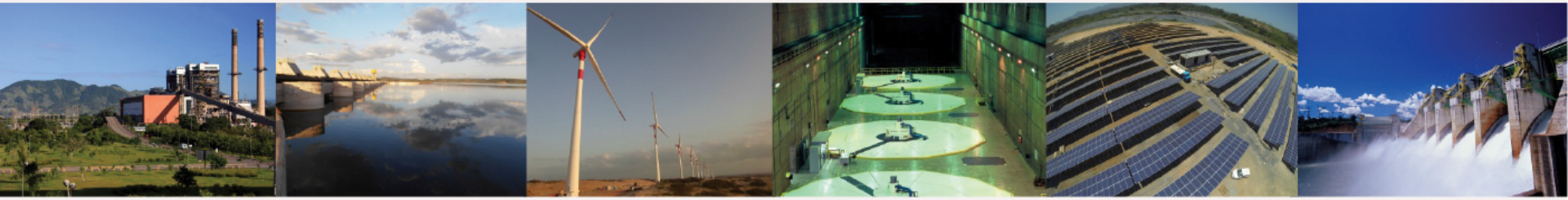
Tractebel Energia
GDF SUEZ



Discussion of current themes: Tractebel Energia's view

September 25, 2014

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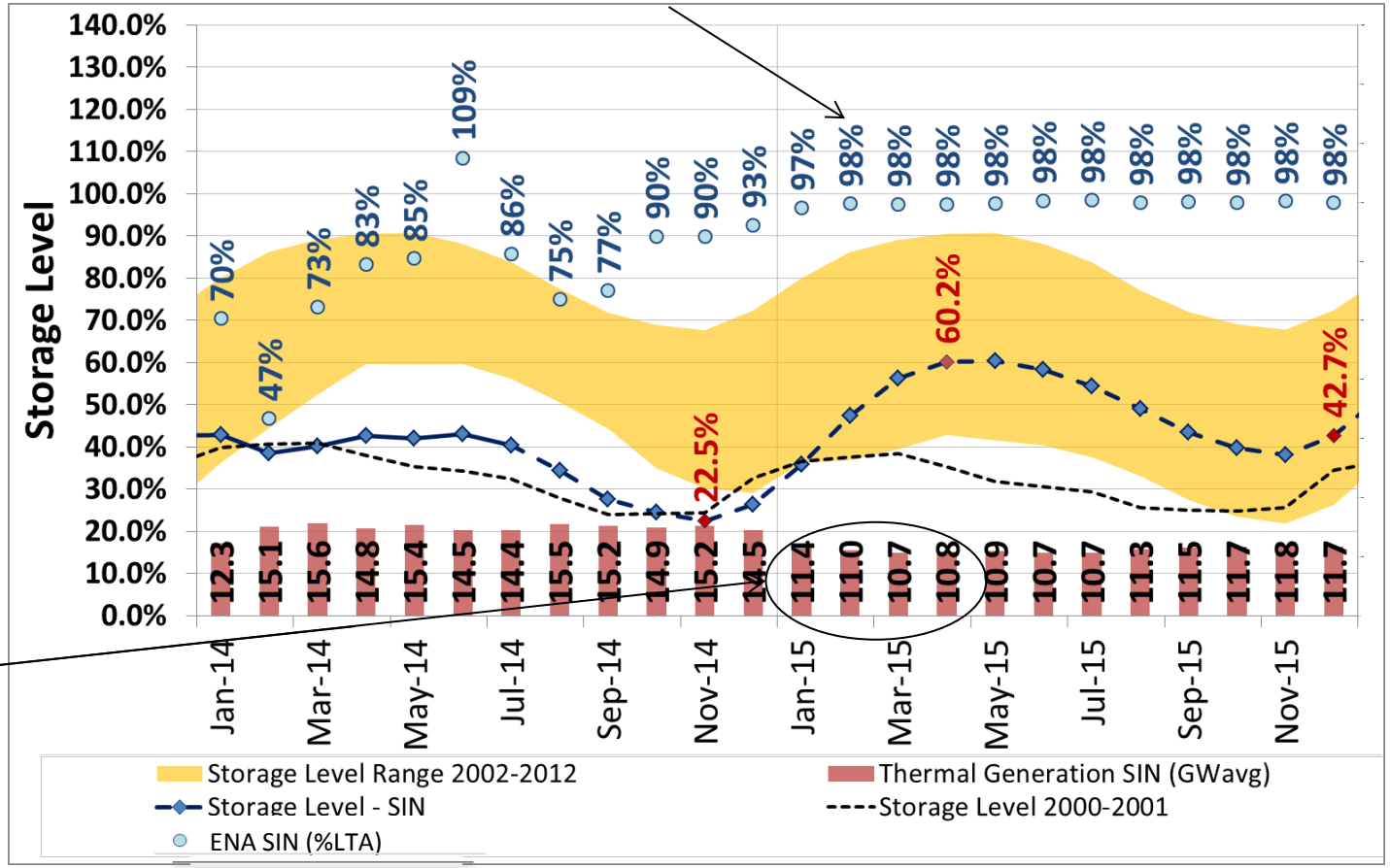
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Storage Sensibility 2014/2015

Reservoir at the end of Apr/15 with 11 GWavg of TG and LTA – for the National Power Grid System (SIN)

Affluent Natural Energy (ENA) equal to Long Term Average (LTA) for the SE, S and N and 90% LTA for the NE



TG for a CVU around R$ 300/MWh

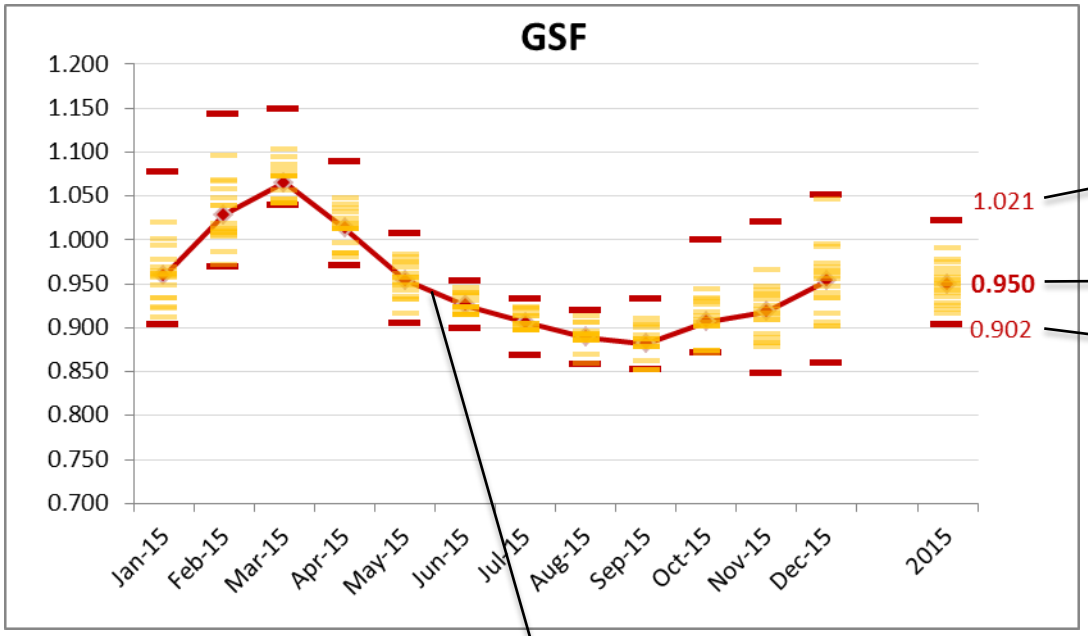
Note: growth of 3.1% on 2014 (compared to 3.6% forecasted by EPE)

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Storage Sensibility 2014/2015

expected GSFs in this scenario

Load 2015/2014: +3.1% / TG SIN year (average): 11.2 GWavg



Cap without load change

Expected value

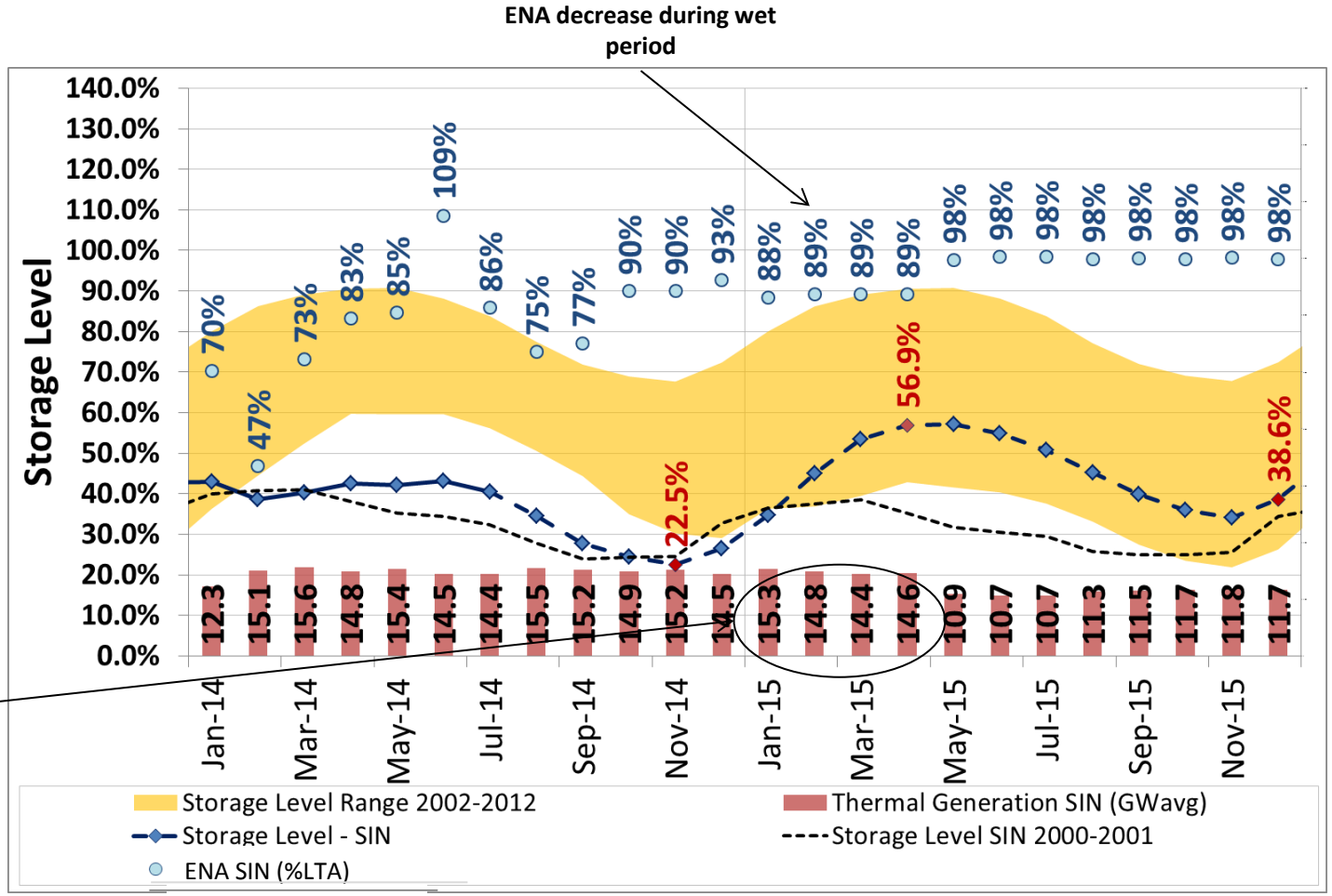
Floor without load change

The GSF profile throughout the year depends on the Energy Reallocation Mechanism (MRE) allocation. As an assumption, it was considered a similar allocation profile of that for 2014

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Storage Sensibility 2014/2015

Reservoir sensibility at the end of Apr/15 with 90% of LTA – for the National Power Grid System (SIN)



TG for a CVU around R$ 650/MWh

Note: growth of 3.1% on 2014 (compared to 3.6% forecasted by EPE)

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Cap and floor PLD

Aneel Preliminary Public Hearing 9/2014: contributions until October 2nd

Current values

- Cap PLD : R$ 822.23/MWh (CVU - generation variable cost - of a significant thermal power plant)
- Floor PLD: R$ 15.62/MWh (Itaipu HPP's costs of generation)

Aneel's proposal

- Cap PLD: Aneel does not consider technical arguments sufficient to decrease cap price and proposes two options (deficit cost or significant thermal power plant CVU)
- Floor PLD: Aneel suggests the cost of hydro power plants generation based on quota regime

Conclusions

- Agents with short position tend to support cap reduction, while agents with a long term vision (expansion) are concerned with the creation of artificial measures in price formation and agree with Aneel's proposal
- Low cap main risk: increase in System Service Charges (ESS) - merit thermal plants with CVU between Operation Marginal Cost (CMO) and cap PLD which today is paid only by free and regulated load
- Importance of giving stability to regulatory process, respecting the energy allocation process which occurs in December of each year
- Next step: after contributions analysis, Aneel should call for a Final Public Hearing in order to propose a resolution