annual salary.

As at 31 December 2013 and 2012 there are no outstanding loans and advances with company officers and key management.

The Company has no pension or life insurance obligations with its former or current Board members in 2013 or 2012.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

With the sale of 49% of EDPR Portugal equity shareholding to CTG through CITIC CWEI Renewables S.C.A, the EDPR Group has loans of CTG in the amount of 99 millions of Euros (9 millions of Euros as current and 90 millions of Euros as non-current).

Balances and transactions with EDP Group companies

As at 31 December 2013, assets and liabilities with related parties, are analysed as follows:

	Assets		
Thousands of Euros	Loans and interests to receive	Others	Total
EDP Energias de Portugal, S.A.	-	20,456	20,456
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	9,771	9,771
Hidrocantábrico Group companies (electric sector)	1	48,285	48,286
Associated companies	331,583	1,484	333,067
Other EDP Group companies	63,778	42,895	106,673
	395,362	122,891	518,253

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Thousands of Euros	Liabilities: Loans and interests to pay	Others	Total
EDP Energias de Portugal, S.A.	-	10,040	10,040
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	119,528	119,528
Hidrocantábrico Group companies (electric sector)	24	1,904	1,928
Associated companies	-	48	48
Other EDP Group companies	2,817,125	9,989	2,827,114
	2,817,149	141,509	2,958,658

As at 31 December 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets: Loans and interests to receive	Others	Total
EDP Energias de Portugal, S.A.	-	7,027	7,027
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	217,358	7,951	225,309
Hidrocantábrico Group companies (electric sector)	2	49,873	49,875
Associated companies	255,316	1,037	256,353
Other EDP Group companies	65,404	41,902	107,306
	538,080	107,790	645,870

Thousands of Euros	Liabilities: Loans and interests to pay	Others	Total
EDP Energias de Portugal, S.A.	-	14,500	14,500
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	218,464	218,464
Hidrocantábrico Group companies (electric sector)	18	1,550	1,568
Associated companies	-	-	-
Other EDP Group companies	2,962,732	9,713	2,972,445
	2,962,750	244,227	3,206,977

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,782,853 thousands of Euros (31 December 2012: 2,956,758 thousands of Euros)

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2013, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 82,772 thousands of Euros (31 December 2012: 169,862 thousands of Euros) (see notes 34 and 36).

Transactions with related parties for the year ended 31 December 2013 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	45,179	-1,955	-45,548
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	333	-8,236	-9,371
Hidrocantábrico Group companies (electric sector)	454,859	-	-4,236	-1,075
Associated companies	2,453	16,700	-278	-2,531
Other EDP Group companies	159,207	22,376	-6,243	-179,217
	616,519	84,588	-20,948	-237,742

Operating income includes mainly the electricty sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of subsidiaries of EDPR Group in Spain. Hidroeléctrica del Cantábrico (HC Energia) is the parent company of an industrial group that operates in the electricity and gas sectors in Spain. In the electricity sector, HC Energia generates, distributes and supplies electricity.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments, namely to a dequalification from cash flow hegde accounting of EDPR-Europe power swaps due to new regulation and to changes in market fair value.

Transactions with related parties for the year ended 31 December 2012 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	10,595	1,479	-3,310	-16,268
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	2,878	-12,196	-6,489
Hidrocantábrico Group companies (electric sector)	403,965	-	-4,470	-890
Associated companies	912	10,999	-	-1
Other EDP Group companies	149,877	19,458	-5,826	-186,361
	565,349	34,814	-25,802	-210,009

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 31 December 2013, EDP, S.A. and Hidrocantábrico granted financial (45,235 thousands of Euros, 31 December 2012: 45,467 thousands of Euros) and operational (243,580 thousands of Euros, 31 December 2012: 375,772 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2013 and 2012, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 Dec 2013 Currencies			31 Dec 2012 Currencies		
	EUR	USD	BRL	EUR	USD	BRL
3 months	0.29%	0.25%	10.50%	0.19%	0.31%	7.06%
6 months	0.39%	0.35%	10.79%	0.32%	0.51%	7.09%
9 months	0.49%	0.55%	10.94%	0.43%	0.69%	7.08%
1 year	0.56%	0.58%	11.06%	0.54%	0.84%	7.14%
2 years	0.52%	0.48%	11.93%	0.38%	0.39%	7.71%
3 years	0.73%	0.86%	12.49%	0.44%	0.48%	8.19%
5 years	1.25%	1.75%	12.91%	0.77%	0.83%	8.64%
7 years	1.68%	2.43%	13.07%	1.12%	1.27%	9.00%
10 years	2.15%	3.03%	13.20%	1.57%	1.81%	9.33%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost (note 19).

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 36)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 28. See also notes 13 and 24.

The fair values of assets and liabilities as at 31 December 2013 and 2012 are analysed as follows:

	31 December 2013			31 December 2012		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available-for-sale investments	7,434	7,434	-	9,407	9,407	-
Trade receivables	207,189	207,189	-	180,259	180,259	-
Debtors and other assets from commercial activities	98,928	98,928	-	159,318	159,318	-
Other debtors and other assets	428,232	428,232	-	573,242	573,242	-
Derivative financial instruments	25,302	25,302	-	12,468	12,468	-
Financial assets at fair value through profit or loss	76	76	-	389	389	-
Cash and cash equivalents	265,229	265,229	-	245,837	245,837	-
	1,032,390	1,032,390	-	1,180,920	1,180,920	-
Financial liabilities						
Financial debt	3,691,936	3,661,025	-30,911	3,874,320	3,685,632	-188,688
Suppliers	400,126	400,126	-	657,881	657,881	-
Institutional partnerships in US wind farms	1,508,495	1,508,495	-	1,679,753	1,679,753	-
Trade and other payables from commercial activities	116,892	116,892	-	99,469	99,469	-
Other liabilities and other payables	238,521	238,521	-	171,303	171,303	-
Derivative financial instruments	135,760	135,760	-	245,397	245,397	-
	6,091,730	6,060,819	-30,911	6,728,123	6,539,435	-188,688

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:
- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	31 December 2013			31 December 2012		
Thousands of Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available-for-sale investments	-	-	7,434	-	-	9,407
Derivative financial instruments	-	25,302	-	-	12,468	-
Financial assets at fair value through profit or loss	-	76	-	-	389	-
	-	25,378	7,434	-	12,857	9,407
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	16,987	-	-	7,785
Derivative financial instruments	-	135,760	-	-	245,397	-
	-	135,760	16,987	-	245,397	7,785

The remaining assets and liabilities are valuated within Level 1. In 2013, does not have transfers between levels.

The movement in 2013 and 2012 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available for sale investments		Trade and other payables	
Thousands of Euros	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Balance at the begining of the year	9,407	9,618	7,785	4,112
Gains / (Losses) in other comprehensive income	-1,973	-211	-	-
Purchases	-	-	12,650	3,572
Fair value changes/Payments	-	-	74	101
Disposals	-	-	-3,522	-
Balance at the end of the year	7,434	9,407	16,987	7,785

The Trade and other payables within level 3 are related with Liabilities arising from options with non-controlling interests.

The movements in 2013 and 2012 of the derivative financial instruments are presented in note 36.

40. RELEVANT SUBSEQUENT EVENTS

EDP Renováveis executes project finance for its first project in Canada

On 16 January 2014, EDP Renováveis, S.A. (EDPR) has executed a project finance structure agreement for its first wind farm in Canada. The South Branch project located in Ontario with an installed capacity of 30 MW has secured a 20 year Feed-in Tariff awarded by the Ontario Power Authority.

The long-term contracted debt facility amounts to 49 millions of Canadian dollars and the funding is expected to occur during the first quarter of 2014. EDPR financing strategy is to contract long-term debt in local currency at competitive prices in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and costs.

With the successful execution of its first wind project in Canada, EDPR adds to its portfolio a market with a low risk profile and attractive wind resource and extends its geographical diversification to 11 markets around the world (US, Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, Brazil and Canada).

Closing of asset rotation transaction in France

On 14 October, EDP Renováveis S.A. has reached an agreement with Axpo Power AG and Centralschweizerische Kraftwerke AG, both subsidiaries of Axpo Group, to sell a 49% equity shareholding and outstanding shareholders loans in a wind farm portfolio of 100 MW located in France, which currently benefit from a feedin tariff regime. Based on the transaction price, the total implied enterprise value for 100% of the assets amounts to 126 millions of Euros. The closing of this transaction occurred in February 2014.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretations that have been issued and are already effective and that the Group has applied on its consolidated financial statements are the following:

IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

The International Accounting Standards Board (IASB), issued in December 2011, amendments to IFRS 7 – Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities, with effective date of mandatory application of 1 January 2013, being early adoption allowed.

With this change, the disclosures of financial instruments include information that will evaluate the effect or potential effect of the compensation arrangements, including the countervailing duties recognised as assets and financial liabilities in the statement of financial position.

No significant impact on the financial statement disclosures in the Group, resulted from the adoption of this amendment.

IFRS 13 - Fair Value Measurement

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 13 - Fair Value Measurement, with effective date of mandatory application for periods beginning on or after 1 January 2013, being allowed its early adoption.

This standard presents a revised concept of fair value and determines new disclosures requirements. The main aspects considered are as follows: (i) principles of fair value, (ii) appropriate valuations techniques and fair value hierarchy and (iii) additional disclosure requirements.

No significant impact in the Group resulted from the adoption of this standard.

IAS 1 (Amended) - Presentation of Financial Statements

The International Accounting Standards Board (IASB) issued in June 2011, IAS 1 (Amended) - Presentation of Financial Statements: Presentation of items of other comprehensive income, with effective date of mandatory application for periods beginning on or after 1 July 2012, being allowed its early adoption.

The principal changes are the following:
- the amendments retain the option to present profit or loss and other comprehensive income in either a single continuous statement or in two separate but consecutive statements;
- items of other comprehensive income, and the respective tax effect, are required to be grouped into those that will and will not subsequently be reclassified to profit or loss.

No significant impact in the Group resulted from the adoption of this amendment.

Annual Improvement Project (2009-2011)

- Amendment to IAS 1 - Presentation of Financial Statements. This change clarifies the difference between voluntary additional comparative information and the minimum required comparative information in cases of retrospective statements, reclassifications and changes in accounting policies. Generally, the minimum required comparative information is the previous period.

  No significant impact in the Group resulted from the adoption of this amendment.

- Amendment to IAS 16 - Property, Plant and Equipment. This amendment clarifies that if spare parts and servicing equipment meet with the definition of property, plant and equipment are not inventory.

  No significant impact in the Group resulted from the adoption of this amendment.

- Amendment to IAS 32 - Financial Instruments: Presentation. The amendment clarifies that income taxes arising from distributions to equity holders are accounted in accordance with IAS 12 Income taxes.

  No significant impact in the Group resulted from the adoption of this amendment.

- Amendment to IAS 34 - Interim Financial Reporting. The amendments aligns the disclosures requirement for total segment assets with total liabilities in interim financial statements, ensuring that interim disclosures are aligned with annual disclosures in relation to the changes of profit and losses account and other comprehensive income.

  No significant impact in the Group resulted from the adoption of this amendment.

Standards, amendments and interpretations issued but not yet effective for the Group

IFRS 10 - Consolidated Financial Statements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 10 - Consolidated Financial Statements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard introduces a new approach in determining which investments should be consolidated, replacing IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation SPE. This standard establishes a single model to be applied in assessing the existence of control over subsidiaries, where an investor has control over a subsidiary when it is exposed, or has the right, to variable returns arising from its involvement in the subsidiary and has the ability to influence these returns because of the power over it. Additionally, was introduced the concept of "de facto control".

Therefore, the companies presented at 31 December 2013 by the full consolidation method and that will be considered into the equity method, is as follows:

Company	Total Assets Euro'000	Total Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Ceprastur AIE-2	419	19	400	-	-4	-4

IFRS 11 - Joint Arrangements

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 11 - Joint Arrangements, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This standard superseded IAS 31 - Interests in Joint Ventures and introduces several changes for accounting jointly controlled investments, the main aspect is the elimination of the option to consolidate joint ventures by the proportional method, being the equity method mandatory.

The structure of a joint agreement ceases to be the main factor in determining the accounting model to adopt. The classification of a joint agreement requires the identification and evaluation of the structure, legal form of the contractual agreement and other facts and circumstances.

Therefore, the companies presented at 31 December 2013 by the proportional consolidation method and that will be considered into the equity method, are as follows:

Company	Total Assets Euro'000	Total Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	47,884	9,167	38,717	15,848	-10,473	5,375
Desarrollos Energeticos Canarios S.A.	–	–	–	–	–	–
Evolución 2000, S.L.	24,175	17,703	6,472	5,874	-3,784	2,090
Flat Rock Windpower, L.L.C.	137,055	1,389	135,666	12,327	-13,536	-1,209
Flat Rock Windpower II, L.L.C.	54,539	556	53,983	2,970	-4,845	-1,875
Tebar Eólica, S.A.	14,463	10,649	3,814	4,299	-3,679	620

IFRS 12 - Disclosure of Interests in Other Entities

The International Accounting Standards Board (IASB) issued in May 2011, IFRS 12 - Disclosure of Interests in Other Entities, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

The information disclosed has to help users of the financial statements evaluate the nature and risks associated with its interests in other entities and the effects of those interests on the financial statements. The main issues considered are as follows:

- for the interests in subsidiaries, should be disclosed: (i) the composition of the group;(ii) non-controlling interests; (iii) significant restrictions on the parent's ability to access or use the assets and settle the liabilities of its subsidiaries; (iv) the nature of, and changes in, the risks associated with interests in consolidated structured entities; and (v) changes in its ownership interest that did or did not result in a loss of control during the reporting period;

- for the interests in joint arrangements and associates, it should be disclosed: (i) the nature, extent and financial effects of its interests in joint arrangements and associates, including information about contractual relationships with other parties; and (ii) the nature of, and the changes in, the associated risks with its interests in joint ventures and associates;

- for the interests in unconsolidated structured entities, should be disclose: (i) the nature and the extent of its interests in unconsolidated structured entities; and (ii) the evaluation of the nature and changes in the risks associated with the interests in unconsolidated structured entities.

The Group is evaluating the impact of adopting this standard.

IAS 28 (Amended) - Investments in Associates and Joint Ventures

The International Accounting Standards Board (IASB) issued in May 2011, IAS 28 (Amended) - Investments in Associates and Joint Ventures, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment to IAS 28 (2003) describes the accounting treatment to be adopted by the investor in associates and joint ventures, defining the accounting requirements for applying the equity method for both associates and joint ventures.

No significant impact in the Group is expected from the adoption of this amendment.

IAS 32 (Amended) - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

The International Accounting Standards Board (IASB) issued in December 2011, IAS 32 (Amended) - Financial Statements: Presentation - Offsetting Financial Assets and Financial Liabilities, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment clarifies the required conditions to be met in order to present the net position of the financial assets and liabilities in the financial position of an entity, as follows: (i) the entity currently has a legally enforceable right to set off the recognized amounts, and (ii) the entity has the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

No significant impact in the Group is expected from the adoption of this amendment.

IAS 36 (Amended) - Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets

The International Accounting Standards Board (IASB) issued in May 2013, IAS 36 (Amended) Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment remove the requirement to disclose recoverable amounts when there was been no impairment or reversal of impairment. When an impairment is recognised or reversed and recoverable amount is based on fair value less costs of disposal, should be disclosed the following:

- the level of the IFRS 13 fair value hierarchy within which the fair value measurement of the asset or cash-generating unit has been determined;

- for fair value measurements at level 2 or 3 of the fair value hierarchy: (ii) a description of the valuation techniques used and any changes in that valuation technique; and (ii) key assumptions used in the measurement of fair value, including the discount rate(s) used in the current measurement and previous measure if fair value less costs of disposal is measured using a present value technique.

No significant impact in the Group is expected from the adoption of this amendment.

IAS 39 (Amended) -Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting

The International Accounting Standards Board (IASB) issued in June 2013, IAS 39 (Amended) -Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption.

This amendment clarifies that the novation of a hedging instrument should not be considered an expiration or termination resulting of the discontinuation of hedge accounting when is novated:

- as a consequence of laws and regulations, or the introduction of laws and regulations, one or more clearing counterparties replace the original counterparty; and

- and any changes in terms of the novated derivative are limited to those necessary to effect the replacement of the counterparty (for example: changes in all collateral requirements, rights to offset receivables and payables balances and charges levied).

Any changes to the derivative's fair value arising from the novation wold be reflected in its measurement and therefore in the measurement and assessment of hedge effectiveness.

No significant impact in the Group is expected from the adoption of this amendment.

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27

The International Accounting Standards Board (IASB), issued in October 2012, Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27, with effective date of mandatory application for periods beginning on or after 1 January 2014, being allowed its early adoption. These amendments, have not yet been adopted by the European Union.

IASB defines the term "investment entity" as an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and must evaluate the performance of its investments on a fair value basis.

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or losses, rather than consolidate them these amendments also set out the disclosure requirements for investment entities.

No significant impact in the Group is expected from the adoption of these amendments.

IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB) issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2015, being allowed its early adoption. This standard, changed in October 2010, has not yet been adopted by the European Union.

This standard is included in phase I of the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

- debt instruments model can be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value;

- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably elect equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves cannot be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year;

- there is no exemption that allows unquoted equity investments and related derivatives to measure at cost, under IAS 39, is not allowed in IFRS 9;

- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

The Group is evaluating the impact of adopting this standard.

Annual Improvement Project (2010-2012)

In December 2013, IASB published the Annual Improvement Project that implied changes to the standards. However, the effective date of the referred changes is 1 July 2014, being early adoption allowed. This project has not yet been adopted by the European Union.

• Amendment to IFRS 2 - Share-based Payments. The definition of vesting conditions and market condition were amended. Additionally defines the definitions of performance condition and service condition (which were previously part of the definition of vesting condition).

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IFRS 3 - Business Combinations. This amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IFRS 8 - Operating Segments. The amendments requires that an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are presented to the chief operation decision-maker.

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IFRS 13 - Fair Value Measurement. This amendment clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

No impact in the Group from the adoption of this amendment.

• Amendment to IAS 16 - Property, Plant and Equipment. This amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IAS 24 - Related Party: Disclosures. The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

No significant impact on the financial statement disclosures in the Group, is expected from the adoption of this amendment.

• Amendment to IAS 38 - Intangible Assets. This amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

No significant impact in the Group is expected from the adoption of this amendment.

Annual Improvement Project (2011-2013)

In December 2013, IASB published the Annual Improvement Project that implied changes to the standards. However, the effective date of the referred changes is 1 July 2014, being early adoption allowed. This project has not yet been adopted by the European Union.

• Amendment to IFRS 1 - First-time Adoption of International Financial Reporting Standards. This amendment clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective, provided that the new or revised IFRS permits early application. An entity is required to apply the same version of the IFRS throughout the periods covered by those first IFRS financial statements.

No impact in the Group from the adoption of this amendment.

• Amendment to IFRS 3 - Business Combinations. This amendment clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IFRS 13 - Fair Value Measurement. This amendment clarifies that the scope of the portfolio exception includes all contracts accounted for within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32.

No significant impact in the Group is expected from the adoption of this amendment.

• Amendment to IAS 40 - Investment Property. This amendment clarifies that this standard and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether: (i) the property meets the definition of investment property in IAS 40; and (ii) the transaction meets the definition of a business combination under IFRS 3.

No significant impact in the Group is expected from the adoption of this amendment.

42. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, according to IAS 16.

During the year, the environmental expenses recognised in the income statement in the amount of 2,813 thousands of Euros (31 December 2012: 3,174 thousands of Euros) refer to costs with the environmental management plan.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lifes. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 66,468 thousands of Euros as at 31 December 2013 (31 December 2012: 63,336 thousands of Euros) (see note 31).

43. SEGMENTAL REPORTING

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 1. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR NA and EDPR Canada Group companies that operate in United Stares of America and Canada, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

In December 2013, the EDPR Group changed the reportable segments, as well as the information disclosed in the Segmental Reporting, according to mentioned above criteria. To be comparable, the information reported as at 31 December 2012 has been restated to reflect these changes.

44. AUDIT AND NON AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2013 and 2012. This company and the other related entities and persons in accordance with Law 19/1988 of 12 July, have invoiced for the year ended in 31 December 2013 and 2012, fees and expenses for professional services, according to the following detail:

	31 December 2013					
Thousands of Euros	**Portugal**	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
Audit and statutory audit of accounts	194	667	118	798	543	2,320
Other audit services	180	68	-	104	34	386
	374	**735**	**118**	**902**	**577**	**2,706**
Tax consultancy services	-	90	-	-	-	90
Other services	-	42	-	12	-	54
	-	**132**	**-**	**12**	**-**	**144**
Total	**374**	**867**	**118**	**914**	**577**	**2,850**

	31 December 2012					
Thousands of Euros	**Portugal**	**Spain**	**Brasil**	**United States of America**	**Other**	**Total**
Audit and statutory audit of accounts	177	634	68	791	411	2,081
Other audit services	40	54	-	31	12	137
	217	**688**	**68**	**822**	**423**	**2,218**
Tax consultancy services	-	164	-	32	-	196
Other services	10	30	-	-	40	80
	10	**194**	**-**	**32**	**40**	**276**
Total	**227**	**882**	**68**	**854**	**463**	**2,494**

ANNEX 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2013 and 2012, are as follows:

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Group's parent holding company and Related Activities:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Servicios Financieros, S.L.	Oviedo	n.a.	100.00%	100.00%	100.00%	100.00%
Europe Geography / Platform:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias,S.L.	Zaragoza	KPMG	98.19%	98.19%	98.19%	98.19%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.70%	60.63%	48.70%	60.63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Ceprastur, A.I.E.	Oviedo	n.a.	56.76%	56.76%	56.76%	56.76%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	75.83%	75.83%	75.83%	75.83%
Desarrollo Eólico Almarchal, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Buenavista, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Corme, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Lugo, S.A.U.	Lugo	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico de Tarifa, S.A.U.	Cádiz	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Dumbria, S.A.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollo Eólico Rabosera, S.A.	Huesca	KPMG	95.08%	95.08%	95.08%	95.08%
Desarrollo Eólico Santa Quiteria, S.L.	Huesca	KPMG	83.96%	100.00%	83.96%	100.00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	60.00%	60.00%	60.00%	60.00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
EDP Renováveis Cantábria, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Energías Eólicas La Manchuela, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR España Promoción y Operación, S.L.U. (former Eneroliva, S.A.)	Sevilla	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Alfoz, S.L.	Madrid	KPMG	83.73%	83.73%	83.73%	83.73%
Eólica Arlanzón, S.A.	Madrid	KPMG	77.50%	77.50%	77.50%	77.50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica de Radona, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Dulcinea, S.L.	Albacete	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Brújula, S.A. (former Sierra de la Peña, S.A.)	Madrid	KPMG	84.90%	84.90%	84.90%	84.90%
Eólica La Janda, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Navica, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renovables España, S. L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Industrias Medioambientales Río Carrión, S.A.	Madrid	n.a.	90.00%	90.00%	90.00%	90.00%
Investigación y Desarrollo de Energías Renovables, S.L.	León	KPMG	59.59%	59.59%	59.59%	59.59%
Molino de Caragüeyes, S.L	Zaragoza	KPMG	80.00%	80.00%	80.00%	80.00%
Eólica Muxía, S.L.	La Coruña	n.a.	100.00%	100.00%	100.00%	100.00%
NEO Energia Aragón, S.L.	Madrid	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	60.00%	100.00%	60.00%	100.00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	61.00%	61.00%	61.00%	61.00%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	64.84%	64.84%	64.84%	64.84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100.00%
Parques de Generación Eólica, S.L.	Burgos	KPMG	60.00%	60.00%	60.00%	60.00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Rasacal Cogeneración S.A.	Madrid	n.a.	60.00%	60.00%	60.00%	60.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
Sotromal, S.A.	Soria	n.a.	90.00%	90.00%	90.00%	90.00%
South África Wind & Solar Power, S.L.	Oviedo	n/a	100.00%	100.00%	-	-
Tratamientos Medioambientales del Norte, S.A.	Madrid	n.a.	80.00%	80.00%	80.00%	80.00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51.00%	51.00%	100.00%	100.00%
EDP Renewables, SGPS, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	30.60%	60.00%	60.00%	60.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	25.55%	50.10%	50.10%	50.10%
Eólica de Montenegrelo, Lda	Vila Pouca de Aguiar	KPMG	25.55%	50.10%	50.10%	50.10%
Gravitangle - Fotovoltaica Unipessoal, Lda	Porto	KPMG	100.00%	100.00%	-	-
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	51.00%	100.00%	100.00%	100.00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR France Holding, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Bourbriac II, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
C.E. Canet-Pont de Salars, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. NEO Truc L'homme, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Patay, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Saint Barnabe, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
C.E. Segur, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Elbeuf	EXCO	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Eolienne D'Etalondes, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Le Mee, S.A. R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Mardelle, S.A.R.L.	Toulouse	KPMG	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien D'Ardennes	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100.00%	100.00%	-	-
Parc Eolien de Roman, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Varimpre, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Bocages, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Longs Champs, S.A.R.L.	Elbeuf	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien du Clos Bataille, S.A.S.	Elbeuf	KPMG	100.00%	100.00%	100.00%	100.00%
Petite Piece, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Plouvien Breiz, S.A.S.	Carhaix	KPMG	100.00%	100.00%	100.00%	100.00%
Quinze Mines, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Sauvageons, S.A.R.L.	Toulouse	KPMG	100.00%	49.00%	100.00%	49.00%
Vallée du Moulin, S.A.R.L.	Toulouse	KPMG	100.00%	100.00%	100.00%	100.00%
Poland:						
EDP Renewables Polska, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Farma Wiatrowa Starozreby, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
J&Z Wind Farms SP. ZO.O.	Warsaw	KPMG	60.00%	60.00%	60.00%	60.00%
Karpacka Mala Energetyka, SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Korsze Wind Farm SP. ZO.O.	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Masovia Wind Farm I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
MFW Gryf SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
MFW Neptun SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
MFW Pomorze SP. ZO.O.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Molen Wind II, S.P. ZO.O.	Warsaw	n.a.	65.07%	65.07%	-	-
Relax Wind Park I, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	96.43%	96.43%
Relax Wind Park II, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Relax Wind Park III, SP. ZO.O	Warsaw	KPMG	100.00%	100.00%	100.00%	100.00%
Relax Wind Park IV, SP. ZO.O	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania:						
EDP Renewables Romania, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cernavoda Power, S.R.L.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR-RO-PV, S.R.L.	Bucharest	n.a.	100.00%	100.00%	100.00%	100.00%
Foton Delta, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Foton Epsilon, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
VS Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
S.C. Ialomita Power, S.R.L.	Bucharest	n.a.	85.00%	85.00%	85.00%	85.00%
Sibioara Wind Farm, S.R.L.	Bucharest	n.a.	85.00%	85.00%	85.00%	85.00%
Studina Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Vanju Mare Solar, S.R.L.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Great Britain:						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100.00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Moray Offshore Renewables Limited	Cardiff	KPMG	66.64%	66.64%	66.64%	66.64%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	66.64%	100.00%	66.64%	100.00%
Italy:						
EDP Renewables Italia, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Castellaneta Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Laterza Wind, S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Monts de la Madeleine Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Pietragalla Eolico, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Re Plus - S.R.L.	Milano	n.a.	80.00%	80.00%	80.00%	80.00%
Repano Wind S.R.L.	Milano	n.a.	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milano	KPMG	100.00%	100.00%	100.00%	100.00%
Belgium:						
EDP Renewables Belgium	Brussels	KPMG	100.00%	100.00%	100.00%	100.00%
Greenwind, S.A.	Louvain-la-Neuve	KPMG	100.00%	100.00%	70.00%	70.00%
Holland:						
Tarcan, BV	Amsterdam	KPMG	100.00%	100.00%	100.00%	100.00%
North America Geography / Platform:						
USA:						
EDP Renewables North America, L.L.C. (USA Parent Company)	Texas, USA	KPMG	100.00%	100.00%	100.00%	100.00%
17th Star Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
2007 Vento I, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2007 Vento II, L.L.C.	Texas	KPMG	51.00%	100.00%	51.00%	100.00%
2008 Vento III, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento IV, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento V, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2009 Vento VI, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento IX, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2011 Vento X, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
2012 Vento XI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Alabama Ledge Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Arbuckle Mountain, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	-	-
Arkwright Summit Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Aroostook Wind Energy, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Ashford Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
AZ Solar, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Holdings, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Wind Power VII, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, L.L.C.	Oklahoma	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VI, L.L.C.	Oklahoma	KPMG	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, L.L.C.	Illionois	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, L.L.C.	Kansas	KPMG	100.00%	100.00%	100.00%	100.00%
Cloud West Wind Project, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Cropsey Ridge Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind, Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
East Klickitat Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Eastern Nebraska Wind Farm, L.L.C.	Nebraska	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Five-Spot, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Green Power Offsets, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Gulf Coast Windpower Management Company, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, L.L.C.	Minnesota	KPMG	51.00%	100.00%	51.00%	100.00%
High Trail Wind Farm, L.L.C.	Illionois	KPMG	100.00%	100.00%	100.00%	100.00%
Horizon Wind Chocolate Bayou I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, L.L.C.	New Mexico	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IC, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures II, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Horizon Wind Ventures III, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IX, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VI, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind, Freeport Windpower I, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Lone Valley Sollar Park I, L.L.C.	California	n.a.	100.00%	100.00%	-	-
Lone Valley Sollar Park II, L.L.C.	California	n.a.	100.00%	100.00%	-	-
Lost Lakes Wind Farm, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, L.L.C.	New York	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm II, L.L.C.	Indiana	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Windfarm III, L.L.C.	Indiana	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, L.L.C.	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
North Slope Wind Farm, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm, L.L.C.	Maine	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, L.L.C.	Illinois	KPMG	51.00%	100.00%	51.00%	100.00%
OPQ Property, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, L.L.C.	Arizona	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, L.L.C.	Ohio	KPMG	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm III, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, L.L.C	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, L.L.C.	Ohio	n.a.	100.00%	100.00%	100.00%	100.00%
Peterson Power Partners, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Interconnection, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, L.L.C.	Iowa	KPMG	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm II, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind, L.L.C.	Texas	KPMG	51.00%	100.00%	51.00%	100.00%
Quilt Block Wind Farm, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Rail Splitter, L.L.C.	Illinois	KPMG	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Rising Tree Wind Farm II, L.L.C.	California	n.a.	100.00%	100.00%	-	-
Rising Tree Wind Farm III, L.L.C.	California	n.a.	100.00%	100.00%	-	-
Rising Tree Wind Farm, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, L.L.C	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, L.L.C.	Washington	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, L.L.C.	Wyoming	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Stone Wind Power, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Sustaining Power Solutions, L.L.C.	Texas	n.a.	100.00%	100.00%	-	-
Telocaset Wind Power Partners, L.L.C.	Oregon	KPMG	51.00%	51.00%	51.00%	51.00%
The Nook Wind Power Project, L.L.C.	Oregon	n.a.	100.00%	100.00%	100.00%	100.00%
Tug Hill Windpower, L.L.C.	New York	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, L.L.C.	Colorado	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, L.L.C.	Iowa	n.a.	100.00%	100.00%	100.00%	100.00%
Verde Wind Power, L.L.C.	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%

Company	Head Office	Auditor	2013 % of capital	2013 % of voting rights	2012 % of capital	2012 % of voting rights
Western Trail Wind Project I, L.L.C.	Kansas	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Holding, L.L.C.	Oregon	KPMG	51.00%	51.00%	-	-
Wheatfield Wind Power Project, L.L.C.	Oregon	KPMG	100.00%	100.00%	100.00%	100.00%
Whiskey Ridge Power Partners, L.L.C.	Washington	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, L.L.C.	Wisconsin	n.a.	100.00%	100.00%	100.00%	100.00%
Whitestone Wind Purchasing, L.L.C.	Illinois	n.a.	100.00%	100.00%	100.00%	100.00%
Wilson Creek Power Partners, L.L.C.	Nevada	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	California	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, L.L.C.	California	n.a.	100.00%	100.00%	100.00%	100.00%
Canada:						
EDP Renewables Canada, Ltd	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
0867242 BC, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada GP, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada LP, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
Eolia Renewable Energy Canada, Ltd.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
SBWFI GP, Inc.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
South Branch Wind Farm, Inc.	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
South Dundas Wind Farm LP	Ontario	n.a.	100.00%	100.00%	100.00%	100.00%
South America Geography / Platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	55.00%	55.00%	55.00%	55.00%
Central Eólica Aventura, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão I, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão II, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão III, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	KPMG	55.00%	100.00%	55.00%	100.00%
Central Nacional de Energia Eólica, S.A.	Santa Catarina	KPMG	55.00%	100.00%	55.00%	100.00%
Elebrás Projectos, Ltda	Rio Grande do Sul	KPMG	55.00%	100.00%	55.00%	100.00%
South Africa Geography / Platform:						
South Africa:						
EDP Renewables South Africa, Proprietary, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	-	-
Dejann Trading and Investments Proprietary, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	-	-
Jouren Trading and Investments Pty, Ltd	Cape Town	Mazars Inc.	100.00%	100.00%	-	-

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2013, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	Hispa-control	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Assets Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	41,520	6,364	4,237	4,930	38,717	15,848	-10,473	5,375
Desarrollos Energeticos Canarios S.A.	-	-	-	-	-	-	-	-
Evolución 2000, S.L.	21,105	3,070	15,616	2,087	6,472	5,874	-3,784	2,090
Flat Rock Windpower, L.L.C.	133,811	3,244	1,318	71	135,666	12,327	-13,536	-1,209
Flat Rock Windpower II, L.L.C.	53,806	733	508	48	53,983	2,970	-4,845	-1,875
Tebar Eólica, S.A.	11,976	2,487	8,358	2,291	3,814	4,299	-3,679	620

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2012, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Compañía Eólica Aragonesa, S.A.	6,701,165 €	Zaragosa	Deloitte	50.00%	50.00%
Desarrollos Energeticos Canarios S.A.	15,025 €	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	117,994 €	Albacete	Hispa-control	49.15%	49.15%
Flat Rock Windpower, L.L.C.	$522,818,885	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, L.L.C.	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	4,720,400 €	Cuenca	Abante	50.00%	50.00%

Company	Non Current Euro'000	Current Assets Euro'000	Non Current Liabilities Euro'000	Current Liabilities Euro'000	Total Equity Euro'000	Total Incomes Euro'000	Total Costs Euro'000	Net Results Euro'000
Compañía Eólica Aragonesa, S.A.	43,999	9,885	11,605	6,815	35,464	17,995	-10,119	7,876
Desarrollos Energeticos Canarios S.A.	-	4	-	9	-5	-	-	-
Evolución 2000, S.L.	22,304	3,230	17,489	1,934	6,111	5,568	-3,570	1,998
Flat Rock Windpower, L.L.C.	147,901	2,304	1,308	130	148,767	11,170	-14,062	-2,892
Flat Rock Windpower II, L.L.C.	59,348	568	504	34	59,378	2,388	-4,966	-2,578
Tebar Eólica, S.A.	12,872	6,349	11,141	2,498	5,582	4,398	-3,482	916

The Associated Companies included in the consolidation under the equity method as at 31 December 2013, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	3,869,020 €	Barcelona	n.a.	18.97%	38.96%
Biomasas del Pirineo, S.A.	454,896 €	Huesca	PWC	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$47,835,419	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	300,000 €	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	3,191,580 €	Gran Canaria	KPMG	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	25,247,525 €	Lisboa	Mazars	35.96%	35.96%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	40,000 €	Bois Guillaume	E&Y	50.00%	50.00%
Les Eoliennes en Mer de Vendée, SAS	40,000 €	Nantes	E&Y	50.00%	50.00%
Modderfontein Wind Energy Project, Ltd.	-	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	120,400 €	Asturias	KPMG	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	7,194,021 €	Soria	n.a.	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	£1	Edimburg	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	80,000 €	Ciudad Real	KPMG	25.00%	25.00%

Company	Assets	Liabilities	Equity	Total Income	Net Profit / (Loss)
Aprofitament D'Energies Renovables de L'Ebre,	28,785	25,802	2,983	395	-65
Biomasas del Pirineo, S.A.	238	-	238	-	-
Blue Canyon Wind Power I, L.L.C.	31,721	1,952	29,769	4,362	-1,209
Cultivos Energéticos de Castilla, S.A.	137	-115	252	-	-
Desarollos Eolicos de Canárias, S.A.	6,441	1,241	5,200	3,413	1,150
ENEOP - Éolicas de Portugal, S.A.	1,467,365	1,392,627	74,739	194,859	37,220
Les Eoliennes en Mer de Dieppe - Le Tréport,	40	-	40	-	40
Les Eoliennes en Mer de Vendée, SAS	40	-	40	-	40
Modderfontein Wind Energy Project, Ltd.	-	-	-	-	-
Parque Eólico Belmonte, S.A.	27,812	23,565	4,247	5,221	1,334
Parque Eólico Sierra del Madero, S.A.	63,626	42,107	21,519	14,147	4,749
SeaEnergy Renewables Inch Cape Limited	20,811	22,664	-1,854	260	-731
Solar Siglo XXI, S.A.	62	-	62	-	-

The Associated Companies included in the consolidation under the equity method as at 31 December 2012, are as follows:

Company	Share Capital	Head Office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	3,869,020 €	Barcelona	n.a.	18.97%	38.96%
Biomasas del Pirineo, S.A.	454,896 €	Huesca	PWC	30.00%	30.00%
Blue Canyon Wind Power I, L.L.C.	$50,417,419	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	300,000 €	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	4,291,140 €	Gran Canaria	KPMG	44.75%	44.75%
ENEOP - Éolicas de Portugal, S.A.	25,247,525 €	Lisboa	Mazars	35.96%	35.96%
Parque Eólico Belmonte, S.A.	120,400 €	Asturias	KPMG	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	7,194,021 €	Soria	n.a.	42.00%	42.00%
SeaEnergy Renewables Inch Cape Limited	£1	Edimburg	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	80,000 €	Ciudad Real	KPMG	25.00%	25.00%

Company	Assets	Liabilities	Equity	Total Income	Net Profit / (Loss)
Aprofitament D'Energies Renovables de L'Ebre,	28,135	25,087	3,048	130	-103
Biomasas del Pirineo, S.A.	238	-	238	-	-
Blue Canyon Wind Power I, L.L.C.	35,927	1,597	34,330	5,112	-912
Cultivos Energéticos de Castilla, S.A.	137	-115	252	-	-
Desarollos Eolicos de Canárias, S.A.	8,412	692	7,720	4,248	2,123
ENEOP - Éolicas de Portugal, S.A.	1,318,686	1,288,975	29,711	1,190	11,315
Parque Eólico Belmonte, S.A.	30,045	26,092	3,953	2,949	1,195
Parque Eólico Sierra del Madero, S.A.	60,235	43,466	16,770	12,332	4,770
SeaEnergy Renewables Inch Cape Limited	12,263	13,187	-924	-	-880
Solar Siglo XXI, S.A.	62	-	62	-	-

ANNEX 2

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2013

Thousands of Euros	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	844,494	362,916	24,290	1,231,700
Income from institutional partnerships in US wind farms	-	125,101		125,101
	844,494	488,017	24,290	1,356,801
Other operating income	12,187	29,863	-	42,050
Supplies and services	-141,943	-111,772	-7,829	-261,544
Personnel costs and Employee benefits expenses	-25,537	-28,858	-1,142	-55,537
Other operating expenses	-80,433	-39,649	-869	-120,951
	-235,726	-150,416	-9,840	-395,982
Gross operating profit	608,768	337,601	14,450	960,819
Provisions	-97	-1,167	-25	-1,289
Depreciation and amortisation expense	-251,191	-227,901	-6,417	-485,509
Amortisation of deferred income / Government grants	1,096	17,376	-	18,472
Operating profit	358,576	125,909	8,008	492,493
Share of profit of associates	28,401	-	-	28,401
Assets	6,340,043	5,390,932	142,438	11,873,413
Liabilities	355,048	2,115,669	2,525	2,473,242
Operating Investment	387,259	121,867	24,902	534,028

Note: The Segment "Europe" includes: i) revenues in the amount of 467,613 thousands of Euros from Spanish companies, of which 4,830 thousands of Euros generated outside of Spain; ii) assets from spanish companies in the amount of 2,560,723 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousands of Euros	
Revenues of the Reported Segments	**1,231,700**
Revenues of Other Segments	12,418
Elimination of intra-segment transactions	(13,155)
Revenues of the EDPR Group	**1,244,118**
Gross operating profit of the Reported Segments	**960,819**
Gross operating profit of Other Segments	(13,694)
Elimination of intra-segment transactions	2
Gross operating profit of the EDPR Group	**947,125**
Operating profit of the Reported Segments	**492,493**
Operating profit of Other Segments	(14,906)
Elimination of intra-segment transactions	(4,436)
Operating profit of the EDPR Group	**477,587**
Assets of the Reported Segments	**11,873,413**
Not Allocated Assets	**2,094,526**
Financial Assets	545,082
Tax assets	191,779
Debtors and other assets	1,357,665
Assets of Other Segments	9,845,345
Elimination of intra-segment transactions	(10,701,566)
Assets of the EDPR Group	**13,111,718**
Liabilities of the Reported Segments	**2,473,242**
Not Allocated Liabilities	5,180,276
Financial Liabilities	874,011
Tax liabilities	438,830
Payables and other liablities	3,867,435
Liabilities of Other Segments	4,177,846
Elimination of intra-segment transactions	(4,809,142)
Liabilities of the EDPR Group	**7,022,222**
Operating Investment of the Reported Segments	**534,028**
Operating Investment of Other Segments	2,437
Operating Investment of the EDPR Group	**536,465**

	Total of the Reported Segments	**Other Segments**	**Elimination of intra-segment transactions**	**Total of the EDPR Group**
Other operating income	**42,050**	81	(405)	**41,726**
Supplies and services	**(261,544)**	(14,737)	13,486	**(262,795)**
Personnel costs and Employee benefits expenses	**(55,537)**	(11,017)	-	**(66,554)**
Other operating expenses	**(120,951)**	(439)	76	**(121,314)**
Provisions	**(1,289)**	-	(1)	**(1,290)**
Depreciation and amortisation expense	**(485,509)**	(1,212)	(4,437)	**(491,158)**
Amortisation of deferred income / Government grants	**18,472**	-	-	**18,472**
Share of profit of associates	**28,401**	(33)	(12,459)	**15,909**

EDP Renováveis, S.A.

Group Activity by Operating Segment
Operating Segment Information for the year ended 31 December 2012

Thousands of Euros	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	777,538	355,504	24,754	1,157,796
Income from institutional partnerships in US wind farms	-	127,350		127,350
	777,538	482,854	24,754	1,285,146
Other operating income	46,540	19,439	-	65,979
Supplies and services	-125,096	-116,317	-6,177	-247,590
Personnel costs and Employee benefits expenses	-24,542	-29,260	-1,217	-55,019
Other operating expenses	-41,002	-41,290	-804	-83,096
	-144,100	-167,428	-8,198	-319,726
Gross operating profit	633,438	315,427	16,556	965,421
Provisions	3	-	-	3
Depreciation and amortisation expense	-260,140	-233,564	-6,323	-500,027
Amortisation of deferred income / Government grants	1,119	14,112		15,231
Operating profit	374,420	95,975	10,233	480,628
Share of profit of associates	6,833	-	-	6,833
Assets	6,193,866	5,655,698	153,362	12,002,926
Liabilities	474,592	2,334,745	3,376	2,812,713
Operating Investment	423,328	171,176	9,149	603,653

Note: The Segment "Europe" includes: i) revenues in the amount of 434,424 thousands of Euros from Spanish companies, of which 38,165 thousands of Euros generated outside of Spain; ii) assets from spanish companies in the amount of 2,829,924 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousands of Euros	
Revenues of the Reported Segments	**1,157,796**
Revenues of Other Segments	(107)
Elimination of intra-segment transactions	107
Revenues of the EDPR Group	**1,157,796**
Gross operating profit of the Reported Segments	**965,421**
Gross operating profit of Other Segments	(28,050)
Elimination of intra-segment transactions	210
Gross operating profit of the EDPR Group	**937,581**
Operating profit of the Reported Segments	**480,628**
Operating profit of Other Segments	(29,167)
Elimination of intra-segment transactions	(1,355)
Operating profit of the EDPR Group	**450,106**
Assets of the Reported Segments	**12,002,926**
Not Allocated Assets	**1,121,956**
Financial Assets	349,094
Tax assets	127,195
Debtors and other assets	645,667
Assets of Other Segments	8,593,954
Elimination of intra-segment transactions	(8,416,863)
Assets of the EDPR Group	**13,301,973**
Liabilities of the Reported Segments	**2,812,713**
Not Allocated Liabilities	6,369,141
Financial Liabilities	917,112
Tax liabilities	394,108
Payables and other liablities	5,057,921
Liabilities of Other Segments	3,383,580
Elimination of intra-segment transactions	(5,012,288)
Liabilities of the EDPR Group	**7,553,146**
Operating Investment of the Reported Segments	**603,653**
Operating Investment of Other Segments	2,831
Operating Investment of the EDPR Group	**606,484**

	Total of the Reported Segments	Other Segments	Elimination of intra-segment transactions	Total of the EDPR Group
Other operating income	**65,979**	140	(3,003)	**63,116**
Supplies and services	**(247,590)**	(16,883)	2,663	**(261,810)**
Personnel costs and Employee benefits expenses	**(55,019)**	(8,247)	607	**(62,659)**
Other operating expenses	**(83,096)**	(2,952)	(164)	**(86,212)**
Provisions	**3**	-	-	**3**
Depreciation and amortisation expense	**(500,027)**	(1,118)	(1,564)	**(502,709)**
Amortisation of deferred income / Government grants	**15,231**	-	-	**15,231**
Share of profit of associates	**6,833**	**-**	**-**	**6,833**

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the annual accounts of EDP Renováveis, S.A. (the "Company") which comprise the balance sheet at 31 December 2013, the income statement, the statement of changes in equity, the statement of cash flows for the year then ended and the notes thereto. In accordance with legislation governing financial information applicable to the entity specified in note 2 to the accompanying annual accounts and, in particular, with the accounting principles and criteria set forth therein, preparation of the annual accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying annual accounts for 2013 present fairly, in all material respects, the equity and financial position of the Company at 31 December 2013, and the results of its operations and its cash flows for the year then ended, in accordance with applicable legislation governing financial information and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2013 contains such explanations as the directors the Company consider relevant to the situation of the Company, the evolution of its business and other matters, but is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2013. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

Ana Fernández Poderós

26 February 2014

STATEMENT ON COMPLIANCE ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

edp renováveis

Report from Management concerning responsibility for the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31 December 2013 based on the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31 December 2013 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2013 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Chief Financial Officer

26 February 2014

www.edpr.com

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33007 Oviedo - España
T: +34 985 230 300

AUDIT REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING

KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Board of Directors
EDP Renováveis, S.A.

Further to your request and to our engagement letter dated 20 June 2013, we have audited the system of internal control over financial reporting of EDP Renováveis, S.A. (the Company) and subsidiaries (the Group) at 31 December 2013, based on the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures, and with the COBIT Framework for IT Governance and Control. The Board of Directors of the Company and senior Group management are responsible for adopting the measures required to reasonably guarantee the implementation, maintenance and supervision of an adequate system of internal control over financial reporting, assess its efficiency and make improvements to the system, as set forth in the report drawn up by Group management on the internal control over financial reporting system enclosed. Our responsibility is to express an opinion on the effectiveness of the Group's internal control over financial reporting system based on our audit.

An organisation's system of internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that are aimed at: (i) verifying the existence and maintenance of records that present fairly and in reasonable detail the Group's transactions and assets; (ii) providing reasonable assurance that transactions are adequately recorded so as to allow the Group to draw up consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) providing reasonable assurance regarding the timely prevention or detection of asset additions or disposals or unauthorised use of Group assets that might have a material effect on the consolidated annual accounts. Due to the limitations inherent in any form of internal control system, irrespective of the quality of the design and operation of the internal control system adopted for annual financial reporting, this system can only provide reasonable but not absolute assurance as to the objectives sought.

We have performed our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000). This standard requires that we plan and perform our audit to obtain reasonable assurance about whether the Group system of internal control over financial reporting is effective in all material aspects. Our audit included our gaining an understanding of the Group's internal control over the financial reporting system, verifying and evaluating, on a selective test basis, the design and operating efficiency of the system, and performing other procedures that we considered necessary under the circumstances. We believe that our audit provides a reasonable basis for our opinion.

2

Due to the limitations inherent in any form of internal control system, there is always the possibility that internal control over financial reporting may not prevent or detect the errors or irregularities that might arise, whether due to errors in judgement, human error, fraud or malpractice. Extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the levels of compliance with policies and procedures.

In our opinion, the Group's system of internal control for financial reporting at 31 December 2013 is effective in all material aspects, according to the criteria established in the Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in relation with global business and control procedures and the COBIT Framework for IT Governance and Control.

On 26 February 2014, in accordance with prevailing accounting legislation in Spain, we issued our audit report on the consolidated annual accounts of the Group for 2013, expressing an unqualified opinion thereon.

This report has been issued in accordance with your request. We accept no liability to any third parties other than the intended recipients of this report.

KPMG Auditores, S.L.

Ana Fernández Poderós

26 February 2014

STATEMENT ON COMPLIANCE OF FINANCIAL INFORMATION

edp renováveis

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 25, 2014.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

Ausente

João Manuel Veríssimo Marques da Cruz

Rui Manuel Rodrigues Lopes Teixeira

João Paulo Nogueira da Sousa Costeira

Ausente

Gabriel Alonso Imaz

Acácio Jaime Liberado Mota Piloto

António do Pranto Nogueira Leite

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

José Fernando Maia de Araújo e Silva

José António Ferreira Machado

Ausente

Gilles August

Manuel Menéndez Menéndez

Ausente

Rafael Caldeira Castel-Branco Valverde

07

FINANCIAL STATEMENTS



POLAND
ROYAL CASTLE
Coordinates:
50º 03’ 16” N 19º 56’ 12” E
Time of day: 15H

08

ANNEX

ROMANIA
ROMANIAN ATHENAEUM
Coordinates:
44º 26′ 29″ N 26º 5′ 49″ E
Time of day: 16H

8. ANNEX

8.1. SUBSEQUENT EVENTS

This Annual Report concerns the events and performance of 2013; however, the following subsequent events are relevant.

EDPR EXECUTES PROJECT FINANCE FOR ITS FIRST PROJECT IN CANADA

On 16 January 2014, EDPR executed a project finance structure agreement for its first wind farm in Canada. The South Branch project located in Ontario has an installed capacity of 30 MW remunerated based on a previously secured 20 year Feed-in Tariff awarded by the Ontario Power Authority.

The long-term contracted debt facility amounts to 49 million Canadian Dollars and the funding is expected to occur during the first quarter of 2014. EDPR's financing strategy is to contract long-term debt in local currency at competitive prices in order to mitigate the refinancing risk and to reduce the foreign exchange risk by having a natural hedge between revenues and costs.

With the successful execution of its first wind project in Canada, EDPR adds to its portfolio a market with a low risk profile and attractive wind resource and extends its geographical diversification to 11 markets around the world (US, Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, Brazil and Canada).

EDPR REACHES AGREEMENT WITH AXPO

EDPR reached an agreement in October 2013 with Axpo Group, to sell a 49% non-controlling equity stake and outstanding shareholders loans in a wind farm portfolio of 100 MW located in France. These wind farms currently benefit from a feed-in tariff remuneration scheme. The settlement of the asset rotation transaction signed with Axpo Group occurred during the first quarter of 2014.

EDPR secures PPA for new 200 MW wind farm in the united states

In the US EDPR signed a 20-year Power Purchase Agreement ("PPA") with Kansas City Power & Light Company to sell the renewable energy produced from its 200 MW Waverly wind farm project to be installed in the state of Kansas and expected to start selling electricity under the PPA in 2016.

8.2. GRI PRINCIPLES

This is the fifth year EDPR publishes an integrated report describing the company's performance, with respect to the three pillars of sustainability: economic, environmental and social.

Information is presented according to G3.1 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind. A full GRI index for the report can be found in our website www.edpr.com.

UNITED NATIONS GLOBAL COMPACT

Global Compact is an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development.

EDPR has become signatory of this initiative and is committed to put these principles into practice, informing society of the progress it has achieved.

In addition, the company has a Code of Ethics that contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labour and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labour Organization and the Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavours so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

To learn more about the UN Global Compact, please visit www.unglobalcompact.org.

GLOBAL REPORTING INITIATIVE

The GRI directives define a set of indicators and recommendations to create a global standard for disclosing information concerning the three sustainability pillars: economic, environmental and social performance. A company's adherence to these directives means that it concurs with the concept and practices of sustainability.

The whole report, including environmental and social indicators contemplated by the GRI, was audited by KPMG.

The GRI framework defines a list of principles to help organizations ensure that the content of the report is balanced and accurate. EDPR applied these principles as the basis for the 2013 Annual Report.

To learn more about the GRI guidelines, please visit www.globalreporting.org.

GRI APPLICATION LEVEL

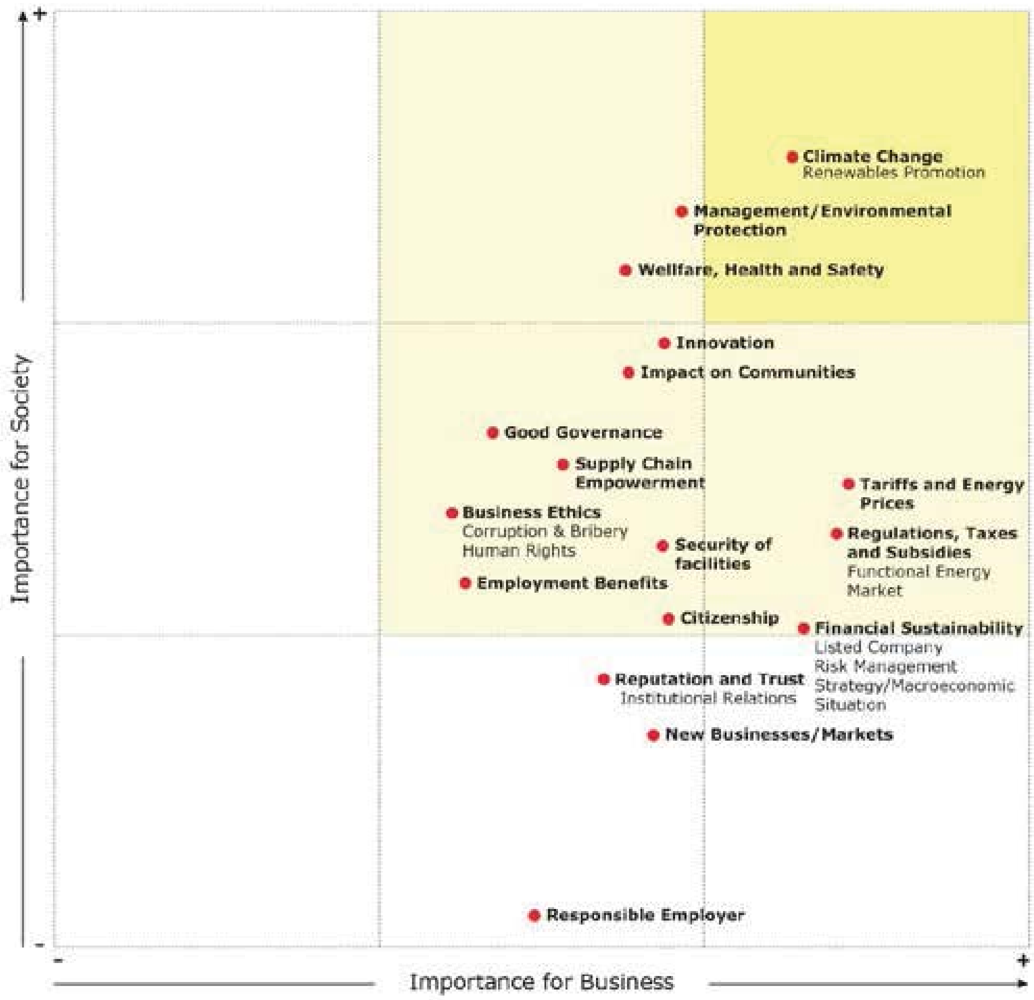
The company self-declares its report to have reached the level A+, as confirmed GRI as it addresses GRI's standard disclosures and as it has been assured according to ISAE 3000 by KPMG.

Materiality	**Stakeholder Inclusiveness**	**Sustainability Context**
This report includes the relevant information for the company's stakeholders, as derived from the materiality studies performed.	The concerns and the feedback received from our stakeholders were taken into account during the report's creation. For additional information about who are our stakeholders, please visitwww.edpr.com.	This report is placed in the context of the company strategy to contribute to the sustainable development of society, whenever possible.
Completeness and Balance	**Accuracy, Clarity, Comparability and Reliability**	**Timeliness**
Unless otherwise stated, this report covers all the company's subsidiaries and is presented in a balanced and objective perspective.	The information presented follows the GRI directives aim to make information comparable, traceable, accurate and reliable.	The information presented in this report relates to FY2013. EDPR is committed to report sustainability information at least once a year.

PRINCIPLE OF MATERIALITY

The macro-economic context, where the challenges of sustainability are increasing, summing up with the diversity of EDPR's stakeholders, results in a large and complex list of important issues, which must be prioritised according to its relevance and significance.

An issue is considered material when it influences the decision, the action and the performance of an organization and its stakeholders. EDPR's material issues were identified and the results achieved supported the preparation of this Annual Report, as reflected in the company's management strategy and, in particular, in its agenda for sustainability.



8.3. EXTERNAL CHECKS

INDEPENDENT ASSURANCE REPORT

KPMG Asesores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Independent Assurance Report to the Management of EDP Renováveis, S.A.

We performed a limited assurance review on the non-financial information contained in EDP Renováveis, S.A., (hereinafter EDP Renováveis) Annual Report for the year ended 31 December 2013 (hereinafter 'the Report'). The information reviewed corresponds specifically to the GRI indicators described in the Standards disclosures part II of the section called GRI 3.1 content index.

EDP Renováveis management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in section "GRI Principles" of the Report. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *"Assurance Engagements other than Audits or Reviews of Historical Financial Information"*, issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with ethical requirements, including those of independence that form part of the International Ethics Standards Board for Accountants Code of Ethics.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering procedures:

- Interviews with relevant EDP Renováveis staff concerning the application of sustainability strategy and policies for material issues.
- Interviews with relevant EDP Renováveis staff responsible for providing the information in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report and verifying the reliability of the information using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of EDP Renováveis.

- Verifying that the financial information reflected in the Report was taken from the annual accounts of EDP Renováveis, which were audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business aspects.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report of EDP Renováveis for the year ended 31 December 2013 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with A+ Application Level of the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the Report section "GRI Principles".

Under separate cover, we will provide EDP Renováveis management with an internal report outlining our complete findings and areas for improvement.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

28 February 2014

STATEMENT GRI APPLICATION LEVEL CHECK

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **EDP Renováveis** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 February 2014

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because **EDP Renováveis** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

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Additional information
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TO BE CONTINUED...

edp renováveis