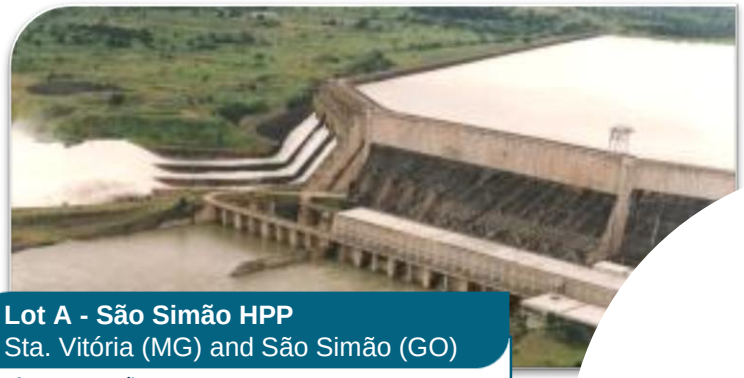


Auction of HPPs with Non-Renewable Concessions

September 27, 2017

HYDROELECTRIC POWER PLANTS with non-renewable concessions



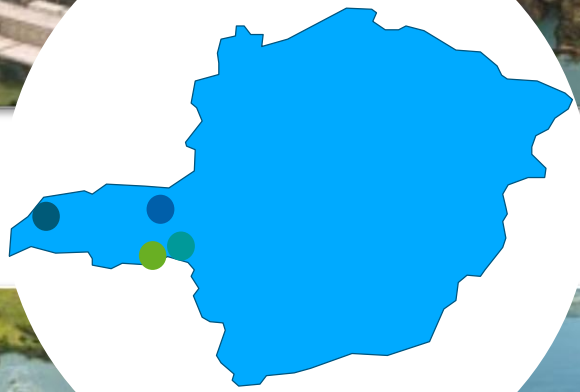
Lot A - São Simão HPP
Sta. Vitória (MG) and São Simão (GO)

River: Parnaíba
Installed Capacity: 1,710 MW
Commercial Capacity: 1,202.7 MWm
Start of operations: 1978
Fixed Annual Revenue (100%) : MBRL 1,032



Lot B – Jaguara HPP
Rifânia (MG)

River: Grande
Installed Capacity: 424 MW
Commercial Capacity: 341 MWm
Start of operations: 1971
Fixed Annual Revenue (100%) : MBRL 321





Lot C – Miranda HPP
Indianópolis (MG)

River: Araguari
Installed Capacity: 408 MW
Commercial Capacity: 198.2 MWm
Start of operations: 1998
Fixed Annual Revenue (100%) : MBRL 214



Lot D - Volta Grande HPP
Miguelópolis (SP)

River: Grande
Installed Capacity: 380 MW
Commercial Capacity: 230.6 MWm
Start of operations: 1974
Fixed Annual Revenue (100%) : MBRL 253

PRINCIPAL CHARACTERISTICS OF THE AUCTION

Auction 001/2017
Date: 09/27/2017
Concession Period: 30 years as from the end of the assisted operation period
Criterion: Highest Grant Bonus – GB in BRL
Commercialization: 70% to ACR – without GSF+ 30% to ACL – with exposure to GSF

70% assured by long-term PPAs in the ACR

Lot	HPP	MGA[1] Total (MBRL)	RCGB[2] (MBRL)	AGR[3] = MGA + RCGB (MBRL)	Minimum GB (MBRL)	Winning GB (MBRL)	
A	São Simão	236	797	1,032	6,741	7,180	
B	**Jaguara**	**88**	**233**	**321**	**1,911**	**2,171**	✓ ENGIE
C	**Miranda**	**71**	**143**	**214**	**1,111**	**1,360**	✓ ENGIE
D	Volta Grande	83	170	253	1,292	1,420	
Total Lots B, C, D		**243**	**545**	**788**	**4,315**	**4,951**	
TOTAL		**478**	**1,342**	**1,820**	**11,056**	**12,131**	

Notes:
[1] MGA: Management of the Generation Assets.
[2] RCGB: Return on the Concession Grant Bonus.
[3] AGR: Annual Generation Revenue reference 100% of assured energy.

ADDITIONAL CONSIDERATIONS

- Annual Revenue from Generation (AGR) indexed to the IPCA
- Energy contracted in quotas (70%) is free of hydrological risk (GSF)
- Energy directed to the Free Market (30%) complements EBE's portfolio and allows for the creation of products
- Signature of the concession agreement in 11/10/2017 and payment of the GB by 11/30/2017
- Period of assisted operations (responsibility of CEMIG) of up to six months → effective period to be decided by 11/10/2017
- Cash Generation:
  - RCGB: following signature of the concession agreement
  - MGA: after the period of assisted operations when ENGIE will take over the operation of the assets for 30 years
- Investment in maintenance will be optimized
- Financing in R$, through distinct products, being structured both in EBE as well as the Specific Purpose Company(ies) which will pay the grant bonus
- Return of the project in line with the track-record for ENGIE's financial discipline

