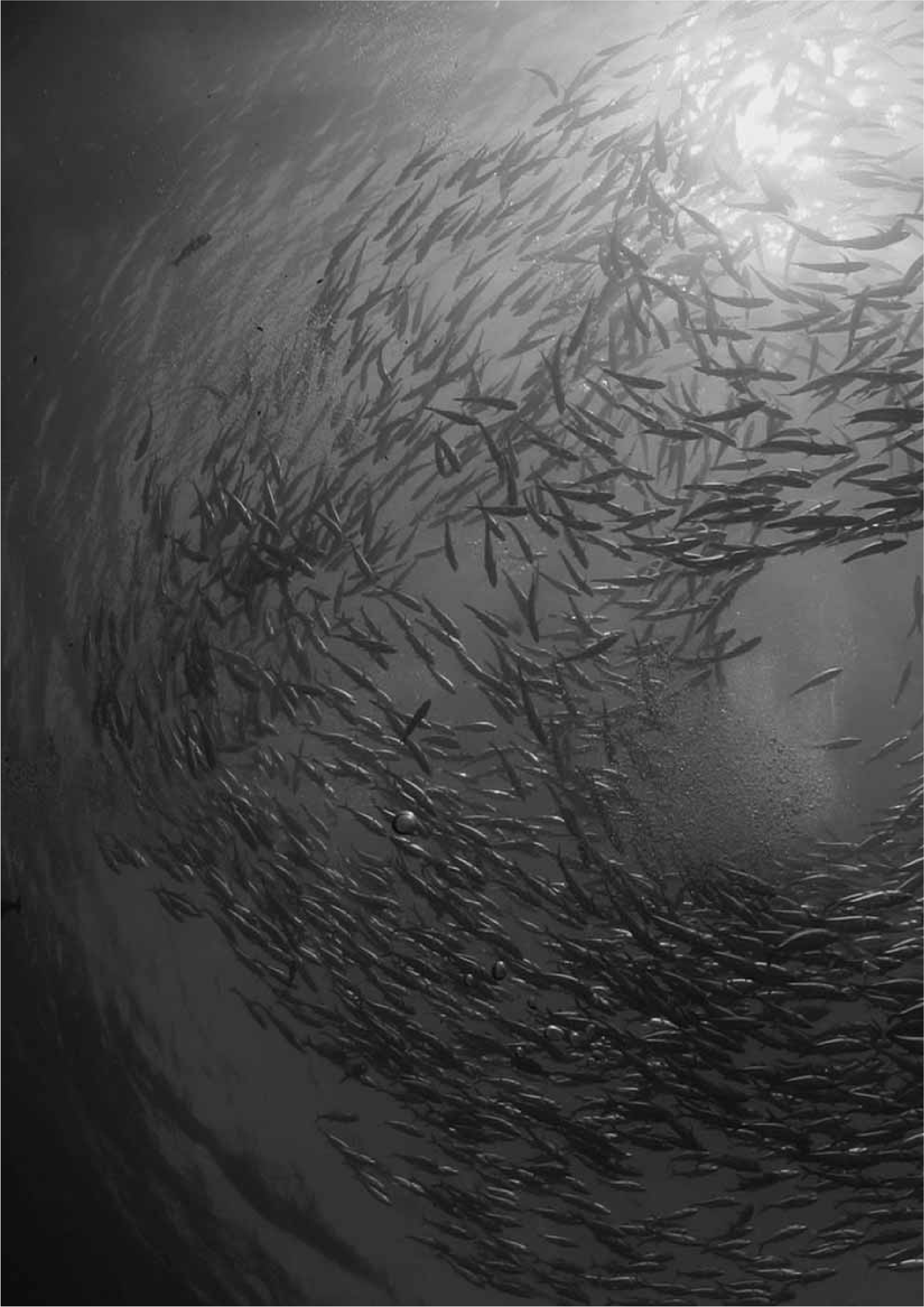
edp renováveis

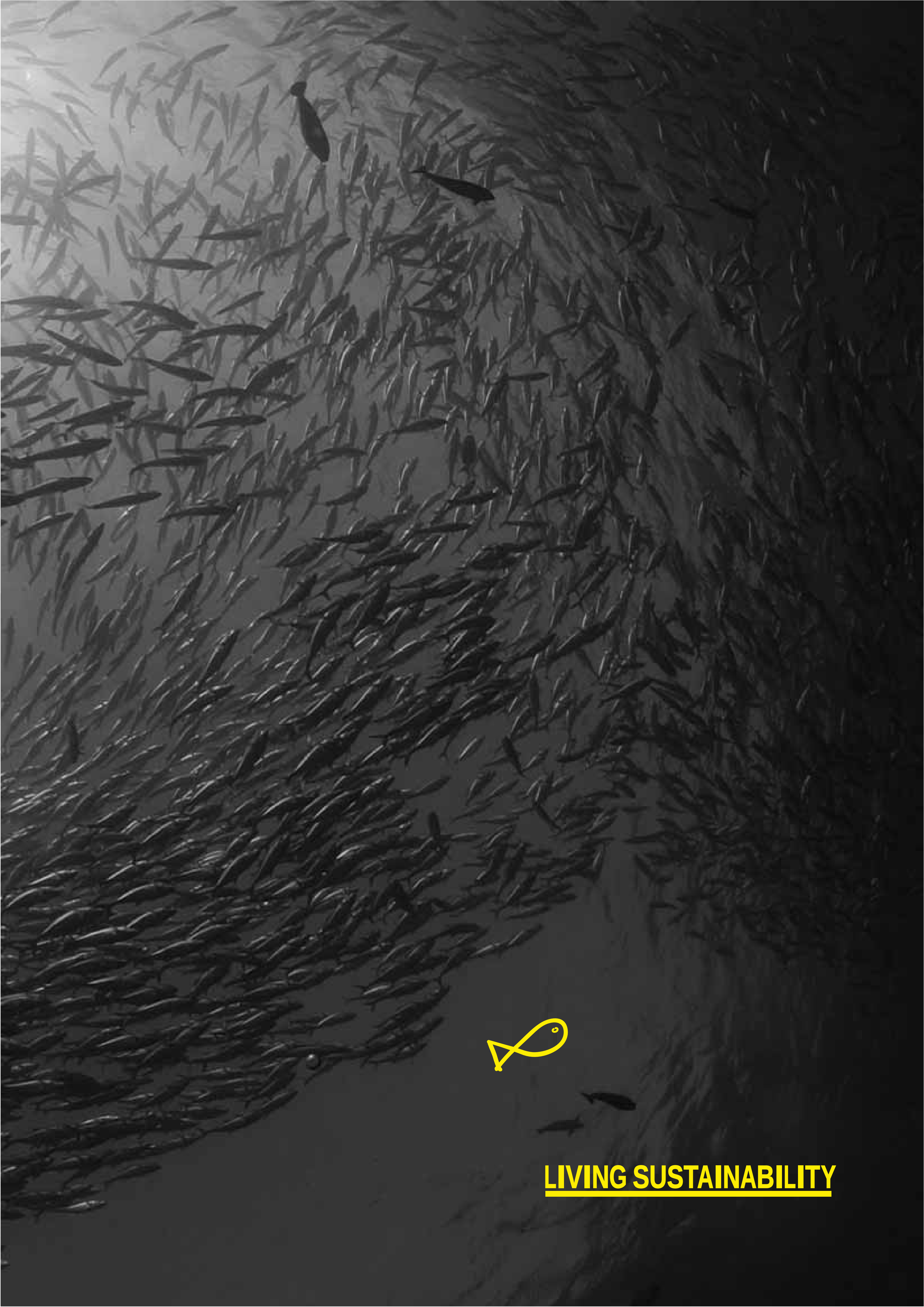
THE LIVING ENERGY BOOK

by edp

CONSOLIDATED ANNUAL ACCOUNTS
2017

2017 Consolidated Annual Accounts




LIVING SUSTAINABILITY

THE LIVING ENERGY BOOK

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	NOTES	2017	2016
Revenues	6	1,601,619	1,453,214
Income from institutional partnerships in U.S. wind farms	7	225,568	197,544
		1,827,187	1,650,758
Other income	8	94,940	53,752
Supplies and services	9	-326,886	-304,740
Personnel costs and employee benefits	10	-100,761	-93,894
Other expenses	11	-128,162	-134,925
		-460,869	-479,807
		1,366,318	1,170,951
Provisions		184	-4,705
Amortisation and impairment	12	-563,365	-602,287
		803,137	563,959
Financial income	13	41,181	54,242
Financial expenses	13	-342,761	-404,335
Share of net profit in joint ventures and associates	18	2,708	-185
PROFIT BEFORE TAX		504,265	213,681
Income tax expense	14	-48,058	-37,569
NET PROFIT FOR THE YEAR		456,207	176,112
ATTRIBUTABLE TO			
Equity holders of EDP Renováveis	27	275,895	56,328
Non-controlling interests	28	180,312	119,784
NET PROFIT FOR THE YEAR		456,207	176,112
EARNINGS PER SHARE BASIC AND DILUTED - EUROS	26	0.32	0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	2017 EQUITY HOLDERS OF THE PARENT	2017 NON-CONTROLLING INTERESTS	2016 EQUITY HOLDERS OF THE PARENT	2016 NON-CONTROLLING INTERESTS
Net profit for the year	275,895	180,312	56,328	119,784
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	15	2	-3	-
Tax effect of actuarial gains/(losses)	-	-	-	-
	15	2	-3	-
Items that are or may be reclassified to profit or loss				
Fair value reserve (available for sale financial assets)	367	30	1,786	145
Tax effect of fair value reserve (available for sale financial assets)	-	-	-	-
Fair value reserve (cash flow hedge)	-20,074	2,014	-23,406	3,010
Tax effect from the fair value reserve (cash flow hedge)	3,308	-478	8,108	-708
Fair value reserve (cash flow hedge) net of taxes of non-current assets held for sale	-	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	13,587	-	1,143	-
Reclassification to profit and loss due to changes in control	-4,212	-	-	-
Exchange differences arising on consolidation	-105,362	-119,486	4,707	42,730
	-112,386	-117,920	-7,662	45,177
Other comprehensive income for the year, net of income tax	-112,371	-117,918	-7,665	45,177
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	163,524	62,394	48,663	164,961

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	NOTES	2017	2016
Assets			
Property, plant and equipment	15	13,185,201	13,437,427
Intangible assets	16	249,514	210,189
Goodwill	17	1,296,227	1,385,493
Investments in joint ventures and associates	18	303,518	340,120
Available for sale financial assets		8,585	8,186
Deferred tax assets	19	64,479	75,840
Debtors and other assets from commercial activities	21	40,546	83,536
Other debtors and other assets	22	48,717	59,845
Collateral deposits associated to financial debt	29	32,720	28,974
TOTAL NON-CURRENT ASSETS		15,229,507	15,629,610
Inventories	20	28,565	23,903
Debtors and other assets from commercial activities	21	323,107	280,539
Other debtors and other assets	22	114,217	102,491
Current tax assets	23	72,141	77,635
Collateral deposits associated to financial debt	29	10,026	17,072
Cash and cash equivalents	24	388,061	603,219
Assets held for sale	25	58,179	-
TOTAL CURRENT ASSETS		994,296	1,104,859
TOTAL ASSETS		16,223,803	16,734,469
Equity			
Share capital	26	4,361,541	4,361,541
Share premium	26	552,035	552,035
Reserves	27	-124,738	-19,652
Other reserves and Retained earnings	27	1,270,244	1,174,710
Consolidated net profit attributable to equity holders of the parent		275,895	56,328
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6,334,977	6,124,962
Non-controlling interests	28	1,560,175	1,448,052
TOTAL EQUITY		7,895,152	7,573,014
Liabilities			
Medium / Long term financial debt	29	2,808,595	3,292,591
Provisions	30	270,352	269,531
Deferred tax liabilities	19	355,613	365,086
Institutional partnerships in U.S. wind farms	31	2,163,722	2,339,425
Trade and other payables from commercial activities	32	489,929	463,908
Other liabilities and other payables	33	650,061	1,154,437
TOTAL NON-CURRENT LIABILITIES		6,738,272	7,884,978
Short term financial debt	29	428,368	113,478
Provisions	30	5,366	5,531
Trade and other payables from commercial activities	32	685,146	810,131
Other liabilities and other payables	33	381,246	258,891
Current tax liabilities	34	90,253	88,446
Liabilities held for sale	25	-	-
TOTAL CURRENT LIABILITIES		1,590,379	1,276,477
TOTAL LIABILITIES		8,328,651	9,161,455
TOTAL EQUITY AND LIABILITIES		16,223,803	16,734,469

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2017 AND 2016

THOUSAND 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 2015	6,834,109	4,361,541	552,035	1,094,362	-18,928	-22,356	4,346	5,971,000	863,109
Comprehensive income									
- Fair value reserve (available for sale financial assets) net of taxes	1,931	-	-	-	-	-	1,786	1,786	145
- Fair value reserve (cash flow hedge) net of taxes	-12,996	-	-	-	-	-15,298	-	-15,298	2,302
- Share of other comprehensive and associates, net of taxes	1,143	-	-	-	-	1,143	-	1,143	-
- Actuarial gains/(losses) net of taxes	-3	-	-	-3	-	-	-	-3	-
Exchange differences arising on consolidation	47,437	-	-	-	4,707	-	-	4,707	42,730
- Net profit for the year	176,112	-	-	56,328	-	-	-	56,328	119,784
Total comprehensive income for the year	213,624	-	-	56,325	4,707	-14,155	1,786	48,663	164,961
Dividends paid	-43,615	-	-	-43,615	-	-	-	-43,615	-
Dividends attributable to non-controlling interests	-42,563	-	-	-	-	-	-	-	-42,563
Acquisitions without changes of control of EDPR Spain subsidiaries	-1,368	-	-	1,327	-	-	-	1,327	-2,695
Sale without loss of control of EDPR North America subsidiaries	262,848	-	-	15,140	9,658	-1,338	-	23,460	239,388
Sale without loss of control of EDPR Europe subsidiaries	414,927	-	-	130,412	1,728	4,424	-	136,564	278,363
Other changes resulting from acquisitions/sales and equity increases	-91,031	-	-	-24,747	-	-	-	-24,747	-66,284
Other	26,083	-	-	1,834	10,476	-	-	12,310	13,773
BALANCE AS AT 31 DECEMBER 2016	7,573,014	4,361,541	552,035	1,231,038	7,641	-33,425	6,132	6,124,962	1,448,052
Comprehensive income									
- Fair value reserve (available for sale financial assets) net of taxes	397	-	-	-	-	-	367	367	30
- Fair value reserve (cash flow hedge) net of taxes	-15,230	-	-	-	-	-16,766	-	-16,766	1,536
- Share of other comprehensive and associates, net of taxes	13,587	-	-	-	13,587	-	-	13,587	-
- Reclasification to profit and loss due to changes in control	-4,212	-	-	-	-4,212	-	-	-4,212	-
- Actuarial gains/(losses) net of taxes	17	-	-	15	-	-	-	15	2
Exchange differences arising on consolidation	-224,848	-	-	-	-105,362	-	-	-105,362	-119,486
- Net profit for the year	456,207	-	-	275,895	-	-	-	275,895	180,312
Total comprehensive income for the year	225,918	-	-	275,910	-95,987	-16,766	367	163,524	62,394
Dividends paid	-43,615	-	-	-43,615	-	-	-	-43,615	-
Dividends attributable to non-controlling interests	-48,730	-	-	-	-	-	-	-	-48,730
Sale without loss of control of EDPR Europe subsidiaries	210,433	-	-	93,926	-	2,502	-	96,428	114,005
Other changes resulting from acquisitions/sales and equity increases	-7,719	-	-	-7,107	584	-	-	-6,523	-1,196
Other	-14,149	-	-	-4,013	5,090	-876	-	201	-14,350
BALANCE AS AT 31 DECEMBER 2017	7,895,152	4,361,541	552,035	1,546,139	-82,672	-48,565	6,499	6,334,977	1,560,175

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	2017	2016
Operating activities		
Cash receipts from customers	1,587,467	1,432,454
Payments to suppliers	-383,425	-416,125
Payments to personnel	-104,901	-92,245
Other receipts / (payments) relating to operating activities	-76,790	10,302
Net cash from operations	1,022,351	934,386
Income tax received / (paid)	-41,063	-65,697
Net cash flows from operating activities	981,288	868,689
Investing activities		
Cash receipts relating to:		
Changes in cash resulting from perimeter variations (*)	28,342	2,166
Property, plant and equipment and intangible assets	13,405	2,412
Interest and similar income	4,327	9,847
Dividends	17,898	6,313
Loans to related parties	16,364	41,460
Other receipts from investing activities	6,564	30,144
	86,900	92,342
Cash payments relating to:		
Changes in cash resulting from perimeter variations (*)	-1,385	-
Acquisition of assets / subsidiaries (****)	-11,513	-52,751
Property, plant and equipment and intangible assets	-1,037,184	-1,019,167
Loans to related parties	-17,195	-45,160
Other payments in investing activities (****)	-16,316	-5,199
	-1,083,593	-1,122,277
Net cash flows from investing activities	-996,693	-1,029,935
Financing activities		
Sale of assets / subsidiaries without loss of control (**)	210,432	697,881
Receipts / (payments) relating to loans from third parties	4,838	-305,454
Receipts / (payments) relating to loans from non-controlling interests	9,164	410,637
Receipts / (payments) relating to loans from Group companies	-183,681	-554,272
Interest and similar costs including hedge derivatives from third parties	-52,824	-73,906
Interest and similar costs from non-controlling interests	-19,209	-6,564
Interest and similar costs including hedge derivatives from Group companies	-157,211	-159,427
Governmental grants	-16	-
Dividends paid	-92,353	-84,727
Receipts / (payments) from wind activity institutional partnerships - USA	250,022	451,788
Other cash flows from financing activities	-99,287	-67,239
Net cash flows from financing activities	-130,125	308,717
Changes in cash and cash equivalents	-145,530	147,471
Effect of exchange rate fluctuations on cash held	-69,628	19,016
Cash and cash equivalents at the beginning of the period	603,219	436,732
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (***)	388,061	603,219

(*) Mainly includes (i) 26,498 thousand Euros and 1,844 thousand Euros related to the full consolidation of Eólica de Coahuila and Tebar Ibérica respectively; and (ii) -725 thousand Euros due to the loss of control of Moray Offshore Windfarm (East). See note 5;
(**) Refer to the proceeds, deducted from transaction costs, from the sale by EDPR SGPS of the Portuguese company EDPR PT-PE (see note 5);
(***) See note 24 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents;
(****) See note 42.

Variations in the following financing captions, including cash flow variations, during the period ending December 31, 2017 are as follows:

THOUSAND EUROS	Bank Loans (*)	Group Loans	Non-controlling interests Loans	U.S. Institutional Partnerships	Derivatives	Total
Balance as of December 31, 2016	742,411	2,617,612	610,087	2,339,425	716,101	7,025,636
Cash flows						
- Receipts/(payments) relating to loans from third parties	4,838	-	-	-	-	4,838
- Receipts/(payments) relating to loans from non-controlling interests	-	-	9,164	-	-	9,164
- Receipts/(payments) relating to loans from Group companies	-	-183,681	-	-	-	-183,681
- Interest and similar costs including hedge derivatives from third parties	-45,077	-	-	-	-7,748	-52,825
- Interest and similar costs from non-controlling interests	-	-	-19,209	-	-	-19,209
- Interest and similar costs including hedge derivatives from Group companies	-	-105,394	-	-	-51,817	-157,211
- Receipts/ (payments) from derivative financial instruments	-	-	-	-	-73,698	-73,698
- Receipts / (Payments) from institutional partnership in US wind farms	-	-	-	250,022	-	250,022
Changes of perimeter	250,234	-	7,665	-	-2,302	255,597
Exchange differences	-47,885	-185,087	2,790	-289,892	785	-519,289
Fair value changes	-	-	-	-	-293,289	-293,289
Accrued expenses	46,819	99,427	27,864	1,174	49,745	225,029
Unwinding	-	-	-	88,561	-	88,561
Changes in U.S. Institutional Partnerships related to ITC/PTC	-	-	-	-225,568	-	-225,568
Balance as of December 31, 2017	951,340	2,242,877	638,361	2,163,722	337,777	6,334,077

(*) Net of collateral deposits

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

The following Notes form an integral part of these Consolidated Annual Accounts

01. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis" or "EDPR") 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 2016 EDP Energias de Portugal, S.A through its Spanish branch EDP S.A. - Sucursal en España ("EDP Branch") held a qualified shareholding of 77.53% of the share capital and voting rights of EDPR and 22.47% of the share capital was free-floated in the NYSE Euronext Lisbon. On August 8th 2017, EDP increased its qualified shareholding over EDPR to 82.56% resulting from the acquisition in the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDPR of 43,907,516 shares which corresponds to 5.03% of EDPR's share capital and voting rights. Thus EDPR's free-floated share capital in the NYSE Euronext Lisbon decreased to 17.44% (see note 26).

As at 31 December 2017, EDP Renováveis S.A. directly holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, LLC (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), EDP Renováveis Brasil, S.A. (EDPR BR), EDPR Offshore España, S.L. (formerly South África Wind & Solar Power, S.L.U.) and EDPR Offshore France, S.A.S. (formerly EDPR Yield France Services, S.A.S.). Refer to Annex 1 for a listing of all subsidiaries directly and indirectly held by EDPR S.A.

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Avenida 24 de Julho, 12, Lisbon (Portugal).

In December 2011, China Three Gorges Corporation (CTG) signed 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 Energias 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 totaling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, the following transactions have taken place:

- In June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.
- In May 2015, EDPR closed the sale of 49% of the following EDPR Brasil subsidiaries to CTG through CWEI Brasil participaçoes LTDA: Elebrás Projetos S.A, Central Nacional de Energia Eólica 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, Central Eólica Jau S.A. and Central Eólica Aventura S.A.
- In October 2016, EDPR completed the sale of 49% equity shareholding in EDP Renewables Polska SP.Zo.o. to CTG through ACE Poland S.Á.R.L. and the sale of 49% equity shareholding in EDP Renewables Italia S.r.l. to CTG through ACE Italy S.Á.R.L. (see note 5).
- In June 2017, EDPR Group closed the sale of 49% equity shareholding in EDPR PT - Parques Eólicos, S.A. to CTG through ACE Portugal S.Á.R.L. (see note 5).

EDPR EU operates through its subsidiaries located in Spain, Portugal, France, Belgium, Netherlands, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renovables España, S.L. and EDPR Participaciones S.L. (wind farms in Spain), EDP Renováveis Portugal, S.A. and EDPR PT – Parques Eólicos, S.A. (wind farms in Portugal), EDP Renewables France and EDPR France Holding S.A.S. (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O and EDPR Renewables Polska HoldCo, S.A. (wind farms in Poland), EDPR România S.r.l. and EDPR RO PV S.r.l. (wind and photovoltaic solar farms in Romania), EDP Renewables Italy, S.r.l. and EDP Renewables Italia Holding, S.r.l. (wind farms in Italy) and EDPR UK Limited (offshore development projects in UK).

EDPR NA's main activities consist of the development, management and operation of wind and solar farms in the United States of America and providing management services for EDPR Canada and EDPR Mexico. EDPR Canada and EDPR Mexico's main activities consist of the development, management and operation of wind farms in Canada and Mexico.

EDPR BR's main activities consist of the development, management and operation of wind farms in Brazil.

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2017	31 DEC 2016
United States of America	5,055	4,631
Spain	2,244	2,194
Portugal	1,253	1,251
Romania	521	521
Poland	418	418
France	410	388
Brazil	331	204
Mexico	200	200
Italy	144	144
Belgium	71	71
Canada	30	30
	10,677	10,052

Additionally, the EDP Renováveis Group through its equity-consolidated companies has an installed capacity, attributed to EDPR, as follows:

INSTALLED CAPACITY MW	31 DEC 2017	31 DEC 2016
United States of America	179	179
Spain	152	177
	331	356

Variation in the installed capacity of the equity-consolidated companies refer to the company Tebar Eólica S.A. in which EDPR gained control after the acquisition of an additional 50% of shareholding (see note 5) in 2017, therefore this company is included in subsidiaries' installed capacity.

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 Energy Policy Act. 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.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only 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 the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

On 16 December 2014 and 15 December 2015, the U.S. Congress approved the "Tax Increase Prevention Act of 2014" and Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Developers have until the end of 2016 to start construction of new wind farms to qualify for 10 years of production tax credits at the full level. Congress introduced a phase out for projects that start construction after 2016 and before 2020. These projects will still qualify for production tax credits, but at reduced levels. The levels are 80% for projects starting construction in 2017, 60% in 2018, and 40% in 2019. Developers of projects that start construction before 2020 may elect to claim 30% investment tax credits instead of production tax credits, subject to a similar phase out. The phase out reduces the value of the 30% investment tax credit to 24% in 2017, 18% in 2018, and 12% in 2019. Neither production tax credits nor investment tax credits are allowed for wind projects that start construction in 2020 or later.

The aforementioned "Consolidated Appropriations Act, 2016" also extended the Investment Tax Credit (ITC) for solar projects. Solar projects that are under construction by the end of 2019 will now qualify for the 30% ITC. The credit is reduced to 26% for projects starting construction in 2020 and to 22% for projects starting construction in 2021. The credit drops to a permanent 10% level for projects that begin construction in 2022 or later or that begin construction before 2022, but are placed in service in 2024 or later. Projects must be placed in service by the end of 2023 to qualify for a credit above 10%.

Additionally, on 5 May 2016, the US Internal Revenue Service issued guidance that wind farms have 4 years from their start of construction to be placed in service and qualify for the PTC. As a result, projects that start construction prior to year-end 2019 and are placed in service prior to year-end 2023 will be eligible for the PTC. The IRS ruling also includes a provision that allows developers to secure the PTC if 5% of a project's capital components by dollar value are safe harbored in a given year and construction is complete within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016 for a given project, the project will qualify for 100% PTC if construction is completed by year-end 2020.

On 9 February 2016, the U.S. Supreme Court stayed implementation of the Clean Power Plan (CPP) announced by the United States' Environmental Protection Agency (EPA) on 3 August 2015, a rule to cut carbon pollution from existing power plants. On 7 December 2017, EPA Administrator Scott Pruitt announced at a hearing of the U.S. House Energy and Commerce Committee that the EPA will introduce a replacement rule to replace the CPP. It is otherwise unclear how the EPA will proceed . Per "Mass v. EPA", a 2009 Supreme Court decision, the EPA has an "affirmative statutory obligation to regulate greenhouse gases."

With the election in 2016 of Donald Trump as President of the United States along with the Republican party winning control of both Houses of Congress, a change in the philosophy of governing has taken place. In the first 100 days in office, the President issued an Executive Order directing the EPA to begin rolling back the Clean Power Plan, retire it and replace it with a new one, eliminate the moratorium on coal leasing on Federal lands, eliminate regulations on methane emissions and fracking and eliminate guidance that incorporated climate change and the "social costs of carbon" into federal projects. On 1 June 2017, President Trump announced that the U.S. would withdraw from The Paris Agreement, an international accord to combat climate change. The ultimate impact of these changes on renewable demand is not yet clear for a variety of reasons: most of these changes will be challenged in court, States' regulators decide on the energy mix at State level, most important energy players are already implementing the major elements of the Clean Power Plan, and the order does not impact the ITC/PTC which is the major market driver for renewable energy development in the US.

On 27 September 2017, President Donald Trump and Republican Congressional leaders proposed a tax reform framework that would lower corporate tax rates but not modify the PTC or ITC. The two chambers of Congress then proceeded to pass different versions of the tax reform bill that were then conferenced together. On 22 December 2017, the finalized tax reform bill was signed into law by President Trump. The bill made numerous changes to the U.S. tax code including some that may impact demand and financing for renewable energy. Among these are the Base Erosion Anti-Abuse Tax (BEAT) provision, which seeks to prevent multinational companies from engaging in "earnings stripping", the practice of lowering a company's U.S. tax liability by deducting interest from payments made from a foreign parent company to its U.S. subsidiary. The BEAT provision allows companies to offset up to 80% of BEAT tax payments with energy tax credits such as the PTC and ITC. The final bill also reduced the corporate tax rate from 35% to 21%. See note 14.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN SPAIN

The main piece regulating the Spanish electricity sector is Law 24/2013 being part of a comprehensive reform of the Spanish energy sector.

The law, between others, aimed at eliminating the sector's structural deficit that had been accumulated during the previous decade. As of today, this target seems on track to be achieved as the Spanish electricity system has delivered positive balances in 2014, 2015 and 2016 (2016 is the last year in which the information has been disclosed).

As a part or this Energy Reform, the Royal Decree-Law 9/2013 (RDL 9/2013) was passed in July 2013. The purpose of this Royal Decree-Law was to adopt a series of measures to ensure the sustainability of the electricity system, affecting mainly the transport and distribution activities and the electricity production facilities that use renewable energy sources.

The RDL 9/2013 introduced a new regulatory scheme, which was subsequently confirmed by Law 24/2013 and implemented through Royal Decree 413/2014 (RD 413/2014), of June 6, based on "best-in-class" asset valuation.

Under this scheme, projects will have their revenue limited to the wholesale electricity price and - where needed - "reasonable profitability" will be guaranteed. Projects will have their return on investment guaranteed at "300 basis points above the yield on 10-year government bonds over the last ten years", which will amount to around 7.5% (pre-tax).

The Spanish Government published in 20 June 2014, the Order IET/1045/2014, which included the parameters to remunerate the renewable energy assets, under the new remuneration framework that was approved by the Decree-Law 413/2014. DL 413/2014 confirmed that wind farms in operation in 2003 (and before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach of 7,398% return before taxes.

In October 2015 the Government approved the Royal Decree 947/2015 and a Ministerial Order aimed at allowing the installation of new renewable capacity through competitive tenders.

On January 14th 2016 the first auction of renewables' capacity was held and EDPR was awarded 93 MW of wind energy.

In 2017, two auctions were held. The first one was held in May 17 and the second one on 26 July.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN PORTUGAL

The principal pieces of legislation regulating the Portuguese electricity sector are Decree-Law 29/2006 of 15 February 2006 (amended by Decree-Law 215-A/2012) and Decree-Law 172/2006 of 23 August 2006 (amended by Decree-Law 215-B/2012).

Renewables' legal framework is primarily contained in The Electricity Framework and Ministerial Order 243/2013 of 2 August 2013, which sets out the terms, conditions and criteria for the licensing of electricity generation under special regime with guaranteed remuneration.

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 2005 ("DL 33-A/2005"), which establishes the remuneration formula applicable to energy produced by renewable sources (this is, the formula to calculate the feed-in tariff).

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013, that opened the possibility for voluntary changes of the existing feed-in tariff (maintaining and protecting the legal stability of existing contracts as the scheme was voluntary). The Government proposed four alternative tariff schemes to be elected by each of the wind developers. EDPR and ENEOP chose 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.

The Environment and Energy Ministry published, on 24 July, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 €/MWh, whilst the remaining production is remunerated at the previous tariff.

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) passed on 10 February 2000, which regulates the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 allowed wind operators to enter into long-term agreements for the purchase and sale of their energy with Electricité de France (EDF), the national incumbent. The tariffs were initially set in 2006, then updated in the "Arrêté du 17 novembre 2008" at the following level: i) during the first ten years of the EDF Agreement, EDF paid a fixed annual tariff, which was €82 per MWh for applications made during 2008 (tariff is amended annually based, in part, on an inflation-related index); ii) During years 2011 to 2015 of the EDF Agreement, the tariff was 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 an inflation-related index); iii) beginning in the year 2016, there was no specific support and wind energy generators would sell their electricity at the market, thus receiving market price.

The French Council of State decided to cancel the 2008 feed-in tariff decree in May 2014. The EU Court of Justice had previously ruled that it constituted illegal State Aid as France had failed to notify the European Commission at the time of its approval. Shortly after, the French Government approved and released a new tariff decree ("Arrêté du 17 juin 2014") that had previously received clearance from the European Union. This new decree contained the same parameters than the former decree and came into force with retroactive effects. Therefore, it did not endanger or modify any power purchase agreement signed under the 2008 Order.

In July 2015, the "Energy Transition bill", whose aim is to build a long-term and comprehensive energy strategy, was passed.

A new Contract-for-difference (CfD) was released in December 2016 in line with the European "Guidelines on State aid for environmental protection and energy 2014-2020". According to this new scheme, wind farms having requested a Power Purchase Agreement (PPA) in 2016 would receive a 15-years CfD, being the strike price (and the terms of the tariff) very similar to the previous feed-in tariff.

From 2017 onwards, wind farms of more than 6 wind turbines (and more than 3 MW per turbine) need to participate in competitive tenders in order to obtain a 20-year CfD. The first tender was held in November 2017. The calendar of auctions until 2020 has been announced by the regulator and up to 3 GW of wind are expected to be tendered in this period (two tenders of 500 MW each year).

Wind farms of maximum 6 wind turbines (and maximum 3 MW per turbine) do not need to participate in tenders. Wind farms of these characteristics having requested a PPA in 2017 were entitled for a 20-year CfD with a strike price ranging between 72 and 74 €/MWh depending on rotor size.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN POLAND

The legislation applicable to renewable energy in Poland was initially contained in an Energy Act passed on 10 April 1997, which has subsequently been amended by Act 24 July 2002 and the Energy Act of 2 April 2004.

The Energy Act introduced a Green Certificate scheme with mandatory quotas. According to the scheme, energy suppliers are required to: a) purchase GC and submit them to the Energy Regulator, or b) pay a substitution fee calculated in accordance with the Energy Act. If suppliers fail to meet their obligation (either the submission of GC or the payment of substitution fee), they must pay a fine, equal to 130% of the substitution fee in that year.

This initial scheme was subsequently amended in 2015. In February 2015 a new Renewable Law was approved, introducing a different support system. According to the law, the GC system would be replaced by a CfD scheme, granted through competitive tenders. However, the law guaranteed that the GC scheme would be maintained (with some adjustments) for operating plants. The law also introduced the possibility for operating plants to voluntary shift to the CfD system, through specific tenders for operating assets.

The CfD implementation was delayed until 1st July 2016.

In June 2016, after a long approval process, the so-called "Wind Turbine Investment Act" was approved, including (i) minimum distance restrictions for new wind farms and (ii) higher real estate tax burden (although it´s currently under review and could be lowered again).

In October 2016 , the Polish Government published the Ordinance detailing the amount of value of energy to be auctioned in 2016. Wind energy was not included among the technologies allowed to participate (except for facilities below 1 MW). The auction was held the 30th of December 2016 and was marked by technical problems. The auction was also largely undersubscribed with 3 of the 4 categories not being allocated the full capacity.

In July 2017 a new methodology to calculate the substitution fee was approved. According to the new formula, the substitution fee will be calculated every year as 125% of the average CG market price of the previous year capped at 300PLN. This methodology involves a reduction from current levels as according to the previous rule, the substitution fee was set at 300,03 PLN.

On August 23rd, a new ordinance setting the new Green Certificates quotas for 2018 and 2019, was approved. According to the ordinance new quotas would be set at the following levels: 17,5% in 2018 and 18,5% in 2019.

On December 13 2017, the EU Commission (through the Directorate-General for Competition) approved the Polish support scheme for renewables and therefore confirmed that the scheme is in line with the 2014 European State Aid Guidelines.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN BELGIUM

The regulatory framework for electricity in Belgium is conditioned by 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 (GC). Each region has its GC system, although all of them are similar (with differences in quotas, fines and thresholds for granting GCs).

In Wallonia, Green Certificates have a minimum price of 65€ and the penalty for non-compliance is set at 100€ per missing GC. From 1 January 2015, the number of GC allocated to each technology is calculated according to a new methodology taking following factors into consideration (i) the net amount of electricity produced (ii) the level of CO_2 abatement (iii) the economic performance coefficient that varies depending on the technology.

The renewable's quota in Wallonia was fixed at 34,03% in 2017 and will increase to 37,9% in 2020.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ROMANIA

The promotion of electricity generated from renewable energy sources in Romania was first included in the Electricity Law 318/2003. In 2005 a Green Certificate (GC) mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Since then, the regulatory authority establishes a fixed quota of electricity produced by renewable energy facilities which suppliers are obliged to fulfil. Law 220/2008 of November, introduced some changes in the GC system. In particular, it allowed wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators would receive only 1 GC for each MWh during 15 years.

The law also guaranteed that the trading value of GC would have a floor of 27€ and a cap of 55€, both indexed to Romanian inflation.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the need to perform an "overcompensation analysis" on a yearly basis. ANRE (Energy Regulator) was charged to monitor the benefits obtained by renewables' producers and annually prepare a report on this regard. If overcompensation is observed, ANRE has to propose a reduction of the applicability period of the support scheme or the number of GCs granted to the technology. This reduction would be then applied only to new facilities.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminated 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.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance), which brought some amendments, being the main ones:

- The postponement of GC for operating plants. The postponement only applies to renewable energy operators accredited by ANRE before 2013. Wind power producers would be entitled to receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC is postponed from trading from 1 July 2013 to 31 March 2017. Solar producers have 2 GCs (out of 6 GCs) postponed from trading from 1 July 2013 to 31 March 2017. The GCs postponed would 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 would receive 1.5 GC/MWh until 2017 and 0.75 GC/MWh from 2018 onwards during 15 years. All these GCs were immediately tradable;

- Solar facilities would receive 3 GCs from 1 January 2014 onwards.

On 24 March 2014, the President of Romania ratified EGO 57/2013 with the following amendments: (i) Reduction of the GC validity from 16 months to 12 months; and (ii) the obligation for ANRE (Energy Regulator) to communicate in each year the GC quota for the next year.

In March 2017, the government approved a new emergency ordinance (EGO 24/2017) to further amend the renewable law 220/2008. As expected, the GC scheme was extended until 2031 (GC will remain valid until March 2032). The Ordinance also confirmed the removal of the indexation of the GC parameters (GC floor would remain fixed at 29,4€ and GC cap would be fixed at 35€). Regarding wind energy, the ordinance approved the extension of the GC recovery period from 2018 to 2025, while solar PV's GC postponement was extended until the end of 2024 (the recovery will take place from 2025 to 2030).

Following the approval of EGO 24/2017 in March, the energy regulator (ANRE) issued the Order 27/2017 setting the mandatory quota of green certificates estimated for the period April-December 2017. However, new quotas are calculated upon a new methodology, which fixes the number of GCs estimated to be issued, instead a percentage of clean energy. The number of GC for the April-December period was 11.233.667 GCs.

Also in 2017, ANRE issued Order 77/2017 regulating the functioning of the GC market. The Order allows the trade of GCs in two different markets:

– A centralized anonymous GC market (operational from 1 September 2017 onwards) that comprises platforms for GCs trading (spot and forward transactions), allowing participants to submit firm GCs sale or purchase offers, without revealing their identity to the other participants

– A centralized market for electricity from RES sources benefiting from the GCs scheme (not yet operational): market platform to trade bundled GC and RES electricity. The electricity price will be determined on a competitive basis, while the price of the GCs will be equal to the closing price of the last trading session on the centralized anonymous GCs market.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ITALY

On 6 July 2012, the Government approved a new renewable regulation by means of the Decree on Renewables (DM FER) introducing a feed-in-tariff support scheme. The key aspects of this regulation provided by the DM FER were the following: (i) wind farms over 5 MW would be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered to be set by different technologies' capacity paths; (iii) the reference tariff for 2013 was 127 €/MWh for onshore wind and tender participants would bid offering discounts on this reference tariff (in %); (iv) The reference tariff would decrease 2% per year and (v) tariffs would be granted for 20 years.

The new system replaced the previous one based on Green Certificates (GCs). Under the previous system producers obtained 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) continued to operate under the previous system until 2015. Spalma Incentivi Decree, published in November 2014, stipulated that wind farms under the GCs scheme could voluntarily adhere to an extension of the incentivation period of 7 years in exchange of a permanent reduction of the premium/GCs received.

Since the implementation of the tender system, 3 reverse-auction have been held. The latest was hold in 2016 and EDPR was awarded 20-year PPAs for six wind farms totaling 127 MW of wind power.

On November 10 2017, The Strategia Energetica Nazionale (National Energy Strategy), known by the acronym SEN, was presented after several months of public consultation. One of the main features of the SEN is that it announces the complete phase-out of coal power generation by 2025, five years ahead of previous announcement. The SEN also highlights the role of renewables' and calls for renewable energy reaching 28% of energy consumption in 2030, compared with 17,5% in 2015. The SEN also calls for electricity from renewable sources accounting for 55% 2030, considerable above 2015 figures (33,5%). The Strategy also addresses large-scale renewables' support, with competitive auctions for fixed tariffs seen remaining in place through 2020 and long-term power purchase agreements (PPAs) taking over after that.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN BRAZIL

The Electrical Sector in Brazil is regulated by Federal Law nr 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nr 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nr 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 nr 10,762 of 11 November 2003 and Law nr 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power; and, subsequent amendments to the legislation.

The Decree nr 5,025 of 30 March 2004, regulates the Federal Law nr 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.

On 13 November 2015, the latest Reserve Auction (A-3) took place. As a result, Brazilian government contracted 1.664 MW of wind (548 MW) and solar PV (1.1 GW) capacity for a 20-year long-term contract through this auction. The auction exclusively sought wind and PV projects, with power delivery start date being 1 November 2018. Wind ceiling price was BRL 213/MWh. EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured in this auction a 20-year Power Purchase Agreement to sell electricity in the regulated market. The energy will be produced by a 140 MW wind farm to be installed in the Brazilian State of Bahia with operations expected for 2018. The initial price of the long term contract was set at R$199.37/MWh, indexed to the Brazilian inflation rate.

On July 24th, 2017, the the Chamber for the Commercialization of Electric Energy held the MCSD EN ("Surplus and Deficit Compensation Mechanism of new energy"), which permitted the reduction or the termination, between July and December 2017, of regulated PPAs resulting from A-3, A-5 and alternative sources auction. Based on the favorable market scenario, EDPR took the opportunity to reduce to zero the regulated PPA during this period, and celebrated a free market PPA with EDP Comercializadora. 4.

On December 20th 2017, the National Electricity Regulatory Agency conducted a Power Supply Auction named Auction A-6/2017 exclusively for new energy generated by Hydro, Wind, Thermal (coal, biomass and natural gas by combined cycle) sources. In this auction EDPR secured 218,93 MW of installed capacity.

02. 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 2017 and 2016 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2017 and 2016, 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 26 February 2018. The annual accounts are presented in thousand 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 financial statements 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.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements.

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2017 include comparative figures for 2016, which formed part of the consolidated annual accounts approved by shareholders at the annual general meeting held on April 6, 2017.

B) BASIS OF CONSOLIDATION

Controlled entities

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so this investment shall be included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included in the consolidated financial statements under the equity method. When the Group’s share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:

- Representation on the Executive Board of Directors or equivalent governing body of the investee;

- Participation in policy-making processes, including participation in decisions about dividends and other distributions;

- Existence of material transactions between the Group and the investee;

- Interchange of managerial personnel;

- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included in the consolidated financial statements under the equity method. When the Group’s share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

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.

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 acquire. 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, 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.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement. 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, therefore, subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

Business combinations achieved in stages

In a business combination achieved in stages, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognized in the acquiree (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognized as goodwill.

If applicable, the defect, after evaluating the consideration transferred, the amount of any non-controlling interest recognized in the acquiree, the fair value of the previously held equity interest in the acquired business; and the valuation of the net assets acquired, is recognized in the income statement. The Group recognizes the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results according to its classification. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

C) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

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 derivative financial instruments corresponds to their market value, if available, or to quotes indicated by external entities through the use of valuation techniques, which are compared in each date of report to fair values available in common financial information platforms.

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 an 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.

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 for the purpose of being traded 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. When this occurs, the cumulative gains or losses previously recognised in equity are immediately 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, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets.

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.

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.

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.

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. In case of projects in a development stage, costs are only capitalized when it is probable that the project will be finally built. If due to changes in regulation or other circumstances costs capitalized are derecognized from property plant and equipment, they are recognized in the profit and loss caption of "Other expenses". Replacements or renewals of complete items are recognized as increases in the value of property, plant and equipment and the items replaced or renewed are derecognized and recognized in the "Other expenses" caption.

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.

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	8 to 40
Plant and machinery:	
- Renewable assets	30
- Other plant and machinery	4 to 12
Transport equipment	3 to 5
Office equipment and tools	2 to 10
Other tangible fixed assets	3 to 10

At the end of December 2016, EDPR Group changed the useful life of the renewable assets from 25 to 30 years.

I) INTANGIBLE ASSETS

The Group´s intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group performs impairment tests, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement.

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

In some jurisdictions, on top of the market price, generators receive certificates (GCs) for their performance, which are sold to the off-takers obliged to fulfil a quota obligation (a share of energy that must be sourced from renewable sources). Being these certificates considered subsidies under IAS 20 they are recognised when generated as intangible assets at fair market. The intangible assets registered will be discharged at the time of their effective sale and difference between the selling price and the fair value of the GCs will be registered in the profit and loss account.

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) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one noncurrent asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and the sale is highly probable.

The measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

K) 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 post-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.

L) 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.

M) 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.

N) 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.

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 renewables assets, 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 for 2017 and 2016 are:

	EUROPE	NORTH AMERICA	SOUTH AMERICA
Average cost per MW (Euros)			
Wind (Steel structure)	25,873	26,715	28,954
Wind (Concrete structure)	33,954	-	29,915
Salvage value per MW (Euros)			
Wind (Steel structure)	35,603	33,942	46,338
Wind (Concrete structure)	19,787	-	17,421
Discount rate			
Euro	[0.00% - 1.77%]	-	-
PLN	[1.51% - 3.57%]	-	-
USD	-	[0.72% - 2.94%]	-
CAD	-	[0.72% - 2.94%]	-
RON	[0.65% - 3.87%]	-	-
BRL	-	-	[11.91% - 12,47%]
Inflation rate		-	-
Euro zone	[1.01% - 2.35%]	-	-
Poland	[1.45% - 2.40%]	-	-
Romania	[2.30% - 2.70%]	-	-
USA	-	[2.00% - 2.30%]	-
Canada	-	[2.00% - 2.30%]	-
Brazil	-	-	[4.20% - 5.64%]
Capitalisation (number of years)	30	30	30

In 2016 the capitalisation rate (number of years) of the dismantling and decommissioning provisions changed to 30 years due to the change, on that year, of the useful life of the renewable assets from 25 to 30 years.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. In this sense, EDPR's technical department performed in 2016 an in-depth analysis taking into account the reality of the EDPR's fleet which resulted in the update on that year of the average cost per megawatt and salvage value of the renewables assets. There were no significant changes in the variables used for determining the best estimate of the settlement amount during 2017.

The unwinding of the discount at each balance sheet date is charged to the income statement.

Tax liabilities

Liabilities for payment of taxes or levies related to an activity of the Group are recognized as the activity which triggers the payment is carried out, according to the laws regulating such taxes or levies. However, in the cases of taxes or levies with right of reimbursement of the amount already paid proportionally to the period of time in which there is no activity or the asset which triggers the payment is no longer owned, liabilities are recognized on a proportional basis.

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 energy sales is recognised in the period that energy is generated and transferred to customers.

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, 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 items recognized directly in equity, in which case is also recognized in equity.

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) 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.

The Group classifies as cash and cash equivalents the balance of the current accounts with the Group formalized under cash-pooling agreements.

U) 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.

V) 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.

W) INSTITUTIONAL PARTNERSHIPS IN U.S. 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 (ITCs) 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 PTCs / ITCs, 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 30 year useful life of the underlying projects (see note 7). The value of the PTCs delivered are recorded as generated. This liability is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

After the Flip Date, the institutional investor retains a non-significant interest for the duration of the structure. This non-controlling interest is entitled to distributions ranging from 0 % to 6 % and taxable income allocations ranging from 5% to 17%. EDPR NA has an option to purchase the institutional investor's residual interest at fair market value during a defined period following the flip date. The financial instruments held by the institutional investors issued by the partnerships represent compound financial instruments as they contain characteristics of both financial liabilities and equity. Post flip non-controlling interests is the portion of equity that is ascribed to the institutional investor in the institutional equity partnership at flip date. This amount is reclassified from the total equity attributable to the Parent to non-controlling interests caption in the period in which the flip date takes place.

03. 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 2017 and 2016, 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 statements 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 statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

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.

Fair value measurement of contingent consideration

The contingent consideration, from a business combination or a sale of a minority interest while retaining control is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a minority interest. The contingent consideration is subsequently remeasured at fair value at balance sheet date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each balance sheet date. Changes in assumptions could have impact on the values of contingent assets and liabilities recognized in the financial statements.

Review of the useful life of assets related to production

According to IAS 8, estimates must be revised when new information becomes available which indicates a change in circumstances upon which the estimates were formed. It is observable that an extension in the useful life of renewable assets is the industry trend. During 2016, in the light of this fact, EDPR management decided to conduct an in depth review of the useful lifetime of its renewable assets to determine what is the most appropriate depreciation lifetime to consider in its local and IFRS financial statements. The analysis performed covers technical (through internal and third party technical analysis), financial, economic and other considerations such as contractual or regulatory constraints. Based on these results, at the end of December 2016, EDPR approved to revise the current estimate extending the useful life of its renewable assets up to 30 years, consequently, leading to a prospective change in the depreciation charge. Although useful life may have some level of discrete asset variation depending on the specific site specificities, it is judged reasonable and accurate to use the standard of 30 years for the entire fleet.

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 net interest 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 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, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in 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.

In this sense, EDPR's technical department performed in 2016 an in-depth analysis taking into account the reality of the EDPR's fleet which resulted in the update on that year of the average cost per megawatt and salvage value of the renewables assets. There were no significant changes in the variables used for determining the best estimate of the settlement amount during 2017.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, the Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to variable returns and has the ability to affect those returns through its power over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact in the consolidated financial statements.

04. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in electricity market prices, foreign exchange and interest rates. The main financial risks arise from interest-rate and the exchange-rate exposures. The volatility of financial markets is analysed on an on-going basis in accordance with EDPR's risk management policies. Financial instruments are used to mitigate potential adverse effects on EDP Renováveis financial performance resulting from interest rates and foreign exchange rates changes.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management policies and the establishment of exposure limits. Recommendations to manage financial risks of EDP Renováveis Group are proposed by EDPR's Finance and Global Risk Departments and discussed in the Financial Risk Committee of EDP Renováveis, which is held quarterly. The pre-agreed strategy is shared with the Finance Department of EDP - Energias de Portugal, S.A., to verify the accordance with the policies approved by the Board of Directors of EDP. The evaluation of appropriate hedging mechanisms and the execution are outsourced to the Finance Department of EDP.

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

EDPR/EDP Group's Financial Department are 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. Instruments used for hedging are foreign exchange derivatives, foreign exchange debt and other hedging structures with offsetting exposure versus the item to be hedged. 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 U.S. Dollar, resulting from the shareholding in EDPR NA. EDPR is also exposed to Polish Zloty, Romanian Leu, Brazilian Real and, to a minor extent, Canadian Dollar and British Pound.

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis uses financial debt expressed in USD and also entered into a CIRS in USD/EUR with EDP Branch. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in BRL/EUR, in PLN/EUR, in RON/EUR, and in CAD/EUR to hedge the investments in Brazil, Poland, Romania and Canada (see note 35).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2017 and 2016, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2017			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD/EUR	5,911	-7,225	-	-
	5,911	-7,225	-	-

THOUSAND EUROS	31 DEC 2016			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	10,822	-13,227	-	-
	10,822	-13,227	-	-

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 strategy 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, interest-rate financial instruments are contracted to hedge interest rate risks. These financial instruments hedge cash flows associated with future interest payments, 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 15 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 88% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity analysis - Interest rates

EDPR/EDP Group's Financial Department are responsible for managing the interest rate risk associated to activities developed by the Group, contracting derivative financial instruments to mitigate this risk.

Based on the EDPR Group debt portfolio 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 2017 and 2016 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2017			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	8,435	-8,897
Unhedged debt (variable interest rates)	-1,340	1,340	-	-
	-1,340	1,340	8,435	-8,897

THOUSAND EUROS	31 DEC 2016			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	8,334	-8,668
Unhedged debt (variable interest rates)	-1,119	1,119	-	-
	-1,119	1,119	8,334	-8,668

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 counter-party risk exposure in financial and non-financial transactions is managed by an analysis of technical capacity, competitiveness and probability of default to the counter-party. EDP Renováveis has defined a counter-party risk policy inspired in Basel III, which is implemented across all departments in all EDP Renováveis geographies. EDP Renováveis Group is exposed to counter-party risk in financial derivatives transactions and in energy sales (electricity, GC and RECs).

Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

Most relevant counterparties in derivatives and financial transactions are companies within EDP Group. Financial instruments contracted outside EDP Group are generally engaged under ISDA Master Agreements and credit quality of external counterparties is analysed and collaterals required when needed.

In the process of selling the energy (electricity, GCs and RECs produced), exposure arise from trade receivables, but also from mark-to-market of long term contracts:

- In the specific case of the energy sales of EDPR EU Group, the Group's main customers are utilities and regulated entities in the market of their respective countries (EDP and CNMV in the case of the Spanish market). Credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries with renewables incentives, which it is usually treated as regulatory risk.

- In the specific case of EDPR NA Group, the Group's main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure due to the mark-to-market of long term contracts may be significant. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals when needed.

Regarding Trade receivables and other debtors, they are recognized net of the impairment losses. 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.

The maximum exposure to customer credit risk by counterparty type is detailed as follows:

THOUSAND EUROS	DEC 2017	DEC 2016
Corporate sectors and individuals		
Supply companies	18,963	35,289
Business to business	101,347	-
Other	2,940	2,395
TOTAL CORPORATE SECTORS AND INDIVIDUALS	123,250	37,684
Public sector	38,555	51,644
TOTAL PUBLIC SECTOR AND CORPORATE SECTORS/INDIVIDUALS	161,805	89,328

Trade receivables by geographical market for the Group EDPR, is as follows:

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	DEC 2017 TOTAL
Corporate sectors and individuals	102,029	14,917	6,304	123,250
Public sector	22,481	-	16,074	38,555
TOTAL	124,510	14,917	22,378	161,805

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	DEC 2016 TOTAL
Corporate sectors and individuals	30,772	3,223	3,689	37,684
Public sector	40,675	6,833	4,136	51,644
TOTAL	71,447	10,056	7,825	89,328

Regarding to past-due and not impaired Trade receivables, is analysed as follow:

THOUSAND EUROS	DEC 2017	DEC 2016
Past due but not impaired trade receivables		
Less than 3 months	24,912	3,943
More than 3 months	1,475	3,033
Impaired trade receivables	-	-
Not past due and not impaired trade receivables	135,418	82,352
TOTAL	161,805	89,328

The age of trade receivables that are past due but not impaired may vary significantly depending on the type of customer (corporate sector and individuals or public sector). EDPR Group recognises impairment losses based on an economic case by case analysis, according with the characteristics of the customers.

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 2017, market price risk affecting the EDP Renováveis 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, France, Italy and Portugal through regulated tariffs whether in Romania and Poland most plants sell their electricity and green certificates under power purchase agreements with fixed prices or floors.

For the small share of energy sold with merchant exposure (electricity, green certificates and RECs generated, this market risk is managed through electricity sales swaps and REC swaps. EDPR EU and EDPR NA have electricity sales and REC swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2017 to 2020 (see note 35). 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.

05. CONSOLIDATION PERIMETER

During the year ended in 31 December 2017, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables North America, LLC acquired 100% of the share capital of the companies Hog Creek Wind Project, LLC, Cameron Solar, LLC, Estill Solar I, LLC and Hampton Solar, II LLC. These transactions have been considered, for consolidation purposes, as asset acquisitions out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;
- EDP Renováveis Brasil S.A. acquired 100% of the share capital of the company SF Thirty Seven Participaçoes Societárias S.A. which name was changed to Babilônia Holding, S.A.;
- EDPR France Holding S.A.S. acquired 100% of the share capital of the company Parc Eolien Nordex XXVII, S.A.S. which name changed to Parc Éolien de Paudy, S.A.S. This transaction has been considered, for consolidation purposes, as asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the project.

Disposal of non-controlling interests:

- In the second quarter of 2017, EDPR through EDP Renewables, SGPS, S.A. concluded the sale to ACE Portugal S.Á.R.L., by 210,432 thousand Euro, equivalent to 247,828 thousand Euros deducted from loans totaling 36,981 thousand Euros and from transaction costs in the amount of 415 thousand Euros, of 49% of its interests in the company EDPR PT – Parques Eólicos S.A., with a subsequent loss of share interest in the following companies:
  - Eólica da Coutada, S.A.;
  - Eólica das Serras das Beiras, S.A.;
  - Eólica da Terra do Mato, S.A.;
  - Eólica do Espigão, S.A.;
  - Eólica do Alto da Lagoa, S.A.;
  - Eólica do Alto do Mourisco, S.A.;
  - Eólica dos Altos de Salgueiros-Guilhado, S.A.;
  - Eólica do Alto da Teixosa, S.A.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 96,428 thousand Euros, was booked against reserves under the corresponding accounting policy.

Sale of companies with loss of control

- In the third quarter of 2017, Moray Offshore Renewable Power Limited sold to International Power Consolidated Holdings Limited by 6,307 thousand Euros the equivalent of 5,640 thousand Pound Sterling (which corresponds to a sale price of 20,957 thousand Pound Sterling deducted from 15,317 thousand Pound Sterling of loans), of 23.3% of its interest in the company Moray Offshore Windfarm (East) Limited with a subsequent loss of share interest in the following companies:
  - Telford Offshore Windfarm Limited;
  - MacColl Offshore Windfarm Limited;
  - Stevenson Offshore Windfarm Limited

  In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the Company which led to a loss of control over the company and its consolidation by the equity method. This disposal with loss of control generated a gain on a consolidated basis of 28,548 thousand Euros, recorded in the income statement (see note 7), which includes a gain for the revaluation of the stake retained of 18,666 thousand Euros according to the corresponding accounting policy.

Companies sold and liquidated

- EDP Renewables Italia Holding S.r.l. sold (i) 100% of the Italian companies VRG Wind 149 S.r.l. and VRG Wind 127 S.r.l. for an amount of 10 thousand Euros each; and (ii) the company Sarve S.r.l for 5 thousand Euros. The acquisition of these companies, in 2016, was recorded as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the projects. This sale was also considered as an asset sale, as the companies were still in the same project stage;
- EDP Renewables South Africa Proprietary Limited liquidated the South African companies Dejann Trading and Investments Proprietary Limited and Jouren Trading and Investments Proprietary Limited;
- EDP Renewables Polska sp. z o.o. liquidated the Polish companies Relax Wind Park II sp. z o.o., MFW Gryf sp. z o.o. and MFW Pomorze sp. z o.o.;
- South Africa Wind & Solar Power, S.L.U. liquidated the South African company EDP Renewables South Africa Proprietary Limited;
- EDPR Yield S.A. liquidated the Portuguese company EDPR Yield Portugal Services, Unip. Lda.

Companies merged

- The following companies were merged into Eólica do Sincelo, S.A. (ex Parque Eólico do Planalto, S.A.):
  - Parque Eólico do Cabeço Norte, S.A.;
  - Parque Eólico do Pinhal do Oeste, S.A.
- Parque Eólico de Torrinheiras, S.A. was merged into Eólica da Linha, S.A. (ex Parque Eólico da Serra do Oeste, S.A.).
- The following companies were merged into EDP Renovables España, S.L.:
  - Neo Energía Aragón, S.L.U.;
  - Parc Eòlic Coll de la Garganta, S.L.U.;
  - Desarrollos Eólicos de Galicia, S.A.U.;
  - Desarrollos Eólicos de Tarifa, S.A.U.;
  - Desarrollos Eólicos de Corme, S.A.U.;
  - Desarrollos Eólicos Buenavista, S.A.U.;
  - Desarrollos Eólicos de Lugo, S.A.U.;
  - Desarrollos Eólicos Rabosera, S.A.U.;
  - Desarrollos Eólicos Almarchal, S.A.U.;
  - Desarrollos Eólicos Dumbría, S.A.U.;
  - Eólica Muxía, S.L.U.;
  - Eólica Guadalteba, S.L.U.;
  - EDP Renováveis Cantabria, S.L.U.;
  - EDPR Yield Spain Services, S.L.U.;
  - Eólica Curiscao Pumar, S.A.U.;
  - Parques Eólicos del Cantábrico, S.A.U.;
  - Energías Eólicas de la Manchuela, S.L.U.;
  - Parque Eólico Belchite, S.L.U.;
  - Investigación y Desarrollo de Energías Renovables IDER, S.L.U.;
  - Eólica Garcimuñoz, S.L.U.;
  - Molino de Caragüeyes, S.L.U.;
  - Compañía Eólica Campo de Borja, S.A.U.;
  - Desarrollos Catalanes del Viento, S.L.U.;
  - Parques de Generación Eólica, S.L.U.;

Companies incorporated:

- 2017 Vento XVII LLC;
- Castle Valley Wind Farm LLC *;
- Dry Creek Solar Park LLC *;
- EDPR Wind Ventures XVII LLC;
- Long Hollow Wind Farm LLC *;
- Riverstart Solar Park III LLC *;
- White Stone Solar Park LLC *;
- Riverstart Solar Park IV LLC *;
- Riverstart Solar Park V LLC *;
- Timber Road Solar Park LLC *;
- Paulding Wind Farm VI LLC *;
- Renville County Wind Farm LLC *;
- EDPR CA Solar Park LLC*;
- EDPR CA Solar Park II LLC*;
- EDPR CA Solar Park III LLC*;
- EDPR CA Solar Park IV LLC*;
- EDPR CA Solar Park V LLC*;
- EDPR CA Solar Park VI LLC*;
- EDPR Solar Ventures II LLC;
- 2017 Sol II LLC;
- Blue Harvest Solar Park LLC *;
- Sweet Stream Wind Farm LLC *;
- Les Eoliennes Flottantes du Golfe du Lion, S.A.S.
- Coldwater Solar Park LLC *;
- Meadow Lake Solar Park LLC *;
- Nine Kings Wind Farm LLC * ;
- Nine Kings Transco LLC *;
- Poplar Camp Wind Farm LLC *;
- Avondale Solar Park LLC *;
- Crittenden Wind Farm LLC *;
- EDPR Offshore North America LLC *;
- Wildcat Creek Wind Farm LLC *;
- Indiana Crossroads Wind Farm LLC*;
- Indiana Crossroads Wind Farm II LLC*.

* EDPR Group holds, through its subsidiary EDPR NA, a set of subsidiaries legally established in the United States without share capital and that, as at 31 December 2017, do not have any assets, liabilities, or any operating activity.

Other changes:

- In the first quarter of 2017, EDPR Group gained control and changed the method by which it consolidated Eólica de Coahuila, S.A. de C.V. from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation, as agreed between the shareholders (see note 42). Impact in Non-Controlling Interests represents an increase of 16,646 thousand Euros as at 31 December 2017;

- EDP Renovables España, S.L. acquired 7.5% of the share capital of the company Eólica Arlanzón, S.A. increasing its financial interest over the company from 77.5% to 85%. Impact in Equity Holders of the Parent and in Non-Controlling Interests represents an increase of 163 thousand Euros and a decrease of 863 thousand Euros respectively;
- EDP Renovables España, S.L. acquired 50% of the share capital of the company Tebar Eólica, S.A. increasing its financial interest over the company from 50% to 100% and obtaining control over the company (see note 42).

During the year ended in 31 December 2016, 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 the following companies:
    - Parque Eólico da Serra do Oeste, S.A.
    - Parque Eólico de Torrinheiras, S.A.
    - Parque Eólico do Planalto, S.A.
    - Parque Eólico do Pinhal Oeste, S.A.
    - Parque Eólico do Cabeço Norte, S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;
- EDPR France Holding, S.A.S acquired 100% of the share capital of the company Parc Éolien Champagne Berrichonne, S.A.R.L.;
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of the following companies:
    - Central Eólica Babilônia I S.A.
    - Central Eólica Babilônia II S.A.
    - Central Eólica Babilônia III S.A.
    - Central Eólica Babilônia IV S.A.
    - Central Eólica Babilônia V S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects.
- EDP Renewables Italia, S.r.l. acquired 100% of the share capital of the company Parco Eólico Banzi S.r.l. This transaction has been considered, for consolidation purposes, within the scope of IFRS 3 – Business Combinations (see note 42).
- EDP Renewables Italia Holding, S.r.l. acquired:

  (i) 100% of the share capital of the following companies:
    - Conza Energía S.r.l.
    - VRG Wind 149, S.r.l.
    - VRG Wind 127, S.r.l.
    - T Power S.P.A.
    - Lucus Power S.r.l.

  (ii) 75% of the share capital of the following companies:
    - Tivano S.r.l.
    - San Mauro S.r.L
    - AW 2 S.r.l.

  (iii) 51% of the share capital of the following company:
    - Sarve S.r.l.

  Non-controlling interests' shareholders hold put options over the stake they own in the companies Tivano S.r.l., San Mauro S.r.L and AW 2 S.r.l. therefore they are 100% consolidated (see note 36).

  These transactions have been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;

Total impact of the above acquisitions in Equity Holders of the Parent and in non-controlling interests represents a decrease amounting to 23,199 thousand Euros and 9,840 thousand Euros respectively.

Disposal of non-controlling interests:

- In the first quarter of 2016, EDP Renewables North America LLC. concluded the sale to Axium Nove Acquisition Co LLC, by 278,671 thousand Euros equivalent to 307,034 thousands of US Dollar (corresponding to a sale price of 307,500 thousands of US Dollar deducted from 466 thousands of US Dollar of transaction costs) of:

  (i) 49% of its interests in the following companies:

  - Waverly Wind Farm, LLC;

  - Arbuckle Mountain Wind Farm, LLC;

  - Rising Tree Wind Farm III, LLC;

  - 2015 Vento XIV, LLC;

  - 2015 Vento XIII, LLC;

  - EDPR Wind Ventures XIV, LLC;

  - EDPR Wind Ventures XIII, LLC

  (ii) 24% of its interests in the following companies:

  - Cloud County Wind Farm, LLC;

  - Pioneer Prairie Wind Farm I, LLC;

  - Arlington Wind Power Project LLC;

  - 2008 Vento III, LLC;

  - Horizon Wind Ventures IC, LLC

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 23,460 thousand Euros, was booked against reserves under the corresponding accounting policy;

- In the second quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to Vortex Energy Investments II S.à r.l. by 272,880 thousand Euros that equals to 550,000 thousand Euros deducted of loans totalling 272,740 of thousand Euros and 4,380 of transaction costs, of 49% of its interests in the company EDPR Participaciones S.L.U., with a subsequent loss of share interest in the following companies:

  Spain

  - Bon Vent de Vilalba, S.L.U.

  - Bon Vent de l'Ebre, S.L.U.

  - Eólica Don Quijote, S.L.U.

  - Eólica Dulcinea, S.L.U.

  - Eólica de Radona, S.L.U.

  - Eólica del Alfoz, S.L.U.

  - Eólica La Navica, S.L.U.

  Belgium

  - Green Wind, S.A.

  France

  - Parc Éolien de Dammarie, S.A.S.

  - Parc Éolien d'Escardes, S.A.S.

  - Parc Éolien de Francourville, S.A.S.

  - Parc Éolien de Montagne Fayel, S.A.S.

  - Parc Eolien de Preuseville, S.A.S.

Portugal

- Eólica do Cachopo, S.A.

- Eólica do Velão, S.A.

- Eólica do Castelo, S.A.

- Eólica da Lajeira, S.A.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 105,186 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to ACE Italy S.r.l. (CTG Group) by 45,666 thousand Euros that equals to 135,168 thousand Euros deducted of loans totalling 89,162 thousand Euros and 340 thousand Euros of transaction costs, of 49% of its interests in the company EDPR Italia S.r.l., with a subsequent loss of share interest in the following companies:

  - Villa Castelli Wind S.r.l.

  - Pietragalla Eolico S.r.l.

  - Parco Eólico Banzi S.r.l.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 16,596 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Polska sp z o.o. concluded the sale to ACE Poland S.A.R.L. (CTG Group) by 100,670 thousand Euros that equals to 226,349 thousand Euros deducted of loans totalling 124,778 thousand Euros and 901 thousand Euros of transaction costs, of 49% of its interests in the company EDP Renewables Polska Holdco S.A., with a subsequent loss of share interest in the following companies:

  - Relax Wind Park III, Sp. Z o.o.

  - Relax Wind Park I, Sp. Z o.o.

  - Elektrownia Wiatrowa Kresy I, Sp. Z o.o.

  - Molen Wind II, Sp. Z o.o.

  - Korsze Wind Farm, Sp. Z o.o.

  - Radziejów Wind Farm, Sp. Z o.o.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 14,783 thousand Euros, was booked against reserves under the corresponding accounting policy.

Companies sold and liquidated

- EDP Renewables UK Ltd. sold 49% of Inch Cape Offshore Ltd. for a total amount of 15,802 thousand Euros. The impact of this sale in the Profit and Loss of the consolidated financial statements amounts to a gain of 2,324 thousand Euros;
- EDP Renewables Polska, SP ZO.O sold 60% in the Polish company J&Z Wind Farms, SP. Z o.o. for a total amount of 12,891 thousand Euros. The impact of this sale represents a decrease in non-controlling interests amounting to 4,344 thousand Euros and the impact in the Profit and Loss of the consolidated financial statements amounts to a gain of 6,958 thousand Euros (see note 8);
- EDP Renewables South Africa Proprietary Ltd sold 43% in the South African company Modderfontein Wind Energy Project Proprietary Ltd with no significant impacts in the consolidated financial statements.
- EDP Renovables España, S.L. liquidated Cultivos Energéticos de Castilla S.A.;
- EDP Renewables Europe, S.L. liquidated EDPR RO Trading, S.r.l.;
- EDP Renewables North America LLC liquidated Verde Wind Power LLC, Pioneer Prairie Wind Farm II LLC and Pioneer Prairie Interconnection LLC.

Companies incorporated:

- EDPR Participaciones S.L.U.;
- Parc Éolien de Flavin S.A.S.;
- Parc Éolien de Citernes S.A.S.;
- Parc Éolien de Prouville S.A.S. ;
- Parc Éolien de Louvières S.A.S. ;
- Redbed Plains Wind Farm LLC.;
- EDP Renewables Vento IV Holding LLC.;
- Moray Offshore Renewable Power Limited;
- Moray Offshore Windfarm (West) Limited;
- 2016 Vento XV LLC ;
- 2016 Vento XVI LLC;
- EDPR Wind Venture XV LLC;
- EDPR Wind Venture XVI LLC;
- Headwaters Wind Farm II LLC*;
- Moran Wind Farm LLC*;
- Spruce Ridge Wind Farm LLC*;
- Meadow Lake Wind Farm VI LLC*;
- Meadow Lake Wind Farm VII LLC*;
- Paulding Wind Farm V LLC*;
- Waverly Wind Farm II LLC*;
- Reloj del Sol Wind Farm LLC*;
- Blue Marmot I LLC*;
- Blue Marmot II LLC*;
- Blue Marmot III LLC*;
- Blue Marmot IV LLC*;
- Blue Marmot V LLC*;
- Blue Marmot VI LLC*;
- Blue Marmot VII LLC*;
- Blue Marmot VIII LLC*;
- Blue Marmot IX LLC*;
- Blue Marmot X LLC*;
- Blue Marmot XI LLC*;
- Horse Mountain Wind Farm LLC*;
- Riverstart Solar Park LLC*;
- Riverstart Solar Park II LLC*;
- Hidalgo Wind Farm II LLC*;
- Big River Wind Power Project LLC*;
- Rolling Upland Wind Farm LLC*;
- Horizon Wind Freeport Windpower I LLC*.

* EDPR Group holds, through EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally established without share capital and that, as at 31 December 2016, do not have any assets, liabilities, or any operating activity

Other changes:

- EDP Renewables Europe, S.L. acquired 15% of the share capital of the company EDP Renewables Romania, S.r.l.;
- EDP Renovables España, S.L. acquired 15% of the share capital of the company Eólica La Brújula, S.A.;

- Aprofitament D'Energies Renovables de la Terra Alta, S.A. (AERTA) acquired 23,6% of the interests that third parties had over itself as treasury shares, with a subsequent loss of 10,3% of indirect interests in the equity consolidated company Aprofitament D'Energies Renovables de L'Ebre, S.A. (AERE) after a corporate restructuring of the companies;
- EDP Renewables UK Ltd, acquired 33,36% of the share capital of the company Moray Offshore Renewables Ltd from Repsol Nuevas Energías S.A. (Repsol);
- EDPR Renewables Polska, SP ZO.O acquired 35% of the share capital of the company Molen Wind II and 100% of the share capital of the companies Miramit Investments SP.Z O.O. and Tylion Investments S.A (which name changed to EDP Renewables Polska sp z o.o.) ;
- EDPR Renewables Italia, S.r.l. increased its interests in the company Re Plus, S.r.l. until 100% through a dilution of the other shareholder of the company due to a capital reduction and a subsequent capital increase fully subscribed by EDPR. The impact of this transaction represents a decrease in non-controlling interests and an increase in Equity Holders of the Parent amounting to 621 thousand Euros respectively.
- EDPR International Investments B.V. (formerly Tarcan B.V.) diluted its interests in the equity consolidated company Eólica de Coahuila, S.A. de C.V. to 51% of the share capital of the company due to a capital increase fully subscribed by the company Energía Bal, S.A. de C.V and by other companies within the same Group. The impact of this transaction in the Consolidated Financial Statements is not significant.
- EDP Renewables România, S.r.l. has been merged into S.C. Ialomita Power S.r.l.

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2017 and 2016 are listed in Annex I.

06. REVENUES

Revenues are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Revenues by business and geography		
Electricity in Europe	938,444	908,819
Electricity in North America	598,220	507,607
Electricity in Brazil	65,124	34,424
	1,601,788	1,450,850
Other revenues	223	1,897
	1,602,011	1,452,747
Services rendered	2,142	1,745
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	-5,671	-6,341
Changes in inventories	3,137	5,063
	-2,534	-1,278
TOTAL REVENUES	1,601,619	1,453,214

The breakdown of revenues by segment is presented in the segmental reporting (see note 43).

07. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 225,568 thousand Euros (31 December 2016: 197,544 thousand 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 Sol I and II, Blue Canyon I and Vento I to XVII (see note 31).

08. OTHER INCOME

Other income is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Gains related with business combinations	4,642	3,890
Amortisation of deferred income related to power \ purchase agreements	4,000	4,915
Contract and insurance compensations	18,542	19,740
Other income	67,756	25,207
	94,940	53,752

Gains related with business combinations as of December 31, 2017 refer to the result generated amounting to 4,642 thousand Euros in the acquisition of 50% of additional shareholding in the Spanish company Tebar Eólica, S.A by which EDPR gained control over the company (see note 42). In 2016, this caption included the gain resulting from the acquisition of the Italian company Parco Eolico Banzi S.r.l. amounting to 3,040 thousand Euros.

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 32). This liability is amortised over the period of the agreements against other income. As at 31 December 2017, the amortisation for the period amounts to 4,000 thousand Euros (31 December 2016: 4,915 thousand Euros) and the non-current liability amounts to 13,686 thousand euros (31 December 2016: 19,857 thousand Euros).

Other income caption mainly includes: (i) gain on the sale of 23,3% of Moray Offshore Windfarm (East) Ltd to International Power Consolidated Holdings Ltd in the amount of 28,548 thousand Euros (see note 5); (ii) price adjustment amounting to 4,537 thousand Euros, according to the corresponding agreements, in the transaction of selling 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013; (iii) price adjustment amounting to 5,721 thousand Euros, according to the corresponding agreements, in the transaction of selling 49% of projects Vento XIII and Vento XIV that took place in 2016; and (iv) cancelation of the liability related to a success fee payable for the Polish project Masovia amounting to 6,753 thousand Euros since this success fee is no longer due according to the relevant contracts (see note 33).

As of December 31, 2016, other income caption included, between others, the gain on the disposal of the Polish company J&Z Wind Farms, SP. Z o.o amounting to 6,958 thousand Euros.

09. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Rents and leases	57,814	54,819
Maintenance and repairs	186,609	177,730
Specialised works:		
- IT Services, legal and advisory fees	19,549	14,808
- Shared services	8,577	9,331
- Other services	11,724	11,217
Other supplies and services	42,613	36,835
	326,886	304,740

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Personnel costs		
Board remuneration	739	723
Remunerations	80,302	72,571
Social charges on remunerations	12,869	11,893
Employee's variable remuneration	17,298	15,974
Other costs	2,142	1,706
Own work capitalised	-24,175	-18,963
	89,175	83,904
Employee benefits		
Costs with pension plans	4,208	3,676
Costs with medical care plans and other benefits	7,378	6,314
	11,586	9,990
	100,761	93,894

As at 31 December 2017 and at 31 December 2016, costs with pension plans mainly relate to defined contribution plans (4,093 thousand Euros and 3,628 thousand Euros respectively) and defined benefit plans (10 thousands of Euros and 48 thousand Euros respectively).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2017 and 2016 is as follows:

	31 DEC 2017	31 DEC 2016
Board members	17	17
	17	17
Senior management / Senior officers	87	89
Middle management	679	591
Highly-skilled and skilled employees	316	278
Other employees	138	97
	1,220	1,055
	1,237	1,072

11. OTHER EXPENSES

Other expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Taxes	87,530	77,382
Losses on fixed assets	6,453	5,696
Other costs and losses	34,179	51,847
	128,162	134,925

The caption Taxes, on 31 December 2017, includes the amount of 31,426 thousand Euros (31 December 2016: 26,020 thousand Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

In 2017, the EDPR Group proceeded to write-off assets under construction and other assets, which mainly refers to (i) 3,013 thousands of Euros related to the abandonment of ongoing projects in EDPR Europe (2,368 thousand Euros in 2016); (ii) 335 thousand Euros related to the abandonment of ongoing projects in EDPR NA and EDPR Brazil (949 thousand Euros in 2016); and (iii) 2,502 thousand Euros due to incremental costs related with the damage in the met mast of the offshore wind farm of Moray that took place in 2014, which was registered previously to the loss of control of the company (refer to note 15).

12. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Property, plant and equipment		
Buildings and other constructions	766	727
Plant and machinery	520,862	608,581
Other	8,446	8,638
Impairment loss	48,868	3,387
	578,942	621,333
Intangible assets		
Industrial property, other rights and other intangibles	2,535	3,162
Impairment loss	1,397	-
	3,932	3,162
	582,874	624,495
Amortisation of deferred income (Government grants)	-19,509	-22,208
	563,365	602,287

The variation in Plant and machinery includes the impact of the extension of the useful life of renewable assets from 25 to 30 years that took place at the end of December 2016 which results in a decrease of the amortization expense in the amount of circa 120,000 thousand Euros compared to the amortization that would have resulted if the extension of the useful life had not taken place.

Impairment loss for property, plant and equipment is mainly related to certain wind farms in Poland as a result of the recoverability assessment of the projects in these wind farms.

Impairment loss for intangible assets recognized in 2017 mainly results from the recoverability assessment of deferred green certificates in Romania.

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial income		
Interest income	6,710	7,899
Derivative financial instruments:		
Interest	-	110
Fair value	16,054	30,729
Foreign exchange gains	17,619	12,941
Other financial income	798	2,563
	41,181	54,242
Financial expenses		
Interest expense	167,131	189,499
Derivative financial instruments:		
Interest	59,506	56,067
Fair value	12,804	31,702
Foreign exchange losses	10,636	13,745
Own work capitalised	-16,388	-23,013
Unwinding	93,094	95,433
Other financial expenses	15,978	40,902
	342,761	404,335
NET FINANCIAL INCOME / (EXPENSES)	-301,580	-350,093

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 35 and 37).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2017 amount to 16,388 thousand Euros (at 31 December 2016 amounted to 23,013 thousand 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 1.00% and 9.98% (31 December 2016: 0.42% and 9.75%).

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 in the amount of 4,816 thousand Euros (31 December 2016: 4,610 thousand Euros) (see note 30) and the implied return in institutional partnerships in U.S. wind farms amounting to 88,561 thousand Euros (31 December 2016: 90,337 thousand Euros) (see note 31).

14. INCOME TAX EXPENSE

Main features of the tax systems of the countries in which the EDP Renewables Group operates

The statutory corporate income tax rates applicable in the countries in which EDP Renewables Group operates are as follows:

COUNTRY	31 DEC 2017	31 DEC 2016
Europe:		
Belgium	33.99%	33.99%
France	33.33% - 34.43%	33.33% - 34.43%
Italy	24% - 28.8%	27.5% - 32.3%
Poland	19%	19%
Portugal	21% - 29.5%	21% - 29.5%
Romania	16%	16%
Spain	25%	25%
United Kingdom	19%	20%
America:		
Brazil	34%	34%
Canada	26.50%	26.50%
Mexico	30%	30%
United States of America	38.2%	38.2%

EDP Renováveis S.A. and its subsidiaries file individual tax returns in accordance with the applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries are taxed under the tax consolidation group regime applicable according to the Spanish law. EDP - Energias de Portugal, S.A. - Sucursal en España (Branch) is the dominant company of this Group which includes other subsidiaries that are not within the renewables energy industry.

Furthermore, effective as from 1 January 2017 there is another tax group in Spain formed by 7 subsidiaries and EDPR Participaciones, S.A. as the dominant company.

As per the applicable tax legislation, tax periods may be subject to examination by the various Tax Administrations during a limited number of years. Statutes of limitation differ from country to country, as follows: USA, Belgium and France: 3 years; Spain, United Kingdom and Portugal: 4 years; Brazil, Romania, Poland, Italy and Mexico: 5 years; and Canada: 10 years.

Tax losses generated in each year are also subject to Tax Administrations' review and reassessment. Losses may be used to offset yearly taxable income assessed in the subsequent periods, as follows: 5 years in Portugal and Poland; 7 in Romania; 10 in Mexico; 20 in the USA and Canada; and indefinitely in Spain, France, Italy, Belgium, Brazil and the United Kingdom. Moreover, in the United Kingdom and France tax losses in a given year may be carried back against the taxable base assessed in the previous tax year and in the USA and Canada in the 2 and 3 previous years, respectively. However, the deduction of tax losses in Portugal, Spain, Brazil, France, Italy, United Kingdom and Poland may be limited to a percentage of the taxable income of each period.

EDP Renováveis Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the US which are the dominant form of wind remuneration in that country, and represent an extra source of revenue per unit of electricity over the first 10 years of the asset's life ($24/MWh in 2017 and $23/MWh in 2016). For wind facilities commencing construction in 2017, the PTC amount is reduced by 20%, 40% in 2018 and 60% in 2019.

EDP Renewables Group transfer pricing policy follows the rules, guidelines and best international practices applicable across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

Changes in the tax law with relevance to the EDP Renewables Group in 2017

Corporate income tax ("CIT") rate

The statutory CIT rates applicable in 2017 in Italy (IRES), France and the United Kingdom have been reduced as follows:

- In Italy, from 27.5% to 24%, effective from 1 January 2017 onwards, as per the 2016 Budget Law;

- In France, the Government announced in 2016 that the CIT rate would be progressively lowered down from 33.33% to 28% for all companies before 2020, starting in 2017 with small and medium-sized enterprises and expanding to larger companies as a second step;
- In the United Kingdom, at Summer Budget 2015 the government announced legislation setting the CIT main rate (for all profits except North Sea oil and gas ring fence profits) at 19% for fiscal year 2017 (i.e. from 1 April 2017 to 31 March 2018). For fiscal years 2018 and 2019, the corporation tax rate will remain at 19%. For fiscal year 2020 the CIT rate will be 17%.
- The "Tax Cuts and Jobs Act" signed into law on 22 December 2017 introduces extensive changes to the US tax system. Although most changes become effective for FY starting after 31 December 2017, they are substantively enacted for accounting purposes in 2017 and should be reflected in the financial statements at 31 December 2017.
- One of the key changes of the abovementioned reform implies the reduction of the US federal corporate income tax rate, from the existing 35% to 21%. Thus, when combined with average state corporate income taxes, drops the US combined tax rate to 25.75% in 2018.

Tax losses carried forward

- In Spain, as per Royal Legislative Decree 3/2016, the utilization of carried forward tax losses for fiscal years starting after 1 January 2017 is limited to 70% of the tax base, if the company´s net revenues are lower than 20,000 thousand Euros. However, companies with net revenues between 20,000-60,000 thousand Euros are allowed to offset tax losses up to 50% of the tax base. The limit lowers to 25% for companies with net revenues greater than 60,000 thousand Euros. 1,000 thousand Euros being deductible in any case.
- In Portugal, the Budget Law for 2016 (Law 7-A/2016, of 30 March 2016) has reduced the tax losses carry-forward period from 12 to 5 years, for tax losses assessed in tax years beginning on or after 1 January 2017. Furthermore, as of 1 January 2017, there is no obligation to use the FIFO method when using carried forward tax losses, meaning taxpayers may opt to use first the losses with the smaller carryforward period.
- In the United Kingdom, a reform to corporate tax loss relief was implemented, providing greater flexibility over the types of profit that can be relieved by losses arising from 1 April, 2017 (the scope of relief is extended by including non-trading profits in those available for set-off). However, the total amount of profits arising from 1 April 2017 that can be relieved using carried-forward trading losses is restricted to the amount of an allowance up to 5,000 thousand GBP, plus 50% of remaining profits after deduction of the allowance.
- The abovementioned US tax reform limits not operating losses (NOLs) deductibility to 80% of the taxable income in each year, for FY starting after 31 December 2017. There is no change to the rules applied to NOLs generated before the end of 2017. Further, NOLs generated after 2017 can be carried forward for an indefinite period, but cannot be carried back.

Corporate income tax provision

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Current tax	-46,291	-49,928
Deferred tax	-1,767	12,359
INCOME TAX EXPENSE	-48,058	-37,569

The effective income tax rate as at 31 December 2017 and 2016 is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Profit before tax	504,265	213,681
Income tax expense	-48,058	-37,569
Effective Income Tax Rate	9.53%	17.58%

The difference between the theoretical and the effective income tax expense, results from the application of the law provisions in the determination of the tax base, as demonstrated below.

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2017 and 2016 is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Profit before taxes	504,265	213,681
Nominal income tax rate (*)	25.00%	25,00%
Theoretical income tax expense	-126,066	-53,420
Fiscal revaluations, amortization, depreciation and provisions	-1,008	9,241
Tax losses and tax credits	4,473	7,434
Financial investments in associates	4,553	2,453
Accounting/fiscal temporary differences on the recognition/derecognition of assets	16,598	-2,406
Effect of tax rates in foreign jurisdictions and CIT rate changes	15,354	-18,963
Tax benefits	10,067	4,559
Taxable differences attributable to non-controlling interests (USA)	37,486	27,970
Other	-9,515	-14,437
EFECTIVE INCOME TAX EXPENSE AS PER THE CONSOLIDATED INCOME STATEMENT	-48,058	-37,569

(*) Statutory corporate income tax rate applicable in Spain

Effect of tax rates in foreign jurisdictions and CIT rate changes caption mainly refer to: (i) the difference between the tax rates applicable in the countries in which the EDPR Group operates as compared to the tax rate used as reference for the theoretical income tax expense calculation; and (ii) the effect of the prospective CIT rate change enacted through the aforementioned US tax reform.

Taxable differences attributable to non-controlling interests refer to the tax effect of income allocated to non-controlling interests which is not taxable in the EDPR Group according to the corresponding tax regulation.

With reference to 31 December 2017, Accounting/fiscal temporary differences on the recognition/derecognition caption mainly includes changes in the Group's perimeter not subject to income taxes.

With reference to 31 December 2016, the caption Fiscal revaluations, amortization, depreciation and provisions included essentially the net effect of the fiscal revaluation of certain eligible EDPR assets held in Portugal, in accordance with the Decree-Law 66/2016 of 3 November. Related fiscal revaluation reserve was taxed in 2016 at a 14% flat rate, payable in 3 equal instalments due in 20 December 2016, 15 December 2017 and 15 December 2018 (see note 19 and 34).

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cost		
Land and natural resources	31,632	31,519
Buildings and other constructions	21,034	20,445
Plant and machinery:		
- Renewables generation	17,088,854	17,073,075
- Other plant and machinery	6,694	6,700
Other	112,689	112,969
Assets under construction	949,359	917,652
	18,210,262	18,162,360
Accumulated depreciation and impairment losses		
Depreciation charge	-530,074	-617,946
Accumulated depreciation in previous years	-4,353,226	-4,012,314
Impairment losses	-48,868	-3,387
Impairment losses in previous years	-92,893	-91,286
	-5,025,061	-4,724,933
Carrying amount	13,185,201	13,437,427

The movement in Property, plant and equipment during 2017, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	31,519	2,949	-746	-	-2,090	-	31,632
Buildings and other constructions	20,445	2,364	-	-	-1,775	-	21,034
Plant and machinery	17,079,775	47,580	-2,743	828,612	-1,189,093	331,417	17,095,548
Other	112,969	5,250	-	1,559	-7,244	155	112,689
Assets under construction	917,652	1,020,850	-4,728	-830,171	-80,420	-73,824	949,359
	18,162,360	1,078,993	-8,217	-	-1,280,622	257,748	18,210,262

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFER ENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses							
Buildings and other constructions	12,212	766	-	-	-1,068	-	11,910
Plant and machinery	4,629,306	520,862	48,868	-1,260	-290,205	-8,640	4,898,931
Other	83,415	8,446	-	-	-5,235	27,594	114,220
	4,724,933	530,074	48,868	-1,260	-296,508	18,954	5,025,061

Plant and machinery includes the cost of the wind farms under operation.

Depreciation charge for the period includes the impact of the extension of the useful life of renewables assets from 25 to 30 years that took place at the end of December 2016 (see note 12).

Impairment losses are mainly related to wind farms in Poland as a result of the recoverability assessment of certain wind farms in this country (see note 12).

Additions include the allocation of the acquisition cost of the American companies Hog Creek Wind Project, LLC, Cameron Solar, LLC, Estill Solar I, LLC and Hampton Solar, II LLC amounting to 34,068 thousand Euros and the French company Parc Éolien de Paudy, S.A.S. amounting to 3,543 thousand Euros due to the nature of the transactions, the type of assets and the initial stage of completion of the projects acquired (see note 5). Additionally this caption includes the effect of the revaluation of the assets of the Spanish company Tebar Eólica S.A. in the amount of 9,239 thousand Euros after the increase in the shareholding held over the company from 50% to 100% which implied gain of control over the company (See note 5 and 42).

Transfers from assets under construction into operation mainly refer to wind and solar farms that become operational in the United States of America and wind farms that become operational in Brazil, France and Italy.

Disposals/Write-offs, net of accumulated depreciation, include, between others, 5,850 thousand Euros which mainly refers to: (i) 3,013 thousand Euros related to the abandonment of ongoing projects in EDPR Europe; (ii) 335 thousand Euros related to the abandonment of ongoing projects in EDPR North America and EDPR Brazil; and (iii) 2,502 thousand Euros due to incremental costs related with the damage that took place in 2014 in the met mast of the offshore wind farm of Moray, which was registered previously to the loss of control of the company (see note 5 and 11).

The caption Changes in perimeter/Other, net of accumulated depreciation, mainly includes:

- An increase amounting to 327,558 thousand Euros related to the full consolidation of the Mexican wind farm Eólica de Coahuila which was previously consolidated by the equity method until its construction completion and entry into operation, which took place at the beginning of 2017 (see note 5 and 42);
- An increase amounting to 9,813 thousand Euros related to the full consolidation of the Spanish wind farm Tebar Eólica S.A. due to the gain of control over the company previously commented. The effect of the revaluation of the assets has been included in the caption Additions (see note 42);
- A decrease amounting to 85,742 thousand Euros related to the loss of control of the UK company Moray Offshore Windfarm (East) Ltd as a consequence of the sale of certain shareholding in the company having agreed a shared control of the project (see note 5).

The Company has taken out an insurance global program to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

Loans with credit institutions formalized as 'Project Finances' are secured by the shares of the corresponding wind farms and, ultimately, by the fixed assets of the wind farm to which the financing is related (see note 29). Additionally, the construction of certain assets have been partly financed by grants received from different Government Institutions.

The movement in Property, plant and equipment during 2016, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	31,135	563	-583	-	404	-	31,519
Buildings and other constructions	18,650	1,090	-	27	678	-	20,445
Plant and machinery	15,242,087	174,107	-4,263	1,310,300	318,923	38,621	17,079,775
Other	100,754	8,891	-334	1,813	1,845	-	112,969
Assets under construction	1,243,106	978,323	-4,773	-1,312,140	14,687	-1,551	917,652
	16,635,732	1,162,974	-9,953	-	336,537	37,070	18,162,360

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFER ENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses							
Buildings and other constructions	11,156	727	-	-	329	-	12,212
Plant and machinery	3,938,575	608,581	3,387	-1,837	78,565	2,035	4,629,306
Other	73,549	8,638	-	-237	1,541	-76	83,415
	4,023,280	617,946	3,387	-2,074	80,435	1,959	4,724,933

Additions include the allocation of the acquisition cost of the following companies due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects (see note 5):

- Italian companies Conza Energía, Sarve, VRG Wind 149, VRG Wind 127, T Power S.P.A, Tivano, San Mauro, AW 2 and Lucus Power amounting to 11,292 thousand Euros;

- Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte amounting to 8,963 thousand Euros;

- Brazilian companies Babilônia I, Babilônia II, Babilônia III, Babilônia IV and Babilônia V amounting to 8,292 thousand Euros;

- French company Champagne Berrichone amounting to 1,012 thousand Euros;

Transfers from assets under construction into operation, refer mainly to wind farms of the EDP Renováveis Group that become operational in the United States of America, Brazil, Poland, and France.

Disposals/Write-offs includes 3,193 thousand Euros related to the abandonment of ongoing projects mainly in Poland and in the United States of America and an additional write-off of 2,236 thousand Euros due to the damage that took place in 2014 in the met mast of the offshore wind farm of Moray.

The caption Changes in perimeter/Other mainly includes the impact of the consolidation of the new Italian wind farm Banzi in EDPR Group in result of 38,767 thousand Euros (see note 42).

Assets under construction as at 31 December 2017 and 2016 are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
EDPR NA Group	513,269	537,540
EDPR EU Group	321,080	331,216
Others	115,010	48,896
	949,359	917,652

Assets under construction as at 31 December 2017 and 2016 are essentially related to wind farms under construction and development in EDPR North America, EDPR Europe and EDPR Brazil.

Financial interests capitalised amount to 16,388 thousand Euros as at 31 December 2017 (31 December 2016: 23,013 thousand Euros) (see note 13).

Personnel costs capitalised amount to 24,175 thousand Euros as at 31 December 2017 (31 December 2016: 18,963 thousand Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 36 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cost		
Industrial property, other rights and other intangible assets	274,642	221,995
Intangible assets under development	41,689	34,638
	316,331	256,633
Accumulated amortisation		
Amortisation charge	-2,535	-3,162
Accumulated amortisation in previous years	-52,005	-32,086
Impairment losses	-1,397	-11,196
Impairment losses in previous years	-10,880	-
	-66,817	-46,444
CARRYING AMOUNT	249,514	210,189

Industrial property, other rights and other intangible assets mainly include:

- Wind generation licenses amounting to 98,317 thousand Euros in the EDPR NA Group (31 December 2016: 114,803 thousand Euros) and in Portuguese companies amounting to 30,206 thousand Euros (the same amount as at 31 December 2016); and
- Generated green certificates pending to be sold amounting to 110,665 thousand Euros (31 December 2016: 73,123 thousand Euros) (see note 2 i)).

The movement in Intangible assets during 2017, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
Cost					
Industrial property, other rights and other intangible assets	221,995	3,090	-16,396	65,953	274,642
Intangible assets under development	34,638	7,051	-	-	41,689
	256,633	10,141	-16,396	65,953	316,331

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	IMPAIRMENT	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
Accumulated amortisation and impairment losses						
Industrial property, other rights and other intangible assets	46,444	2,535	1,397	-2,416	18,857	66,817
	46,444	2,535	1,397	-2,416	18,857	66,817

The movement in Intangible assets during 2016, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN THE PERIMETER / OTHER	BALANCE AT 31 DEC
Cost						
Industrial property, other rights and other intangible assets	190,068	20,102	-19	3,696	8,148	221,995
Intangible assets under development	24,785	13,735	-	455	-4,337	34,638
	214,853	33,837	-19	4,151	3,811	256,633

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
Accumulated amortisation and impairment losses				
Industrial property, other rights and other intangible assets	42,725	3,162	557	46,444
	42,725	3,162	557	46,444

Additions include the recognition of green certificates rights in Romania in the amount of 17,504 thousand Euros and the impact of the consolidation of new wind farms in the EDPR Group related to the acquisition of the Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte in the amount of 6,781 thousand Euros (Refer to note 5).

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:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Goodwill booked in EDPR EU Group:	636,089	636,153
- EDPR Spain Group	490,385	490,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	43,712	43,712
- Other	40,532	40,596
Goodwill booked in EDPR NA Group	659,144	748,187
Goodwill booked in EDPR BR Group	994	1,153
	1,296,227	1,385,493

The movements in Goodwill, by subgroup, during 2017 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIRMENT	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
EDPR EU Group:						
- EDPR Spain Group	490,385	-	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	61,460
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	40,596	-	-221	-	157	40,532
EDPR NA Group	748,187	-	-	-	-89,043	659,144
EDPR BR Group	1,153	-	-	-	-159	994
	1,385,493	-	-221	-	-89,045	1,296,227

The movements in Goodwill, by subgroup, during 2016 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIRMENT	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
EDPR EU Group:						
- EDPR Spain Group	490,385	-	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	61,460
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	40,731	131	-	-	-266	40,596
EDPR NA Group	724,813	-	-	-	23,374	748,187
EDPR BR Group	916	-	-	-	237	1,153
	1,362,017	131	-	-	23,345	1,385,493

There were no significant movements during 2017 and 2016 except those related to exchange differences mainly in EDPR NA and a decrease related to the company Relax Wind Park II sp. z o. o. which has been liquidated in 2017 (see note 5)

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 (30 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:

THOUSAND EUROS	2017	2016
Europe	3.2%-5.7%	3.3%-5.6%
North America	4.54%-6.54%	4.7%-6.7%
Brazil	9.6%-11.4%	10.4%-12.8%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed the following sensitivity analyses in the results of impairment tests performed in Europe, North America and Brazil in some of the key variables, such as:

- 5% reduction of Merchant Prices used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

- 100 basis points increase of the discount rate used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Investments in associates		
Interests in joint ventures	252,174	304,918
Interests in associates	51,344	35,202
CARRYING AMOUNT	303,518	340,120

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of joint ventures and associated companies is presented in this caption.

The movement in Investments in joint ventures and associates, is analysed as follows:

THOUSAND EUROS	2017	2016
Balance as at 1 January	340,120	333,800
Acquisitions / Increases	18,009	4,655
Disposals	-391	225
Share of profits of joint ventures and associates	2,708	-185
Dividends	-19,820	-6,781
Exchange differences	-26,435	7,263
Hedging reserve in joint ventures and associates	-	1,143
Changes in consolidation method	3,314	-
Transfer to assets held-for-sale	-13,987	-
BALANCE AS AT 31 DECEMBER	303,518	340,120

Acquisitions/increases mainly refer to share capital increases in the French offshore companies Les Eoliennes en Mer de Dieppe - Le Tréport, SAS and Les Eoliennes en Mer de Vendée, SAS.

Changes in consolidation method refers to (i) an increase of 20,370 thousand Euros in Moray Offshore Windfarm (East) Ltd which was previously fully consolidated until the loss of control over the company as a consequence of the sale of 23.3% shareholding, having agreed a shared control of the project and therefore this company is consolidated through the equity method; (ii) a decrease amounting to -14,153 thousand Euros related to the full consolidation of the Mexican wind farm Eólica de Coahuila which was previously consolidated by the equity method until its construction completion and entry into operation, which took place at the beginning of 2017; and (iii) a decrease of 2,903 thousand Euros related to the full consolidation of the Spanish wind farm Tebar Eólica S.A. which was previously consolidated by the equity method until the acquisition of the remaining 50% shareholding and gain of control over the company (see note 5).

Transfer to assets held-for-sale refer to the reclassification to such caption of a partial amount of the value of the investment in the company Moray Offshore Windfarm (East) Ltd due to the commitment of the EDPR's Management to a plan to sell certain shareholding in the company (see note 25).

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2017:

THOUSAND EUROS	FLAT ROCK WIND-POWER	FLAT ROCK WIND-POWER II	COMPAÑÍA EÓLICA ARAGONESA	MORAY OFFSHORE EAST	OTHER
Companies' financial information of joint ventures					
Non-Current Assets	242,890	98,446	123,215	100,128	36,732
Current Assets (including cash and cash equivalents)	2,278	898	7,773	2,449	7,529
Cash and cash equivalents	1,264	684	4,652	916	4,542
Total Equity	241,088	97,708	105,890	1,856	13,983
Long term Financial debt	-	-	-	-	15,944
Non-Current Liabilities	3,642	1,372	20,753	7,233	21,074
Short term Financial debt	-	-	-	93,488	3,625
Current Liabilities	438	264	4,345	-	9,204
Revenues	10,813	4,050	21,283	-	8,507
Fixed and intangible assets amortisations	-14,057	-5,499	-14,444	-	-1,890
Other financial expenses	-56	-25	-145	-95	-142
Income tax expense	-	-	1,489	-291	-1,060
Net profit for the year	-17,354	-6,305	618	-291	-1,885
Amounts proportionally attributed to EDPR Group					
Net assets	131,873	48,854	52,734	6,103	12,610
Goodwill	-	-	39,558	-	2,667
Dividends paid	14,143	-	5,000	-	-

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2016:

THOUSAND EUROS	FLAT ROCK WIND-POWER	FLAT ROCK WIND POWER II	COMPAÑÍA EÓLICA ARAGONESA	EÓLICA DE COAHUILA	OTHER
Companies' financial information of joint ventures					
Non-Current Assets	291,444	117,915	127,057	302,602	57,319
Current Assets (including cash and cash equivalents)	2,129	795	5,186	40,449	9,621
Cash and cash equivalents	1,043	413	3,787	12,019	5,390
Total Equity	289,096	116,973	104,595	8,737	22,286
Long term Financial debt	-	-	-	239,071	13,600
Non-Current Liabilities	4,084	1,534	24,645	262,480	15,656
Short term Financial debt	-	-	-	-	26,203
Current Liabilities	393	203	3,003	71,834	28,998
Revenues	9,763	3,681	13,505	205	6,743
Fixed and intangible assets amortisations	-19,051	-7,361	-11,051	-	-2,512
Other financial expenses	-214	-64	-142	-306	-845
Income tax expense	-	-	2,328	102	-368
Net profit for the year	-22,893	-7,917	-1,938	203	1,100
Amounts proportionally attributed to EDPR Group					
Net assets	158,413	58,487	57,425	14,438	16,155
Goodwill	-	-	39,558	-	2,667
Dividends paid	2,615	-	3,452	-	-

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2017:

THOUSAND EUROS	PQ. EOLICO BELMONTE	EOLIENNES EN MER DIEPPE – LE TREPORT	EOLIENNES EN MER-NOIRMOUTIER	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates					
Non-Current Assets	20,258	29,750	35,748	50,596	62,274
Current Assets	3,823	11,755	10,726	12,304	3,888
Equity	5,873	28,929	33,823	27,230	23,213
Non-Current Liabilities	13,338	6,300	5,500	1,825	37,874
Current Liabilities	4,870	6,276	7,151	33,845	5,074
Revenues	4,112	-	-	10,896	15,365
Net profit for the year	1,283	-624	-648	3,224	-2,516
Amounts proportionally attributed to EDPR Group					
Net assets	3,483	12,439	14,544	11,437	9,441
Goodwill	1,726	-	-	-	6,479
Dividends paid	-	-	-	-	677

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2016:

THOUSAND EUROS	PQ. EOLICO BELMONTE	EOLIENNES EN MER DIEPPE – LE TREPORT	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates				
Non-Current Assets	21,231	21,857	52,429	89,165
Current Assets	2,517	8,472	8,683	19,581
Equity	4,590	12,745	24,006	47,625
Non-Current Liabilities	15,105	13,825	2,455	55,871
Current Liabilities	4,053	3,759	34,651	5,250
Revenues	3,592	-	8,401	8,475
Net profit for the year	96	-678	475	-2,749
Amounts proportionally attributed to EDPR Group				
Net assets	3,099	5,480	10,082	16,541
Goodwill	1,726	-	-	6,479
Dividends paid	-	-	-	714

During 2017, the significant companies' financial information of joint ventures and associates presented the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSAND EUROS	EQUITY	% INVESTMENT	FAIR VALUE ADJUSTMENTS	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	241,088	50.00%	-	-	11,329	131,873
Flat Rock Windpower II LLC	97,708	50.00%	-	-	-	48,854
Compañía Eólica Aragonesa	105,890	50.00%	-211	-	-	52,734
Moray Offshore East	1,856	76.70%	4,679	-	-	6,103
Parque Eólico Belmonte	5,873	29.90%	-	1,726	-	3,483
Eoliennes en Mer Dieppe-Le Treport	28,929	43.00%	-	-	-	12,439
Eoliennes en Mer - Noirmoutier	33,823	43.00%	-	-	-	14,544
Parque Eólico Sierra del Madero	27,230	42.00%	-	-	-	11,437

During 2016, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSAND EUROS	EQUITY	% INVESTMENT	FAIR VALUE ADJUSTMENTS	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	289,096	50,00%	-	-	13,866	158,413
Flat Rock Windpower II LLC	116,973	50,00%	-	-	-	58,487
Compañía Eólica Aragonesa	104,595	50,00%	5,128	-	-	57,425
Eólica de Coahuila	8,737	51,00%	9,982	-	-	14,438
Parque Eólico Belmonte	4,590	29,90%	-	1,726	-	3,099
Eoliennes en Mer Dieppe-Le Treport	12,745	43,00%	-	-	-	5,480
Parque Eólico Sierra del Madero	24,006	42,00%	-	-	-	10,082

There are no operating guarantees granted by joint ventures included in the Group consolidated accounts under the equity method, as at 31 December 2017 or 2016.

The commitments relating to short and medium-long term financial debt, finance lease commitments, other long term commitments and other liabilities relating to purchases and future lease payments under operating leases for joint ventures included in the Group consolidated accounts under the equity method are disclosed, as at 31 December 2017 and 2016, are as follows:

THOUSAND EUROS					2017
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	9,755	1,827	3,870	2,810	1,248
Operating lease commitments	15,774	1,349	2,533	2,384	9,508
Purchase obligations	7,820	3,634	4,186	-	-
	33,349	6,810	10,589	5,194	10,756

THOUSAND EUROS					2016
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	186,897	9,355	28,277	24,640	124,625
Operating lease commitments	18,079	1,375	2,796	2,490	11,418
Purchase obligations	4,104	2,854	1,250	-	-
	209,080	13,584	32,323	27,130	136,043

Significant variation of short and long term financial debt with respect to the previous year mainly refer to the company Eólica de Coahuila S.A. de C.V. that changed from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation (see note 5). Additionally this variation also includes the financial debt of Moray Offshore Windfarm (East) due to the loss of control over the company (see note 5).

19. 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:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Tax losses brought forward (*)	603,923	997,084	-	-
Provisions	18,487	22,761	913	13,821
Derivative financial instruments	16,411	12,799	2,306	1,697
Property, plant and equipment (*)	63,395	65,295	316,186	490,778
Allocation of fair value to assets and liabilities from business combinations (*)	-	-	399,552	456,065
Income from institutional partnerships in U.S. wind farms (*)	-	-	291,041	456,618
Non-deductible financial expenses	31,663	31,229	-	-
Netting of deferred tax assets and liabilities	-669,369	-1,053,819	-669,369	-1,053,819
Other	-31	491	14,984	-74
	64,479	75,840	355,613	365,086

(*) Variation between the closing amounts at 31 December 2017 and 31 December 2016 is mainly explained by the effect on the net deferred taxes stock of EDPR NA Group due to the prospective CIT rate change enacted through the US tax reform (see note 1 and 14).

In 31 December 2016, the caption Property, plant and equipment includes 19,481 thousand Euros of deferred tax assets recognised on the fiscal revaluation reserve that derived from the revaluation of certain eligible assets held by EDPR companies in Portugal, under Decree-Law 66/2016 of 3 November (see note 14).

Deferred tax assets and liabilities are mainly related to Europe and United States of America, as follows:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Europe:				
Tax losses brought forward	50,255	53,842	-	-
Provisions	15,329	18,571	913	13,821
Derivative financial instruments	16,411	8,644	796	1,132
Property, plant and equipment	60,195	60,313	63,036	54,621
Non-deductible financial expenses	31,663	31,229	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	283,745	274,257
Netting of deferred tax assets and liabilities	-110,202	-102,766	-110,202	-102,766
Other	-112	491	15,221	89
	63,539	70,324	253,509	241,154
United States of America:				
Tax losses brought forward	549,121	939,286	-	-
Provisions	2,822	3,925	-	-
Derivative financial instruments	-	-	1,438	565
Property, plant and equipment	3,200	4,982	249,083	433,564
Allocation of fair value to assets and liabilities from business combinations	-	-	112,716	178,003
Income from institutional partnerships in U.S. wind farms	-	-	290,393	455,931
Netting of deferred tax assets and liabilities	-554,556	-947,773	-554,556	-947,773
	587	420	99,074	120,290

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Balance as at 1 January	75,840	47,088	365,086	316,497
Charges to the profit and loss account	-7,630	30,136	-5,863	17,777
Charges against reserves	2,805	1,230	181	26,918
Exchange differences and other variations	-6,536	-2,613	-3,791	3,894
BALANCE AS AT 31 DECEMBER	64,479	75,840	355,613	365,086

The Group tax losses carried forward are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Expiration date		
2017	-	2,294
2018	2,633	7,102
2019	11,547	15,457
2020	13,108	19,151
2021	61,713	70,278
2022	20,855	15,071
2023 to 2037	2,164,053	2,378,264
Without expiration date	270,773	277,654
	2,544,682	2,785,271

20. INVENTORIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Advances on account of purchases	1,346	1,333
Finished and intermediate products	7,230	5,816
Raw and subsidiary materials and consumables	19,989	16,754
	28,565	23,903

21. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Debtors and other assets from commercial activities - Non-current		
Trade receivables	8,152	29,854
Deferred costs	19,360	21,328
Sundry debtors and other operations	13,034	32,354
	40,546	83,536
Debtors and other assets from commercial activities - Current		
Trade receivables	277,447	231,981
Prepaid turbine maintenance	2,550	3,295
Services rendered	5,748	8,349
Advances to suppliers	4,515	4,485
Sundry debtors and other operations	32,847	32,429
	323,107	280,539
Impairment losses	-	-
	363,653	364,075

Trade receivables - Non- Current, is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014 (see note 1). The significant variation with respect 2016 is explained by the evolution of the energy pool prices in the Spanish market.

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 4, under the Counterparty credit risk management section.

There were no movements in relation to impairment losses on trade receivables in 2017 or 2016.

22. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other debtors and other assets - Non-current		
Loans to related parties	772	24,275
Derivative financial instruments	25,191	28,920
Sundry debtors and other operations	22,754	6,650
	48,717	59,845
Other debtors and other assets - Current		
Loans to related parties	42,406	36,226
Derivative financial instruments	21,429	26,146
Sundry debtors and other operations	50,382	40,119
	114,217	102,491
	162,934	162,336

Loans to related parties Non-Current mainly included 23,526 thousand Euros as at 31 December 2016 of loans granted to the Mexican company Eolica de Coahuila, S.A. de C.V. which began to fully consolidate in the beginning of 2017 (see note 5).

Loans to related parties - Current mainly include loans to the following equity consolidated companies: (i) 19,282 thousand Euros related to the UK company Moray Offshore Windfarm (East) Ltd in which EDPR loss control as a consequence of the sale in 2017 of certain shareholding in the company (see note 5) (ii) 12,785 thousand Euros related to the Spanish company Parque Eólico Sierra del Madero, S.A. as at 31 December 2017 (12,754 as at 31 December 2016) (iii) 6,048 thousand Euros related to the offshore projects in France (13,115 thousand Euros as at December 31, 2016) and (iv) 3,426 thousand Euros related to the Spanish company AERE as at 31 December 2017 and 2016.

Sundry debtors –Current includes 20,361 thousand Euros as at 31 December 2017 (24,961 thousands of Euros as at 31 December 2016) related with the estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España and 8,972 thousand Euros related to part of the price adjustment, according to the corresponding agreements, in the transaction of s 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013 that will be received in the short-term. The amount to be received in the long-term is included in Sundry debtors non-current amounting to 13,056 thousand Euros.

23. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Income tax	22,767	26,572
Value added tax (VAT)	45,660	46,329
Other taxes	3,714	4,734
	72,141	77,635

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cash	2	-
Bank deposits		
Current deposits	172,327	264,985
Term deposits	114,258	21,970
Specific demand deposits in relation to institutional partnerships	101,474	120,921
	388,059	407,876
Other short term investments	-	195,343
	388,061	603,219

Term deposits include temporary financial investments to place treasury surpluses.

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 31), under the accounting policy 2 w). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

The caption "Other short term investments" included the debit balance of the current account with EDP Servicios Financieros España S.A. amounting to 195,343 thousands of Euros as at 31 December 2016 in accordance with the terms and conditions of the contract signed between the parties. This current account has a credit balance as at 31 December 2017 and therefore it has been classified as a Financial Debt (see note 29 and 37).

25. ASSETS AND LIABILITIES HELD FOR SALE

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDPR Group's consolidated financial statements, are presented under accounting policies - note 2 j).

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Assets of the business of electricity generation – Moray East	58,179	-
ASSETS HELD FOR SALE	58,179	-

During the second half of 2017, EDPR Group committed to a plan to sell an additional 53,4% of shareholding in the company Moray Offshore Windfarm (East) Limited, thus, according to the analysis performed under IFRS 5, this sale was considered highly probable, and related assets and liabilities have been classified as held for sale.

From the amount classified as held for sale, an amount of 44,192 thousand Euros refer to the aforementioned percentage of loans granted by the parent company Moray Offshore Renewable Power Limited and an amount of 13,987 thousand Euros refer to the proportional value of investment in the equity consolidated company. With the first transaction of sale of a 23,3% stake in the company to Engie that took place in August 2017, EDPR Group lost sole control over the company according with the relevant agreements signed (see note 5 and 18).

This reclassification was made only for financial statement presentation purposes, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5. Also under this IFRS, the investment in joint ventures classified as held for sale will no longer be subject to the equity method of accounting.

26. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2017 and 2016, 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 and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 31 December 2017 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	720,191,372	82.56%	82.56%
Other (*)	152,116,790	17.44%	17.44%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

EDP Renováveis, S.A. shareholder's structure as at 31 December 2016 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	676,283,856	77.53%	77.53%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

In the context of the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDP Renováveis, S.A. that was concluded on the third quarter of 2017, EDP - Energias de Portugal, S.A. increased its interest in the company from 77.53% to 82.56% and consequently its interest in their subsidiaries. As a result of this transaction, EDP - Energias de Portugal, S.A. holds 720,191,372 shares in EDP Renováveis, S.A.

There was no movements in Share capital and Share premium during 2017 or 2016. The Share Premium is freely distributable.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	31 DEC 2017	31 DEC 2016
Profit attributable to the equity holders of the parent (in thousand Euros)	281,169	56,328
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	281,169	56,328
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)	0.32	0.06
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.32	0.06
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.32	0.06
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.32	0.06

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 2017 and 2016.

The average number of shares was determined as follows:

	31 DEC 2017	31 DEC 2016
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
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

27. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other comprehensive income		
Fair value reserve (cash flow hedge)	-48,565	-33,425
Fair value reserve (available-for-sale financial assets)	6,499	6,132
Exchange differences arising on consolidation	-82,672	7,641
	-124,738	-19,652
Other reserves and retained earnings		
Retained earnings and other reserves	1,147,871	1,054,239
Additional paid in capital	60,666	60,666
Legal reserve	61,707	59,805
	1,270,244	1,174,710
	1,145,506	1,155,058

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 2017 profits distribution to be presented in the Annual General Meeting is as follows:

	EUROS
Base for distribution	
Profit for the period 2017	113,382,578.51
Distribution	
Legal reserve	11,338,257.85
Dividends	52,338,489.72
Retained earnings	49,705,830.94
	113,382,578.51

The EDP Renováveis, S.A. proposal for 2016 profits distribution that was presented in the Annual General Meeting is as follows:

	EUROS
Base for distribution	
Profit for the period 2016	19,015,007.22
Retained earnings from previous years	26,501,901.60
	45,516,908.82
Distribution	
Legal reserve	1,901,500.72
Dividends	43,615,408.10
	45,516,908.82

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.

	THOUSAND EUROS
Balance as at 1 January 2016	4,346
Parque Eólico Montes de las Navas, S.L.	1,786
Balance as at 31 December 2016	6,132
Parque Eólico Montes de las Navas, S.L.	367
BALANCE AS AT 31 DECEMBER 2017	6,499

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements 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:

THOUSAND EUROS					
CURRENCY		EXCHANGE RATES AS AT 31 DECEMBER 2017		EXCHANGE RATES AS AT 31 DECEMBER 2016	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.199	1.129	1.054	1.107
Zloty	PLN	4.177	4.258	4.410	4.363
Brazilian Real	BRL	3.973	3.605	3.431	3.858
New Leu	RON	4.659	4.569	4.539	4.491
Pound Sterling	GBP	0.887	0.877	0.856	0.819
Canadian Dollar	CAD	1.504	1.465	1.419	1.466

28. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Non-controlling interests in income statement	180,312	119,784
Non-controlling interests in share capital and reserves	1,379,863	1,328,268
	1,560,175	1,448,052

Non-controlling interests, by subgroup, are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
EDPR NA Group	868,584	905,142
EDPR EU Group	622,581	485,577
EDPR BR Group	69,010	57,333
	1,560,175	1,448,052

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance as at 1 January	1,448,052	863,109
Dividends distribution	-48,730	-42,563
Net profit for the year	180,312	119,784
Exchange differences arising on consolidation	-119,486	42,730
Acquisitions and sales without change of control	120,608	517,179
Increases/(Decreases) of share capital	-30,954	-63,659
Other changes	10,373	11,472
Balance as at 31 December	1,560,175	1,448,052

29. FINANCIAL DEBT

Financial debt current and Non-current is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	424,417	542,145
- EDPR BR Group	175,356	120,409
- EDPR NA Group	226,154	23,722
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	367,526	424,441
- EDP Renováveis Servicios Financieros, S.L.	1,615,009	2,181,754
Other loans:		
- EDPR EU Group	133	120
TOTAL DEBT AND BORROWINGS - NON-CURRENT	2,808,595	3,292,591
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-32,720	-28,974
TOTAL COLLATERAL DEPOSITS - NON-CURRENT	-32,720	-28,974

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial debt - Current		
Bank loans:		
- EDPR EU Group	127,849	78,165
- EDPR BR Group	11,500	13,243
- EDPR NA Group	26,752	7,777
Loans received from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	239,514	10,868
Other loans:		
- EDPR EU Group	109	1,315
Interest payable	22,644	2,110
TOTAL DEBT AND BORROWINGS - CURRENT	428,368	113,478
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-10,026	-17,072
TOTAL COLLATERAL DEPOSITS - CURRENT	-10,026	-17,072
TOTAL DEBT AND BORROWINGS – CURRENT AND NON-CURRENT	3,236,963	3,406,069
Total Debt and borrowings net of collaterals – Current and Non-current	3,194,217	3,360,023

(*) Collateral deposits mainly refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Loans received from EDP group entities current and non-current as at 31 December 2017 mainly refer to a set of loans granted by EDP Finance BV amounting to 1,201,791 thousand Euros, deducted of debt arrangement expenses, with a long-term maturity and by EDP Servicios Financieros España S.A. amounting to 965,870 thousand Euros (772,696 thousand Euros non-current and 193,174 thousand Euros current). The bundled average maturity regarding long-term loans is 3 and a half years and bear interest at fixed market rates. These loans amounted to 1,397,195 thousand Euros for loans granted by EDP Finance BV and 1.209.000 thousand Euros for loans granted by EDP Servicios Financieros España S.A. as at 31 December 2016. This caption also includes the credit balance of the current account with EDP Servicios Financieros España S.A. amounting to 54,389 thousand Euros as at 31 December 2017 (as at 31 December 2016 the current account had debit balance and therefore it was classified in the caption cash and cash equivalents in accordance with the terms and conditions of the contract signed between the parties – see note 24).

Main events of the year mainly refer to (i) the change of consolidation method of the Mexican company Eólica de Coahuila which in the previous year was consolidated by the equity method and began to be fully consolidated at the beginning of 2017 with an impact as at 31 December 2017 of 222,878 thousand Euros (see note 5); and (ii) anticipated repayment of intercompany loans totaling 243,130 thousand Euros with cash received from the sale of non-controlling interests.

As at 31 December 2017, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2018	2019	2020	2021	2022	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	48,267	47,587	49,779	50,415	44,068	133,672	373,788
Polish Zloty	77,815	15,712	16,297	17,844	14,544	34,499	176,711
American Dollar	23,448	10,862	11,403	11,583	11,346	161,883	230,525
Brazilian Real	12,467	14,457	15,893	12,727	11,672	120,606	187,822
Others	5,927	3,218	3,365	3,537	3,710	5,246	25,003
	167,924	91,836	96,737	96,106	85,340	455,907	993,850
Loans received from EDP group companies							
Euro	228,339	289,761	386,348	-	96,587	-	1,001,035
American Dollar	31,996	-8,049	409,368	393,012	307,554	107,955	1,241,836
	260,335	281,712	795,716	393,012	404,141	107,955	2,242,871
Other loans							
Euro	109	91	42	-	-	-	242
	109	91	42	-	-	-	242
	428,368	373,639	892,495	489,118	489,481	563,862	3,236,963

As at 31 December 2016, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2017	2018	2019	2020	2021	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	80,275	46,221	49,616	50,315	49,771	160,615	436,813
Brazilian Real	13,243	13,243	13,039	12,425	8,747	72,955	133,652
Others	7,777	20,332	21,954	23,444	25,800	117,799	217,106
	101,295	79,796	84,609	86,184	84,318	351,369	787,571
Loans received from EDP group companies							
Euro	10,868	362,900	362,900	483,200	-	-	1,219,868
American Dollar	-	1,397,195	-	-	-	-	1,397,195
	10,868	1,760,095	362,900	483,200	-	-	2,617,063
Other loans							
Euro	1,315	70	50	-	-	-	1,435
	1,315	70	50	-	-	-	1,435
	113,478	1,839,961	447,559	569,384	84,318	351,369	3,406,069

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 2017, these financings amount to 988,952 thousand Euros (31 December 2016: 689,803 thousand Euros), which are included within the financial debt caption.

The fair value of EDP Renováveis Group's debt is analysed as follows:

THOUSAND EUROS	31 DEC 2017		31 DEC 2016	
	CARRYING VALUE (*)	MARKET VALUE	CARRYING VALUE (*)	MARKET VALUE
Financial debt - Non-current	2,808,595	2,911,691	3,292,591	3,326,757
Financial debt - Current	428,368	428,368	113,478	113,478
	3,236,963	3,340,059	3,406,069	3,440,235

(*) Net of arrangement expenses

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.

30. PROVISIONS

Provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Dismantling and decommission provisions	269,454	268,191
Provision for other liabilities and charges	5,945	6,275
- Long-term provision for other liabilities and charges	579	744
- Short-term provision for other liabilities and charges	5,366	5,531
Employee benefits	319	596
	275,718	275,062

Dismantling and decommission provisions refer to the costs to be incurred for dismantling wind and solar 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 to 105,907 thousand Euros for wind farms in North America (31 December 2016: 104,274 thousand Euros), 161,630 thousand Euros for wind farms in Europe (31 December 2016: 162,413 thousand Euros) and 1,917 thousand Euros for wind farms in Brazil (31 December 2016: 1,504 thousand 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.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	268,191	117,228
Capitalised amount for the year	16,080	142,595
Changes in the perimeter	-5,895	48
Unwinding	4,816	4,610
Exchange differences	-13,738	3,710
BALANCE AT THE END OF THE YEAR	269,454	268,191

Capitalized amount for the year in 2016 included the net effect of the extension of the useful life of renewable assets from 25 to 30 years that took place at the end of 2016, and the update of the dismantling cost per MW and discount rates used for the calculation of the dismantling provision with respect to the previous year.

Changes in the perimeter in 2017 refer to the loss of control of the company Moray Offshore Windfarm (East) Ltd due to the sale of a 23,3% stake in the company having agreed a shared control of the project (see note 5).

The movements in Provision for other liabilities and charges are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	6,275	1,542
Charge for the year	845	5,067
Write back for the year	-1,029	-362
Others	-146	28
BALANCE AT THE END OF THE YEAR	5,945	6,275

31. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Deferred income related to benefits provided	914,612	819,199
Liabilities arising from institutional partnerships in U.S. wind farms	1,249,110	1,520,226
	2,163,722	2,339,425

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the period	2,339,425	1,956,217
Proceeds received from institutional investors	449,067	628,381
Cash paid for deferred transaction costs	-3,870	-4,541
Cash paid to institutional investors	-195,175	-172,052
Income (see note 7)	-225,568	-197,544
Unwinding (see note 13)	88,561	90,337
Exchange differences	-289,891	79,411
Others	1,173	-40,784
BALANCE AT THE END OF THE PERIOD	2,163,722	2,339,425

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions 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.

During 2017, EDPR Group, through its subsidiary EDPR NA, has secured and received proceeds amounting to 389,196 thousand Euros related to institutional equity financing with Bank of New York Mellon, in exchange for an interest in the Vento XVII portfolio. Additionally, EDPR Group also secured and received a 59,871 thousand Euros funding of tax equity financing in exchange for an interest in three solar plants located in the state of South Carolina.

During 2016 EDPR Group, through its subsidiary EDPR NA, secured and received proceeds amounting to 310,334 thousand Euros related to institutional equity financing with Bank of America Merrill Lynch and Bank of New York Mellon in exchange for an interest in the Vento XV portfolio and 102,791 thousand Euros related to institutional equity financing from MUFG and another institutional investor in exchange for an interest in the Vento XVI portfolio. Additionally, the Group received proceeds amounting to 215,256 thousands of Euros related to institutional equity financing from an affiliate of Google Inc., secured in 2015, in exchange for an interest in the Vento XIV portfolio.

32. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	358,600	426,535
Electricity sale contracts - EDPR NA	13,686	19,857
Property, plant and equipment suppliers	103,383	2,150
Other creditors and sundry operations	14,260	15,366
	489,929	463,908
Trade and other payables from commercial activities - Current		
Suppliers	69,866	83,173
Property, plant and equipment suppliers	542,863	665,806
Other creditors and sundry operations	72,417	61,152
	685,146	810,131
	1,175,075	1,274,039

Significant variation in Property and equipment suppliers non-current mainly refer to the supply of renewable asset for certain wind farms in Brazil where terms of payments have been agreed in the long-term. Property plant and equipment suppliers - current refer to wind and solar farms in construction mainly in USA (431,912 thousand Euros), Italy (31,290 thousand Euros), Spain (28,977 thousand Euros) and Brazil (12,756 thousand Euros).

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.

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 income (see note 8).

The Company has prepared the below information for Spanish subsidiaries, according to criterion required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2017 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
DAYS		
Average payment period	51	52
Ratio paid operations	54	61
Ratio of pending operations	33	20
TOTAL PAYMENTS MADE	173,264	123,520
TOTAL OUTSTANDING PAYMENTS	33,006	33,781

33. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	787	9,813
Loans from non-controlling interests	587,441	553,988
Derivative financial instruments	59,030	580,729
Other creditors and sundry operations	2,803	9,907
	650,061	1,154,437
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	550	7,069
Loans from non-controlling interests	50,918	56,099
Derivative financial instruments	325,367	190,438
Other creditors and sundry operations	4,411	5,285
	381,246	258,891
	1,031,307	1,413,328

Variation in Success fees payable non-current and current mainly refer with cancelation of the success fee payable for the Polish project Masovia amounting to 6,753 thousand Euros since this success fee is no longer due according to the relevant contracts (see note 8) and effective payment of success fees according to the respective agreements in certain Italian projects.

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries (see note 5) for a total amount of 37,362 thousand Euros, including accrued interests (with no balances as of 31 December 2016), bearing interest at a fixed rate of 3.75%.

ii) loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries for a total amount of 231,751 thousands of Euros, including accrued interests (245,981 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of a range between 3.32% and 7.55%;

iii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 123,430 thousand Euros including accrued interests (120,390 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of a range between 1.33% and 7.23%;

iv) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 78,436 thousand Euros including accrued interests (83,618 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of 4,50%.

v) loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDP Renewables France S.A.S. and subsidiaries for a total amount of 58,388 thousand Euros, including accrued interests (31 December 2016: 66,264 thousand Euros), bearing interest at a fixed rate of a range between 3.10% and 7.18%.

vi) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 61,140 thousand Euros including accrued interests (31 December 2016: 71,501 thousand Euros), bearing interests at a fixed rate of 5.50%.

Derivative financial instruments non-current and current mainly includes 4,365 thousand Euros and 280,639 thousand Euros respectively (31 December 2016: 510,006 and 158,041 thousand 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 35).

The caption other creditors and sundry operations non-current includes the liability related to the put options over the stake that the other shareholders hold in the Italian companies Tivano S.r.l., San Mauro S.r.l. and AW 2 S.r.l. amounting to 2,169 thousand Euros (see note 5 and 36).

34. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Income tax	25,037	27,993
Withholding tax	3,246	27,420
Value added tax (VAT)	24,434	17,386
Other taxes	37,536	15,647
	90,253	88,446

As at 31 December 2017 Other taxes include, between others, 3,225 thousands Euros in relation to the amount to be paid in 2018 concerning the tax effect of the revaluation of assets in Portugal according to Decree 66/2016 (see note 14).

35. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2017, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	7,934	-285,151	1,417,883	729,539	-	2,147,422
	7,934	-285,151	1,417,883	729,539	-	2,147,422
Cash flow hedge						
Power price swaps	22,084	-63,817	180,203	246,061	13,839	440,103
Interest rate swaps	2,308	-22,987	99,962	503,708	297,898	901,568
	24,392	-86,804	280,165	749,769	311,737	1,341,671
Trading						
Power price swaps	11,829	-10,802	51,832	67,700	-	119,532
Interest rate swaps	-	-10	941	-	-	941
Cross currency rate swaps	2,465	-32	150,000	-	-	150,000
Currency forwards	-	-1,598	49,825	-	-	49,825
	14,294	-12,442	252,598	67,700	-	320,298
	46,620	-384,397	1,950,646	1,547,008	311,737	3,809,391

As of 31 December 2016, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	12,467	-670,981	505,980	1,537,581	-	2,043,561
	12,467	-670,981	505,980	1,537,581	-	2,043,561
Cash flow hedge						
Power price swaps	22,212	-36,885	243,732	331,023	-	574,755
Interest rate swaps	7	-32,821	100,006	394,754	386,761	881,521
Currency forwards	-	-11,924	36,643	-	-	36,643
	22,219	-81,630	380,381	725,777	386,761	1,492,919
Trading						
Power price swaps	17,876	-18,274	24,827	28,024	-	52,851
Interest rate swaps	-	-33	941	941	-	1,882
Cross currency rate swaps	2,049	-6	21,000	9,191	-	30,191
Currency forwards	455	-243	46,896	-	-	46,896
	20,380	-18,556	93,664	38,156	-	131,820
	55,066	-771,167	980,025	2,301,514	386,761	3,668,300

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 22) or Other liabilities and other payables (note 33), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the CIRS in USD and EUR with EDP Branch as referred in the notes 37 and 38. The net investment derivatives also include CIRS in CAD, PLN, and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Canada, Poland and Brazil.

Interest rate swaps relate 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, which are compared in each date of report to fair values available in common financial information platforms. These entities use discounted cash flows techniques usually accepted and data from public markets. The only exceptions are the CIRS in USD/EUR with EDP Branch and the USD/EUR forward contract with EDP Servicios Financieros España, which fair values are determined by the Financial Department of EDP, using the same above-mentioned discounted cash flows techniques and data. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 38) and no changes of level were made during this period.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

THOUSAND EUROS			31 DEC 2017 CHANGES IN FAIR VALUE		31 DEC 2016 CHANGES IN FAIR VALUE	
			INSTRUMENT	RISK	INSTRUMENT	RISK
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN, BRL, CAD	381,297	-380,838	-83,972	78,668
Net Investment hedge	Currency forward	Subsidiary accounts in CAD	-	-	-554	554
Cash-flow hedge	Interest rate swap	Interest rate	12,135	-	31,278	-
Cash-flow hedge	Power price swaps	Power price	-27,060	-	-31,028	-
Cash-flow hedge	Currency forward	Exchange rate	11,924	-	-11,924	-
			378,296	-380,838	-96,200	79,222

During 2017 and 2016 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, Libor 3M, daily brazilian CDI, CAD-BA-CDOR 3M, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN, EUR/CAD and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibor 6M, Libor 3M and CAD-BA-CDOR 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, EUR/CAD, BRL/USD and BRL/EUR.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
BALANCE AT THE BEGINNING OF THE YEAR	-45,916	-27,366
Fair value changes	-6,850	-38,559
Transfers to results	-10,806	19,773
Non-controlling interests included in fair value changes	-1,963	-3,010
Effect of the sale without loss of control of EDPR Europe subsidiaries	3,623	4,584
Effect of the sale without loss of control of EDPR North America subsidiaries	-	-1,338
Others	-746	-
BALANCE AT THE END OF THE YEAR	-62,658	-45,916

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Net investment hedge - ineffectiveness	459	-5,304
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	11,434	-18,217
Transfer to results from hedging of commodity prices	-628	-1,556
Non eligible for hedge accounting derivatives	2,279	3,688
	13,544	-21,389

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 2017, were as follows:

THOUSAND EUROS	EDPR GROUP		
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,28% - -0,00%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[1,81%]
Interest rate swaps	USD	[1,86%]	[1,00%]
Interest rate swaps	CAD	[2,59%]	[1,43%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,69%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/CAD	[1,82% - 1,93%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,37% - 6,48%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/RON	[2,10% - 2,23%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,39% - 2,11%]	[-0,33%]

The effective interest rates for derivative financial instruments associated with financing operations during 2016, were as follows:

THOUSAND EUROS	EDPR GROUP		
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,22% - -0,18%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[1,81%]
Interest rate swaps	CAD	[2,59%]	[0,91%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,23% - 1,33%]	[-0,32%]
CIRS (currency interest rate swaps)	EUR/BRL	[11,04% - 12,69%]	[-0,30%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,33% - 2,12%]	[-0,32% - -0,31%]

36. COMMITMENTS

As at 31 December 2017 and 2016, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Guarantees of financial nature		
EDPR NA Group	6,955	21,039
	6,955	21,039
Guarantees of operational nature		
EDP Renováveis, S.A.	1,459,014	1,079,869
EDPR NA Group	1,251,514	1,224,085
EDPR EU Group	63,522	44,544
EDPR BR Group	15,686	18,622
	2,789,736	2,367,120
TOTAL	2,796,691	2,388,159
REAL GUARANTEES	4,463	3,318

Significant variation in operational guarantees of EDP Renovaveis S.A. is mainly explained by parent company guarantees issued for new projects in EDPR NA.

As at 31 December 2017 and 31 December 2016, EDPR has operational guarantees regarding its commercial activity, in the amount of 393,944 thousand Euros and 495,692 thousand Euros respectively, already reflected in liabilities.

For guarantees related to associated companies, refer to note 18.

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 2017, these financings amount to 988,952 thousand Euros (31 December 2016: 689,803 thousand 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 2017 and 31 December 2016, EDPR's obligations under the tax equity agreements, in the amount of 1,258,661 thousand Euros and 1,428,275 thousand Euros respectively are reflected in the statement of financial position under the caption Institutional Partnerships in U.S. Wind Farms.

iii) The financial guarantees contracted as at 31 December 2017 amounting to 4,095 thousand Euros are related to the loans obtained by certain companies of the Group and already included in the consolidated financial debt.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

THOUSAND EUROS					31 DEC 2017
				CAPITAL OUTSTANDING BY MATURITY	
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,106,937	45,518	91,973	93,326	876,120
Purchase obligations	1,936,419	960,798	401,940	110,545	463,136
	3,043,356	1,006,316	493,913	203,871	1,339,256

THOUSAND EUROS					31 DEC 2016
				CAPITAL OUTSTANDING BY MATURITY	
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,271,873	44,596	93,536	95,279	1,038,462
Purchase obligations	2,288,163	864,089	721,378	124,917	577,779
	3,560,036	908,685	814,914	220,196	1,616,241

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts 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 2017 the Group has the following contingent liabilities/rights related with put options on investments:

- The other shareholder of the company Tivano S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 450 thousand Euros plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2016 to 2020. As at 31 December 2017 the put option amounts to 1,618 thousand Euros (1,575 thousand Euros as of 31 December 2016).

- The other shareholder of the company San Mauro S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2017 the put option amounts to 259 thousand Euros (341 thousand Euros as of 31 December 2016).

- The other shareholder of the company AW 2 S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2017 the put option amounts to 292 thousand Euros (383 thousand Euros as of 31 December 2016).

Some of the disposal of non-controlling interests transactions retaining control carried out in 2017 an in previous years incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

37. RELATED PARTIES

The Members of the Board of Directors of the Company and its delegated Committees do not own directly or indirectly any shares from EDPR, as of 31 December 2017. The last share transactions made by EDPR's Board Members were reported in August 2017 to the regulatory and supervisory entities following EDP's General and Voluntary Public Tender Offer for the acquisition of the shares issued by EDPR (see note 1 and 26).

According to Article nr 229 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 incompatibility that could affect the performance of their duties.

Remuneration of the members of the Board of Directors

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 the exact amount to be paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Board of Directors in 2017 and 2016 were as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
CEO	-	-
Board members	739	723
	739	723

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services rendered by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves and António Mexia. 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, 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 under said Agreement for the management services rendered by EDP in 2017 is 621 thousand Euros (1,132 thousand Euros in 2016), of which 531 thousand Euros refers to the management services rendered by the Executive Members and 90 thousand Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

In the case of the members of the Executive Committee that are also Directors (Miguel Dias Amaro, CFO (until September 2017); Duarte Melo de Castro Bello, COO EU&BR (from September 2017); João Paulo Costeira, COO Offshore & CDO; Gabriel Alonso COO EDPR NA (until September 2017); and Miguel Ángel Prado Balboa, COO EDPR NA (from September 2017)), there are contracts that were signed with other group companies, as follows: Miguel Dias Amaro (until September 2017), Duarte Melo de Castro Bello (from September 2017) and João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and Gabriel Alonso (until September 2017) and Miguel Ángel Prado Balboa (from September 2017) with EDP Renewables North America LLC.

The Company has no pension or life insurance obligations with its former or current Board members in 2017 or 2016.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

Within the context of the transactions with CTG related to the sale of 49% of EDPR Portugal, EDPR PT-PE, EDPR Italia and EDPR Polska equity shareholding to CTG Group, CTG has granted loans to the EDPR Group in the amount of 300,367 thousand Euros including accrued interests (47,651 thousand Euros as current and 252,716 thousand Euros as non-current) as at 31 December 2017. As at 31 December 2016, this balance amounted to 275,509 thousand Euros including accrued interests and excluding transaction with EDPR PT-PE that took place in 2017 (53,134 thousand Euros as current and 222,375 thousand Euros as non-current). See note 33.

Balances and transactions with EDP Group companies

As at 31 December 2017, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	8,578	8,578
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	19,932	19,932
Joint Ventures and Associated companies	43,149	560	43,709
EDP Serviço Universal, S.A.	-	30,372	30,372
Other EDP Group companies	-	6,975	6,975
	43,149	66,417	109,566

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	53,656	53,656
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	283,858	283,858
Joint Ventures and Associated companies	-	57	57
EDP Finance B.V.	1,222,617	835	1,223,452
EDP Servicios Financieros España, S.A.	1,020,259	448	1,020,707
Other EDP Group companies	-	3,272	3,272
	2,242,876	342,126	2,585,002

As at 31 December 2016, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	1,099	18,489	19,588
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	24,961	24,961
Joint Ventures and Associated companies	55,498	515	56,013
EDP Servicios Financieros España, S.A.	-	195,343	195,343
Other EDP Group companies	-	25,153	25,153
	56,597	264,461	321,058

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	25	29,092	29,117
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	676,006	676,006
Joint Ventures and Associated companies	-	57	57
EDP Finance B.V.	1,397,550	308	1,397,858
EDP Servicios Financieros España, S.A.	1,220,062	-	1,220,062
Other EDP Group companies	-	5,941	5,941
	2,617,637	711,404	3,329,041

Assets mainly include loans granted to companies consolidated by the equity method (see note 22) and commercial receivables related to the sale of energy in EDPR Portugal through EDP Serviço Universal, S.A., which is a last resort retailer, due to regulatory legislation.

Liabilities mainly refer to (i) loans obtained by EDP Renováveis S.A. and by EDP Renováveis Servicios Financieros S.L. from EDP Finance BV in the amount, including interests and deducted from debt arrangement expenses, of 1,222,617 thousand Euros (31 December 2016: 1,397,550 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 965,870 thousand Euros (31 December 2016: 1,220,062 thousand Euros); (ii) credit balance of the current account with EDP Servicios Financieros España S.A. amounting to 54,389 thousand Euros as at 31 December 2017 (debit balance of 195,343 thousand Euros as at 31 December 2016 that was classified as cash and cash equivalents in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015 (see note 24); (iii) Derivatives with the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, having the EDP Group established 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 EDPR NA and of the USD external financing). As at 31 December 2017, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 280,477 thousand Euros (31 December 2016: 668,047 thousand Euros) (see notes 33 and 35).

Transactions with related parties for the year ended 31 December 2017 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	193	13,650	-22,184	-23,385
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-14,090	-45,307
Hidrocantábrico Group companies (electric sector)	-	-	-913	-647
Joint Ventures and Associated companies	4,652	1,043	-99	-
EDP Serviço Universal, S.A.	261,896	-	-4	-
EDP - Comercialização e Serviços de Energia, S.A.	18,046	-	-	-
EDP Finance B.V.	-	-	-	-62,928
EDP Servicios Financieros España, S.A.	-	-	-	-34,822
Other EDP Group companies	138	609	-4,039	-880
	284,925	15,302	-41,329	-167,969

Operating income includes mainly the electricity sales to EDP Serviço Universal, S.A. which is a supplier of last resource in Portugal due to regulatory legislation.

Financial income and financial expenses with EDP Energias de Portugal, S.A. are mainly related to derivative financial instruments.

Transactions with related parties for the year ended 31 December 2016 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	26,433	13,440	-1,718	-31,410
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	72	-	-11,713	-120,208
Hidrocantábrico Group companies (electric sector)	-	-	-1,210	-683
Joint Ventures and Associated companies	3,358	1,199	-90	-
EDP Serviço Universal, S.A.	268,279	-	-4	-
Other EDP Group companies	31	92,633	-3,907	-133,503
	298,173	107,272	-18,642	-285,804

As part of its operational activities, the EDP Renováveis Group must present guarantees in favor of certain suppliers and in connection with renewable energy contracts. As at 31 December 2017, EDP, S.A., Energias do Brasil and Hidrocantábrico granted financial (46,569 thousands of Euros, 31 December 2016: 101,306 thousands of Euros) and operational (322,904 thousands of Euros, 31 December 2016: 276,236 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 36).

38. 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 2017 and 2016, 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 2017		31 DEC 2016	
	CURRENCIES		CURRENCIES	
	EUR	USD	EUR	USD
3 months	-0.33%	1.69%	-0.34%	0.77%
6 months	-0.27%	1.75%	-0.22%	1.00%
9 months	-0.29%	1.83%	-0.24%	1.11%
1 year	-0.26%	1.90%	-0.20%	1.19%
2 years	-0.15%	2.08%	-0.16%	1.45%
3 years	0.01%	2.17%	-0.10%	1.69%
5 years	0.31%	2.24%	0.08%	1.98%
7 years	0.56%	2.31%	0.31%	2.16%
10 years	0.89%	2.40%	0.67%	2.34%

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.

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 35)

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 27. See also note 33.

The fair values of assets and liabilities as at 31 December 2017 and 31 December 2016 are analysed as follows:

THOUSAND EUROS	31 DECEMBER 2017			31 DECEMBER 2016		
	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE
Financial assets						
Available-for-sale investments	8,585	8,585	-	8,187	8,187	-
Debtors and other assets from commercial activities	363,653	363,653	-	364,075	364,075	-
Other debtors and other assets	116,314	116,314	-	107,270	107,270	-
Derivative financial instruments	46,620	46,620	-	55,066	55,066	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Cash and cash equivalents	388,061	388,061	-	603,219	603,219	-
	923,233	923,233	-	1,137,817	1,137,817	-
Financial liabilities						
Financial debt	3,236,963	3,340,059	103,096	3,406,069	3,440,235	34,166
Suppliers	716,112	716,112	-	748,613	748,613	-
Institutional partnerships in U.S. wind farms	2,163,722	2,163,722	-	2,339,425	2,339,425	-
Trade and other payables from commercial activities	458,963	458,963	-	98,525	98,525	-
Other liabilities and other payables	646,910	646,910	-	642,527	642,527	-
Derivative financial instruments	384,397	384,397	-	771,167	771,167	-
	7,607,067	7,710,163	103,096	8,006,326	8,040,492	34,166

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 than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices);

- Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

THOUSAND EUROS	31 DECEMBER 2017			31 DECEMBER 2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Available-for-sale investments	-	-	8,585	-	-	8,186
Derivative financial instruments	-	46,620	-	-	55,066	-
	-	46,620	8,585	-	55,066	8,186
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	3,722	-	-	4,694
Derivative financial instruments	-	384,397	-	-	771,167	-
	-	384,397	3,722	-	771,167	4,694

The remaining assets and liabilities are valuated within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2017, there are no transfers between levels.

The movement in 2017 and 2016 of the financial assets and liabilities within Level 3 are analysed was as follows:

	AVAILABLE FOR SALE INVESTMENTS		TRADE AND OTHER PAYABLES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	8,186	6,257	4,694	344
Gains / (Losses) in other comprehensive income	397	1,929	-	-
Purchases	-	-	-	4,358
Disposals	-	-	-973	-
Others	2	-	1	-8
BALANCE AT THE END OF THE YEAR	8,585	8,186	3,722	4,694

The Trade and other payables within level 3 are related to Liabilities with non-controlling interests.

The movements in 2017 and 2016 of the derivative financial instruments are presented in note 35.

39. RELEVANT AND SUBSEQUENT EVENTS

EDPR secures a 200 MW PPA for a new wind farm in the US

EDPR through its fully owned subsidiary EDP Renewables North America LLC, secured a 20-year Power Purchase Agreement with Great Plains Energy to sell the energy produced by 200 MW from Prairie Queen wind farm. Prairie Queen wind farm is located in the Allen County, Kansas. Start of operations are expected for 2019.

EDPR secures 125 MW long-term contract in Northern Indiana, United States

EDPR through its fully owned subsidiary EDP Renewables North America LLC, secured a long-term contract with Nestlé and with Cummins Inc in the United States to sell the energy produced by 50 MW and by 75 MW respectively from Meadow Lake VI wind farm. The project, is located in the State of Indiana with start of operations expected for 2018.

EDPR completed 507 million Dollars funding of tax equity in the US

EDPR through its fully owned subsidiary EDP Renewables North America LLC, completed two institutional partnerships in the US in the amount of 507 million Dollars for the following projects (see note 31):

- Wind farms (363 MW): EDPR completed a 439.6 million Dollars funding of tax equity financing from Bank of New York Mellon in exchange for an interest in the 100 MW Meadow Lake V, 99 MW Redbed Plains, 98 MW Quilt Block and 66 MW Hog Creek. The projects are located in the state of Indiana, Oklahoma, Wisconsin and Ohio respectively, and have previously secured long-term Power Purchase Agreements;
- Solar plants (60 MW): EDPR closed a 67.6 million Dollars funding of tax equity financing in exchange for an interest in three solar plants totaling 60 MW and installed in December 2017. The projects are located in the state of South Carolina and have previously secured long-term Power Purchase Agreements.

EDPR is awarded long term contracts for 218 MW at Brazilian energy auction

EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured 20-year Power Purchase Agreements ("PPA") at the Brazilian energy A-6 2017 auction to sell electricity in the regulated market. The energy will be produced by two wind farms to be installed in the Brazilian State of Rio Grande do Norte; Santa Rosa e Mundo Novo with registered capacity of 121.8 MW and Aventura with 97.1 MW which commercial operation is expected to occur in January 2023.

EDPR is awarded a long-term RESA for 248.4 MW of wind onshore in Canada

EDPR through its subsidiary EDP Renewables Canada Ltd. was awarded by The Alberta Electricity System Operator a 20-year Renewable Energy Support Agreement, for the delivery of 248.4 MW of onshore wind generation. The Sharp Hills Wind Farm is located in eastern Alberta, Canada, with commercial operation expected to occur in December 2019.

EDPR consortium is awarded with long-term CfD for 950 MW in the UK

EDPR through the joint venture company Moray Offshore Windfarm (East) Limited was awarded by the UK's Department for Business, Energy & Industrial Strategy with a 15-year Contract for Difference (CfD) for the delivery of 950 MW of offshore wind generation.

Increase in EDP qualified shareholding over EDPR to 82.56%

EDP – Energias de Portugal S.A. notified EDPR that it holds a qualified shareholding of 720,191,372 ordinary shares of EDPR, which corresponds to 82.56% of EDPR's share capital and 82.56% of the respective voting rights. The increase in EDP qualified shareholding to 82.56% resulted from the acquisition, in the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDPR, on August 8th 2017, of 43,907,516 shares which correspond to 5.03% of EDPR's share capital and voting rights (see note 1 and 26).

Sale of a 23% stake in UK wind offshore project Moray Offshore Windfarm (East) Limited

EDPR, through its subsidiary EDPR UK Limited closed an agreement with ENGIE, to sell a 23% stake in equity shareholding and outstanding shareholders loans on the Moray Offshore Windfarm (East) Limited for a total consideration of 21 million Pound Sterling (see note 5).

Completion of sale of minority stake in Portuguese assets to CTG

EDPR completed in June 2017 the sale of 49% equity shareholding and shareholder loans in a portfolio of 422 MW of wind assets located in Portugal, to ACE Portugal Sàrl which is 100% owned by ACE Investment Fund II LP – an entity participated of China Three Gorges Hong Kong Ltd ("CTG HK"), a fully-owned subsidiary of China Three Gorges ("CTG"), for a final consideration of 248 million Euros (see note 5).

40. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

Standards, amendments and interpretations issued effective for the Group

The new interpretation that has been issued and that the EDPR Group has applied on its consolidated financial statements is the following:

• IAS 7 (Amended) - Disclosure Initiative

The International Accounting Standards Board (IASB) issued, in January 2016, amendments to IAS 7 - Statement of Cash Flows, with effective date of mandatory application for periods beginning on or after 1 January 2017, being allowed its early adoption.

These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, such as:

- Changes from financing cash flows;
- Changes arising from obtaining or losing control of subsidiaries or other businesses;
- The effect of changes in foreign exchange rates; or
- Changes in fair values.

These disclosures have been presented by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities that has been included as an annex to the Consolidated Statement of Cash Flows of the EDPR Group.

The new standards and interpretations that has been issued and are already effective and that the EDPR Group has applied on its consolidated financial statements with no significant impact are the following:

• IAS 12 (Amended) - Recognition of Deferred Tax Assets for Unrealised Losses;

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group, which impact is being evaluated, are the following:

● IFRS 9 - Financial Instruments

IFRS 9 was adopted by European Commission Regulation nº 2067/2016, 22 November 2016, defining the effective date at most as of the start date of the first financial year that starts in or after 1 January 2018. IFRS 9 (2009 and 2010) introduces new requirements for classification and measurement of financial assets and liabilities based on the business model that determine its ownership and the contractual characteristics of cash-flows for the proposed instruments. In 2013 a version of IFRS 9 was published with requirements that regulate the hedge accounting. Then, in 2014, IFRS 9 was reviewed and introduced some guidelines for classification and measurement of financial instruments: besides shareholdings in strategic investments, it extended to other debt instruments the fair value measurement with changes in fair value being recognised as Other Comprehensive Income (OCI) and reinforced a new impairment model based on an "expected credit losses model.

IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

IFRS 9 will be applicable for financial years starting on 1 January 2018 (even though early adoption is permitted). With exception for hedge accounting requirements, retrospective application is mandatory but without obligation of comparative information disclosures. For hedge accounting, the requirements are generally prospectively applicable, with some exceptions.

EDPR Group will adopt the new standard on the required effective date and will not restate comparative information.

During 2017, EDPR Group has performed a detailed impact assessment of all aspects of IFRS 9 based on currently available information and may be subject to changes until its adoption, since EDPR Group has not yet finalised the testing and assessment of controls over its new IT systems and internal supervisory systems; and the new accounting policies are subject to change until EDPR Group presents its first financial statements that include the date of initial application.

Overall, EDPR Group expects no significant impacts on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. Moreover, EDPR Group will implement the required changes in classification of certain financial instruments.

EDPR Group has reviewed its financial assets and liabilities in order to access qualitative and quantitative impacts on the adoption of the Standard. Accordingly, the main material impacts are the following:

(a) Classification and measurement

IFRS 9 determines that classification and measurement of financial assets shall be based on the business model used to manage them and on the characteristics of the contractual cash flows. IFRS 9 contains three main measurement classification categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Regarding classification and measurement of financial liabilities, the changes to IAS 39 introduced by IFRS 9 are residual.

EDPR Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value mostly all financial assets currently held at fair value.

At 31 December 2017, EDPR Group had equity investments classified as available for sale with a fair value of 8,584 thousand Euros that are held for long term strategic purposes. Under IFRS 9, EDPR Group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income (OCI), no impairment losses will be recognised in profit or loss and no gains and losses will be reclassified to profit or loss on disposal.

Loans and trade receivables are generally held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. EDPR Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 replaces the impairment recognition model based on the incurred credit losses by a forward looking expected credit loss (ECL) model. In summary, the new model foresees: (i) the recognition of expected credit losses at each reporting date, considering changes in the counterparty credit risk inherent to each financial instrument; (ii) the measurement of expected losses using models based on past events, actual and forecast of future conditions; and (iii) the increase in the relevance of the financial information to be disclosed, namely in terms of expected losses and counterparty credit risk.

IFRS 9 requires EDPR Group to record expected credit losses on all of its debt instruments measured at amortised cost or FVOCI (this includes loans, bank balances and deposits, trade receivables and debt securities), either on a 12-month or a lifetime basis.

Trade and other receivables, including contract assets

EDPR Group will apply the simplified approach and record lifetime expected losses on all trade receivables and contract assets, including those with a significant financing component.

The estimated ECLs will be calculated based on actual credit loss experience over a period that, per business and type of customers, was considered statistically relevant and representative of the specific characteristics of the underlying credit risk. When applicable, EDPR Group will perform the calculation of ECL rates separately for corporates and individuals.

Considering the particularities of each business, exposures were segmented based on common credit risk characteristics such as credit risk grade, geographic region and/or industry - for corporates; and type of product purchased - for individuals, as applicable. Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which historical data was collect, current conditions and EDPR Group's view of economic conditions over the expected lives of the receivables.

EDPR Group estimated that application of IFRS 9's impairment requirements at 1 January 2018 results in a non-significant amount over the impairment that would have resulted under IAS 39.

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. In order to avoid a partial application of IFRS hedge accounting premises, EDPR Group decided to continue to apply IAS 39 until the ongoing project on the accounting for macro hedging is completed. Therefore, EDPR Group will maintain its accounting policy, as described in Note 2 (d).

Nevertheless, focusing on the already established main premises, the adoption of IFRS 9 results in a more accurate representation of risk management activities in the financial statements. In addition, the criteria for the eligibility of hedged items is extended to risk components of non-financial elements, to net positions and to aggregate exposures. For hedging instruments, the main changes concern to the possibility of deferring certain effects in OCI (e.g., the time value of an option), until the hedged item impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall with a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

In summary, non-significant impacts are expected for the adoptions of IFRS 9.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. EDPR Group's assessment included an analysis to identify data gaps against current processes. EDPR Group is in process of implementing the system and controls changes that it believes will be necessary to capture the required data.

● IFRS 15 - Revenue from the Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, to replace existing revenue recognition guidance. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The new standard presents the principles that shall be applied by an entity in order to provide more useful information to users of financial statements about the nature, amount, term and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity shall recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology. This methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group plans to adopt IFRS 15 using the cumulative effect method (modified retrospective approach), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, EDPR Group will not apply the requirements of IFRS 15 to the comparative period presented.

The analysis performed resulted on the assessment of the following preliminary impacts:

(a) Sale of goods

Revenue related to the sale of energy is currently measured at fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after elimination of intra-group sales.

Revenue recognition occurs when the significant risks and rewards of ownership are transferred to the buyer, the entity retains neither continuing managerial involvement to the extent usually associated with ownership nor effective control over the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

The moment when an entity has transferred the significant risks and rewards of ownership to the buyer varies depending on the activities carried out by the overall EDPR Group companies.

For contracts with customers in which the sale of energy is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the EDPR Group’s revenue recognition pattern and timing. The EDPR Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Rendering of services

The revenue recognition related with services rendered is currently based on the percentage of completion of the transaction at the reporting date. This occurs when the amount of revenue can be reliably measured, when it is probable the existence of economic benefits associated with the transaction to the entity who sells, when the percentage of completion of the transaction at the reporting date can be reliably measured and the costs incurred with the transaction and the costs to be incurred to complete the transaction can be reliably measured. Whenever it is not possible to reliably measure the completion of a transaction involving services rendered, revenue is only recognised to the extent of the expenses recognised as recoverable.

EDPR Group concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15 the Group will continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point in time.

By applying a percentage of completion method, the Group currently recognises revenue and Trade and other receivables, even if receipt of the total consideration is conditional on successful completion of installation services. Under IFRS 15, earned consideration that is conditional should be recognised as a contract asset rather than receivable.

EDPR Group provides certain services either on their own or bundled together with the sale of goods (energy or equipment). Currently, EDPR Group accounts for the energy, equipment and services as separate deliverables. Under IFRS 15, allocation of the consideration will be made based on relative stand-alone selling prices. Hence, this allocation and, consequently, the timing of the amount of revenue recognised in relation to these sales would be affected. EDPR Group analysed these contracts and concluded that no material differences arises from the actual revenue recognition based on separate deliverables and the IFRS 15 stand-alone prices allocation.

Overall, the EDPR Group expects no impacts on its statement of financial position and equity for the adoption of IFRS 15.

Disclosures

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In 2017, the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

● IFRS 16 – Leases

The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

The main issues considered are as follows:

- inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and

- Introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

At the date of the publication of these consolidated financial statements, the EDPR Group has already carried out an inventory of the existing lease contracts and is currently performing a technical analysis considering the provisions of IFRS 16. In addition, EDP Group is revising the existing information systems in order to assess to what extent will be necessary to adapt them to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to the adoption of this standard.

The standards, amendments and interpretations issued but not yet effective for the Group with no significant impact are the following:

● IFRS 4 (Amended) - Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts;

● IFRS 9 (Amended) - Amendments to IFRS 9: Prepayment Features with Negative Compensation;

● IFRS 17 - Insurance Contracts;

● IAS 28 (Amended) - Long-term Interests in Associates and Joint Ventures;

- IFRIC 22 - Foreign Currency Transactions and Advance Payments;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- Annual Improvement Project (2014-2016);
- Annual Improvement Project (2015-2017).

41. 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 4,257 thousand Euros (31 December 2016: 3,721 thousand 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 lives. 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 269,454 thousand Euros as at 31 December 2017 (31 December 2016: 268,191 thousand Euros) (see note 30).

42. BUSINESS COMBINATIONS

In the first quarter of 2017, EDPR Group changed the method by which it consolidated Eólica de Coahuila, S.A. de C.V. from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation. The control was initially shared with Energía Bal, S.A. de C.V. due to its experience of managing projects in Mexico. The Shareholders Agreement already established that, with the entry into operation, EDPR International Investments B.V. would gain control of the company for its greater experience in the operational management of wind farms.

The Group used the financial statements as at 31 January 2017 to determine the fair value of assets and liabilities. This company has been fully consolidated from 1 February 2017.

Since the date of acquisition of full control over this portfolio, it has contributed to the consolidated financial statements with revenues from energy sales in the amount of 35,771 thousand Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 1,127 thousand Euros. Until the date in which the control was obtained, the shareholding previously held was consolidated by the equity method, therefore the result generated in 2017 until the gain of control, which amounts to gains of 271 thousands of Euros, was incorporated under the caption investment in joint ventures and associates.

Fair value of assets and liabilities identified at the control acquisition date are as follows:

THOUSAND EUROS	
ASSETS	
Property, plant and equipment	327,558
Other debtors and other assets	26,160
Cash and cash equivalents	26,498
TOTAL ASSETS	380,216
LIABILITIES	
Financial Debt	241,553
Other liabilities and other payables	105,754
TOTAL LIABILITIES	347,307
NET ASSETS	32,909

This transaction does not have any impact in the profit and loss of the consolidated financial statements since the previous investment as a joint venture, and therefore related net assets, were already registered at fair value.

Additionally, in the third quarter of 2017, EDP Renovables España, S.L. increased its financial interest in the Spanish SPV Tebar Eólica, S.A. from 50% to 100% and obtained the control of the company. This transition resulted in a change in its consolidation method from the equity method to the full consolidation method.

The Group used the financial statements as at 31 July 2017 to determine pre-acquisition results and, consequently, this company has been fully consolidated from 1 August 2017.

Since the date of acquisition of full control over this portfolio, it has contributed to the consolidated financial statements with revenues from energy sales in the amount of 2,644 thousand Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 761 thousand Euros. Until the date in which the control was obtained, the shareholding previously held was consolidated by the equity method, therefore the result generated in 2017 until the gain of control, which amount to losses of 446 thousand Euros, was incorporated under the caption investment in joint ventures and associates.

At year-end, EDPR has determined the fair value of the assets acquired and liabilities assumed. This valuation, which was based on the discounted cashflow method, came to an equity fair value of the portfolio in which EDPR takes control in the amount of 12,142 thousand Euros. Fair value of identifiable assets and liabilities at the acquisition date for the 50% acquired is presented as follows:

THOUSAND EUROS	
ASSETS	
Property, plant and equipment	9,813
Deferred tax assets	699
Other debtors and other assets	2,724
Cash and cash equivalentes	1,844
Total Assets	15,080
LIABILITIES	
Deferred tax liabilities	-
Other liabilities and other payables	9,274
Total Liabilities	9,274
Net Assets	5,806
Net Assets acquired (50%)	2,903
Fair value adjustment in Property, plant and equipment net of taxes	9,239
Fair Value of Net Assets acquired	12,142
Total consideration transferred for the acquisition	-7,500
Gain on acquisition	4,642
ACQUISITION CASH FLOW	
- Cash and cash equivalents of Banzi	922
- Total consideration transferred for the acquisition	-7,500
Net cash outflow	-6,578

The above valuation has determined a fair value for Property, plant and equipment in the amount of 12,319 thousand Euros, generating a net fair value adjustment of 9,239 thousand Euros and a corresponding deferred tax liability in the amount of 3,080 thousand Euros.

As EDPR Group had already a 50% stake in Tebar Eólica, S.A., this transaction was treated as a step acquisition under IFRS 3. Fair value of the net assets acquired amounts to 12,142 thousand Euros being the consideration transferred 7,500 thousand Euros, resulting in a gain on the acquisition of 4,642 thousand Euros, recorded under the "Other income" caption (see note 8)

During 2016 the EDPR Group acquired 100% of the Italian company Parco Eólico Banzi S.r.l. Fair value of the net assets acquired amounted to 47,610 thousand Euros being the consideration transferred 44,570 thousand Euros, resulting in a gain on the acquisition of 3,040 thousand Euros, recorded under the "Other income" caption.

During 2017 the EDPR Group has paid an amount of 27,829 thousand Euros as at 31 December 2017 (57,950 thousand Euros as at 31 December 2016) for acquisitions of companies and other payments related to financial assets mainly explained by:

- Payment for acquisition of additional shareholding in companies of the Group and success fees: 11,513 thousand Euros which includes 7,500 thousand Euros for the acquisition of 50% of Tebar Eólica, S.A. referred above; and
- Capital contributions in the offshore French companies Mer de Dieppe and Mer Vendee consolidated by the equity method for an amount of 15,546 thousand Euros.

43. OPERATING SEGMENTS REPORT

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 2. 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 North America, EDPR Canada and EDPR Mexico Group companies that operate in United States of America, Canada and Mexico, 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.

44. AUDIT AND NON-AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2017 and 2016. Fees for professional services provided by this company and the other related entities and persons in accordance with Royal-Decree 1/2011 of 1 July, for the year ended in 31 December 2017 and 2016, are as follows:

THOUSAND EUROS				31 DECEMBER 2017
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,346	1,073	150	2,569
Other audit-related services	11	4	-	15
	1,357	1,077	150	2,584
Other non-audit services	(*) 431	6	-	437
TOTAL	1,788	1,083	150	3,021

THOUSAND EUROS				31 DECEMBER 2016
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,477	1,161	126	2,764
Other audit-related services	193	7	-	200
	1,670	1,168	126	2,964
Other non-audit services	88	-	-	88
	88	-	-	88
TOTAL	1,758	1,168	126	3,052

(*) This amount includes, between others, services that refer to the entire Group such as the review of the internal control system on financial reporting and review of the non-financial information related to sustainability included in the EDPR Group's annual report, which are invoiced to an European company. Variation with respect to the previous year mainly refer to the mentioned review of the internal control system on financial reporting and to the quarterly review of the Spanish and Portuguese companies' financial statements which are considered non-audit services according to the respective local regulations.

Annex 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2017 and 2016, are as follows:

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % 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.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EUROPE GEOGRAPHY / PLATFORM						
Spain						
EDP Renewables Europe, S.L.U. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100,00%
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.	48.39%	60.09%	48.39%	60.09%
Bon Vent de Corbera, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.U.	Barcelona	KPMG	100.00%	51.00%	100.00%	51.00%
Bon Vent de Vilalba, S.L.U.	Barcelona	KPMG	100.00%	51.00%	100.00%	51.00%
Compañía Eólica Campo de Borja, S.A.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Catalanes Del Viento, S.L.U.	Barcelona	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Almarchal, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Buenavista, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Corme, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Galicia, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Lugo, S.A.U.	Lugo	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Tarifa, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
Desarrollos Eólicos Dumbria, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Rabosera, S.A.U.	Huesca	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
EDP Renovables España, S.L.U.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Cantabria, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
EDPR Participaciones, S.L.U.	Oviedo	KPMG	51.00%	51.00%	51.00%	51.00%
EDPR Yield Spain Services, S.L.U.	Madrid	n.a.	0.00%	0.00%	100.00%	100.00%
EDPR Yield, S.A.U.	Oviedo	KPMG	100.00%	100.00%	100.00%	100,00%
Energías Eólicas de la Manchuela, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica Arlanzón, S.A.	Madrid	KPMG	85.00%	85.00%	77.50%	77,50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica de Radona, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica del Alfoz, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Don Quijote, S.L.U.	Albacete	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica Dulcinea, S.L.U.	Albacete	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Fontesilva, S.L.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Eólica Guadalteba, S.L.U.	Sevilla	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica La Brújula, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Janda, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100,00%
Eólica La Navica, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Muxía, S.L.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100,00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	94.00%	94.00%	94.00%	94.00%
Investigación y Desarrollo de Energías Renovables IDER, S.L.U.	León	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Molino de Caragüeyes, S.L.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Neo Energía Aragón, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.U.	Barcelona	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Serra Voltorera, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	92.50%	92.50%	92.50%	92.50%
Parque Eólico Belchite, S.L.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	69.84%	69.84%	69.84%	69,84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100,00%
Parque Eólico Santa Quiteria, S.L.	Huesca	KPMG	100.00%	83.96%	100.00%	83.96%
Parques de Generación Eólica, S.L.U.	Burgos	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parques Eólicos del Cantábrico, S.A.U.	Oviedo	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
EDPR Offshore España, S.L. (Ex South África Wind & Solar Power, S.L.U.)	Oviedo	n.a.	100.00%	100.00%	100.00%	100.00%
Tébar Eólica, S.A.	Madrid	Abante Audit Auditores, S.L.	100.00%	100.00%	50.00%(**)	50.00%(**)

(*) Company merged into EDP Renovables España, S.L. in 2017
(**) Company consolidated through the equity method in 2016

Portugal						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51.00%	51.00%	51.00%	51.00%
EDP Renewables SGPS, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR PT - Parques Eólicos, S.A.	Porto	KPMG	51.00%	51.00%	100.00%	100.00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR Yield Portugal Services, Unipessoal Lda.	Porto	KPMG	0.00%	0.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	30.60%	60.00%	30.60%
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica da Lajeira, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	25.55%	50.10%	22.55%
Eólica da Terra do Mato, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica das Serras das Beiras, S.A.	Arganil	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	KPMG	50.10%	22.55%	50.10%	22.55%
Eólica do Alto da Lagoa, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Alto da Teixosa, S.A.	Cinfães	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Alto do Mourisco, S.A.	Boticas	KPMG	100.00%	51.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Eólica do Cachopo, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica do Castelo, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica do Espigão, S.A.	Miranda do Corvo	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Velão, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	KPMG	100,00%	51.00%	100.00%	100.00%
Gravitangle - Fotovoltaica Unipessoal, Lda.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica da Linha (Ex Parque Eólico da Serra do Oeste, S.A.)	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico de Torrinheiras, S.A.	Porto	n.a.	0.00%(**)	0.00%(**)	100.00%	100.00%
Parque Eólico do Cabeço Norte, S.A.	Porto	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parque Eólico do Pinhal do Oeste, S.A.	Porto	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica do Sincelo, S.A. (Ex Parque Eólico do Planalto, S.A.)	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Stirlingpower, Unipessoal Lda.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
(*) Company merged into Eólica do Sincelo, S.A. in 2017						
(**) Company merged into Eólica da Linha, S.A. in 2017						
France						
EDP Renewables France, S.A.S.	Paris	KPMG	51.00%	51.00%	51.00%	51.00%
EDPR France Holding, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Bourbriac II, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100,00%
Centrale Eolienne Canet-Pont de Salars, S.A.S.	Paris	KPMG	50,96%	25.99%	50.96%	25.99%
Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	51,00%	26.01%	51.00%	26.01%
Centrale Eolienne Neo Truc de L'Homme, S.A.S.	Paris	KPMG	100,00%	51.00%	100.00%	51.00%
Centrale Eolienne Patay, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Saint Barnabé, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Segur, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
EDPR Offshore France, S.A.S.(Ex EDPR Yield France Services, S.A.S.)	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Eolienne D'Etalondes, S.A.R.L.	Paris	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%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Neo Plouvien, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51,00%
Parc Éolien d'Escardes, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Boqueho-Pouagat, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Citernes, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Dammarie, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Flavin, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Francourville, S.A.S	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Parc Éolien de Louvières, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Preuseville, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Prouville, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Tarzy, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Eolien de Varimpre, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Parc Eolien des Longs Champs, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Parc Eolien du Clos Bataille, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
SOCPE de la Mardelle, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
SOCPE de la Vallée du Moulin, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
SOCPE de Sauvageons, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE des Quinze Mines, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE Le Mee, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE Petite Pièce, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
Parc Éolien de Paudy, S.A.S.	Paris	Brigitte Soudier	100.00%	100.00%	0.00%	0.00%
Poland						
EDP Renewables Polska HoldCo, S.A.	Warsaw	KPMG	51.00%	51.00%	51.00%	51,00%
EDP Renewables Polska OPCO, S.A.	Warsaw	VGD Audyt	100.00%	100.00%	100.00%	100,00%
EDP Renewables Polska, Sp. z o.o.	Warsaw	KPMG	100.00%	100.00%	100.00%	100,00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Masovia Wind Farm I, Sp. z o.o.	Warsaw	KPMG	100.00%	100.00%	100.00%	100,00%
Miramit Investments, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Molen Wind II, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Morska Farma Wiatrowa Gryf, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100,00%
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Morska Farma Wiatrowa Pomorze, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100.00%
Radziejów Wind Farm, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Relax Wind Park I, Sp. zo.o.	Warsaw	KPMG	100.00%	51.00%	100,00%	51,00%
Relax Wind Park II, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100,00%
Relax Wind Park III, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Relax Wind Park IV, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania						
EDPR RO PV, S.r.l.	Bucharest	n.a.	100.00%	100.00%	100.00%	100.00%
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%
Foton Delta, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
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%
Potelu Solar, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR România, S.R.L. (Ex S. C. Ialomita Power, S.r.l.)	Bucharest	KPMG	100,00%	100.00%	100.00%	100.00%
Sibioara Wind Farm, S.r.l.	Bucharest	KPMG	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%
VS Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
United Kingdom						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100,00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	100,00(*)	76.70%(*)	100.00%	100.00%
Moray Offshore Renewables Power Limited	Cardiff	KPMG	100,00%	100.00%	100.00%	100.00%
Moray Offshore Windfarm (East) Ltd	Cardiff	KPMG	76.70%(*)	76.70%(*)	100.00%	100.00%
Moray Offshore Windfarm (West) Limited	Cardiff	KPMG	100,00%	100.00%	100.00%	100.00%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	100,00%(*)	76.70%(*)	100.00%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	100,00%(*)	76.70%(*)	100.00%	100.00%
(*) Company consolidated through the equity method from August 2017						
Italy						
EDP Renewables Italia, S.r.l.	Milan	KPMG	51.00%	51.00%	51.00%	51.00%
EDP Renewables Italia Holding, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Castellaneta Wind, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
Laterza Wind, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
Pietragalla Eolico, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
Re Plus, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
TACA Wind, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
WinCap, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
AW 2, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Conza Energia, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Lucus Power, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Parco Eolico Banzi, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
San Mauro, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Sarve, S.r.l.	Milan	n.a.	0.00%	0.00%	51.00%	51.00%
T Power, S.p.A.	Milan	Baker Tilly Revisa	100.00%	100.00%	100.00%	100.00%
Tivano, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
VRG Wind 127, S.r.l.	Rovereto	n.a.	0.00%	0.00%	100.00%	100.00%
VRG Wind 149, S.r.l.	Rovereto	n.a.	0.00%	0.00%	100.00%	100.00%
Belgium						
EDP Renewables Belgium, S.A.	Brussels	KPMG	100.00%	100.00%	100.00%	100.00%
Greenwind, S.A.	Brussels	KPMG	100.00%	51.01%	100.00%	51,01%
The Netherlands						
EDPR International Investments B.V.	Amsterdam	KPMG	100.00%	100.00%	100.00%	100,00%
NORTH AMERICA GEOGRAPHY / PLATFORM						
México						
EDPR Servicios de México, S. de R.L. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	100.00%	100.00%
Vientos de Coahuila, S.A. de C.V.	Ciudad de México	n.a.	100,00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Eólica de Coahuila, S.A. de C.V.	Ciudad de México	KPMG	51.00%	51.00%	51.00% (*)	51.00% (*)

(*) Company consolidated through the equity method in 2016

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
USA						
EDP Renewables North America, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
17th Star Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
2007 Vento I, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100,00%
2007 Vento II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2008 Vento III, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2009 Vento IV, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2009 Vento V, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2009 Vento VI, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
2010 Vento VII, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2010 Vento VIII, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2011 Vento IX, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2011 Vento X, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100,00%
2014 Sol I, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2017 Sol II LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
2014 Vento XI, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2014 Vento XII, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2015 Vento XIII, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2015 Vento XIV, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2016 Vento XV LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2016 Vento XVI LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2017 Vento XVII LLC	Delaware	KPMG	100,00%	100.00%	0.00%	0.00%
Alabama Ledge Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Arbuckle Mountain Wind Farm, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
Arkwright Summit Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
Aroostook Wind Energy, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Ashford Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, LLC	Delaware	n.a.	100,00%	100,00%	100.00%	100.00%
Athena-Weston Wind Power Project, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Avondale Solar Park LLC	Delaware	n.a.	100,00%	100.00%	0.00%	0.00%
AZ Solar, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100,00%
BC2 Maple Ridge Holdings, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
Big River Wind Power Project LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, LLC	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, LLC	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, LLC	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V, LLC	Texas	KPMG	100.00%	51.00%	100.00%	51.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Blue Canyon Windpower VI, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Harvest Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Blue Marmot I LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Drake Peak Solar Park LLC (Ex Blue Marmot III LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot IV LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot IX LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VII LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VIII LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot X LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot XI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cameron Solar LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Castle Valley Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Chateaugay River Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Coldwater Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Cloud West Wind Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Crittenden Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Cropsey Ridge Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Dry Creek Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
East Klickitat Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park II LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park III LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park IV LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park V LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park VI LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR Offshore North America LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR Solar Ventures I, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Solar Ventures II, LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR South Table LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Vento I Holding, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Vento IV Holding LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR WF, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XI, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XII, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XIII, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XIV, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XV LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XVI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XVII LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Estill Solar I LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Five-Spot, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Ford Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Green Country Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Green Power Offsets, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, LLC	Delaware	n.a.	75,00%	75.00%	75.00%	75.00%
Hampton Solar II LLC	Delaware	KPMG	100,00%	100.00%	0.00%	0.00%
Headwaters Wind Farm, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Headwaters Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
High Trail Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Hog Creek Wind Project LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Horizon Wind Chocolate Bayou I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Freeport Windpower I LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, LLC	Delaware	n.a.	75.00%	75.00%	75.00%	75.00%
Horizon Wind Ventures I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures IC, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures IX, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures VI, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horse Mountain Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Indiana Crossroads Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Indiana Crossroads Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Jericho Rise Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Lexington Chenoa Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lone Valley Solar Park I, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Lone Valley Solar Park II, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Long Hollow Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Lost Lakes Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Meadow Lake Wind Farm II, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm VI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rosewater Wind Farm LLC (Ex Meadow Lake Wind Farm VII LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Moran Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Nine Kings Transco LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
North Slope Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
OPQ Property, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Paulding Wind Farm III, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm VI LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Peterson Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Poplar Camp Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Prairie Queen Wind Farm LLC (Ex Pioneer Prairie Interconnection, LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Post Oak Wind, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Quilt Block Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Rail Splitter Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Redbed Plains Wind Farm LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Reloj del Sol Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Renville County Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Rising Tree Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm III, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Riverstart Solar Park II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Riverstart Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Riverstart Solar Park III LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Riverstart Solar Park IV LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Riverstart Solar Park V LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Rolling Upland Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Rush County Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Spruce Ridge Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sustaining Power Solutions, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sweet Stream Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Telocaset Wind Power Partners, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Timber Road Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Tug Hill Windpower, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm II LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Western Trail Wind Project I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Holding, LLC	Delaware	KPMG	51.00%	51.00%	51.00%	51.00%
Wheatfield Wind Power Project, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Whiskey Ridge Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
White Stone Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Whitestone Wind Purchasing, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wildcat Creek Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Wilson Creek Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Canada						
EDP Renewables Canada Ltd.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada LP Holdings Ltd.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables SH Project GP Ltd.	British Columbia	n.a.	100,00%	100.00%	100.00%	100.00%
EDP Renewables SH Project Limited Partnership	Alberta	n.a.	100.00%	100.00%	100.00%	100.00%
Nation Rise Wind Farm GP Inc.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
Nation Rise Wind Farm LP	Ontário	n.a.	100.00%	100.00%	100.00%	100.00%
SBWFI GP Inc	British Columbia	n.a.	51.00%	51.00%	51.00%	51.00%
South Branch Wind Farm II GP Inc.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
South Branch Wind Farm II LP	Ontário	n.a.	100.00%	100.00%	100.00%	100.00%
South Dundas Wind Farm LP	Ontário	KPMG	51.00%	51.00%	51.00%	51.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
SOUTH AMERICA GEOGRAPHY / PLATFORM:						
Brazil						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	100.00%	100.00%	100.00%	100.00%
Central Eólica Aventura I, S.A.	São Paulo	n.a.	50.99%	50.99%	50.99%	50.99%
Central Eólica Aventura II, S.A.	São Paulo	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia I, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia II, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia III, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia IV, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia V, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Babilônia Holding, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Baixa do Feijão I, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão II, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão III, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica JAU, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Elebrás Projetos, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%

SOUTH AFRICA GEOGRAPHY / PLATFORM						
South Africa:						
EDP Renewables South Africa, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	100.00%	100.00%
Dejann Trading and Investments, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	100.00%	100.00%
Jouren Trading and Investments, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	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 2017, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	KPMG	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$ 534,426,287	Delaware	KPMG	50.00%	50.00%
Flat Rock Windpower II, LLC	$ 209,647,187	Delaware	KPMG	50.00%	50.00%
Les Eoliennes Flottantes du Golfe du Lion,S.A.S	€ 40,000	Montpellier	E&Y	35.00%	35.00%
MacColl Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%
Moray Offshore Windfarm (East) Ltd	GBP 10,000,000	Carfiff	KPMG	76.70%	76.70%
Stevenson Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%
Telford Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2016, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	KPMG	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$7,189,723	Ciudad de Mexico	n.a.	51,00%	51,00%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$530,426,287	Delaware	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$208,647,187	Delaware	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2017, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,870,030	Barcelona	Jordi Guilera Valls	13,29%	13,29%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power, LLC	$40,364,480	Texas	PwC	25.00%	25.00%
Desarollos Eolicos de Canárias, S.A.	€ 1,817,130	Gran Canaria	KPMG	44.75%	44.75%
Éoliennes en Mer de Dieppe - Le Tréport, SAS	€ 31,436,000	Bois Guillaume	E&Y	43.00%	43.00%
Éoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 36,376,000	Nantes	E&Y	43.00%	43.00%
Les Eoliennes en Mer Services, S.A.S.	€ 40,000	Courbevoie	E&Y	100.00%	43.00%
Nine Kings Wind Farm LLC	-	Delaware	n.a.	50.00%	50.00%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,193,970	Madrid	E&Y	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

The Associated Companies included in the consolidation under the equity method as at 31 December 2016, 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	Jordi Guilera Valls	13,29%	13,29%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power, LLC	$40,364,480	Texas	PwC	25.00%	25.00%
Desarollos Eolicos de Canárias, S.A.	€ 2.391.900	Gran Canaria	KPMG	44.75%	44.75%
Éoliennes en Mer de Dieppe - Le Tréport, SAS	€ 14,471,028	Bois Guillaume	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 17,187,000	Nantes	E&Y	43.00%	43.00%
Les Eoliennes en Mer Services, S.A.S.	€ 40,000	Courbevoie	E&Y	100.00%	43.00%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Madrid	E&Y	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

(*) Balances related to the company Inch Cape Offshore Limited were reclassified to assets held for sale as of December 31, 2016

The summarised financial information for subsidiaries with significantl non-controlling interests as at 31 December 2017, are as follows:

THOUSAND EUROS	2007 VENTO II, LLC	2008 VENTO III, LLC	EÓLICA DE COAHUILA S.A	EDP RENEWABLES FRANCE S.A.S.	EDP RENOVAVEIS PORTUGAL S.A.
Non-Current Assets	458,666	544,654	295,829	210,586	479,706
Current Assets	-	-	37,491	12,954	-
Non-Current Liabilities	197,192	93,207	251,263	36,741	74,596
Current Liabilities	-	-	50,149	41,744	283,611
Revenues	-	-	31,673	25,876	138,418
Net profit for the year	17,008	15,554	1,127	3,784	28,257
Dividends paid to Non-controlling interests	-	-	-	-	19,600

THOUSAND EUROS	2014 VENTO XI, LLC	2015 VENTO XIII, LLC	EDPR PARTICIPACIONES, S.L.U.	EDP RENEWABLES POLSKA HOLDCO, S.A.	EDP RENEWABLES ITALIA, S.R.L.
Non-Current Assets	256,919	286,237	351,867	248,767	158,287
Current Assets	-	-	-	-	19,542
Non-Current Liabilities	142,144	183,478	83,961	16,587	70,360
Current Liabilities	-	2	309	19,132	52,403
Revenues	-	-	0	-26	15,493
Net profit for the year	4,316	6,223	-55	-779	830
Dividends paid to Non-controlling interests	-	-	9,095	-	-

The summarised financial information for subsidiaries with significant non-controlling interests as at 31 December 2016, are as follows:

THOUSAND EUROS	2007 VENTO II, LLC	2008 VENTO III, LLC	2014 VENTO XI, LLC	EDP RENOVAVEIS FRANCE S.A.S.	EDP RENOVAVEIS PORTUGAL S.A.
Non-Current Assets	581,868	679,028	310,763	217,868	489,993
Current Assets	-	-	-	9,702	32,064
Non-Current Liabilities	320,108	198,072	171,254	42,852	86,504
Current Liabilities	-	-	-	47,962	302,498
Revenues	-	-	-	26,543	142,160
Net profit for the year	15,630	12,854	3,063	992	28,953
Dividends paid to Non-controlling interests	-	-	-	-	24,790

THOUSAND EUROS	2015 VENTO XIV, LLC	2015 VENTO XIII, LLC	EDPR PARTICIPACIONES, S.L.U	EDP RENEWABLES POLSKA HOLDCO, S.A.	EDP RENEWABLES ITALIA, S.R.L.
Non-Current Assets	311,230	348,595	351,424	233,997	167,147
Current Assets	-	-	2,293	79	8,778
Non-Current Liabilities	220,808	214,573	89,561	15,562	79,743
Current Liabilities	-	1	575	16,865	46,133
Revenues	-	-	-	-	15,933
Net profit for the year	1,258	1,241	-107	-1,393	789
Dividends paid to Non-controlling interests	-	-	8,506	-	-

Annex 2

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2017

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	943,217	598,220	62,809	1,604,246
Income from institutional partnerships in U.S. wind farms	-	225,568	-	225,568
	943,217	823,788	62,809	1,829,814
Other operating income	65,858	22,109	6,539	94,506
Supplies and services	-166,518	-155,882	-9,186	-331,586
Personnel costs and Employee benefits expenses	-29,793	-50,125	-2,138	-82,056
Other operating expenses	-84,172	-41,314	-1,721	-127,207
	-214,625	-225,212	-6,506	-446,343
Gross operating profit	728,592	598,576	56,303	1,383,471
Provisions	-175	367	-7	185
Amortisation and impairment	-291,397	-258,881	-10,248	-560,526
Operating profit	437,020	340,062	46,048	823,130
Share of profit of associates	3,018	1,862	-	4,880
Assets	6,670,632	7,868,015	428,356	14,967,003
Liabilities	350,161	920,340	21,980	1,292,481
Operating Investment	149,995	707,874	192,246	1,050,115

Note: The Segment "Europe" includes: i) revenues in the amount of 396,847 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,336,452 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSAND EUROS	
Revenues of the Reported Segments	1,604,246
Revenues of Other Segments	21,991
Elimination of intra-segment transactions	-24,618
Revenues of the EDPR Group	1,601,619
Gross operating profit of the Reported Segments	1,383,471
Gross operating profit of Other Segments	-17,374
Elimination of intra-segment transactions	221
Gross operating profit of the EDPR Group	1,366,318
Operating profit of the Reported Segments	823,130
Operating profit of Other Segments	-17,815
Elimination of intra-segment transactions	-2,178
Operating profit of the EDPR Group	803,137
Assets of the Reported Segments	14,967,003
Not Allocated Assets	1,120,518
Financial Assets	742,910
Tax assets	136,620
Debtors and other assets	240,988
Assets of Other Segments	-
Elimination of intra-segment transactions	136,282
Assets of the EDPR Group	16,223,803
Investments in joint ventures and associates	303,518
Liabilities of the Reported Segments	1,292,481
Not Allocated Liabilities	5,846,544
Financial Liabilities	3,236,963
Institutional partnerships in U,S, wind farms	2,163,722
Tax liabilities	445,866
Payables and other liabilities	-7
Liabilities of Other Segments	1
Elimination of intra-segment transactions	1,189,625
Liabilities of the EDPR Group	8,328,651
Operating Investment of the Reported Segments	1,050,115
Operating Investment of Other Segments	983
Operating Investment of the EDPR Group	1,051,098

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Income from institutional partnerships in U.S. wind farms	225,568	-	-	225,568
Other operating income	94,506	469	-35	94,940
Supplies and services	-331,586	-18,642	23,342	-326,886
Personnel costs and Employee benefits expenses	-82,056	-17,444	-1,261	-100,761
Other operating expenses	-127,207	-3,747	2,792	-128,162
Provisions	185	-	-1	184
Amortisation and impairment	-560,526	-441	-2,398	-563,365
Share of profit of associates	4,880	-	-2,172	2,708

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2016

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	913,005	507,639	34,378	1,455,022
Income from institutional partnerships in U.S. wind farms	-	197,544	-	197,544
	913,005	705,183	34,378	1,652,566
Other operating income	34,620	23,226	1,534	59,380
Supplies and services	-161,985	-139,492	-7,325	-308,802
Personnel costs and Employee benefits expenses	-30,335	-43,875	-2,080	-76,290
Other operating expenses	-88,834	-43,510	-1,438	-133,782
	-246,534	-203,651	-9,309	-459,494
Gross operating profit	666,471	501,532	25,069	1,193,072
Provisions	-4,795	90	-	-4,705
Amortisation and impairment	-301,888	-289,130	-7,988	-599,006
Operating profit	359,788	212,492	17,081	589,361
Share of profit of associates	1,748	533	-	2,281
Assets	6,823,683	8,127,174	288,955	15,239,812
Liabilities	341,094	1,139,762	7,272	1,488,128
Operating Investment	131,590	840,930	56,764	1,029,284

Note: The Segment "Europe" includes: i) revenues in the amount of 377,244 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,990,438 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSAND EUROS	
Revenues of the Reported Segments	1,455,022
Revenues of Other Segments	18,289
Elimination of intra-segment transactions	-20,097
Revenues of the EDPR Group	1,453,214
Gross operating profit of the Reported Segments	1,193,072
Gross operating profit of Other Segments	-15,893
Elimination of intra-segment transactions	-6,228
Gross operating profit of the EDPR Group	1,170,951
Operating profit of the Reported Segments	589,361
Operating profit of Other Segments	-16,566
Elimination of intra-segment transactions	-8,836
Operating profit of the EDPR Group	563,959
Assets of the Reported Segments	15,239,812
Not Allocated Assets	1,415,622
Financial Assets	997,571
Tax assets	153,475
Debtors and other assets	264,576
Assets of Other Segments	25,312
Elimination of intra-segment transactions	53,723
Assets of the EDPR Group	16,734,469
Investments in joint ventures and associates	340,120
Liabilities of the Reported Segments	1,488,128
Not Allocated Liabilities	7,092,908
Financial Liabilities	3,406,069
Institutional partnerships in U,S, wind farms	2,339,425
Tax liabilities	453,532
Payables and other liabilities	893,882
Liabilities of Other Segments	15,023
Elimination of intra-segment transactions	565,396
Liabilities of the EDPR Group	9,161,455
Operating Investment of the Reported Segments	1,029,284
Operating Investment of Other Segments	77
Operating Investment of the EDPR Group	1,029,361

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Other operating income	59,380	1,495	-7,123	53,752
Supplies and services	-308,802	-16,441	20,503	-304,740
Personnel costs and Employee benefits expenses	-76,290	-17,604	-	-93,894
Other operating expenses	-133,782	-1,631	488	-134,925
Provisions	-4,705	-	-	-4,705
Amortisation and impairment	-599,006	-673	-2,608	-602,287
Share of profit of associates	2,281	-	-2,466	-185

EDP Renováveis, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2017

Consolidated Directors' Report

2017

(With Independent Auditor's Report Thereon)

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Independent Auditor's Report on the Consolidated Annual Accounts

To the shareholders of EDP Renováveis, S.A.:

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Parent") and subsidiaries (the "Group") which comprise the consolidated statement of financial position at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, plant and equipment and goodwill (Euros 13,185,201 thousand and Euros 1,297,226 thousand, respectively): Recoverable amount See notes 15 and 17 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The recovery of property, plant and equipment and goodwill depends on sufficient cash flows being obtained in future business. Most of the Group's property, plant and equipment pertain to assets to generate renewable energy in the areas in which it operates: Europe, North America and Brazil. Goodwill is also allocated to these areas (Euros 636,089 thousand to Europe and Euros 659,144 thousand to North America, mainly). The recoverable amount of property, plant and equipment and goodwill are directly affected by the energy regulatory framework in each of the countries in which the Group operates. Every year the Group estimates the recoverable amount using valuation techniques which require judgement by the Directors and the use of key assumptions and estimates, such as future energy sale prices, inflation rates, discount rates, country risk rates, amongst others. Due to the uncertainty associated with these estimates, this has been considered a key audit matter.	Our audit procedures included, inter alia, an assessment of the design and implementation of the relevant controls related to the calculation of the recoverable amount of renewable energy assets. - Understanding of the process for determining and calculating of recoverable amount. - Testing of the design and implementation of the key controls in the process for calculating the recoverable amount of property, plant and equipment and goodwill. Our substantive procedures on the recoverable amount of the property, plant and equipment and goodwill mainly consisted of: - With the help of our valuation specialists, we have assessed the reasonableness of the key assumptions and methodology used, comparing the information considered in the model with the sector, economic and financial information available through external sources and with the Group's historical data. - Verification of whether the assumptions of the growth of cash flows are consistent with the plans approved by the Executive Committee and/or Board. In addition, we assessed whether the disclosures included in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Transactions with non-controlling interests See note 5 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group's strategy is to sell non-controlling interests (typically 49%) in its wind energy projects to third parties. In 2017 49% of the subsidiary EDPR PT-Parques Eólicos, S.A. was sold to a third party for Euros 247.7 million. The accounting of this transaction is complex and requires the analysis of the control still held by the Group following the transaction (IFRS 10) and the accounting and valuation of non-controlling interests (IAS 32 capital or debt instruments).	Our audit procedures included, inter alia, an assessment of the relevant controls related to the process of recognising non-controlling interest sales transactions: - Understanding of the transaction process with non-controlling interests. - Testing of the design and implementation of the key controls in the transaction process with non-controlling interests. Our substantive procedures - Analysis of sale-purchase agreements and agreements between shareholders, related to the transaction. - Review of the memorandum analysing the transaction carried out by the Company. - Evaluation of compliance with the accounting criteria for this type of transactions and the recognition in the financial statements. We have also assessed whether the disclosures in the consolidated annual accounts regarding the transaction and the aforementioned process meet the requirements of the applicable financial reporting framework.

KPMG

Valuation and classification of derivative financial instruments (Euros 46,620 and Euros 384,397 thousand) See note 35 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group is exposed to various financial risks including changes in energy prices, exchange rates and interest rates. Management used financial instruments to minimise the impact of these risks, in coordination with EDP - Energías de Portugal, S.A.'s financial department. The Group also hedges the net investments of its subsidiaries outside Spain. Derivatives designated as accounting hedges must meet strict criteria with respect to documentation and the effectiveness of the hedge on inception. The fair value of derivative financial instruments is determined using valuation techniques that take into consideration unobservable market data or complex pricing models that require a high degree of judgement, as, for example, with instruments valued using Level 2 variables (IFRS 13). Given the complexity of complying with the legislation in force governing the identification, measurement and classification of hedging instruments and the correct measurement of their effectiveness, we have considered this to be a key audit matter.	Our audit procedures included the following: - An assessment of the relevant controls related to the process of identifying, valuing and classifying the derivative financial instruments. - Testing of the design and implementation of the key controls in the derivative financial instrument process. Our substantive procedures on derivative financial instruments mainly consisted of: - Performing substantive tests to evaluate whether a sample of derivative financial instruments has been correctly measured. Our specialists in financial instruments were involved in these procedures. - Comparison of observable inputs in reasonable valuation models, such as interest rates, price curves and exchange rates, using externally available market data, and evaluating whether the valuation models and methodology used by the Group are in line with generally accepted practice. - For instruments where the valuation of input is not observable we have selected a sample and, with the assistance of our specialists in financial instruments, we have evaluated the assumptions and models used by the Group, considering alternative methods available and sensitivities to key factors.

	- We assessed the reasonableness of the measurement of the effectiveness of the accounting hedges and whether the outcome is within the range defined by accounting legislation. Furthermore, we have evaluated whether the information disclosed in the notes to the consolidated annual accounts in this regard is appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2017 Consolidated Directors' Report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

Estíbaliz Bilbao Belda
On the Spanish Official Register of
Auditors ("ROAC") with No. 16.109

27 February 2018

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renováveis, S.A.

Further to your request, and in accordance with our engagement letter dated 4th September 2017, we have examined the System of Internal Control over Financial Reporting of EDP Renováveis, S.A. (the Parent) and subsidiaries (the Group).This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Board of Directors of the Company and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and defining the content of and preparing the accompanying information concerning the System of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Group's System of Internal Control over Financial Reporting based on our examination.

An entity's 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's System of Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Due to the limitations inherent in any internal control system, there is always a possibility that the System of Internal Control over Financial Reporting may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2017, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 27 February 2018 we issued our unqualified audit report on the consolidated annual accounts of the Group for 2017, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao

27 February 2018

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 31st December 2017 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 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 31st December 2017 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31st December 2017 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 | Board Member

27 February 2018

EDP Renewables Europe S.L
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Hoja nº AS-32359, C.I.F. A-74137100

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 31st 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 26th, 2018.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

João Paulo Nogueira da Sousa Costeira

Duarte Melo de Castro Belo

Miguel Ángel Prado Balboa

Nuno Maria Pestana de Almeida Alves

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 António Ferreira Machado

Gilles August

Manuel Menéndez Menéndez

Allan J. Katz

Francisca Guedes de Oliveira

Francisco Seixas da Costa