

Participation in Aneel Auctions – December 2017

December 22, 2017

TRANSMISSION AUCTION 02/2017
principal characteristics and lot for which the successful bid was made

- Concession Period: 30 years
- Annual Allowed Revenue (RAP) indexed to the IPCA
- In all, 47 companies registered to bid for all the lots
- 6 Lots went for live bidding
- The weighted average discount for the successful bids was 40.46%

Lot	Successful Bidder	Contracted RAP (R$/year)	Discount
7	Construtora Quebec S.A.	32,600,000.00	34.7%
1	Consórcio Engie Brasil	231,725,000.00	34.8%
8	Consórcio Linha Verde	32,978,000.00	35.5%
3	Sterline Power Grid	313,100,000.00	35.7%
10	Consórcio BR Energia/Enind Energia	7,285,000.00	40.0%
6	Neoenergia S.A.	57,325,000.00	44.6%
4	Neoenergia S.A.	126,000,000.00	46.6%
9	EEN Energia Participações	9,090,608.00	47.9%
11	Montago Construtora	4,030,000.00	52.9%
2	Celeo Redes	85,271,000.00	53.2%
5	Cesbe Participações S.A.	14,431,000.00	53.9%
		913,835,608.00	**40.46%**

ENGIE Brasil Energia (EBE) was awarded Lot 1:

- Composition: 13 transmission lines totaling around 1,050 km and five substations
- Location: Paraná
- Annual Allowed Revenue (RAP): R$ 231.7 million
- Discount: 34.8%, second lowest discount
- Deadline to start operations: March 9, 2023



TRANSMISSION AUCTION 02/2017
additional considerations

- EBE has experience in building transmission lines to connect its assets to the national grid system (SIN)
- Good relationship with the state of Paraná's environmental protection agency (IAP)
- Pre-contracts signed with suppliers and EPC
- Project return respecting ENGIE's financial discipline
- Rationale of the bid:
  - investment below Aneel projections;
  - anticipation of COD;
  - access to finance at competitive rates, and
  - location in the state of Paraná creates synergies – Salto Santiago and Salto Osório HPPs
- EBE intends to continue taking part in future transmission auctions

A-4 AND A-6 AUCTIONS

A-4 Auction

- Contracted 220 average MW

Source	Installed capacity (MW)	Contracted capacity (R$/MWh)	Average ICB (R$/MWh)	Average energy price (R$/MWh)
Solar	574	170.2	145.68	145.68
Biomass	25	8.6	234.92	258.00
Wind	64	35.6	108.00	116.32
SHP	12	5.8	-	181.63

- Average price of R$ 141.49/MWh

A-6 Auction

- Contracted 2,737 average MW

Source	Installed capacity (MW)	Contracted capacity (R$/MWh)	Average ICB (R$/MWh)	Average energy price (R$/MWh)
Gas	2,139	1,871	213.46	166.46
Biomass	177	103	216.82	202.76
Wind	1,387	692	98.62	108.28
SHP	139	71	-	219.20

- Average price of R$ 148.78/MWh

ENGIE Brasil Energia did not contract any of the registered projects

- Low demand for solar and wind energy sources intensified the competition
- Energy price conditions were unattractive, failing to generate a return deemed suitable
- Gradual recovery of the economy - with parallel impact on electric energy consumption - should increase demand creating opportunities in the future
- EBE guaranteed growth of 17%, equivalent to 1,202 MW in 2017, with the acquisitions of Jaguara and Miranda HPPs and the Umburanas Wind Complex


ENGIE