



EDP – Energias do Brasil S.A.

Interim Accounting Information

Period ended June 30, 2019

EDP - ENERGIAS DO BRASIL S.A.
BALANCE SHEETS AT
(In thousands of reais)



		Parent Company		Consolidated	
	Note	06/30/2019	12/31/2018	06/30/2019	12/31/2018
ASSETS					
Current assets					
Cash and cash equivalents	5	1,183,981	907,984	2,325,380	2,203,392
Securities receivable		1,141	1,562		
Securities	6			164,236	174,463
Accounts receivable	7			2,634,623	2,486,112
Recoverable income tax and social contribution	9	55,086	99,536	150,328	350,533
Other recoverable taxes	9	55,179	74,917	268,694	282,349
Dividends	13	307,853	180,421	10,403	5,717
Inventories	12			198,088	266,965
Pledges and restricted deposits		222	222	705,098	687,232
Sectorial financial assets	8			263,153	366,149
Other receivables	14	60,345	17,843	241,286	194,818
		<u>1,663,807</u>	<u>1,282,485</u>	<u>6,961,289</u>	<u>7,017,730</u>
Non-current assets held for sale	15	209,040		334,468	
Total current assets		<u>1,872,847</u>	<u>1,282,485</u>	<u>7,295,757</u>	<u>7,017,730</u>
Non-current assets					
Securities receivable		24,903	24,529		
Concession assets	18			1,595,552	818,662
Indemnifiable financial assets	19			2,590,781	2,308,855
Accounts receivable	7			93,528	92,246
Other recoverable taxes	9			995,501	238,768
Deferred taxes	10			732,857	741,134
Loans receivable	11	113,330	225,556	23,714	22,809
Advance for future capital increase	11		95,170		36,000
Pledges and restricted deposits		9,239	8,840	294,667	282,458
Sectorial financial assets	8			5,613	122,438
Other receivables	14	13,245	14,555	64,143	65,954
		<u>160,717</u>	<u>368,650</u>	<u>6,396,356</u>	<u>4,729,324</u>
Investments	16	8,134,495	8,147,406	2,037,041	2,024,618
Investment properties		9,901	9,901	12,066	12,163
Property, plant and equipment	20	36,779	31,734	6,376,240	6,661,984
Intangible asset	21	30,602	29,665	2,317,904	2,326,252
		<u>8,211,777</u>	<u>8,218,706</u>	<u>10,743,251</u>	<u>11,025,017</u>
Total non-current assets		<u>8,372,494</u>	<u>8,587,356</u>	<u>17,139,607</u>	<u>15,754,341</u>
TOTAL ASSETS		<u>10,245,341</u>	<u>9,869,841</u>	<u>24,435,364</u>	<u>22,772,071</u>

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
BALANCE SHEETS AT
(In thousands of reais)



		Parent Company		Consolidated	
	Note	06/30/2019	12/31/2018	06/30/2019	12/31/2018
LIABILITIES					
Current liabilities					
Suppliers	22	10,138	18,542	1,696,457	1,610,976
Income tax and social contribution payable	9			50,583	58,994
Other taxes payable	9	12,437	94,022	363,872	509,449
Deferred taxes	10			1,365	1,214
Dividends	13	415,978	378,795	452,460	429,957
Debentures	23	82,360	80,256	1,127,296	586,067
Loans, financing and debt charges	24			698,371	805,169
Post-employment benefits	25	17	13	48,905	49,442
Sectorial charges	26			124,372	154,262
Use of Public Property				28,565	28,405
Refund for unavailability				64,217	64,534
Provisions	27			42,428	29,871
Sectorial financial liabilities	8			1,470	1,122
Other accounts payable	14	49,368	43,901	292,555	238,369
		570,298	615,529	4,992,916	4,567,831
Non-current liabilities held-for-sale	15			78,354	
Total current liabilities		570,298	615,529	5,071,270	4,567,831
Non-current liabilities					
Other taxes payable	9	24,219	26,471	368,979	389,341
Deferred taxes	10	206,297	207,372	536,148	436,207
Debentures	23	480,707	468,622	4,502,617	4,317,478
Loans, financing and debt charges	24			1,448,322	1,750,083
Post-employment benefits	25			699,395	723,788
Sectorial charges	26			12,191	14,617
Advance for future capital increase	11				1,350
Use of Public Property				292,618	285,707
Provisions	27	11,711	13,729	404,612	387,092
Provision for unsecured liabilities	16	9,153	7,923	9,153	7,857
Sectorial financial liabilities	8			966,936	171,884
Other accounts payable	14	6,594	6,488	78,376	44,255
Total non-current liabilities		738,681	730,605	9,319,347	8,529,659
SHAREHOLDERS' EQUITY					
Capital	28.1	4,682,716	4,682,716	4,682,716	4,682,716
Capital reserves	28.2	137,897	136,733	137,897	136,733
Profit reserves	28.2	4,073,763	4,110,950	4,073,763	4,110,950
Other comprehensive income	28.3	(422,199)	(401,954)	(422,199)	(401,954)
Treasury shares	28.4	(21,884)	(4,738)	(21,884)	(4,738)
Retained earnings		486,069		486,069	
		8,936,362	8,523,707	8,936,362	8,523,707
Non-controlling interests	28.5			1,108,385	1,150,874
Total shareholders' equity		8,936,362	8,523,707	10,044,747	9,674,581
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,245,341	9,869,841	24,435,364	22,772,071

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF INCOME
PERIODS ENDED JUNE 30

(In thousands of reais, unless otherwise indicated)



	Note	Parent Company				Consolidated			
		Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
		04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Revenue	29	1,060	1,023	1,847	2,746	3,281,836	3,453,474	6,572,567	6,407,262
Costs	30								
Electricity services cost						(1,685,170)	(2,101,574)	(3,333,951)	(3,765,872)
Cost of production for electricity						(104,708)	(196,831)	(290,482)	(411,837)
Cost of operation						(314,186)	(288,257)	(608,952)	(570,511)
Cost of service rendered to third-parties						(606,352)	(211,623)	(1,044,219)	(334,988)
		-	-	-	-	(2,710,416)	(2,798,285)	(5,277,604)	(5,083,208)
Gross profit		1,060	1,023	1,847	2,746	571,420	655,189	1,294,963	1,324,054
Operating expenses and revenue									
Estimated loss from allowance for doubtful accounts - PECLD	30					(36,945)	(23,755)	(59,769)	(48,745)
General and administrative expenses	30	(23,189)	(34,655)	(41,116)	(71,310)	(130,118)	(137,507)	(252,596)	(281,611)
Other operating revenue and expenses	30	16,109	(1,161)	14,504	(1,069)	(10,737)	(44,087)	(42,733)	(59,492)
		(7,080)	(35,816)	(26,612)	(72,379)	(177,800)	(205,349)	(355,098)	(389,848)
Revenue (loss) from ownership interest	16	192,792	225,931	504,674	478,465	14,985	(7,928)	16,007	(7,010)
Revenue before financial result and taxes		186,772	191,138	479,909	408,832	408,605	441,912	955,872	927,196
Financial result	31								
Financial income		20,477	82,733	40,489	104,776	269,364	194,921	364,445	309,026
Financial expenses		(18,831)	(25,073)	(36,888)	(51,068)	(385,305)	(268,938)	(585,360)	(484,724)
		1,646	57,660	3,601	53,708	(115,941)	(74,017)	(220,915)	(175,698)
Income before income taxes		188,418	248,798	483,510	462,540	292,664	367,895	734,957	751,498
Income taxes	32								
Income tax and social contribution - current						(66,882)	(82,324)	(167,143)	(188,092)
Deferred income tax and social contribution		542	(21,122)	1,085	(20,748)	(12,669)	(39,713)	(8,514)	(55,282)
		542	(21,122)	1,085	(20,748)	(79,551)	(122,037)	(175,657)	(243,374)
Net income for the period		188,960	227,676	484,595	441,792	213,113	245,858	559,300	508,124
Attributable to controlling shareholders		188,960	227,676	484,595	441,792	188,960	227,676	484,595	441,792
Attributable to non-controlling shareholders						24,153	18,182	74,705	66,332
Earnings per share attributable to shareholders	33								
Basic earnings per share (reais/shares)									
Common shares		0.31224	0.37555	0.80074	0.72873	0.31224	0.37555	0.80074	0.72873
Diluted earnings per share (reais/shares)									
Common shares		0.31299	0.37271	0.79630	0.71982	0.31299	0.37271	0.79630	0.71982

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF COMPREHENSIVE INCOME
PERIODS ENDED JUNE 30
(In thousands of reais)



	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Net income for the period	188,960	227,676	484,595	441,792	213,113	245,858	559,300	508,124
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses - Post-employment benefit plan					8,219	7,767	(10,390)	7,772
Equity accounting on other comprehensive income of subsidiaries	15,878	6,657	(20,245)	6,722	15,878	(1)	(20,245)	(1)
Deferred income tax and social contribution					(8,193)	(2,640)	10,416	(2,642)
	<u>15,878</u>	<u>6,657</u>	<u>(20,245)</u>	<u>6,722</u>	<u>15,904</u>	<u>5,126</u>	<u>(20,219)</u>	<u>5,129</u>
Items that will be reclassified to profit or loss								
Cash flow hedge					(39)	2,319	(39)	2,413
Deferred income tax and social contribution					13	(788)	13	(820)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26)</u>	<u>1,531</u>	<u>(26)</u>	<u>1,593</u>
Comprehensive income for the period	<u>204,838</u>	<u>234,333</u>	<u>464,350</u>	<u>448,514</u>	<u>228,991</u>	<u>252,515</u>	<u>539,055</u>	<u>514,846</u>
Attributable to controlling shareholders	204,838	234,333	464,350	448,514	204,838	234,333	464,350	448,514
Attributable to non-controlling shareholders	-	-	-	-	24,153	18,182	74,705	66,332

See the accompanying notes to the interim financial information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of reais)



6-month period ended June 30

Balances as at December 31, 2017

Initial adoption of CPC 48 - 01/01/2018

Balances at January 1, 2018

	Capital	Capital reserves	Profit reserves	Treasury shares	Other comprehensive income	Retained earnings	Total parent company	Non-controlling shareholders	Total consolidated
Balances as at December 31, 2017	4,682,716	135,787	3,521,493	(5,393)	(452,766)	-	7,881,837	1,155,760	9,037,597
Initial adoption of CPC 48 - 01/01/2018	-	-	-	-	-	(34,789)	(34,789)	-	(34,789)
Balances at January 1, 2018	4,682,716	135,787	3,521,493	(5,393)	(452,766)	(34,789)	7,847,048	1,155,760	9,002,808
Capital increase in subsidiaries							-	1,300	1,300
Equity valuation adjustment		(800)					(800)	800	-
Additional dividends – Annual and Special Shareholders' Meeting 04/04/2018			(210,903)				(210,903)		(210,903)
Dividends to non-controlling shareholders							-	(25,239)	(25,239)
Stock options granted		927					927		927
Net income for the period						441,792	441,792	66,332	508,124
Disposal of treasury shares – Share-based payment plan		489		655			1,144		1,144
Other comprehensive income					6,722		6,722		6,722
Equity accounting on other comprehensive income of subsidiaries									
Balances at June 30, 2018	4,682,716	136,403	3,310,590	(4,738)	(446,044)	407,003	8,085,930	1,198,953	9,284,883

6-month period ended June 30

Balances at December 31, 2018

Capital decrease (decrease) of subsidiary

Equity valuation adjustment

Dividends to non-controlling shareholders

Acquisition of own shares

Disposal of treasury shares

Initial adoption of CPC 47 of associated company

Disposal of treasury shares – Share-based payment plan

Net income for the period

Proposed additional dividends

Other comprehensive income

Equity accounting on other comprehensive income of subsidiaries

Balances at June 30, 2019

	Capital	Capital reserves	Profit reserves	Treasury shares	Other comprehensive income	Retained earnings	Total parent company	Non-controlling shareholders	Total Consolidated
Balances at December 31, 2018	4,682,716	136,733	4,110,950	(4,738)	(401,954)	-	8,523,707	1,150,874	9,674,581
Capital decrease (decrease) of subsidiary							-	(30,650)	(30,650)
Equity valuation adjustment		(799)					(799)	799	-
Dividends to non-controlling shareholders							-	(87,343)	(87,343)
Acquisition of own shares				(17,601)			(17,601)		(17,601)
Disposal of treasury shares		626		455			1,081		1,081
Initial adoption of CPC 47 of associated company						1,474	1,474		1,474
Disposal of treasury shares – Share-based payment plan		1,337					1,337		1,337
Net income for the period						484,595	484,595	74,705	559,300
Proposed additional dividends			(37,187)				(37,187)		(37,187)
Other comprehensive income									
Equity accounting on other comprehensive income of subsidiaries					(20,245)		(20,245)		(20,245)
Balances at June 30, 2019	4,682,716	137,897	4,073,763	(21,884)	(422,199)	486,069	8,936,362	1,108,385	10,044,747

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30
(In thousands of reais)



	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Cash flow from operating activities					
Income before income taxes		483,510	462,540	734,957	751,498
Adjustments for reconciliation of income to cash from operating activities					
Deferred taxes	10	34		83,614	11,098
Estimated loss from allowance for doubtful accounts - P-ECLD				59,769	50,121
Hemuneration of concession assets				(153,850)	(4,974)
Fair value of indemnifiable financial assets				(28,714)	(44,663)
Securities receivable - inflation adjustment and adjustment to present value	(1,876)	(1,715)			
Depreciation and amortization	9,311	23,307		321,820	306,888
Residual value of property, plant and equipments and intangible assets written off	116	92		(643)	10,166
Gains and losses in the disposal/decommission of assets and rights				(14,094)	36,285
Interest and inflation adjustments of Loans receivable	(8,297)	(11,523)		(8,719)	(11,523)
Sectorial financial assets and liabilities				174,457	(3,720)
Suppliers - inflation adjustment - Free Energy				3,592	3,492
Debt charges, inflation adjustments and adjustment to present value on loans, financing and debentures	36,685	41,682		313,646	276,323
Use of Public Property - inflation adjustment and adjustment to present value				21,696	22,829
Leases and rentals - inflation adjustment and adjustment to present value	706			7,009	
Provision for post-employment benefit plan				34,712	40,089
Provisions (reversals) and inflation adjustments for civil, tax and labor contingencies	(1,502)	1,673		41,256	47,583
Provisions for environmental permits - inflation adjustment and adjustment to present value				3,051	(2,448)
Adjustment to present value				(2,526)	(5,754)
Income (loss) from ownership interest	(504,674)	(478,465)		(16,007)	7,010
Gains on investments			(74,395)		(74,395)
Sectorial charges – provision and inflation adjustment				20,557	34,324
Pledges and restricted deposits linked to lawsuits - inflation adjustment	(199)	(717)		(6,185)	(29,188)
Taxes and social contributions - inflation adjustment	(3,321)			(193,226)	1,062
Recognition (reversal) of provision – Reimbursement due to Unavailability					(4,618)
Inflation adjustment - contingent consideration				(1,004)	857
Amortization of risk premium - GSF				1,645	2,029
Other		1,337	928	7,360	(6,287)
		<u>11,806</u>	<u>(36,559)</u>	<u>1,404,173</u>	<u>1,414,074</u>
(Increase) decrease in operating assets					
Accounts receivable				(252,087)	(224,347)
Sectorial financial assets				260,849	(271,932)
Recoverable income tax and social contribution			(6,202)	402,457	37,735
Other recoverable taxes	(14,247)			(849,193)	139,814
Inventories				48,842	(54,435)
Pledges and restricted deposits	(200)	(630)		(29,184)	(12,152)
Income receivable				(3,895)	2,938
Cash and cash equivalents - Investment held for sale				(46,119)	8,399
Other operating assets	(17,192)	(13,291)		(33,834)	(59,936)
		<u>(31,639)</u>	<u>(20,123)</u>	<u>(502,164)</u>	<u>(433,916)</u>
Increase (decrease) in operating liabilities					
Suppliers	(8,404)	(7,860)		(44,805)	180,125
Sectorial financial liabilities				579,915	(9,499)
Income tax and social contribution payable				(99,434)	(4,180)
Other taxes payable	(2,081)	2,127		55,873	(10,599)
Post-employment benefits				(21,014)	(19,902)
Sectorial charges				(50,270)	(7,745)
Provisions	(516)	(272)		(32,521)	(15,333)
Refund for unavailability				(317)	4,151
Use of Public Property				(14,625)	(14,131)
Other operating liabilities	(1,994)	13,178		30,187	40,608
		<u>(12,995)</u>	<u>7,173</u>	<u>402,989</u>	<u>143,495</u>
Cash (invested in) received from operating activities		<u>(32,828)</u>	<u>(49,509)</u>	<u>1,304,998</u>	<u>1,123,653</u>
Income tax and social contribution paid				(192,780)	(160,358)
Net cash (invested in) received from operating activities		<u>(32,828)</u>	<u>(49,509)</u>	<u>1,112,218</u>	<u>963,295</u>
Net cash from investing activities					
Receipt of cash due to insurance indemnity					
Disposal of investment			(297,734)	(4,296)	(304,729)
Dividends and interest on own capital received	228,622	242,091		4,547	(4,438)
Securities				10,227	(162,899)
Advance for future capital increase			(22,020)		
Capital increase in subsidiaries	(22,100)	(14,521)		(3,000)	(10,000)
Capital decrease in subsidiaries	24,000				
Additions to concession assets				(795,250)	(319,115)
Additions to indemnifiable financial assets	(3,319)			(3,319)	
Additions to Property, plant and equipment and intangible assets			(1,676)	(14,340)	(27,901)
Disposal of assets and rights				(370)	5,566
Loans receivable	120,520	(27,008)		(2,021)	(708)
Net cash from (invested in) investing activities		<u>347,723</u>	<u>(120,868)</u>	<u>(807,822)</u>	<u>(824,224)</u>
Cash flow from financing activities					
Pledges and restricted deposits				1,011	2,942
Accounts received	1,923	697			
Decrease in net capital from issue cost				(16,000)	
Dividends and interest on own capital	(4)			(102,033)	(74,969)
Funding of loans, financing and debentures				878,903	498,908
Amortization of principal of loans, financing, derivatives and debentures				(692,605)	(462,676)
Payment of debt charges, net of derivatives	(22,496)	(36,647)		(223,545)	(231,877)
Payment of principal and interest from leases	(1,801)			(11,619)	
Capital increase in subsidiaries for non-controlling shareholders					1,300
Advances for future capital increase by non-controlling shareholders					500
Disposal of treasury shares	(16,520)	1,144		(16,520)	1,144
Net cash invested in financing activities	37.1	<u>(38,898)</u>	<u>(34,806)</u>	<u>(182,408)</u>	<u>(264,728)</u>
Net increase (decrease) in cash and cash equivalents		<u>275,997</u>	<u>(205,183)</u>	<u>121,988</u>	<u>(125,657)</u>
Cash and cash equivalents at the end of the period		1,183,981	622,018	2,325,380	1,477,501
Cash and cash equivalents at the beginning of the period		907,984	827,201	2,203,392	1,603,158
		<u>275,997</u>	<u>(205,183)</u>	<u>121,988</u>	<u>(125,657)</u>

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF ADDED VALUE
SIX-MONTH PERIODS ENDED JUNE 30
(In thousands of reais)



	Parent company		Consolidated	
	2019	2018	2019	2018
Generation of value added	19,720	4,612	9,082,375	9,230,279
Operating revenue	1,928	2,953	7,810,996	8,869,654
Estimated loss from allowance for doubtful accounts - PECLD			(59,769)	(48,745)
Revenue related to the construction of company assets	3,319	1,676	33,066	28,628
Revenue from construction			1,153,345	323,823
Remuneration of concession assets			49,080	4,974
Restatement of indemnifiable financial assets			28,714	44,663
Other revenues	14,473	(17)	66,943	7,282
(-) Inputs acquired from third parties	(17,164)	(24,949)	(5,400,693)	(5,299,156)
Costs of purchased energy			(3,160,570)	(3,565,709)
Electricity network utilization charges			(493,196)	(580,493)
Materials	(1,507)	(686)	(19,486)	(35,663)
Raw material and inputs for production of electric power			(291,801)	(412,992)
Outsourced services	(12,496)	(19,316)	(260,987)	(253,174)
Infrastructure construction cost			(1,036,324)	(317,166)
Other operating costs	(3,161)	(4,947)	(138,329)	(133,959)
Gross added value	2,556	(20,337)	3,681,682	3,931,123
Retentions				
Depreciation and amortization	(9,017)	(23,306)	(331,041)	(314,925)
Net generated value added	(6,461)	(43,643)	3,350,641	3,616,198
Added value received through transfers				
Financial income	42,347	106,698	410,284	321,846
Equity accounting result	504,674	478,465	16,007	(7,010)
Total added value payable	540,560	541,520	3,776,932	3,931,034
Distribution of value added				
Personnel				
Direct compensation	13,346	17,874	157,456	147,355
Benefits	486	4,163	52,388	49,229
FGTS	(1,280)	599	11,900	12,043
Taxes, rates and contributions				
Federal	5,209	25,620	887,270	1,442,062
State	16	9	1,427,517	1,257,809
Municipal	818	847	8,805	10,158
Third-party capital remuneration				
Interest	36,888	51,068	667,487	488,933
Rentals	482	(452)	4,809	15,321
Compensation of own capital				
Non-controlling interests			74,705	59,124
Founders' shares				7,208
	55,965	99,728	3,292,337	3,489,242
Retained earnings	484,595	441,792	484,595	441,792
	540,560	541,520	3,776,932	3,931,034

See the accompanying notes to the interim accounting information.



1 Operations

EDP - Energias do Brasil S.A. (Company, Parent company or EDP - Energias do Brasil), corporation, publicly traded, incorporated on July 24, 2000, with head office in the municipality of São Paulo, has as its corporate purpose: (i) To participate in other companies as shareholder, or quotaholder, as well as render services in business and enterprises of the energy sector, in Brazil and/or abroad; (ii) to manage electricity generation, transmission, distribution and sales of electricity in various forms and descriptions; and (iii) to study, plan, develop, and implement projects in distribution, generation, transmission, and sales of electricity in all of its forms and descriptions.

The Company's shares, under code "ENBR3", are recorded in the New Market, in the highest level of Corporate Governance of B3 S.A. - Brasil, Bolsa, Balcão - B3. In addition, the Company's shares are part of portfolios of the following B3: Bovespa index - Ibovespa; Electrical Energy Index - IEE; and Corporate Sustainability Index - ISE.

The Company has the following interests in subsidiaries, joint ventures and associated companies:

Companies	Classification	Consolidation	% interest			
			06/30/2019		12/31/2018	
			Direct	Indirect	Direct	Indirect
Distribution						
EDP São Paulo Distribuição de Energia S.A. (EDP São Paulo)	Subsidiary	full	100.00	-	100.00	-
EDP Espírito Santo Distribuição de Energia S.A. (EDP Espírito Santo)	Subsidiary	full	100.00	-	100.00	-
Generation						
Energest S.A. (Energest)	Subsidiary	full	100.00	-	100.00	-
Lajeado Energia S.A. (Lajeado)	Subsidiary	full	55.86	-	55.86	-
Companhia Energética do Jari – (CEJA)	Joint venture	by the equity method	50.00	-	50.00	-
ECE Participações S.A. (ECE Participações)	Joint venture	by the equity method by CEJA	-	50.00	-	50.00
Investco S.A. (Investco)	Subsidiary	full	-	40.78	-	40.78
Enerpeixe S.A. (Enerpeixe)	Subsidiary	full	60.00	-	60.00	-
Empresa de Energia Cachoeira Caldeirão S.A. (Cachoeira Caldeirão)	Joint venture	by the equity method	50.00	-	50.00	-
Porto do Pecém Geração de Energia S.A. (Porto do Pecém)	Subsidiary	full	100.00	-	100.00	-
Porto do Pecém Transportadora de Minérios S.A. (Pecém TM)	Joint venture	by the equity method	50.00	-	50.00	-
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A. (Pecém OM)	Joint venture	by the equity method	50.00	-	50.00	-
Empresa de Energia São Manoel S.A. (São Manoel)	Joint venture	by the equity method	33.334	-	33.334	-
Resende Engenharia e Assessoria Ltda. (Resende)	Subsidiary	full	100.00	-	100.00	-
Sales						
EDP - Comercialização e Serviços de Energia Ltda. (EDP Comercializadora)	Subsidiary	full	100.00	-	100.00	-
EDP Comercialização Varejista Ltda. (EDP Varejista)	Subsidiary	full	100.00	-	100.00	-
Transmission						
EDP Transmissão S.A. (EDP Transmissão)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão MA I S.A. (EDP Transmissão MA I)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão MA II S.A. (EDP Transmissão MA II)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão Aliança SC S.A. (EDP Transmissão Aliança)	Subsidiary	full	90.00	-	90.00	-
EDP Transmissão SP-MG S.A. (EDP Transmissão SP-MG)	Subsidiary	full	100.00	-	100.00	-
Services						
EDP GRID Gestão de Redes Inteligentes de Distribuição S.A. (EDP GRID)	Subsidiary	full	100.00	-	100.00	-
EDP Soluções em Energia S.A. (EDP Soluções)	Subsidiary	full	-	100.00	-	100.00
Other						
Mabe Construções e Administração de Projetos Ltda. (Mabe)	Joint venture	by the equity method	50.00	-	50.00	-
Comercializadora de equipamentos y materiais Mabe Ltda. (Mabe Chile)	Joint venture	by the equity method by Mabe Construções	-	50.00	-	50.00
Centrais Elétricas de Santa Catarina S.A. (CELESC)	Associated company with significant influence	by the equity method	23.56	-	23.56	-
EDP Ventures Brasil S.A. (EDP Ventures)	Subsidiary	full	100.00	-	100.00	-

2 Concessions, authorizations and registrations

The concessions, records and authorizations, the companies have considerable independence in the management of their businesses, which includes measures related to investments, personnel, materials and technology, provided that they comply with the provisions of the Concession Agreements, the standards of the electric power industry and the instructions of the Concession Grantor and Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL).

According to Articles 63 and 64 of Decree 41019/57, the infrastructure assets used in power generation and transmission, are related to these services and cannot be disposed, sold, assigned or mortgaged without the prior and formal authorization of the Regulatory Agency.

It is also established that, once the concession term has ended, the authorization or the record, the reversal of the Concession Grantor will be fully performed, regarding the assets and facilities linked to the rendering of services, and the analyses and assessments required by the regulatory body shall be carried out.

ANEEL Resolution 691/15 regulates the removal of assets from the Power Public Service concessions, granting prior authorization to separate assets not of use to the concession, when intended for donation of social interest or disposal, determining that the amount from the sale should be deposited in a specific bank account for reinvestment in the concession.

On June 30, 2019, the Company's subsidiaries and jointly-controlled subsidiaries have the right to explore the following power concessions/authorizations/generation, transmission and distribution permits:



In operation

Companies	Power Plant	Description	Grant	State	Installed capacity (MWm) (*)	Assured energy (MWm) (*)	Inception	End	Extension	Indemnity
Distribution										
EDP São Paulo		Public service	Concession	SP			10/23/1998	10/23/2028	It may be extended at the discretion of the Concession Grantor	(i)
EDP Espírito Santo		Public service	Concession	ES			7/17/1995	7/17/2025	It may be extended at the discretion of the Concession Grantor	(i)
Generation										
Energest	UHE Mascarenhas	Public service	Concession	ES/MG	198.00	134.80	7/14/1995	7/16/2025	At ANEEL's discretion, this may be extended for another 20 years	(i)
Enerpeixe	UHE Peixe Angical	Independent producer	Concession	TO	498.75	280.50	11/7/2001	11/7/2036	It may be extended at the discretion of the Concession Grantor	(i)
Investco	UHE Luiz Eduardo Magalhães	Independent producer	Concession	TO	902.50	505.10	1/15/1998	1/15/2033	It may be extended at the discretion of the Grantor	(i)
ECE Participações	UHE Santo Antônio do Jari	Independent producer	Concession	PA/AP	392.95	222.00	12/21/1987	12/31/2044	20 years	(i)
Porto do Pecém	UTE Porto do Pecém I	Independent producer	Authorization	CE	720.27	645.30	7/1/2008	7/1/2043	No extension of provision in the current legislation	(iii)
Cachoeira Caldeirão	UHE Cachoeira Caldeirão	Independent producer	Concession	AP	219.00	129.70	5/29/2013	5/29/2048	No extension of provision in the current legislation	(ii)
São Manoel	UHE São Manoel	Independent producer	Concession	PA	700.00	424.50	4/10/2014	4/10/2049	No extension of provision in the current legislation	(ii)
Transmission										
EDP Transmissão	113 Km	Public service	Concession	ES	LT230kV; SE 230/138-3.8 kV		2/10/2017	2/9/2047	It may be extended at the discretion of the Concession Grantor	(ii)

Under project/construction phase

Companies	Line extension	Description	Grant	State	Line description	Inception	End	Extension	Indemnity
Transmission									
EDP Transmissão MA I	123 Km	Public service	Concession	MA	2 LT 500 kV; SE 500/230/69 kV; SE 500/230 kV;	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
EDP Transmissão MA II	203 km	Public service	Concession	MA	2 LT 230 kV; SE 230/69 kV;	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
EDP Transmissão Aliança	484.5 km	Public service	Concession	SC	3 LT 525kV; 2 LT 230kV; SE 525/230 kV	8/11/2017	8/11/2047	It may be extended at the discretion of the Grantor	(ii)
EDP Transmissão SP-MG	375 km	Public service	Concession	SP/MG	LT 500 kV	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)

(*) Not reviewed by independent auditors.

(i) At the end of the Concession Agreement period, all assets and facilities linked will be incorporated into the Brazilian Federal Government's assets, and the concessionaires will be refunded for any investments made and not yet amortized, provided that the latter have been authorized by Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL) and subjected to an ANEEL audit.

(ii) Upon the advent of the expiry date of the Concession Contract, all the assets and facilities will become an integral part of the Property of the Federal Government, against the indemnity of subsequent investments, not provided for in the original project and not yet amortized or depreciated, which have been realized so as to ensure the continuity and timeliness of the service granted. The amount will be determined through an Audit by the Concession Grantor.

(iii) Indemnity is not expected.

In addition, the associated company CELESC, in which the Company holds minority interest with significant influence, has control over the following exploitation rights:

Companies	Power Plant	Description	Grant	State	Installed capacity (MWm) (*)	Assured energy (MWm) (*)	End of Concession
Distribution							
Celelesc Distribuição S.A. – Celelesc D		Public service	Concession	SC			7/7/2045
Natural gas							
Companhia de Gás de Santa Catarina S.A. – SCGÁS		Public service	Concession	SC			3/28/2044
Generation							
Celelesc Geração S.A. – Celelesc G	UHE Garcia	Independent producer	Concession	SC	8.92	7.10	7/7/2045
	UHE Pery	Independent producer	Concession	SC	30.00	14.08	7/9/2047
	CGH Caveiras	Independent producer	Concession	SC	3.83	2.77	07/10/2018 (i)
	UHE: Palmeiras, Bracinho, Cedros and Salto	Independent producer	Concession	SC	54.28	36.24	11/7/2046
	PCH Celso Ramos	Independent producer	Concession	SC	5.62	3.80	3/17/2035
	CGH: Ivo Silveira, Piraí, São Lourenço and Rio do Peixe	Independent producer	Concession	SC	4.32	3.20	(ii)

(*) Not reviewed by independent auditors.

(i) Official Resolution 7246, of August 21, 2018, terminated the concession of CGH Caveiras; the reversal of concession assets was deemed exempt under Law 12783/13. An application has already been filed at ANEEL (Brazilian Electricity Regulatory Agency) to carry out inventory studies for the river segment where the CGH (micro hydropower plant) is installed, with a view to promoting the expansion of its installed capacity.

(ii) Hydroelectric Power Stations – HPSs, with output power of less than 5MW, are exempt from the concession act and therefore do not have an expiry date.

3 Preparation basis

3.1 Statement of conformity

Individual and consolidated interim accounting information was prepared in accordance with Technical Pronouncement CPC 21 (R1) – Interim Statements and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and presented in conformity with standards issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM) applicable to the preparation of Quarterly Information (ITR). The regulated distribution, generation and transmission subsidiaries of distribution of energy adopt specific legislation issued by ANEEL, when it does not conflict with the Brazilian accounting practices and/or international accounting practices.



The presentation of a Statement of Value Added, prepared according to the CPC 09 - Statement of Value Added, is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil applicable to Publicly-Held Companies. International Financial Reporting Standards (IFRS) do not require the presentation of this statement. As a result, under IFRS this statement is presented as supplementary information, without prejudice to the set of interim accounting information.

Management evaluated the ability of the Company and of its subsidiaries to continue operating normally and it is convinced that the Company and its subsidiaries have the ability to continue as a going concern. In addition, the Management of the Company and its subsidiaries is not aware of any material uncertainty that could raise significant doubts related to their ability to continue as a going concern. Accordingly, this interim accounting information has been prepared based on the going concern assumption.

The Company's Management states that all the relevant information inherent to the interim accounting information, and then only, is being evidenced and corresponds to that used by the company in its management.

The Executive Board of the Company and its subsidiaries authorized the completion of the interim accounting information on July 10, 2019. After this date, changes can only be made by the Board of Directors.

This interim accounting information has been prepared according to the uniform principles, methods and criteria in relation to those adopted upon the closing of the last accounting year on December 31, 2018, except for new accounting standards adopted as of January 1, 2019, as described in Note 3.8.

Some notes are not presented to avoid repetition of information already disclosed in annual financial statements as of December 31, 2018. Consequently, this interim accounting information should be read together with the annual financial statements disclosed to Brazilian Securities Commission (CVM) disclosed on February 27, 2019. Notes in this situation are as follows:

Number of Note at December 31, 2018	Name of the Note	Justification
2.1	Distribution and Transmission concession agreements	(a)
10	Securities receivable	(b)
15	Pledges and restricted deposits	(b)
25.2	Free Energy	(a)
30	Use of Public Property - UBP	(b)
31	Refund for unavailability	(b)
33.3	Profit retention reserve	(b)
33.6.1	Founders' shares	(b)
37.1	SUDAM and SUDENE	(b)
39.1.1.1	Financial assets	(c)
39.1.1.2	Financial liabilities	(c)
39.1.2	Fair value	(c)
39.1.2.1	Measurement at fair value	(c)
42	Insurance coverage	(b)

(a) Note identical to that disclosed in the annual financial statements of December 31, 2018.

(b) There were no changes in the context of the note, and the changes in the amounts related to the period ended June 30, 2019, in relation to the year ended December 31, 2018, were considered immaterial by Company's Management.

(c) There was no change in note context, accordingly, texts are not being presented.

3.2 Accounting practices

The significant accounting policies of the Company and its subsidiaries are presented in their own notes to the items to which they are related.

3.3 Basis of measurement

The individual and consolidated interim accounting information was prepared based on the historical cost as base value except: (i) certain financial assets and liabilities that were measured at fair value, as shown in note 34.1.1; and (ii) net defined benefit assets and liabilities that are recognized at fair value, with limitation of the recognition of actuarial surplus (Note 25).

3.4 Use of estimates and judgment

In the preparation of individual and consolidated interim accounting information in accordance with Brazilian accounting practices and international accounting practices, it is required by the Management of the Company and its subsidiaries to make estimated to record certain transactions that affect assets, liabilities, Income and expenses.

The final results of these transactions and information, at the time of their effective realization in subsequent years, may differ from these estimates, due to the lack of precision inherent to the process of their determination. The Company and its subsidiaries review the estimates and assumptions at least quarterly, except for the Post-employment benefit plan which is reviewed on a 6-month basis and yearly for impairment losses described in Note 3.7.

The main estimates that carry a significant risk of causing material adjustments to the set of interim accounting information, in the next years are related to the recording of the effects arising from: Analysis of asset impairment test (Note 3.7); Unbilled supply (Note 7); Transactions realized in the in the sphere of the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) (Note 7); Estimated loss from allowance for doubtful accounts - PECLD (Note 7.7); Sectoral financial assets and liabilities (Note 8); Recovery of deferred income tax and social contribution on tax loss carryforward, negative basis and temporary differences (Note 10); Indemnifiable financial assets (Note 19); Concession assets (Note 18); Evaluation of the useful life of Property, plant and equipment and Intangible assets (Notes 20 and 21); Post-employment benefit plans (Note 25); Provisions for contingencies (Note 27.1); Provisions necessary for costs related to environmental permits (Note 27.2); and Measurement at fair value of financial instruments.

3.5 Functional and presentation currency

The functional currency of the Company and its subsidiaries is the Brazilian real and the individual and consolidated interim accounting information is presented in Brazilian Reais, rounded to the nearest whole number, unless otherwise indicated.

3.6 Consolidated interim accounting information

The consolidated interim financial information was prepared in accordance with the standards established by CPC 36 (R3) - Consolidated Statements, approved by CVM Resolution No. 698/12 covering the Company and its subsidiaries (Note 16).

Direct and indirect subsidiaries are consolidated from their acquisition dates, which correspond to the dates on which the Company obtained control, and they will be consolidated until the date on which this control ceases.

The main consolidation practices had been adopted were as follow:

- Elimination of the investment of the Parent company in its subsidiaries.
- Elimination of the balances of accounts between the Parent Company and its subsidiaries and of the accounts maintained among these subsidiaries.
- Recognition of non-controlling shareholders in the balance sheets and in the statements of income and statements of comprehensive income.

- Business combinations are considered at the time of acquisition of control of a business, and the amounts recognized are measured at fair value based on appraisal reports prepared by independent appraisers.
- Consolidation of entities with investment lower than 50%: the Company is the indirect parent company of Investco, with an interest of 40.78% that is due to the direct control of Lajeado with 55.86%, which in turn, holds 73% of the voting capital, guaranteeing the power of Investco activities, and its total consolidation in financial statements;
- Associated Company with significant influence: the Company holds a stake of 23.56% in the total capital and 33.11% of the voting rights of CELESC. The Company has 3 seats on the Board of Directors and 1 seat on the Tax Council (Note 17.2).
- The dates of financial statements of the subsidiaries and jointly-controlled subsidiaries used to calculate the equity accounting and for consolidation are consistent with those of the Company. With regard to the associated company CELESC, corporation with shares traded at B3 and pursuant to CVM standards, the calculation of equity in the earnings of associates uses the financial statements with a lag in relation to the base date presented, since the Company's financial statements' reporting calendar precedes the Associated Company's financial reporting calendar.
- Shared control agreements: the Company holds 50% of the voting rights in its joint ventures, Pecém TM, Pecém OM, CEJA and Cachoeira Caldeirão and 33.334% in São Manoel. The Company holds joint control of those enterprises because, pursuant to the terms of the arrangements, decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's joint arrangements are structured as closed companies and, pursuant to the terms of the arrangements, the Company and the other parties to the arrangements are granted rights to these closed corporations' net assets. For this reason, these arrangements are classified as joint ventures and are not consolidated in the interim accounting information.

3.7 Impairment

The Management of the Company and its subsidiaries reviews the book value, net of its assets to determine events or changes under economic, operating or technological circumstances if there is any indication that those assets have suffered any impairment loss. If there is such indication, the asset recoverable value is estimated for the purpose of measuring the amount of this loss, and recognized as a counterparty for income (loss).

Previously recognized impairment loss can be reversed in case of change in assumptions used to determine the asset's recoverable value, and losses are also recognized in result.

• Financial assets and contractual assets

They are evaluated at initial recognition based on study of expected losses and when there are evidences of impairment. Assets are considered non-recoverable when there is evidence that one or more events occurred after the initial recognition of the asset that resulted in adverse effects on the estimated future cash flow from the investment. The line item that currently presents relevant PECLD (estimated loss from bad debts) balances is that of Accounts receivable. For further information about the criteria and assumptions used in the numerical estimates, please see note 7.7.

• Non-financial assets

Asset impairment is carried out at least on annual basis, or more often in case the Management of the Company and its subsidiaries identifies whether there were any indications of unrecoverable losses in the book value of non-financial assets, or evidence of the occurrence of events or alterations in the circumstances indicating that the book value might not be recoverable.

The recoverable value is determined based on the assets' value in use and are calculated using evaluation methodologies, backed by discounted cash flow techniques, considering market conditions, time value, and business risks.

For the period ended June 30, 2019 there has been no indication, whether through external or internal sources of information, that any asset had suffered devaluation. Therefore, in the period mentioned, the Management considers that the net book value recorded for the assets is recoverable and, consequently, there was no need to form the provision for impairment in the Company and subsidiaries.

3.8 Adoption of new and reviewed accounting standards

Maintaining permanent process of review of accounting standards, IASB and, consequently, CPC, issued new standards and reviews to existing standards which became effective as of January 1, 2019 and were duly adopted by the Company and its subsidiaries. These standards and their respective impacts are as follows:

3.8.1 CPC 06 (R2) - Lease operations

In December 2017, CPC 06 (R2) was issued in compliance with standard IFRS 16 which introduced new rules on lease transactions. The purpose is to make sure that lessees and lessors provide relevant information so as to fairly represent these transactions. CPC 06 (R2) requires that lessees start to recognize liabilities referring to future payments and leased asset right of use for practically all lease contracts, including operating contracts; however, optional exemptions for short-term leases and low value were formed. The lease recognition and measurement criteria in financial statements of lessees substantially remain the same. CPC 06 (R2), in general, was applied on a retrospective basis, as from January 1, 2019 and replaced CPC 06 (R1) - Lease Transactions (IAS 17) and corresponding interpretations.

This standard affected the recording of outstanding operating commercial leases of the Company and its subsidiaries. In cases where the Company or its subsidiaries are lessees, they recognized: (i) the right to use the object of the leases, an asset; (ii) a liability for the payments provided for in the contracts, brought to present value; (iii) depreciation/amortization expenses of assets; and (iv) financial expenses with interest on lease obligations. On the other hand, the Company and its subsidiaries stopped recording rental and lease expenditures in the statement of income classified in CPC 06 (R2).

The Company and its subsidiaries adopted the CPC 06 (R2) as of January 1, 2019 in a forward-looking basis, that is, the effect from the adoption was recognized in the opening balances on January 1, 2019, without updating comparative information. Thus, the Company and its subsidiaries did not adopt the practical expedient that would exempt it from adopting the new pronouncement for contracts that were previously in the scope of CPC 06 (R1).

Following the due analysis, the Company and its subsidiaries recorded the following amounts as of January 1, 2019:

		Parent Company			Consolidated		
	Note	Balance at December 31, 2018	First-time adoption adjustments	Balance at January 1, 2019	Balance at December 31, 2018	First-time adoption adjustments	Balance at January 1, 2019
Assets							
Property, plant and equipment	20.2	31,734	8,666	40,400	6,661,984	80,520	6,742,504
Liabilities							
Other accounts payable (Current)	14.8	43,901	4,269	48,170	238,369	33,612	271,981
Other accounts payable (Non-current)	14.8	6,488	4,397	10,885	44,255	46,908	91,163



3.8.2 ICPC 22 - Uncertainty on Income Tax Treatments

ICPC 22 was issued in December 2018 in correlation with IFRIC 23, aiming to clarify how to use the recognition and measurement requirements of CPC 32 - Income Taxes when there is uncertainty regarding tax positions that have not yet been accepted by the tax authorities.

The Interpretation determines that the Company is required to assess whether it is likely that the tax authority will accept the tax treatment chosen by the entity: (i) if positive, it should recognize the value in the financial statements according to the income tax return and consider the disclosure of additional information about the uncertainty of tax treatment chosen; (ii) if negative, the entity should recognize a different value in its financial statements in relation to the income tax return so as to reflect the uncertainty of the tax treatment chosen.

For tax positions where there is uncertainty regarding their treatment, the management of the Company and its subsidiaries concludes that it is probable that they will be included in the tax jurisprudence and, for this reason, management also believes that this interpretation will not generate material effects on the financial statements.

3.8.3 Review of Technical Pronouncements of CPC 13/18

The document establishes changes in Interpretations and Technical Pronouncements, mainly, in relation to: (i) Amendments in several CPCs due to the issuance of CPC 06 (R2); (ii) Changes in short-term interest in associated company, subsidiary and joint venture; (iii) Amendments in CPC 33 (R1) due to the change, reduction or settlement of employee benefit plans; and (iv) Annual amendments made by the IASB regarding the 2015-2017 Improvement Cycle. The Company and its subsidiaries did not identify significant impacts deriving from changes in these regulations.

4 Significant events in the period

4.1 Release of funds and funding

During the first semester of 2019, subsidiaries and jointly-controlled subsidiaries raised funds as follows:

Consolidated						
Company	Source	Release date	Maturity	Amount	Debt cost	Purpose
EDP Transmissão SP-MG	Debentures – 1st issue	Jan-19	Jun-20	250,000	CDI + 0.2%	Project deployment
		Jan-19		45		
		Feb-19		700		
		Mar-19		7,150		
		Apr-19		20,950		
		May-19		3,198		
EDP Transmissão MA I	Bank Credit Bill	Jun-19	Jun-19	950	CDI + 1.0% p.a.	Bridge Loan
		Jan-19		3,500		
		Feb-19		2,600		
		Mar-19		1,400		
		Apr-19		5,600		
		May-19		12,900		
EDP Transmissão MA II	Bank Credit Bill	Jun-19	Dec-19	2,800	CDI + 1.0% p.a.	Bridge Loan
		Jan-19		3,500		
		Feb-19		2,600		
		Mar-19		1,400		
		Apr-19		5,600		
		May-19		12,900		
EDP São Paulo	Debentures – 10th issuance	Apr-19	Mar-24	200,000	106.6% CDI	Refinance and extend the average term of the debt and working capital
EDP Espírito Santo	Debentures – 8th issue	Apr-19	Mar-24	300,000	106.9% CDI	Refinance and extend the average term of the debt and working capital
EDP Grid	Bill of Exchange	Apr-19	Apr-21	70,000	CDI + 0.15% p.a.	Working capital
				881,793		

4.2 Exclusion of ICMS from PIS/COFINS calculation basis - EDP Espírito Santo

On April 3, 2019, the subsidiary EDP - Espírito Santo had a deferral from the Federal Regional Court of the 2nd Region in a lawsuit, in which the right not to include the ICMS amounts in the PIS and COFINS calculation basis was granted, as well as the right to recover the amounts previously collected. The Company recognized the amount of R\$ 743,055 to be recovered, monetarily restated, in accordance with the Brazilian Federal Revenue Service (RFB) Consultation Solution No. 13/2018, under Income tax, social contribution, and other taxes (Note 9) and as a contra entry recognized Sectoral financial liabilities (Note 8). The Company is awaiting clearance of credits by the RFB to later offset them with taxes falling due and is still awaiting the definition of the regulatory body regarding the model of transfer to consumers.

4.3 Acquisition of Transmission Lines in Santa Catarina / Rio Grande do Sul

On May 28, 2019, the Company issued a Press Release announcing the signing, on May 27, 2019, of the purchase and sale agreement of CEE Power and Brafer to acquire all the shares of Litoral Sul Transmissora de Energia Ltda. ("LSTE") with EDP Comercializadora.

LSTE bought the Q lot in the 1st transmission auction stage 13/2015, held in April 2016, with a discount of 0% over the maximum Permitted Annual Revenue (RAP). The lot consists of 2 substations and a line extension of 142 km. The project is divided into 2 parts, one in Santa Catarina, which already has an installation license, representing 42% of the RAP, and the other between the states of Santa Catarina and Rio Grande do Sul, representing the remaining 58%, both with partial RAP prediction on start-up.

The estimated total investment is R\$ 406,497, considering the acquisition value and the nominal total Capex, as well as REIDI and Pro-Employment ("Pró-Emprego") tax benefits. Leverage was estimated at 85%. The RAP updated by the IPCA rate is R\$ 45.8 million. Considering the aforementioned assumptions, the leveraged real return on investment is over 12%. The operation is subject to approval by the Brazilian Electricity Regulatory Agency (ANEEL).

4.4 Share repurchase program

On June 19, EDP Energias do Brasil's Board of Directors approved the Company's Common Share Buyback Program to cover the granting of shares under the current Share-based Compensation Policy. The acquisition of 1,500,000 shares was carried out at market price between June 24 and July 5, exclusively in the stock exchange environment of B3 S.A. – Brasil, Bolsa, Balcão. Until June 30, 2019, 959,800 shares were acquired for an average pair value of R\$ 18.34.

4.5 Financing Agreement - EDP Transmissão MA I (Lot 07)

On July 10, 2019, the Company issued a Press Release informing the signing, on June 28, 2019, of the Financing Agreement between its subsidiary, EDP Transmissão MA I and Banco do Nordeste do Brasil S.A. ("BNB"), aiming to provide a credit facility in the total amount of R\$ 252,056 with funds from the Constitutional Fund for the Northeast Region ("FNE"), with a payment term of 24 years.



5 Cash and cash equivalents

Note	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and banks	433,670	3,996	741,894	205,285
Interest earning bank deposits				
Bank Deposit Certificates – CDB	5.1	750,311	903,988	1,583,277
Investment Funds	5.2		209	1,412
		750,311	903,988	1,583,486
Total		1,183,981	907,984	2,325,380
				2,203,392

Cash and cash equivalents include cash, bank deposits and high-liquidity short term investments, promptly convertible into a known sum of cash and subject to a low risk of change in market value, stated at a fair value corresponding to cost plus interest accrued up to the balance sheet date. Interest earning bank deposits have early redemption option of such securities, without penalties or loss of profitability.

The calculation of the fair value of financial investments, when applicable, is based on the market quotations for the instrument, or market information that permits this calculation, taking into consideration the projected future rates of similar instruments. In the case of investment funds, the fair value is reflected on the value of their quota.

Under Management's policies, investments are consolidated by investee and by credit rating in order to allow the evaluation of the concentration and credit risk exposure. That maximum exposure is also measured considering the shareholders' equity of the Financial Institution. For investment funds, there is no concentration of risk in a single management bank, since the risk is dispersed in the assets of the portfolio.

The Grupo EDP - Energias do Brasil's exposure to interest rate, credit risks and a sensitivity analysis of financial assets and liabilities are disclosed in note 34.2.

5.1 Bank Deposit Certificates – CDB

On June 30, 2019, the financial investments of the Parent company refer substantially to rates that vary from 100.00% to 100.05% of the Interbank Deposit Certificate (CDI) rate. Financial investments of Grupo EDP - Energias do Brasil are remunerated at rates that range from 75.00% to 102.00% of CDI.

5.2 Investment Funds

As of January 2018, the subsidiaries EDP São Paulo and EDP Espírito Santo established a Restricted Investment Fund called Discos Renda Fixa Fundo de Investimento Longo Prazo, managed by Itaú Unibanco S.A., in order to diversify the investment options and obtain higher efficiency and profitability with lower risk level.

This fund has daily liquidity and variable yield with its portfolio of assets linked to Treasury Bills – LFT, issued by the Brazilian Government, or Repurchase and resale agreements backed by Federal Government Bonds, considered as extremely low risk and high liquidity. The fund quotas are held in custody with the administrator.

The Resale Commitments backed by Federal Public Securities are classified as Cash Equivalents, since they have immediate liquidity with the issuer. The fund's profitability for the period was equivalent to 92.27% of CDI.

6 Securities

Note	Consolidated	
	06/30/2019	12/31/2018
Investment Funds	6.1	164,236
Total		164,236
		174,463

6.1 Investment Funds

Securities mainly refer to the subsidiary Porto do Pecém and result from investment in investment fund belonging to the financial institution with portfolio substantially composed of LFTs with yield equivalent to 96.50% of Interbank Deposit Certificate - CDI.

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



7 Accounts receivable

	Note	Consolidated												Net balance at June 30, 2019	Net balance at December 31, 2018
		Current Values						Renegotiated amounts							
		Current Falling Due		Current Overdue				PECLD (Note 7.7)	Renegotiated Falling Due		Renegotiation Overdue		PECLD (Note 7.7)		
		Up to 60 days	>60 days	Up to 90 days	91–180 days	181–360 days	>360 days		Up to 60 days	>60 days	Up to 60 days	>60 days			
Current															
Consumers	7.4														
Billed supply															
Residential		224,069		270,675	52,288	61,851	109,427	(153,418)	14,063	24,783	10,806	45,055	(54,626)	604,973	595,875
Industrial		139,936		66,889	6,429	9,434	17,734	(25,921)	5,225	4,807	1,875	7,376	(5,942)	227,842	222,691
Commerce, services and other activities		157,227		65,731	14,231	18,535	31,395	(39,270)	4,579	7,925	2,747	9,753	(10,833)	262,020	263,354
Rural		44,561		22,622	7,180	7,613	7,335	(12,591)	2,389	3,386	856	3,525	(2,926)	83,950	84,858
Government															
Federal		11,224		3,056	41	35	183	(74)	30	2	2	1	(5)	14,495	16,335
State		10,780		636	111	89	42	(23)	37	3	10	27	(8)	11,704	11,963
Municipal		20,264		3,853	1,746	737	893	(397)	1,451	5,677	100	2,102	(229)	36,197	31,374
Public lighting		30,532		3,859	669	451	2,775	(4)	2,633	10,418	584	7,801		59,718	71,548
Public service		29,614		4,256	179	922	944	(85)	370	1,191	6	556	(170)	37,783	35,016
Free customers		102,574			189	163	2,895	(3,218)		1,085				103,688	100,285
Chargeable Services		363		1,045	1,178	1,370	1,182	(2,125)						3,013	4,015
Unbilled supply		436,247						(3,058)						433,189	434,511
(-) Collection under reclassification process		(16,405)												(16,405)	(100,076)
(-) Adjustment to present value	7.2									(27)				(27)	(23)
Other receivables	7.3	29,056		25		209	336							29,626	29,527
		1,220,042	-	442,647	84,241	101,409	175,141	(240,184)	30,777	59,250	16,986	76,196	(74,739)	1,891,766	1,801,253
Concessionaires															
Electricity supply	7.5	311,285		1,116	493	683		(626)						312,951	369,787
Short-term energy	7.6	285,773												285,773	193,944
Electricity network utilization charges		14,099												14,099	8,217
Other receivables		63,173							507					63,680	51,722
		674,330	-	1,116	493	683	-	(626)	507	-	-	-	-	676,503	623,670
Clients															
Energy Efficiency		1,121	24,188	320	155	1,188		(2,329)						24,643	21,804
Construction work management service					16									16	66
Signature management services		833		214	254			(254)						1,047	1,064
Expenditure to be refunded		1,471	3,983											5,454	4,705
Generation of steam		3,124		143										3,267	3,561
Other customers		242	31,670	15	42			(42)						31,927	29,989
		6,791	59,841	692	467	1,188	-	(2,625)	-	-	-	-	-	66,354	61,189
Total current		1,901,163	59,841	444,455	85,201	103,280	175,141	(243,435)	31,284	59,250	16,986	76,196	(74,739)	2,634,623	2,486,112

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



	Note	Consolidated				Net balance at June 30, 2019	Net balance at December 31, 2018
		Current Falling Due >360 days	PECLD (Note 7.7)	Renegotiated Falling Due >360 days	Renegotiation Overdue >360 days		
Non-current							
Consumers							
Billed supply							
Residential				18,288	(11,378)	6,910	8,899
Industrial		4,983	(3,213)	5,983	(2,122)	5,631	4,059
Commerce, services and other activities		18	(18)	13,057	(8,654)	4,403	4,436
Rural				2,793	(1,548)	1,245	1,425
Government							
Municipal				4,792		4,792	10,011
Public lighting				10,132		10,132	10,247
Public service				619	(35)	584	87
Free customers				220		220	529
(-) Adjustment to present value	7.2			(5,443)	(290)	(5,733)	(8,245)
		5,001	(3,231)	50,441	(290)	28,184	31,448
Concessionaires							
Other receivables		1,030	(119)			911	910
		1,030	(119)	-	-	911	910
Clients							
Energy Efficiency		33,803				33,803	36,806
Expenditure to be refunded		30,630				30,630	23,082
		64,433	-	-	-	64,433	59,888
Total non-current		70,464	(3,350)	50,441	(290)	93,528	92,246



The balance of Accounts Receivable is firstly recognized at fair value, at billed or value or to be billed, and subsequently measured at amortized cost using the method of effective interest rate, adjusted to present value, net of reductions for impairment, when applicable, including the liability tax of the Company and subsidiaries.

The balance of Consumers and Concessionaires refers mainly to: (i) The amounts billed to final consumers, distributor concessionaires and trading companies, as well as the income referring to energy supplied and not billed; (iii) the amounts receivable relating to the energy traded in the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE); and (iii) electricity network utilization charges.

7.1 Characteristics of accounts receivable

• Generation

The receipt of payments for the sale of energy made by the generation subsidiaries, with the exception of Porto do Pecém, related to bilateral agreements, occurs substantially with single maturity in the month following that of the income recognition. Agreements in the Regulated Contracting Environment are broken down into three equal installments falling due on the 15th and 25th days of the month following income recognition, and on the 5th day of the second month subsequent to recognition.

For the subsidiary Porto do Pecém, agreements are broken down into three installments, with two installments falling due on the 30th day of the month following income recognition and last installment and on the 10th day of the second month subsequent to recognition.

Power purchase agreements in the short-term market are settled according to Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) regulations; however, the average term for settlement is about 45 days after income recognition.

• Distribution

Bills issued to residential, industrial, rural and commercial consumers fall due within a minimum period of 5 working days. In the case of governmental, public lighting and utility consumers, the minimum term until the due date is 10 business days. However, the distribution subsidiaries offer consumers the option of changing the due date of the bill (6 different date options) over the course of the month.

• Sales

For the trading subsidiaries, a substantial percentage of sales occurs in bilateral agreements. Therefore, the payment terms are negotiated freely between the parties, yet most incoming payments arrive on the 6th business day subsequent to income recognition.

• Services

For the service subsidiaries, the recognition of income linked to the construction of solar power plants and to the energy efficiency services occurs throughout the construction phase of the project via the input method, and payments can be received in two different ways: (i) with advance payments in the construction phase and the outstanding balance upon delivery of the project; and (ii) in installments over a particular period established in an agreement.

In regard to steam sales and the subscription management service, income is recognized through the monthly measurements relating to the delivery of steam for the production of energy and according to the service provision, respectively, with the receipt of both scheduled around 30 days after revenue recognition.

7.2 Adjustment to present value

The balances renegotiated are recognized at present value, considering the amount to be deducted, performing dates, settlement dates and the discount rate.

For distributors, the adjustment to present value, regulated by CPC 12, was calculated based on the average compensation of capital, applied by ANEEL in their tariff reviews. This rate is compatible with the nature, term and risks of similar transactions at market conditions. As of June 30, 2019 and December 31, 2018, corresponding rate for EDP São Paulo and EDP Espírito Santo is 12.26% p.a., positively affecting distributors' income (loss) by R\$ 2,466.

For subsidiaries EDP Soluções and EDP GRID, the adjustment to present value considers the return rate of each project, positively affecting the result for the period by R\$ 1,889 (positively by R\$ 1,037 in 2018).

7.3 Other receivables - Consumers

Out of the amount on June 30, 2019 of R\$ 29,626 (R\$ 29,527 on December 31, 2018), R\$ 27,415 (R\$ 27,415 on December 31, 2018) refers to the subsidiary EDP Espírito Santo, to the balance of Emergency Capacity Charges - ECE, effective in March 2002 to January 2006, and Charge for Acquisition of Emergency Electric Power - EAEEE, effective in January and February 2004, that are under judicial discussion. Considering that those amounts must be transferred on to emergency power trading company (Comercializadora Brasileira de Energia Emergencial), a liability has been recognized in the amount of R\$ 31,436 (R\$ 31,428 as of December 31, 2018) (Note 26), and R\$ 28,536 (R\$ 28,528 on December 31, 2018) for EDP Espírito Santo.

7.4 Consumers

The change in the balance receivable from consumers is mainly due to the increase in the consumption of the distributors' concessionaire concession areas, influenced by high temperatures for first quarter of the year, impacting the year to date.

7.5 Concessionaires – Electricity supply

Of the amount as of June 30, 2019 of R\$ 312,951 (R\$ 369,787 as of December 31, 2018), R\$ 108,254 (R\$ 211,253 as of December 31, 2018) refers to the subsidiary EDP Comercializadora, due to the following: (i) as a result of the lower volume of energy traded; (ii) the exposure of smaller traders, resulting in default events; (iii) the lower number of transactions among the agents due to the liquidity decrease in the free market.; and (iv) the sudden change in the price forecast scenario.

7.6 Concessionaires - Short-term energy

The balance is related to transactions with electric power and charges carried out within the sphere of the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE). On June 30, 2019, out of the consolidated amount of R\$285,773 (R\$193,944 as of December 31, 2018), R\$ 115,708 (R\$ 94,974 as of December 31, 2018) refers to the subsidiary Enerpeixe, and is comprised of: (i) R\$ 113,665 (R\$ 94,974 as of December 31, 2018), refers to the non-fully receipt of settlements by CCEE in view of the injunctions in effect of the electricity sector agents, including Enerpeixe, to protect effects of GSF (*Generation Scaling Factor*) before February 2018; and (ii) R\$ 2,343 related to the settlement of electricity surplus above the physical guarantee of the plant, together with the increase in the Generation Scaling Factor (GSF) and the Difference Settlement Price - PLD.

(ii) R\$ 138,319 (R\$ 48,010 as of December 31, 2018) refers to the subsidiary Porto do Pecém, and the change for the period is mainly due to the additional 30% on the Variable Unit Cost (CVU) from the Ancillary Services provided from January to May 2019, whose ANEEL regulation was completed in July and are awaiting the release of CCEE for settlement.



	Balance at December 31, 2018	Expected PECLD Throughout life	Consolidated		Balance at June 30, 2019
			Review of risk (i) PECLD	Income (loss) from losses	
Consumers					
Residential	(193,215)	(32,612)	(15,821)	22,426	(219,422)
Industrial	(32,013)	(5,932)	2,301	(1,554)	(37,198)
Commerce, services and other activities	(55,921)	(8,118)	2,018	3,246	(58,775)
Rural	(14,035)	(3,503)	(949)	1,422	(17,065)
Government	(2,892)	(98)	3,468	(1,214)	(736)
Public lighting	(2,979)		3,515	(540)	(4)
Public service	(147)	(35)	116	(224)	(290)
Free customers	(2,901)	(317)			(3,218)
Chargeable Services	(1,083)		(1,042)		(2,125)
Not billed	(4,155)	1,097			(3,058)
	(309,341)	(49,718)	(6,394)	23,562	(341,891)
Concessionaires	(1,342)	467	130		(745)
Clients	(929)	(1,687)	(9)		(2,625)
Total	(311,612)	(50,938)	(6,273)	23,562	(345,261)
Current	(287,946)				(318,174)
Non-current	(23,666)				(27,087)
Total	(311,612)				(345,261)

(i) The risk matrix is evaluated annually, but the study may be reevaluated if the estimated losses on doubtful accounts (PECLD, in Portuguese) behaves differently from the expected outcome.

As required by CPC 48 - Financial Instruments, the balance of accounts receivable is analyzed in a simplified manner is formed when necessary to cover any losses in the realization of these assets.

For the subsidiaries of distribution and trading, the PECLD is recorded throughout the life of the receivable by applying a percentage calculated based on history of default segregated by parameters of: (i) class of consumer; (ii) voltage; (iii) date of billing; and (iv) date of maturity. Accordingly, a matrix of risk has been prepared by period of default, adjusted by the economic expectation for the current period, obtained through the forecast of parameters of the market default index of the Central Bank of Brazil.

Based on studies prepared by the subsidiaries, the percentages of expected losses segregated by class of consumption, applied upon the first recognition of receivables are as follows:

	2019							
	EDP São Paulo				EDP Espírito Santo			
	Irregular Consumption		Irregular Consumption		Irregular Consumption		Irregular Consumption	
	Medium and Low voltage	high voltage	Medium and Low voltage	high voltage	Medium and Low voltage	high voltage	Medium and Low voltage	high voltage
Consumers								
Residential	29.86%	n/a	0.92%	0.00%	26.55%	n/a	1.16%	0.00%
Industrial	23.18%	79.62%	1.39%	0.49%	32.82%	1.50%	1.23%	0.19%
Commerce, services and other activities	11.27%	n/a	0.66%	0.46%	7.65%	n/a	0.63%	0.45%
Rural	26.80%	n/a	0.38%	0.00%	10.51%	n/a	1.47%	0.34%
Government	n/a	n/a	0.04%	0.04%	n/a	n/a	0.00%	0.00%
Public lighting	n/a	n/a	0.00%	0.00%	n/a	n/a	0.08%	0.03%
Public service	n/a	n/a	0.01%	0.02%	n/a	n/a	0.15%	0.03%
	2018							
	EDP São Paulo		EDP Espírito Santo					
	Medium and Low voltage		Medium and Low voltage					
	Low voltage	high voltage	Low voltage	high voltage				
Consumers								
Residential	1.17%	0.00%	1.55%	0.00%				
Industrial	1.93%	0.75%	1.55%	0.25%				
Commerce, services and other activities	0.89%	0.50%	0.80%	0.28%				
Rural	0.51%	0.00%	1.61%	0.08%				
Government	0.73%	0.38%	0.15%	0.18%				
Public lighting	1.54%	n/a	0.40%	n/a				
Public service	0.11%	0.00%	0.17%	0.10%				

The subsidiaries evaluated its history of receipts and identified that are not exposed to high credit risk, as possible overdue balances not received are mitigated by financial guarantee contracts signed at contracting of energy auctions or at formalization of bilateral contracts. In addition, amount receivable referring to short-term energy is administered by the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE), which, on its turn, controls default among sectorial participants based on regulations issued by the Concession Grantor, reducing credit risk in transactions carried out. Accordingly, after due analyses, the generation subsidiaries did not identify the need for recognizing possible expected losses, as they are immaterial and controllable.

In regard to the service subsidiaries, PECLD is calculated taking into account the credit risk of its customers at lending institutions. Whenever there is a deterioration of the customer's rating in comparison to the time of the sale, the loss is increased for the next 12 months, regardless of whether there is a delay. Delay is an additional factor considered in the calculation of PECLD to determine whether it should be calculated for life or for the next 12 months.

The exposure to credit risks of the Company and its subsidiaries is disclosed in Note 34.2.4.

8 Sectorial financial assets and liabilities

	Consolidated											
	Balance at December 31, 2018	Allocation	Amortization (I)	Inflation adjustment	Balance at June 30, 2019	Amortization amounts						
						Current	Non-current	Amounts under formation				
								IRT (*) 2018	IRT (*) 2019	IRT (*) 2020	IRT (*) 2021	Undetermined
CVA												
Purchase of energy (ii)	682,511	(56,199)	(304,366)	21,004	342,950	292,506	50,444	115,148	212,569	10,871	4,362	
Itaipu Energy Cost (iii)	229,221	73,893	(82,076)	5,731	226,769	183,855	42,914	39,433	176,048	11,288		
PROINFRA	5,965	16,075	(1,647)	398	20,791	17,038	3,753	1,721	19,070			
Basic Network Transportation	45,782	19,478	(39,579)	1,012	26,693	24,983	1,710	12,462	12,686	1,545		
Energy Transportation - Itaipu	18,361	3,960	(9,396)	454	13,379	11,540	1,839	4,536	8,577	266		
System Service Charges - ESS/Energy Reserve Charges - EER (iv)	(358,795)	(62,827)	165,686	(9,345)	(265,281)	(228,818)	(36,463)	(67,683)	(192,734)	(4,864)		
Energy Development Account - CDE	109,638	(28,192)	(23,130)	2,772	61,088	59,361	1,727	17,186	51,716	(7,814)		
	732,683	(33,812)	(294,508)	22,026	426,389	360,465	65,924	122,803	287,932	11,292	4,362	-
Financial items												
Over contracting energy (v)	(105,179)	39,633	41,170	(3,586)	(27,962)	(26,831)	(1,131)	(5,284)	(22,678)			
Neutrality of Parcel A	(994)	(49,595)	6,088	(1,016)	(45,517)	(55,452)	9,935	(6,366)	(38,269)	(882)		
Exceeding of Demand and Reactive Energy Surplus	(226,858)	(37,470)		(15,211)	(279,539)	(20,249)	(259,290)	-	(55,219)	(180,140)	(44,180)	
Other	(87,962)	(3,576)	40,738	1,670	(49,130)	(15,424)	(33,706)	(7,018)	(31,171)		(10,941)	
	(420,993)	(51,008)	87,996	(18,143)	(402,148)	(117,956)	(284,192)	(18,668)	(147,337)	(181,022)	(55,121)	-
PIS and COFINS												
PIS/COFINS Technical Note 115/04	3,891		15,283		19,174	19,174		19,174				
Exclusion of ICMS from PIS and COFINS basis (Note 4.2)	-	(564,715)		(178,340)	(743,055)		(743,055)					(743,055)
	3,891	(564,715)	15,283	(178,340)	(723,881)	19,174	(743,055)	19,174	-	-	-	(743,055)
Total	315,581	(649,535)	(191,229)	(174,457)	(699,640)	261,683	(961,323)	123,309	140,595	(169,730)	(50,759)	(743,055)
Current assets	366,149				263,153	263,153						
Non-current assets	122,438				5,613		5,613					
Current liabilities	1,122				1,470	1,470						
Non-current liabilities	171,884				966,936		966,936					

(*) IRT - Tariff repositioning index

Check_Finance Result_Revenues and Expenses



Income from distributors EDP São Paulo and EDP Espírito is basically comprised by the sale of electricity and delivery (transport) thereof by using infrastructure (network) from distribution. Income from concessionaires is affected by the amount of energy delivered and the price. Electricity tariff consists of two parts that reflect the composition of the income:

- Installment Parcel "A" (not manageable costs): this installment must be neutral vis-à-vis the Entity's performance, i.e. the costs incurred by the distributors, that may be classified as Parcel "A", are fully passed on to the consumer or shouldered by the Concession Grantor; and
- Parcel "B" (manageable costs): comprises disbursements in the distribution infrastructure and respective return on the investment and disbursements with operation and maintenance. This part is the one that actually affects the entity's performance, as it has inherent risk of business because there is no guarantee of tariff neutrality.

Sectorial financial assets and liabilities refer to the values originated from the difference between costs estimated by ANEEL and included in the tariff at the onset of the tariff period (Parcel "A") and those that are actually incurred during the tariff period. This difference is subsidiaries' unconditional right to receive cash from Concession Grantor where the budgeted costs are lower than costs actually incurred, or an obligation when the budgeted costs outweigh costs actually incurred. These are segregated into assets and liabilities in accordance with ratification schedule of tariffs by ANEEL in next tax proceedings.

During the tariff adjustments ANEEL recalculates the amounts actually invoiced and collected, pursuant to current regulations, with the purpose of guaranteeing the financial settlement of these amounts, without prejudice to the economic and financial balance of the concession, reducing the risk of losses to immaterial amounts.

They are approved annually by ANEEL and included in the electric power tariff through Tariff Adjustments or Reviews that, in EDP São Paulo, occur on October 23, and, in the EDP Espírito Santo, on August 7.

The amounts included in the sectorial financial assets and liabilities are:

- Account for compensation in change of Parcel "A" costs - CVA: It consists of the cost change with the acquisition of electricity, connection and transmission, in addition to sectorial charges. The CVA must be neutral vis-à-vis the Distributor's performance, i.e. the changes calculated are fully passed on to the consumer or shouldered by the Concession Grantor; and
- Financial items: They refer to other financial components that are rights or liabilities that are also part of the tariff composition, including: Overcontracting of energy Neutrality of sectorial charges; and Financial exposure to spot market for the price difference between Submarkets.

The Amortization process is conducted on a monthly basis and corresponds to receipt/return through application of prevailing tariffs approved in last tariff events. Regarding financial items, the monthly amortization amounts correspond to 1/12 of total amounts homologated by ANEEL. For CVA, the monthly amortization is made according to the market curve. Amounts refer to difference between incurred costs and costs included in tariff up to reference month closing date to be approved in next tariff processes.

8.1 Material effects in the period

Total sectorial assets net of liabilities amounted to R\$ 315,581 as of December 31, 2018, whereas the total sectorial assets net of liabilities amounted to R\$ 699,640 as of June 30, 2019. The negative change for the period, in the amount of R\$ 1,015,221, was mainly due to the exclusion of ICMS from the PIS and COFINS basis in the subsidiary EDP Espírito Santo, as well as for the following reasons:

(i) Amortization: In the period, it was transferred to consumers through the energy bill the amount of R\$ 191,229 related to net sectorial liabilities approved by ANEEL.

(ii) Purchase of energy: Change in said item occurred because realization of energy cost of Contracts for Energy Trading in Regulated Environment (CCEARs) is different from energy cost recognized in tariff adjustment, namely: decrease in hydrologic risk associated with the plants compromised with the contracts for Shares of Physical Guarantee, which energy was contracted in the Regulated Contracting Environment and that signed the agreement of renegotiation for hydrologic risk and engagement of Itaipu.

(iii) Itaipu Energy Cost: The transfer tariff of UHE Itaipu is set in dollars per kilowatt of contracted monthly power (US\$/kW). For the year 2019, the tariff was set at US\$ 27.71/kW. Invoices are paid in Brazilian currency, using the average sell rate calculated by the Central Bank of Brazil, on the business day preceding the invoice payment date, for conversion. Accordingly, the exchange rate noted in the period in analysis was above the one granted as tariff coverage in the tariff adjustment process for 2017, thus generating a regulatory asset, a portion has already been reversed in the tariff readjustment for October 2018 while the other will be considered in the tariff readjustment for 2019.

(iv) System Service Charges - ESS/Energy Reserve Charges - EER: The ESS mainly represents the need for activation of thermal generator agents by the National System Operator (NOS) other than on the grounds of cost, as well as supplementary services provided by electric power generators to maintain the transmission system on appropriate operating conditions. The EER represents the charge required to pay the electric power generation plants that operate in the Backup Energy modality, which aim is to add operational safety and supply to the electrical sector. Actually, the cost of the ESS (System Service Charge)/ERR (Reserve Energy Charge) was lower than anticipated in relation to the respective tariff coverage for the period under analysis, generating a regulatory liability. Part of the liability is already included in the tariff adjustment of August 2018 for EDP Espírito Santo and of October 2018 for EDP São Paulo, and part is to be included in the tariff review of 2019.

(v) Over contracting energy: The change in this item is mainly due to the participation of the Company in the Surplus Trading Mechanism (MVE), in which energy decontracting was carried out for the period from February to December 2019. Considering the total forecast load for the year, the Company expects to close the year with a contracting level of 104.08%. According to current regulation, if the contracting level exceeds 105%, more involuntary, if applicable, the positive or negative result is assumed by the distributor. On the other hand, the result up of up to 105%, more involuntary, if applicable, is fully transferred to the consumer. The result of overcontracting for 2019 depends on the relation of average energy acquisition price and the Difference Settlement Price - PLD, that is, while the PLD is above the average energy acquisition price the overcontracting impact is positive in the financial settlement of the short-term market.



9 Income tax, social contribution, and other taxes

		Parent Company									
	Note	Balance at December 31, 2018	Addition	Inflation adjustment	Advances / payments	Federal tax offsetting	Reclassified	Transfer	Balance at June 30, 2019		
Offsettable assets											
Recoverable income tax and social contribution	9.1	99,536		3,824		(81,875)	3,060	30,541	55,086		
Total current		99,536	-	3,824	-	(81,875)	3,060	30,541	55,086		
Other recoverable taxes											
ICMS (VAT taxes)		39							39		
PIS and COFINS		422	384					(384)	422		
Income tax on interest earning bank deposits		41,313	13,855				(3,060)		52,108		
IRRF (Withholding income tax) on interest on own capital		30,543						(30,541)	2		
Withholding income tax and social contribution on billing		971	2						973		
Other		1,629	6						1,635		
Total current		74,917	14,247	-	-	-	(3,060)	(30,925)	55,179		
Liabilities payable											
Other taxes payable											
ICMS (VAT taxes)		-	60						60		
PIS and COFINS		19,075	1,892			(20,300)		(384)	283		
Taxes on services rendered by third-parties		1,422	311		(598)				1,135		
IRRF (Withholding income tax) on interest on own capital		61,575				(61,575)			-		
Installments	9.5.1	31,762		503	(2,670)				29,595		
Personnel charges		5,679	231		(1,278)				4,632		
Other		980	153		(182)				951		
Total		120,493	2,647	503	(4,728)	(81,875)	-	(384)	36,656		
Current		94,022							12,437		
Non-current		26,471							24,219		
Consolidated											
		Balance at December 31, 2018	Addition	Write-offs	Inflation adjustment	Advances / Payments	Federal tax offsetting	Reclassified	Transfer	Transferred to assets held for sale	Balance at June 30, 2019
Offsettable assets											
Recoverable income tax and social contribution (Note 9.2)		350,533	179		12,577	130,320	(284,156)	3,060	(58,590)	(3,595)	150,328
Total current		350,533	179	-	12,577	130,320	(284,156)	3,060	(58,590)	(3,595)	150,328
Other recoverable taxes											
ICMS (Note 9.3)	165,242	28,486		(6,725)		1,041			(10,205)		177,839
PIS and COFINS (Note 9.2)	196,451	1,024,586			198,513		(14,194)		(440,660)	(106)	964,590
Income tax on interest earning bank deposits	70,121	26,715						(3,060)	(12,986)	(1,167)	79,623
IRRF (Withholding income tax) on interest on own capital	30,661	4							(30,541)		124
Withholding income tax and social contribution on billing	32,174	2,254							(15,748)	(164)	18,516
Other	26,468	895				131			(1,116)	(2,875)	23,503
Total	521,117	1,082,940		(6,725)	198,513	1,172	(14,194)	(3,060)	(511,256)	(4,312)	1,264,195
Current	282,349										268,694
Non-current	238,768										995,501
Liabilities payable											
Income tax and social contribution payable											
Total current	58,994	167,143				(62,460)			(108,051)	(5,043)	50,583
	58,994	167,143	-	-		(62,460)	-	-	(108,051)	(5,043)	50,583
Other taxes payable											
ICMS (Note 9.4)	237,670	1,427,383		(18)		(1,436,932)			(10,205)	(3)	217,895
PIS and COFINS	97,422	823,003			5	(212,202)	(197,208)		(441,580)	(787)	68,653
Taxes on services rendered by third-parties	9,582	38,267				(28,817)				(52)	18,980
IRRF (Withholding income tax) on interest on own capital	101,142						(101,142)				-
Installments (Note 9.5)	428,890				11,483	(21,713)			(10,010)		408,650
Personnel charges	20,914	2,897				(7,223)				(571)	16,017
Other	3,170	2,851			16	(3,381)					2,656
Total	898,790	2,294,401		(18)	11,504	(1,710,268)	(298,350)	-	(461,795)	(1,413)	732,851
Current	509,449										363,872
Non-current	389,341										368,979

As required by CPC 32 - Income taxes, the Company and its subsidiaries present current income tax and social contribution consolidated assets and liabilities at its net value when: (i) could be offset by the same tax authority; and (ii) the tax legislation permits that the Company and its subsidiaries make or receive the tax in lump sum.

9.1 Income tax and social contribution - Assets to offset - Parent company

The recorded amounts refer mostly to tax withholdings at source and respective restatements based on the Selic (Central Bank) rate. That balance is mostly offset with withholding income tax on declared interest on own capital and PIS and COFINS on financial income.

9.2 Income tax, social contribution, PIS (Social Integration Program Contribution) and COFINS (Contribution to the Funding of Social Welfare Programs) – Offsettable Assets – Consolidated

As a result of the re-calculation of taxes in the subsidiaries EDP São Paulo, EDP Espírito Santo and Enerpeixe in 2017, they have recognized credits for such taxes of prior periods.

In relation to Income tax and social contribution, the subsidiaries calculated a credit of R\$ 404,621, of which the amount net of offsets until June 30, 2019 is R\$ 451, related to the subsidiary EDP Espírito Santo, since the subsidiary EDP São Paulo had its offset completed in the period.

Regarding PIS and COFINS, the subsidiaries obtained a credit of R\$ 964,590, of which R\$ 749,194 refers to EDP Espírito Santo, due to the exclusion of ICMS from the PIS/COFINS tax base (Note 4.2).



9.3 ICMS - Assets to offset - Consolidated

Of the amount on June 30, 2019 of R\$ 177,839 (R\$ 165,242 on December 31, 2018) the subsidiaries EDP São Paulo and EDP Espírito Santo have a balance of R\$ 172,685 (R\$ 160,552 on December 31, 2018), which includes ICMS (value-added tax) credits from the purchase of goods in the amount of R\$ 169,577 (R\$ 158,103 on December 31, 2018) which, according to paragraph 5 of article 20 of Complementary Law 87/96, are offset at the ratio of 1/48 per month.

9.4 ICMS - Liabilities payable - Consolidated

Of the amount on June 31, 2019 of R\$ 217,895 (R\$ 237,670 as at December 31, 2018), subsidiaries EDP São Paulo and EDP Espírito Santo had a balance of R\$ 207,925 (R\$ 227,854 at December 31, 2018), referring to ICMS levied on electricity bills.

9.5 Installments

9.5.1 Parent Company

9.5.1.1 REFIS

In 2009, the Company formally joined the program for the reduction and installment payment of taxes according to Law No. 11.941/09 of the Brazilian Federal Revenue Service - "REFIS IV". As at June 30, 2011, the Company consolidated the debts included in the installment plan. Amounts and list of taxes to be paid in installments are as follows:

Installments - REFIS	Parent Company					Adhesion value - REFIS
	Principal	Fine	Interest	Total installment	Conversion to income	
COFINS	30,754	6,151	9,793	46,698	2,092	48,790
PIS	6,677	1,335	2,126	10,138	454	10,592
Total tax	37,431	7,486	11,919	56,836	2,546	59,382
Decrease in Refis program						(7,471)
Use of negative Basis/ Tax Loss						(11,933)
Total						39,978

Out of total debt on June 30, 2019 of R\$ 29,595 (R\$ 31,762 on December 31, 2018), 65 installments monthly restated at SELIC still remain.

9.5.2 Consolidated

9.5.2.1 REFIS

The subsidiary EDP Espírito Santo, together with the Company, also formalized with the RFB the adherence to "REFIS IV" (Note 9.5.1.1). Amounts and list of taxes to be paid in consolidated installments are as follows:

Installments - REFIS	Consolidated						Adhesion value - REFIS
	Principal	Fine	Interest	Charges	Total installment	Conversion to income	
COFINS	33,679	6,736	12,474		52,889	2,092	54,981
PIS	6,677	1,335	2,126		10,138	454	10,592
CSLL	4,442	888	4,093	1,885	11,308	3,742	15,050
INSS	8,548	3,021	10,256	670	22,495	10,822	33,317
IRPJ/ IRRF	4	1	8		13	5,257	5,270
Fine		223	192		415	190	605
Total tax	53,350	12,204	29,149	2,555	97,258	22,557	119,815
Decrease in Refis program							(19,049)
Use of negative Basis/ Tax Loss							(24,032)
Total							76,734

9.5.2.2 Special Tax Regularization Program - PERT

As a result of the calculation of the debts arisen from the recalculation of taxes, the distribution subsidiaries and Enerpeixe adhered in August 2017 to the PERT.

Among the installment payment options, the subsidiaries adhered to the cash payment of 20% of the consolidated debt, without discount, in 5 monthly and successive installments, falling due from August to December 2017, and the remaining amount in 145 monthly and successive installments, falling due from January 2018, with 80% reduction in late payment interests, and 50% of late-payment interest, ex-officio or isolated fines. The installments will be monthly restated at SELIC plus 1%.

Amounts and list of taxes to be paid in consolidated installments are as follows:

Installments - PERT	Consolidated			
	Principal	Fine	Interest	Total installment
PIS	37,010	7,401	10,649	55,060
COFINS	166,807	33,361	47,259	247,427
CSLL	63,432	12,686	16,017	92,135
IRPJ/ IRRF	155,787	31,158	38,304	225,249
	423,036	84,606	112,229	619,871
Decrease in PERT program				(105,668)
Total				514,203



9.5.3 Changes in installments

Changes in the installment plans and the respective balances as of June 30, 2019 are as follows:

	Parent Company		Consolidated	
	REFIS	REFIS (ii)	PERT	Total
Adhesion value	39,978	76,734	514,203	590,937
Differences in consolidation REFIS/PERT (i)	791	791	(11,236)	(10,445)
Interest adjustments – Consolidation 2011	8,707	11,422		11,422
Assets to be offset		3,640		3,640
Judicial deposit in favor of the Company		17,284		17,284
Appropriation in favor of the Federal Government	(5,689)	(23,864)		(23,864)
Amortization	(35,170)	(71,249)	(177,256)	(248,505)
Restatement	20,978	26,674	44,399	71,073
Reversal of update of the appropriation in favor of the Federal Government		(2,892)		(2,892)
Balances at June 30, 2019	29,595	38,540	370,110	408,650

(i) The amount of R\$ 791 in the Parent Company relates to the judicial deposit aiming at the suspension of the enforceability of the IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) debt arising from the administrative proceedings of the merged company Magistra Participações SA, which was included in the Federal REFIS (Tax Recovery Program) in 2013 and ratified in March 2017 by the Federal Revenue Service, which supposedly erred by equating types of deposits.
(ii) Out of the REFIS consolidated total amount of the debt of R\$ 38,540 as of June 30, 2019 (R\$ 40,654 on December 30, 2018), including the Company and the subsidiary EDP Espírito Santo, R\$ 29,595 (R\$ 31,762 on December 31, 2018) was split into installments and are monthly restated by the SELIC rate and R\$ 8,945 (R\$ 8,892 on December 31, 2018) for the remaining there are judicial deposits of R\$ 22,907 (R\$ 22,643 on December 31, 2018), which await appropriation by the Federal Government (in accordance with article 32 of PGFN/RFB Ordinance 06/09), when that is done this liability will be written-off.

10 Deferred taxes

	Note	Parent Company		Consolidated					
		Liabilities		Assets		Liabilities			
		Non-current		Non-current		Current		Non-current	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
PIS and COFINS	10.1	54	44			650	579	126,484	42,832
Income tax and social contribution	10.2	206,243	207,328	732,857	741,134			408,177	391,648
Service tax						715	635	1,487	1,727
Total		206,297	207,372	732,857	741,134	1,365	1,214	536,148	436,207

10.1 PIS and COFINS

Deferred PIS and COFINS (recognized) have the following types:

	Parent Company		Consolidated			
	Liabilities		Liabilities			
	Non-current		Current		Non-current	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Income due to the recognition of incurred costs (CPC 47) in EDP Soluções			650	579	1,358	1,575
Income from construction in transmission subsidiaries					123,197	39,519
Inflation adjustment of judicial deposits					1,929	1,738
	54	44	650	579	126,484	42,832

10.2 Income tax and social contribution

They are recorded on tax losses, negative basis of social contribution and temporary differences, considering the rates in force of the aforementioned taxes, in accordance with the provisions of CVM Resolution 599/09 and consider past profitability record and expectations of future taxable income based on a technical viability study. They are recognized according to the transaction that originated them, whether in income or shareholders' equity. Deferred income tax and social contribution assets and liabilities are presented according to their nature and total amount is presented at net value after due offsets, as required by CPC 32.

10.2.1 Breakdown

Nature of credits	Note	Parent Company			
		Non-current liabilities		Income (loss)	
				Six-month periods ended June 30	
		06/30/2019	12/31/2018	2019	2018
Temporary differences					
Bargain purchase	10.2.1.1	146,915	146,915		
Surplus		58,812	59,964	1,152	(20,505)
Other		516	449	(67)	(243)
Total		206,243	207,328	1,085	(20,748)



Nature of credits	Note	Consolidated							
		Non-current assets		Non-current liabilities		Income (loss)		Shareholders' Equity	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	Six-month periods ended June 30			
						2019	2018	2019	2018
Tax losses	10.2.1.2	287,353	297,432			(10,079)	(14,547)		
Negative basis of social contribution	10.2.1.2	104,412	110,671			(6,259)	(5,237)		
		391,765	408,103	-	-	(16,338)	(19,784)	-	
Temporary differences									
Estimated loss from allowance for doubtful accounts - PECLD		147,507	124,469			25,733	2,497		17,922
Post-employment benefits		99,432	106,270			4,680	(366)		
Provision for tax, civil and labor risks		126,024	125,342			2,630	15,376		
Consumers - adjustment to present value		1,958	3,906			(1,948)	(1,928)		
Pre-operating expenditures		18,577	16,892			1,685	(26,150)		
Bargain purchase	10.2.1.1			146,915	146,915				
Surplus				481,904	483,056	1,152	(20,505)		
Amortization/depreciation - Surplus in the acquired business - CPC 15 (R1)				(116,399)	(108,531)	7,868	7,275		
Use of Public Property - CPC 25		109,202	106,799	32,372	33,327	3,358	4,116		
Fair value of indemnifiable financial assets - ICPC 01 (R1)				193,026	183,263	(9,763)	(15,185)		
Remuneration of concession assets				79,950	25,147	(54,803)			
PIS and Cofins on concession assets		40,920	12,268			28,652			
Financial instruments - CPC 39		4,127	3,243	47,082	48,286	2,074	780	13	(820)
Post-employment benefits - PSAP	10.2.1.3	(42,126)	(50,550)			8,424	2,906	(8,424)	
Post-employment benefits - Other comprehensive income		197,295	207,301			(8,424)		231	(2,642)
Refund for unavailability							(1,889)		
Environmental permits		9,186	8,256	13,244	14,108	1,794	(897)		
Other		6,317	4,968	24,698	26,558	1,772	5,701		
Total temporary differences		718,419	669,164	902,792	852,129	14,884	(28,269)	(8,180)	14,460
Tax credit of goodwill taken over	10.2.1.4	117,288	124,348			(7,060)	(7,229)		
Total gross		1,227,472	1,201,615	902,792	852,129	(8,514)	(55,282)	(8,180)	14,460
Offset between Deferred Assets and Liabilities		(494,615)	(460,481)	(494,615)	(460,481)				
Total		732,857	741,134	408,177	391,648				

Change in deferred income and social contribution tax assets and liabilities (Consolidated) in the amount of R\$ 24,806 was recorded as a negative contra entry in the income for the period of R\$ 8,514, debited to shareholders' equity in the amount of R\$ 8,112 (Energest), and is classified as assets held for sale (Note 15).

10.2.1.1 Bargain purchase

Deferred taxes on negative goodwill are a result of the acquisitions of Porto do Pecém (R\$ 120,096) and Celesc (R\$ 26,819). Taxes on negative goodwill will be realized on the disposal of these investments.

10.2.1.2 Tax losses and negative basis of social contribution tax

Under the tax legislation in force, the tax loss and the negative basis of social contribution can be offset with future income, up to the limit of 30% of the taxable income, and are not subject to a statutory limitation period.

10.2.1.3 Provision for Social Security Deficit - PSAP

The taxable credit arising from the Provision for the Pension Plan Deficit - PSAP of EDP São Paulo refers to the portion of liabilities related to the benefits exceeding the assets of the Defined benefit pension plans, the provision for which was effected on December 31, 2001 with a counterparty in the Shareholders' Equity, deductible on the occasion of the monthly payments, expected to be terminated in 2028 (Note 25.1.1.4).

10.2.1.4 Tax credit of goodwill taken over

The goodwill fiscal credit derives from:

- (i) in the EDP São Paulo's subsidiary: the takeover of the spin off portion of the former parent company Enerpaulo - Energia Paulista Ltda. within the subsidiary EDP São Paulo during 2002, represented by the goodwill paid by Enerpaulo on the acquisition of shares issued by EDP São Paulo;
- (ii) at the subsidiary EDP Espírito Santo: from the takeover that occurred in April 2005 of the spin off portion of the Parent Company with the subsidiary EDP Escelsa, represented by the goodwill paid by the merged companies EDP 2000 Participações Ltda. and EDP Investimentos Ltda. on the acquisition of shares issued by IVEN, which was the parent company of EDP Espírito Santo; and
- (iii) the takeover of the subsidiaries EDP Lajeado and Tocantins within the subsidiary Lajeado, dated November 2009, represented by the goodwill paid by Lajeado.

The amounts were accounted for in accordance with CVM Instructions Nos. 319/99 and 349/99, and in accordance with ANEEL's instructions, and amortized according to the curve between the expectations of future results and the terms of the subsidiaries' concession. This translates into a future average annual tax credit realization of R\$ 5,852 for the subsidiary EDP São Paulo up to 2027, R\$ 1,637 for the subsidiary EDP Espírito Santo up to 2025, and R\$ 4,130 for the subsidiary Lajeado up to 2032.

10.2.2 Realization of deferred tax assets

Deferred tax assets are reviewed at the end of the year and are reduced as their realization is no longer probable.

Management of EDP São Paulo, EDP Espírito Santo, Lajeado, Investco, Energest, EDP Comercializadora, EDP GRID, Enerpeixe, Porto do Pecém and subsidiaries prepared the projection of future taxable income, including its discounts to present value and demonstrating tax credit realization capacity in indicated years, which are approved by the respective Boards of Directors or Executive Boards. Based on the technical study of taxable income projections, the subsidiaries estimate recovering tax credit arisen out of accumulated losses in the following years:

2019	2020	2021	2022	2023	2024-2026	As from 2027	Total non-current
92,076	163,012	181,679	122,166	133,781	294,145	240,613	1,227,472

The realization of deferred tax assets is in compliance with the provisions of CVM Instruction 371/02 and Official Circular Letter CVM/SNC/SEP/nº01/2019

10.2.3 Unrecognized deferred tax assets

On June 30, 2019, the Company and its subsidiaries have tax credits related to tax losses and tax carryforwards from social contribution and temporary differences not recognized in the interim financial information totaling R\$ 10,442 (R\$ 22,605 as of December 31, 2018), in view of uncertainties in its realization. Such amount may be the object of future recognition, in accordance with annual reviews of taxable income generation projections. There is no statute of limitation period for the use of said credits.



11 Related parties

Besides the amounts of the balance of contingent consideration presented in Note 27.4 and balance of loans payable presented in Note 24 and dividends payable and receivable provided in Note 13, the other balances of assets and liabilities, as well as the transactions of the Company with its subsidiaries and parent companies, key Management and other related parties, which influenced the result of the period, are presented as follows:

				Parent Company											
				Assets				Liabilities				Revenue (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
												Six-month periods ended June 30			
				06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018
Securities															
Debentures															
São Manoel	Jointly-controlled subsidiary		08/15/2016–12/15/2018	-	-	-	-	-	-	-	-	-	-	-	3,05
Loans receivable															3,05
Loan agreements - 100–110% CDI															
Pecém OM	Jointly-controlled subsidiary		12/05/2011 to an undefined date			1,425	1,379							47	4
EDP GRID	Subsidiary		08/04/2017–04/04/2018												1,83
Porto do Pecém	Subsidiary		09/24/2012 to an undefined date			82,626	196,316							6,310	8,97
Mabe	Jointly-controlled subsidiary		10/04/2013–12/31/2019			22,289	21,430							695	66
EDP Transmissão MA I	Subsidiary		11/22/2018–11/21/2020			627	604							19	
EDP Transmissão SP-MG	Subsidiary		11/22/2018–11/21/2020			6,363	5,827							188	
EDP São Paulo	Subsidiary		03/23/2017–01/07/2021											439	1
EDP Espírito Santo	Subsidiary		03/29/2017–05/28/2019	-	-	113,330	225,556	-	-	-	-	-	-	599	11,52
Advance for future capital increase – AFAC															
CEJA	Jointly-controlled subsidiary		10/10/2015 to an undefined date				36,000								
EDP Transmissão MA I	Subsidiary		08/23/2017 to an undefined date				8,000								
EDP Transmissão MA II	Subsidiary		08/23/2017 to an undefined date				10,000								
EDP Transmissão SP-MG	Subsidiary		08/23/2017 to an undefined date				18,000								
EDP Transmissão Aliança	Subsidiary		08/23/2017 to an undefined date				12,150								
SP Ventures	Subsidiary		12/13/2018 to an undefined date				1,000								
EDP GRID	Subsidiary		02/23/2017 to an undefined date				10,000								
Resende	Subsidiary		05/14/2018 to an undefined date	-	-	-	95,170	-	-	-	-	-	-	-	-
Other receivables and other accounts payable (Note 14)															
Human Resources Sharing Agreement (a)															
EDP São Paulo	Subsidiary					9						569	607		
Energest	Subsidiary					51						(36)	(203)		
EDP Comercializadora	Subsidiary					2				944	70	386	180		
Investco	Subsidiary					705	806			25	25	127	(314)		
Santa Fé	Subsidiary (*)												121		
EDP Espírito Santo	Subsidiary					4					2,067	5,998	5,317		
Porto do Pecém	Subsidiary												(579)		
EDP PCH	Subsidiary (*)												(2,063)		
EDP Soluções	Subsidiary		01/01/2018–12/31/2019			1,156						762	788		
EDP GRID	Subsidiary					6				1	1	77	(195)		
Pecém TM	Jointly-controlled subsidiary														
Lajeado	Subsidiary					298	6					343	446		
EDP Transmissão	Subsidiary											55			
EDP Varejista	Subsidiary											214			
EDP Transmissão MA I	Subsidiary											12			
EDP Transmissão MA II	Subsidiary											13			
EDP Transmissão SP-MG	Subsidiary											24			
EDP Transmissão Aliança	Subsidiary											150			



				Parent Company											
				Assets				Liabilities				Revenue (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
												Six-month periods ended June 30			
	Relationship	Price practiced	Duration	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018
Infrastructure Service Sharing (b)															
EDP São Paulo	Subsidiary		07/29/2015–07/29/2019			257	267					1,815	1,630		
Energest	Subsidiary		07/29/2015–07/29/2019				104					615	(703)		
EDP Comercializadora	Subsidiary		01/01/2015–12/31/2018				46						774		
EDP Transmissão	Subsidiary		01/01/2015–12/31/2018				2						13		
ECE Participações	Jointly-controlled subsidiary		01/01/2015–12/31/2018				2						398		
Instituto EDP	Associated Company		01/01/2015–12/31/2018				10						71		
Investco	Subsidiary		01/01/2015–12/31/2018				22						(75)		
Lajeado	Subsidiary		01/01/2015–12/31/2018				4						111		
CEJA	Jointly-controlled subsidiary		01/01/2015–07/29/2019			2	5					2	15		
EDP Espírito Santo	Subsidiary		07/29/2015–07/29/2019			83	88			14		582	538		
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2015–12/31/2018				22								
Porto do Pecém	Subsidiary		01/01/2015–12/31/2018										(1,763)		
São Manoel	Jointly-controlled subsidiary		05/01/2014–05/31/2018										7		
EDP GRID	Subsidiary		01/01/2015–12/31/2018				7						(199)		
EDP Transmissão MA I	Subsidiary		01/01/2018–12/31/2018				3						15		
EDP Transmissão MA II	Subsidiary		01/01/2018–12/31/2018				2						15		
EDP Transmissão SP-MG	Subsidiary		01/01/2018–12/31/2018				3						15		
EDP Transmissão Aliança	Subsidiary		01/01/2018–12/31/2018				3						15		
EDP Soluções	Subsidiary		01/01/2018–12/31/2018				6						35		
Reimbursement of auction expenditures															
EDP Transmissão MA I	Subsidiary						272								
EDP Transmissão MA II	Subsidiary		06/01/2017–05/31/2018				238								
Stock option granted by the Company (Note 11.2.1)															
EDP São Paulo	Subsidiary		06/15/2016–06/18/2023			961	707					254	166		
Energest	Subsidiary		06/15/2016–06/18/2022			503	380					124	82		
EDP Comercializadora	Subsidiary		06/15/2016–06/18/2023			206	154					52	82		
EDP Espírito Santo	Subsidiary		06/19/2017–06/18/2023			98	58					40	12		
Porto do Pecém	Subsidiary		06/15/2016–06/18/2022			574	444					130	123		
EDP Transmissão SP-MG	Subsidiary		06/06/2018–06/05/2023			10	6					5	1		
EDP GRID	Subsidiary		06/15/2016–06/15/2023			63	47					15	9		
Agreement of consulting services															
EDP Renováveis	Associated Company		12/01/2013–06/30/2020	978		270	270					117			
Elebrás			07/01/2018–06/30/2020	82								82			
Feijão I			07/01/2018–06/30/2020	35								35			
Feijão II			07/01/2018–06/30/2020	35								35			
Feijão II			07/01/2018–06/30/2020	35								35			
Feijão IV			07/01/2018–06/30/2020	35								35			
Jau			07/01/2018–06/30/2020	99								99			
Cenaeel			07/01/2018–06/30/2020	16								16			
Aventura I			07/01/2018–06/30/2020	28								28			
Babilonia			07/01/2018–06/30/2020	41								41			
Service agreement															
EDP Portugal (d)	Parent company		Undetermined	8,702	7,322			28,371	26,390	446	446	(2,046)	1,596	533	
São Manoel	Jointly-controlled subsidiary		05/01/2014–05/30/2018										427		



				Parent Company											
				Assets				Liabilities				Revenue (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
				Six-month periods ended June 30											
Relationship	Price practiced	Duration		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018
Agreement for the Sharing of Backoffice Activities (c)															
EDP Espírito Santo	Subsidiary					1,463				3	68	4,842	11,998		
Cachoeira Caldeirão	Jointly-controlled subsidiary					263	200			259	259	400	282		
São Manoel	Jointly-controlled subsidiary					261	163					590	(59)		
ECE Participações	Jointly-controlled subsidiary					260	213			232	232	293	11		
EDP Transmissão MA I	Subsidiary					55	14					271	28		
EDP Transmissão MA II	Subsidiary					52	14					258	28		
EDP Transmissão SP-MG	Subsidiary					55	14					260	28		
EDP Transmissão Aliança	Subsidiary					105	14					482	28		
Energest	Subsidiary					176	277					954	282		
EDP Soluções	Subsidiary					268	1,135					1,060	(83)		
Lajeado	Subsidiary					264	349					889	51		
EDP PCH	Subsidiary (*)	01/01/2018–12/31/2019											(232)		
Porto do Pecém	Subsidiary					956	3,502					4,850	296		
EDP GRID	Subsidiary					87					147	454	50		
EDP São Paulo	Subsidiary					1				89	1,092	1,325	(143)		
EDP Comercializadora	Subsidiary					308	913			43	918	1,210	125		
Santa Fé	Subsidiary (*)												37		
Enerpeixe	Subsidiary					207	980			752		1,135			
Pecém OM	Jointly-controlled subsidiary										185				
Pecém TM	Jointly-controlled subsidiary										138				
Investco	Subsidiary					260						707	56		
EDP Transmissão	Subsidiary					98						520			
EDP Varejista	Subsidiary					126						473			
Sharing of the Neweb platform (e)															
EDP Portugal	Parent company		12/31/2018–06/30/2019					2,171	582						
Reimbursement of insurance premium															
Investco	Subsidiary		3/31/2019										(28)		
EDP São Paulo	Subsidiary		3/31/2019										(525)		
EDP Espírito Santo	Subsidiary		3/31/2019										(455)		
EDP Soluções	Subsidiary		3/31/2019										(33)		
EDP Transmissão	Subsidiary		3/31/2019							3			(3)		
EDP Comercializadora	Subsidiary		3/31/2019										(14)		
EDP Varejista	Subsidiary		3/31/2019										(4)		
Energest	Subsidiary		3/31/2019										(28)		
EDP GRID	Subsidiary		3/31/2019										(11)		
Lajeado	Subsidiary		3/31/2019										(4)		
Instituto EDP	Associated Company		3/31/2019										(6)		
Porto do Pecém	Subsidiary		3/31/2019										(112)		
EDP Transmissão MA I	Subsidiary		3/31/2019							2			(2)		
EDP Transmissão MA II	Subsidiary		3/31/2019							2			(2)		
EDP Transmissão SP-MG	Subsidiary		3/31/2019							3			(2)		
EDP Transmissão Aliança	Subsidiary		3/31/2019							5			(5)		
Capital reduction															
Enerpeixe	Subsidiary		Undetermined		24,000										
				34,086	7,322	10,523	11,772	30,542	26,972	2,809	5,662	30,544	20,298	533	-
				34,086	7,322	123,853	332,498	30,542	26,972	2,809	5,662	30,544	20,298	8,830	14,581



				Consolidated											
				Assets				Liabilities				Revenue (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
												Six-month periods ended June 30			
				06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



				Consolidated								Revenue (expenses)			
				Assets				Liabilities							
				Current		Non-current		Current		Non-current		Operating		Financial	
												Six-month periods ended June 30			
				06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018
Other receivables and other accounts payable (Note 14)															
Rendering of services - Backoffice															
Pecém TM	Jointly-controlled subsidiary		05/01/2015–04/30/2020	6,010	4,279							9,474			
Pecém OM	Jointly-controlled subsidiary		05/01/2015–04/30/2020	1,292	1,336							2,111			
Mabe	Jointly-controlled subsidiary		05/01/2015–04/30/2020	1,310	1,349										
Agreement of consulting services															
EDP Renováveis	Associated Company		12/01/2013–12/31/2015	978		270	270								
Elebrás			07/01/2018–06/30/2020	82											
Feijão I			07/01/2018–06/30/2020	35											
Feijão II			07/01/2018–06/30/2020	35											
Feijão II			07/01/2018–06/30/2020	35											
Feijão IV			07/01/2018–06/30/2020	35											
Jau			07/01/2018–06/30/2020	99											
Cenaeel			07/01/2018–06/30/2020	16											
Aventura I			07/01/2018–06/30/2020	28											
Babilonia			07/01/2018–06/30/2020	41											
Service agreement															
EDP Portugal (d)	Parent company		Undetermined	8,702	7,322			33,999	30,589	446	446	(2,046)	1,596		
Energest (Note 15)	Subsidiary		Sundry					2,754							
Infrastructure Service Sharing (b)															
EDP Renováveis	Associated Company		07/29/2015–07/29/2019			17	18								
ECE Participações	Jointly-controlled subsidiary		01/01/2015–12/31/2018				2					6,724	398		
Instituto EDP	Associated company		01/01/2015–12/31/2018				10					15,878	71		
CEJA	Jointly-controlled subsidiary		01/01/2015–12/31/2018			2	5						15		
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2015–12/31/2018				22								
São Manoel	Jointly-controlled subsidiary		05/01/2014–05/31/2018				1					15,878	7		
Agreement for the Sharing of Backoffice Activities (c)															
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2018–12/31/2019			263	200			259	259		282		
São Manoel	Jointly-controlled subsidiary		05/01/2018–04/30/2020	19	19	261	163						(59)		
Pecém OM	Jointly-controlled subsidiary		01/01/2018–12/31/2019												
Pecém TM	Jointly-controlled subsidiary		01/01/2018–12/31/2019							1,551	138				
ECE Participações	Jointly-controlled subsidiary		01/01/2018–12/31/2019			260	213			232	234		11		
				18,717	14,305	1,073	904	36,753	30,589	2,488	1,262	48,019	2,321		
				31,556	22,971	24,787	59,713	43,885	36,570	2,488	2,612	50,795	4,948	742	3,764

(*) Santa Fé and EDP PCH were sold on December 21, 2018 and, thus, as of this date is no longer part of the Grupo EDP - Energias do Brasil's economic group.

Related-party transactions were made under conditions compatible with market conditions.
The collateral sureties and guarantees provided by the Company are described in the Note on Guarantees (Note 35.2).



Transactions made with counterparties below were carried out in the normal course of business, without any incremental profit margin.

(a) Human Resources Sharing Agreement: From January 1, 2018, EDP - Energias do Brasil is responsible for contracting a new Human Resources Sharing Agreement which include the corporate areas' activities. The contract was approved by ANEEL by means of the Order 1329 published on June 14, 2018, and approves a human resources sharing agreement between EDP - Energias do Brasil and related parties EDP São Paulo, EDP Espírito Santo, EDP Comercializadora, Energest, Investco, Lajeado, Santa Fé, EDP PCH and Porto do Pecém. Due to the disposal of Santa Fé and of EDP PCH in December 2018, as of 2019 these are excluded from the sharing.

The new agreement is effective until December 31, 2019 and was implemented using the regulatory criterion defined in ANEEL (Brazilian Electricity Regulatory Agency) Normative Resolution no. 699/16. The new criteria allocates the personal expenditure proportionally to the gross property, plant and equipment (AIB), weighted by a factor set for each segment (distribution and generation) and excluding the holding and trader expenditures, which are shared in advance.

Additionally, starting January 01, 2018, with a term of 24 months, a human resources sharing agreement was signed among the Company, subsidiaries EDP GRID and EDP Soluções, without the need for prior consent by ANEEL, using the criterion of allocation of expenditures according to the percentage of dedication of the activity, process or department to the related parties.

(b) Agreements for Sharing of Infrastructure Services: The purpose of the instrument is to apportion property lease costs, condominium fees and telecommunications expenditures of the head office of the holding company EDP - Energias do Brasil in São Paulo, where the head office of the Company is located. On January 16, 2015, Grupo EDP - Energias do Brasil requested to ANEEL authorization to enter into the "Agreement for Concession of Space and Sharing of Infrastructure Services" in the following locations: (i) Head Office in São Paulo - SP, where the Contracted Party is EDP - Energias do Brasil and the Contracting Parties are EDP Espírito Santo, EDP São Paulo and Energest; and (ii) Sports Center in Carapina - ES, where the Contracted Party is EDP Espírito Santo and the Contracting Parties are Energest, EnerPrev, EDP GRID, Cachoeira Caldeirão, ECE. On July 28, 2015, through Order 2430, ANEEL accepted the request and established the validity of 48 months from the date of publication of the Order, however, the Company was authorized to begin the sharing only in August 2015. On September 16, 2015, the Company requested to ANEEL authorization for the Terms of Settlement and Other Covenants, in order to approve the payments related to the period from January to July, of the Agreements for Concession of Space and Sharing of Infrastructure Services, since they were authorized without retroactivity. The request was accepted by ANEEL on April 25, 2016, through Order 987/16.

The apportionment percentages should be reviewed annually and, in case of changes, addenda must be submitted to the prior approval of ANEEL.

In addition, EDP - Energias do Brasil and the related companies EDP Comercializadora, EDP Transmissão, EDP Transmissão MA I, EDP Transmissão MA II, EDP Transmissão Aliança, EDP Transmissão SP-MG, Instituto EDP, Investco, Lajeado, ECE Participações, CEJA, Cachoeira Caldeirão, São Manoel, EDP Soluções and EDP GRID also entered into agreements with the same purpose, however, they did not have to be submitted to prior consent of ANEEL, since the parties are not delegates of the electric power public service, as set forth in Normative Resolution 334/08, in effect at the time of signing of the agreements, ruled the legal acts and transactions between the related companies. These contracts expired on December 31, 2018.

(c) Agreement for the Sharing of Backoffice Activities:

The purpose of the instrument is to apportion costs with materials, services rendered and other expenditures associated with back-office activities, such as the administrative, financial, accounting and legal functions and others.

The apportionment criterion considers drivers that weigh the effort of each area for each company, which was supported by an independent specialized consulting firm. Due to the disposal of Santa Fé and of EDP PCH in December 2018, as of 2019 these are excluded from the sharing.

This agreement does not need to be subject to previous ANEEL approval, pursuant to the terms of ANEEL Normative Resolution 699/16, reimbursement of negotiated contract does not exceed annual limit based on the net income of the subsidiaries.

(d) Service agreement - EDP Portugal

The amounts refer to consulting service and management support agreements mutually executed between the Company and its controlling shareholder EDP - Energias de Portugal S.A. These contracts aim: (i) cost sharing, structure, knowledge and technology, thus allowing a greater synergy between the companies in the group; (ii) preventing any idle staff capacity; (iii) lowering procurement costs of certain services in relation to the market average; and (iv) preventing third-party access to strategic issues or technology information owned by contracting parties.

The agencies responsible for control and respective supervision of these agreements are the Corporate Governance Committee and Related Parties, the Board of Directors and the Company's internal area dedicated to verification and checking of imported and exported services.

Every imported or exported service is subjected to a rigorous analysis that requires interaction of the area dedicated to verification and checking with other internal areas of the Company that imported and exported the service. It is ascertained whether the time spent in activities, the number of beneficiaries and the volume of aggregate businesses show effectively the spent by employees to carry out the activities in question.

(e) Sharing of the Newweb platform: The sharing is related to the license for the Newweb software, contracted by EDP Portugal for the purpose of hosting the different EDP Group websites in the world.

11.1 Direct and ultimate parent company

The final parent company of the Company is EDP - Energias de Portugal S.A., which exerts its controlling power through its subsidiaries EDP International Investments and Services, S.L. and EDP IS - Investments and Services, Sociedade Unipessoal, Lda.

11.2 Management remuneration

11.2.1 Shares granted by the Company

In May 2016, July 2017 and June 2018, the Company created, Share-Based Payment Plan with similar characteristics, which grant future shares to its beneficiaries. Among them, there are statutory and non-statutory managers and executive officers and its subsidiaries, and in the results of 2019 of the Company the amount of R\$ 620 (R\$ 475 in 2018) is estimated to be reimbursed by the subsidiaries at the time of grant. The shares will be granted upon fulfillment of certain conditions within 3 or 5 years from the beginning of the plan.

11.2.2 Total compensation of the Board of Directors, Tax Council and Statutory Board of Directors paid by the Company for the periods ended June 30

	2019				2018		
	Statutory Board	Board of Directors	Tax Council	Total	Statutory Board	Board of Directors	Total
Compensation (a)	3,740	634	106	4,480	3,665	602	4,267
Short-term benefits (b)	79			79	83		83
Benefits - Private pension plan	53			53	47		47
Total	3,872	634	106	4,612	3,795	602	4,397

(a) It is comprised of fixed and variable compensation (bonus and profit sharing), besides the respective payroll charges.

(b) Represents the benefits with medical and dental care, medicine allowance, food and meal vouchers, and life insurance.



In relation to the granted shares, the amount related to the statutory officers of the Company, estimated in the profit or loss for 2019, is R\$ 221 (R\$ 98 in 2018). The estimated amounts are only considered as the Statutory Board of Directors' compensation in the chart above at the time of the effective grant of the Company's shares.

12 Inventories

	Note	Consolidated	
		06/30/2019	12/31/2018
Raw material and inputs for generation of electric power			
Charcoal		89,042	172,605
Diesel		2,144	2,009
CAL		258	255
Other		2,440	2,289
	12.1	93,884	177,158
Storeroom materials		82,992	84,514
Wastes and scrap		31,607	24,962
Photovoltaic kit		3,922	3,787
Other		1,307	7
(-) Estimated losses in the realization of inventories		(15,624)	(23,463)
Total		198,088	266,965

Inventories are stated a cost or net realizable value, whichever is lower, less possible loss in the recoverable value. The method of valuation of Inventory is determined based on the weighted average cost method.

Materials used in the construction of the concession infrastructure are classified under the captions: (i) Property, plant and equipment, at the generation and service subsidiaries, for the amount of R\$ 23,624 on June 30, 2019 (R\$ 24,609 on December 31, 2018); and (ii) Concession assets at the distribution subsidiaries for the amount of R\$ 88,340 on June 30, 2019 (R\$ 47,353 at December 31, 2018).

12.1 Raw material and inputs for generation of electric power

The change for the period of R\$ 83,274 refers to the subsidiary Porto do Pecém, and is mainly due to the fact that Porto do Pecém was not being dispatched by the National System Operator (ONS) in the last quarter of 2018, due to the favorable hydrological scenario. As of February 2019, due to a deterioration of the hydrological scenario, Porto do Pecém was dispatched again, thus consuming the accumulated inventory up to that moment.

13 Dividends – Assets and liabilities

Dividends and interest on own capital (JSCP) payable are recognized in the shareholders' equity in following occasions: (i) JSCP (Interest on own capital) recorded as dividends: when approved by the Board of Directors; (ii) minimum mandatory dividends: at yearend, as provided for in the Company's Bylaws, possibly deducted from JSCP (Interest on own capital) already stated in the year; (iii) additional dividends: when approved by the General Shareholders' Meeting; and (iv) interim and prior-years' dividends: when approved by the Board of Directors or the Annual Shareholders' Meeting. Dividends receivable from subsidiaries, associated companies and jointly-controlled subsidiaries are recorded as an asset in the Company's financial statements, consistent with previously described liabilities' accounting practice.

The interest on own capital credits are initially recorded in finance expenses for tax purposes, and, concomitantly, reversed from this same line item as counterparty to shareholders' equity. Tax reduction generated by them is recognized in income for the year upon their credit. In relation to interest on own capital receivable, these are initially recorded in financial income for tax purposes, and, concomitantly, reserved from this same line item as counterparty to investment.

Allocation of net income for the year ended December 31, 2018 was approved in the Annual Shareholders' Meeting held on April 16, 2019, with distribution of: (i) R\$ 439,000 of interest on own capital, attributable to the dividends already accounted for on December 31, 2018; (i) dividends amounting to R\$ 37,187; (iii) Legal reserve totaling R\$ 63,642 and (iv) Profit retention reserve amounting to R\$733,004. Dividends will be paid with no adjustment to Company's common shareholders in June 25, 2019, after the Annual Meeting held on July 01, 2019.

Changes to balance of dividends receivable and payable balance in the period are as follows:

	Parent Company				
	Dividends				Balance at June 30, 2019
	Balance at December 31, 2018	Additional	Intermediary	Receipts / Payments	
Assets					
Energest	7,788	39,285			47,073
Enerpeixe	24,573	12,053		(24,573)	12,053
EDP Comercializadora	3,171			(3,171)	
EDP São Paulo	56,350	136,524			192,874
EDP Espírito Santo	63,729	82,702		(113,729)	32,702
Lajeado Energia	15,906	35,292	31,404	(82,602)	
EDP Transmissão	2,343	7,028			9,371
EDP Transmissão MA I	60	180			240
EDP Transmissão Aliança SC	601	1,804			2,405
EDP Transmissão SP-MG	183	549			732
Pecém TM	147				147
CEJA	4,950				4,950
CELESC	620	9,233		(4,547)	5,306
	180,421	324,650	31,404	(228,622)	307,853
	Parent Company				Balance at June 30, 2019
	Balance at December 31, 2018	Additional	Payments		
Liabilities					
Non-controlling shareholders	187,514	18,125	(4)		205,635
EDP IS - Investimentos e Serviços, Sociedade Unipessoal Lda.	103,519	10,316			113,835
EDP International Investments and Services, S.L.	87,762	8,746			96,508
	378,795	37,187	(4)		415,978



	Consolidated						
	Balance at December 31, 2018	Dividends			Founders' shares	Unrealized Payments	Balance at June 30, 2019
Assets		Proposed	Additional	Intermediary			
Pecém TM	147						147
Celesc	620		9,233			(4,547)	5,306
CEJA	4,950						4,950
	5,717	-	9,233	-	-	(4,547)	10,403
Liabilities							
CEB Lajeado	4,027		1,887			(4,777)	1,137
Paulista Lajeado Energia	1,409		661			(1,672)	398
Eletrobras	25,343	37,365		26,309	8,033	(73,187)	23,863
Government of Tocantins	1,158		2,571	2,287		(6,016)	
Furnas Centrais Elétricas	16,382		8,035			(16,382)	8,035
Celesc Geração	67		201				268
Non-controlling shareholders	190,290		18,125			(4)	208,416
EDP IS - Investimentos e Serviços, Sociedade Unipessoal Ltda.	103,519		10,316				113,835
EDP International Investments and Services, S.L.	87,762		8,746				96,508
	429,957	37,365	50,542	28,596	8,033	(102,038)	452,460

14 Other receivables – Assets and Other accounts payable – Liabilities

	Note	Parent Company				Consolidated			
		Current		Non-current		Current		Non-current	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Other receivables – Assets									
Advances	14.1	291	257			34,885	22,670		
Discount	14.2					73,942	69,010		
Tariff flags - Tariff Flag Fund Centralizing Account (CCRBT)							327		
Tariff modicity - low income	14.3							8,055	8,055
Post-employment benefits								54	339
Assets for disposal/discontinuance	14.9	15,746	1,340			29,217	12,493		
Services in progress						4,071	3,676	95	95
Services rendered to third parties			1,741			33,147	23,007	1,544	1,790
Reimbursement of costs – CDE (Energy development account)/RGR (Overall Reversal Reserve)							990		
Collection agreements						4,996	5,164		
Related-party/shared services	11	34,086	7,322	10,523	11,772	18,717	14,305	1,803	904
Income receivable						4,475	3,424		
Risk premium - GSF	14.4					2,750	3,291	24,057	27,685
Other		10,222	7,183	2,722	2,783	35,086	36,461	28,535	27,086
Total		60,345	17,843	13,245	14,555	241,286	194,818	64,143	65,954

	Note	Parent Company				Consolidated			
		Current		Non-current		Current		Non-current	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Other accounts payable – Liabilities									
Advances received - disposal of assets and rights						17,655	17,649		
Public lighting contribution	14.5					20,213	18,949		
Sundry creditors - consumers and concessionaires						39,068	52,080	881	17,757
Payroll		677	1,079			5,525	7,703		
Tariff modicity - low income	14.3					483	487	9,810	9,810
ICMS credit assignment						330	2,672		
Third party collection to be transferred						11,533	11,646		
Related-party/shared services	11	30,542	26,972	2,809	5,662	47,259	30,589	16,025	1,262
Leases and rentals	14.8	3,986		3,585		35,463		38,827	
Debts with related parties									
Social charges and labor obligations	14.6	8,989	12,423			76,658	83,041		
Reserve for reversal and amortization	14.7					1,944	1,944	12,633	13,605
Advance of tariff discounts	14.2					5,688			
Other		5,174	3,427	200	826	30,736	11,609	200	1,821
Total		49,368	43,901	6,594	6,488	292,555	238,369	78,376	44,255

14.1 Advances

Of the balance of Advances at June 30, 2019, in the amount of R\$ 34,885 (R\$ 22,670 as of December 31, 2018), R\$ 17,665 (R\$ 2,878 as of December 31, 2018) is related to an advance payment related to the purchase of coal.



14.2 Discount

This refers to discounts applied to customers in tariffs of consumer units, according to regulations by ANEEL through specific resolutions. The discounts are applied according to the classification of the activity of each consumer unit and are intended for allocation to low-income households registered with the Single CAD (Register) of the Federal Government, as an incentive to the improvement of agricultural production, and as discounts for essential public services, as is the case of the water, sewage and sanitation units.

At the same time as they determine the percentage of discount to be applied to the monthly billings of the consumer units, the orders for tariff readjustments also establish the subsidiaries' right to be reimbursed in the respective amounts through the economic grant mechanism, with funds originating from the Energy Development Account (Conta de Desenvolvimento Energético - CDE), as Law 10438/02.

Up to April 2017, Eletrobras was responsible for management of CDE funds and respective transfers. Through Law 13360/16, beginning as of May 2017, management and transfer of funds became the responsibility of CCEE.

ANEEL homologated amounts to be transferred to EDP São Paulo and EDP Espírito Santo through the following Ratifying Resolutions:

Ratifying Resolution	Periods	Monthly amount
EDP Espírito Santo		
ANEEL 2432/18	Aug/18–Jul/19	22,175
EDP São Paulo		
ANEEL 2469/18	Oct/2018–Sep/2019	12,695

See below the breakdown of the tariff discounts:

	Consolidated		
	Balance at December 31, 2018	Discount	Reimbursement
Low Income Grant	8,369	20,611	(21,913)
Incentivized Source Load Grant - Res. 77/04	41,128	77,404	(110,049)
Incentivized Source Generation Grant - Res. 77/04	2,142	2,835	(3,150)
Rural Grant	29,513	80,794	(61,169)
Irrigator/Fish Farmer Grant - Res. 207/06	(10,219)	12,345	(11,839)
Water/Sewage/Sanitation Grant – Order 3629/11	5,517	26,730	(18,321)
Distribution Grant - TUSD (Tariff for Use of the Distribution System) wire B	(7,440)	3,967	999
	69,010	224,686	(225,442)
			68,254

In 2019, there was a change in EDP São Paulo mainly due to two factors: (i) the transfer of funds has been estimated in a higher amount than the actual amount, which will be considered for the calculation of transfers in the next tariff cycle, and (ii) the transfer by CCEE of higher amounts based on undue information, whose administrative appeal was filed by the Company to return this amount in the next tariff cycle.

14.3 Tariff modicity - low income - Consolidated

In compliance with the Notification Term 1091/05, whereby the Regulatory Agency of Sanitation and Energy of the State of São Paulo - ARSESP determined the correction of criteria of registry of the measurement equipment installed in residential consumer units, changing from biphasic to monophasic with retroactive effect to periods 2002, EDP São Paulo, in the years 2008 and 2010, revised the billings of Low-income residential consumers, related to amounts to be returned to consumers, as they have been originally billed at undiscounted tariff.

The repayment to consumers began to be made as of the invoicing of March 2009, with the sum of R\$ 19,462 having been repaid by June 30, 2019 (R\$ 19,458 on December 31, 2018). The balance repayable to consumers on June 30, 2019, of active and inactive consumer units, is R\$ 10,293 (R\$ 10,297 on December 31, 2018).

Since the refunds are made through compensation in monthly billings, the cases of inactive consumer units, measures are required by EDP São Paulo in order to identify the new location of the customer to make the refund.

Moreover, the regulations establish the right of EDP São Paulo to claim back these reimbursements to consumers, as an economic grant, net of the aforesaid taxes and established deductions.

EDP São Paulo has a balance receivable on June 30, 2019 of R\$ 8,055 (R\$ 8,055 on December 31, 2018), which will be realized as the repayments are made to consumers besides being validated by ARSESP and ratified by ANEEL.

14.4 Risk premium - GSF

Due to adhesion to renegotiation of hydrological risk in the Regulated Contracting Environment, the balance of current and non-current assets refers to premiums equivalent to amount paid as GSF for the period from January to December 2015, amortized under the straight-line basis.

The changes during the period are as follows:

Subsidiaries	Amortization periods	Balance at December 31, 2018	Amortization	Transferred to assets held for sale	Balance at June 30, 2019
Lajeado	Jan2015–Mar2029	27,691	(1,351)		26,340
Investco	Jan2015–Mar2029	491	(24)		467
Energest	Jan2015–Feb2024	2,794	(270)	(2,524)	-
Total		30,976	(1,645)	(2,524)	26,807
Current		3,291			2,750
Non-current		27,685			24,057

14.5 Public lighting contribution

This refers to the Contribution to Fund the Street Lighting Service - CIP, whose purpose consists of the street lighting facility design, implementation, expansion, operation and maintenance services. It is charged to consumers, in conformity with the provisions established in municipal law, collected by the distributors and transferred monthly to the Municipal authorities, as provided in Article 149-A of the Federal Constitution.

14.6 Social charges and labor legislation obligations

These are related to the sums of provision and vacation pay, 13th salary, provision for profit sharing and results and its respective INSS and FGTS.



14.7 Reserve for reversal and amortization

Refers to resourced derived from the Reserve for reversal and amortization, set up until December 31, 1971 under the terms of the regulation of Public Electric Power Service (SPEE) (Federal Decree 41019/57), applied by EDP São Paulo in the expansion of the Public Electric Power Service. With regard to the Fund for reversal, 5% interest p.a. is charged on the reserve amount and paid monthly. The amortization of principal awaited resolutions from the Concession Grantor.

Decree-Law 9022/17 determined that the Concessionaires, which had funds corresponding to the reversal fund, should fully amortize their debits by December 31, 2026, with CCEE.

The amortizations began in January 2018 and the amount related to principal and interest, of the next 12 installments, were transferred from non-current to current.

14.8 Leases and rentals

As a result of the adoption of CPC 06(R2) as of January 1, 2019 (Note 3.8.1), the Company and its subsidiaries recorded the amounts payable under the lease and rental agreements, as shown below:

Parent Company									
	Balance at December 31, 2018	First adoption CPC 06 (R2)	Additions	Payments	Inflation adjustment	Transfers	AVP	Balance at June 30, 2019	
Current	-	4,269		(1,801)	240	1,277	1	3,986	
Non-current	-	4,397			199	(1,277)	266	3,585	
Total	-	8,666	-	(1,801)	439	-	267	7,571	
Consolidated									
	Balance at December 31, 2018	First adoption CPC 06 (R2)	Additions	Payments	Inflation adjustment	Transfers	AVP	Transferred to assets held for sale	Balance at June 30, 2019
Current	-	33,612	369	(11,619)	1,925	12,597	175	(1,596)	35,463
Non-current	-	46,908	730		2,385	(12,597)	2,524	(1,123)	38,827
Total	-	80,520	1,099	(11,619)	4,310	-	2,699	(2,719)	74,290

The amounts recorded in liabilities are restated by the Market General Price Index (IGP-M) and are adjusted to present value at the rates representing the cost of financing the respective leased assets, as follows:

Rates (%)		
Parent Company Consolidated		
Buildings	7.22%-8.51	7.22%-10.56
Rentals	-	7.87%-14.34
IT equipment	8.28	7.64%-8.28
Vehicles	8.28	7.64%-8.93
Machinery	-	7.64%-9.58

The maturity of said leases and rentals considers the following future payment flow:

	Parent Company	Consolidated
Current		
2019	2,092	21,414
2020	1,894	14,049
	3,986	35,463
Non-current		
2020	1,781	12,313
2021	1,804	12,473
2022		6,805
2023		2,269
2024		1,922
2025-2037		3,045
	3,585	38,827
Total	7,571	74,290

The lease and rental agreements were recorded as a contraentry to property, plant and equipment, as "Assets related to right to use" (Note 20.1.2).

14.9 Assets for disposal/discontinuance

Of the amount of R\$ 15,746 as of June 30, 2019 recorded in this caption, R\$ 12,012 and R\$ 2,376 refer to the amount receivable from Statkraft Energias Renováveis S.A., resulting from the increase in the physical guarantee of EDP PCH, defined by MME pursuant to Order No. 727/2018 and the price adjustment in the sale of EDP PCH and Santa Fe, occurred on October 25, 2018 respectively.

15 Non-current assets and liabilities held for sale

Company Management strategically targets the disposal of 100% stake in Energest S.A. Therefore, the assets and liabilities related to the subsidiary were presented in the non-current groups held for sale, as shown below.

The amounts recorded in the respective captions are measured at the lowest value between their book value and the fair value less selling expenses.



Because they refer to asset whose sale of control is highly probable, all assets and liabilities were classified in a separate line of the balance sheet. Because it does not qualify as discontinued operation, no change was made in the disclosure of the statement of income.

ASSETS	06/30/2019	LIABILITIES	06/30/2019
Current		Current	
Cash and cash equivalents	46,118	Suppliers	16,466
Concessionaires	26,872	Income tax and social contribution payable	5,043
Taxes and social contributions	3,595	Other taxes payable	1,413
Other recoverable taxes	4,312	Dividends	47,073
Inventories	5,861	Debentures	
Risk premium - GSF	541	Post-employment benefits	562
Other receivables	13,796	Social charges and labor obligations	1,919
Total current assets	101,095	Sectorial charges	2,603
		Other accounts payable	15,336
Non-current		Total current liabilities	90,415
Deferred taxes	8,112		
Pledges and restricted deposits	4,283	Deferred taxes	51
Risk premium - GSF	1,983	Debentures	
Other receivables	13,548	Post-employment benefits	13,789
		Sectorial charges	
Property, plant and equipment	204,478	Provisions	5,782
Intangible asset	969	Other accounts payable	15,392
Total non-current assets	233,373	Total non-current liabilities	35,014
		Shareholders' Equity	
		Capital	48,205
		Profit reserves	108,380
		Other comprehensive income	(3,521)
		Retained earnings	55,975
		Total shareholders' equity	209,039
TOTAL ASSETS	334,468	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	334,468

Information about the Cash Flow Statement

	06/30/2019
Net cash (invested in) from operating activities	62,798
Net cash (invested in) from investment activities	(853)
Net cash (invested in) financing activities	(34,892)
Net increase (decrease) in cash and cash equivalents	27,053

16 Investments and provision for unsecured liability

The interim accounting information of the Parent company, the investments in subsidiaries, jointly-controlled subsidiaries and associated companies with a percentage of the voting capital above 20% or with significant influence, is valued by the equity method.

• Subsidiaries

Subsidiaries are all entities (including specific purpose entities) that the Company is exposed or has the right to establish the financial and operating policies to obtain variable returns from its activities.

• Associated companies and jointly-controlled subsidiaries

Associated companies are all entities over which the Company has significant influence but not control, generally through an ownership interest of 20% to 50% of the voting rights.

Jointly-controlled subsidiaries are all entities over which the Company has joint control with one or more parties. Investments in joint arrangements are classified as joint ventures depending on each investor's rights and liabilities relating to the arrangement.

The investments of Grupo EDP - Energias do Brasil in associated companies and joint ventures includes the goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's share of the profits or losses of its associated companies and jointly-controlled subsidiaries is recognized in the statement of income, and the share in Other comprehensive income is recognized directly against the Company's shareholders' equity. When the Company's share of the losses of an associated company or jointly-controlled subsidiaries is equal to or exceeds the book value of the investment, including any other receivables, the Company does not recognize any additional losses unless the Company has assumed liabilities or made payments to the associated company or jointly-controlled subsidiary.

Unrealized gains from transactions between the Grupo EDP - Energias do Brasil and its associated companies and jointly-controlled subsidiaries are eliminated to the extent of the Grupo EDP - Energias do Brasil's interest in them. Non-realized losses are also eliminated, unless the transaction shall provide evidence of a loss (impairment) of the asset transferred. The accounting policies of associated companies and jointly-controlled subsidiaries are altered, where necessary, to ensure consistency with the policies adopted by Grupo EDP - Energias do Brasil.

• Business combination

A business combination occurs through an event in which the Company and its subsidiaries acquire control of a new asset (business), regardless of its legal form. Upon acquisition, acquiring Company must recognize and measure identifiable acquired assets, assumed liabilities and income from ownership interest at fair value, which will result in recognition of an asset due to expected future earnings (goodwill) or in gain deriving from bargain purchase and it is recorded in income (loss) for the year. Costs generated by acquisition of assets shall be recognized directly in income, as incurred.



16.1 Changes in investments and Provision for unsecured liabilities

	Balance at December 31, 2018	Additions	Write-off / Amortizations	Equity in net income of subsidiaries	Parent Company				Balance at June 30, 2019	% Direct interest	
					Dividends/Int erest on own capital	Other comprehen sive income	Other	Transfer		06/30/2019	12/31/2018
Investments											
EDP São Paulo (*)	1,197,409			104,963	(136,524)	16,351			1,182,199	100.00	100.00
EDP Espírito Santo (*)	925,033			101,052	(82,702)	(434)			942,949	100.00	100.00
Lajeado Energia	167,362			41,302	(66,697)				141,967	55.86	55.86
Lajeado Energia (Goodwill)	104,582			(1,342)			(799)		102,441	55.86	55.86
EDP Transmissão	16,151			20,348	(7,028)				29,471	100.00	100.00
EDP Transmissão MA I	6,593	8,000		1,340	(180)				15,753	100.00	100.00
EDP Transmissão MA II	2,958	10,000		3,844					16,802	100.00	100.00
EDP Transmissão Aliança	13,632	12,150		9,864	(1,804)				33,842	90.00	90.00
EDP Transmissão SP-MG	15,589	18,000		9,590	(549)				42,630	100.00	100.00
Enerpeixe	390,899		(48,000)	46,346	(12,053)				377,192	60.00	60.00
Energest (Note 15)	192,343			55,992	(39,285)	(13)	2	(209,039)	-	100.00	100.00
EDP Comercializadora (*)	162,427			10,129					172,556	100.00	100.00
EDP Varejista	5,444			(212)					5,232	100.00	100.00
CEJA	413,241	36,000		25,550					474,791	50.00	50.00
CEJA (Goodwill)	174,791			(3,361)					171,430	50.00	50.00
Cachoeira Caldeirão	314,733			(3,830)					310,903	50.00	50.00
Cachoeira Caldeirão (Goodwill)	1,573			(27)					1,546	50.00	50.00
Porto do Pecém	2,398,963			101,215		(27)			2,500,151	100.00	100.00
Porto do Pecém (Goodwill)	354,705			(10,040)					344,665	100.00	100.00
P. Pecém Transp. Minérios	3,804			(103)					3,701	50.00	50.00
Pecém Operações e Manutenção	251			78					329	50.00	50.00
Resende	21,189	20		(7)					21,202	100.00	100.00
EDP Grid	57,716	27,100		(5,377)					79,439	100.00	100.00
Mabe	-								-	50.00	50.00
Celesc	473,610			13,109	(9,232)	(36,122)	1,474		442,839	23.56	23.56
São Manoel	642,197	3,000		(14,113)					631,084	33.334	33.334
SP Ventures	-	-	-	-	-	-	-	2,594	2,594	100.00	100.00
	8,057,195	114,270	(48,000)	506,310	(356,054)	(20,245)	677	(206,445)	8,047,708		
Concession right (Note 16.1.1)											
EDP São Paulo	14,212		(729)						13,483		
Enerpeixe	2,070		(58)						2,012		
Lajeado	73,929		(2,637)						71,292		
	90,211	-	(3,424)	-	-	-	-	-	86,787		
Total investments	8,147,406	114,270	(51,424)	506,310	(356,054)	(20,245)	677	(206,445)	8,134,495		
Provision for unsecured liabilities											
SP Ventures	(66)	3,000		(340)				(2,594)	-	100.00	100.00
Mabe	(7,857)			(1,296)					(9,153)	50.00	50.00
Total provision for unsecured liabilities	(7,923)	3,000	-	(1,636)	-	-	-	(2,594)	(9,153)		
Net investment	8,139,483	117,270	(51,424)	504,674	(356,054)	(20,245)	677	(209,039)	8,125,342		

	2019	2018	2017	2016	2015
Provision for unsecured liabilities					
Mabe	(7,857)		(1,296)		(9,153)
Total provision for unsecured liabilities	(7,857)	-	(1,296)	-	(9,153)
Net investment	2,016,761	39,000	16,007	(9,232)	2,027,888

16.1.1 Concession right

According to ICPC 09, Concession Rights are classified as investments in the parent company. For consolidation purposes, they are classified as intangible assets (Notes 21.1.2).

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



16.2 Direct interests in investments

Company	Shares / Quotas owned by the Company (In thousands)				% of Company's ownership interest				Total assets		Liabilities (Current and non-current)		Shareholders' equity (unsecured liability)		Income		Net result for the period	
	06/30/2019		12/31/2018		06/30/2019		12/31/2018		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018	2019	2018
	Ordinary / Quotas	Preferred shares	Ordinary / Quotas	Preferred shares	Paid-in capital	Voting capital	Paid-in capital	Voting capital										
EDP São Paulo	39,091,735		39,091,735		100.00	100.00	100.00	100.00	4,101,599	4,038,785	2,919,400	2,841,376	1,182,199	1,197,409	1,995,048	1,990,815	104,963	109,236
EDP Espírito Santo	5,876		5,876		100.00	100.00	100.00	100.00	4,804,785	3,814,099	3,861,836	2,889,066	942,949	925,033	1,791,509	1,615,200	101,051	72,311
Energest	48,205		48,205		100.00	100.00	100.00	100.00	334,468	314,727	125,429	122,382	209,039	192,345	150,070	125,446	55,992	65,303
EDP PCH																56,902		20,845
Lajeado	113,690		113,690		55.86	100.00	55.86	100.00	1,257,252	1,346,202	657,274	683,294	599,978	662,908	357,716	249,150	72,298	64,870
CEJA	12,897		12,897		50.00	50.00	50.00	50.00	959,527	912,990	9,949	86,512	949,578	826,478			51,100	25,147
Enerpeixe	499,951		499,951		60.00	60.00	60.00	60.00	2,138,933	2,126,044	1,510,280	1,474,546	628,653	651,498	188,675	166,043	77,243	30,409
Cachoeira Caldeirão	364,000		364,000		50.00	50.00	50.00	50.00	1,467,764	1,503,475	845,954	874,005	621,810	629,470	68,744	63,922	(7,660)	(9,873)
EDP Comercializadora	26,217		26,217		100.00	100.00	100.00	100.00	430,703	504,320	258,146	341,892	172,557	162,428	1,161,476	1,703,822	10,129	59,753
EDP Varejista	4,531		4,531		100.00	100.00	100.00	100.00	5,746	5,831	514	387	5,232	5,444	1,366	1,166	(212)	517
EDP GRID	10		10		100.00	100.00	100.00	100.00	261,838	189,674	182,398	131,957	79,440	57,717	8,591	12,296	(5,377)	(8,221)
Porto do Pecém	3,007,811		3,007,811		100.00	100.00	100.00	100.00	4,207,633	4,246,323	1,707,482	1,847,360	2,500,151	2,398,963	765,080	922,853	101,214	122,137
Pecém TM	1,682		1,344		50.00	50.00	50.00	50.00	21,531	17,874	14,127	10,263	7,404	7,611	12,292	18,315	(207)	(457)
Pecém OM	763		763		50.00	50.00	50.00	50.00	8,373	7,908	7,719	7,409	654	499	3,657	4,220	155	467
São Manoel	787,007		784,007		33.33	33.33	33.33	33.33	3,922,204	3,967,520	2,028,994	2,040,967	1,893,210	1,926,553	202,614	143,323	(42,343)	(30,224)
Mabe	260,285		260,285		50.00	50.00	50.00	50.00	88,334	89,529	106,639	105,243	(18,305)	(15,714)	946		(2,592)	(5,314)
Resende	21,533		21,533		100.00	100.00	100.00	100.00	21,201	21,209		20	21,201	21,189			(7)	(7)
Santa Fé																16,302		10,895
Costa Rica																9,987		6,501
EDP Transmissão	1		1		100.00	100.00	100.00	100.00	205,994	171,267	176,523	155,116	29,471	16,151	47,870	33,440	20,348	1,050
EDP Transmissão MA I	14,401		6,401		100.00	100.00	100.00	100.00	63,878	19,550	48,122	12,957	15,756	6,593	40,527	2,742	1,342	(52)
EDP Transmissão MA II	31,130		4,001		100.00	100.00	100.00	100.00	83,433	16,811	66,631	13,853	16,802	2,958	60,876	4,663	3,844	(512)
EDP Transmissão Aliança S	23,851		11,701		90.00	90.00	90.00	90.00	1,392,731	1,443,024	1,355,128	1,427,878	37,603	15,146	353,888	17,073	10,961	48
EDP Transmissão SP-MG	33,001		15,001		100.00	100.00	100.00	100.00	449,799	45,215	407,169	29,627	42,630	15,588	326,622	12,100	9,590	112
CELESC (*)	5,141	3,946	5,141	3,946	23.56	33.11			1,928,040	1,849,198	48,255	48,342	1,879,785	1,800,856			92,362	
SP Ventures	3,001		1		100.00	100.00			2,711	1,001	117	1,068	2,594	(67)			(340)	

(*) The amounts relative to CELESC are respectively related to financial statements of December 31, 2018 and interim accounting information as of March 31, 2019 (Note 17.2).

16.3 Reconciliation of financial information of investments

Below is a reconciliation of the main investment balances:

	EDP São Paulo		EDP Espírito Santo		Lajeado		Enerpeixe		Porto do Pecém		São Manoel		CELESC	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	03/31/2019	30/09/2018
Shareholders' equity - Opening balance	1,197,409	1,105,701	925,033	791,900	662,908	611,354	651,498	730,005	2,398,963	2,174,107	1,926,553	1,945,032	1,800,856	1,896,448
Initial adoption of CPC 48 - 01/01/2018		(28,365)		(5,904)										
Capital increase											9,000	78,000		
Distribution of dividends to the shareholders	(136,524)	(185,064)		(74,975)	(135,228)	(90,877)	(20,088)	(178,182)						(3,159)
Retained earnings														5,812
Net income (loss) for the period	104,963	213,493	101,051	170,494	72,298	142,466	77,243	99,675	101,214	224,856	(42,343)	(96,479)	72,670	111,300
Other comprehensive income	16,351	(27,126)	(434)	75,840		(35)			(26)				6,259	
Reversal of dividends		118,770		6,457										
Capital decrease and distribution of reserves			(82,701)	(38,779)			(80,000)							
Shareholders' equity - Closing balance	1,182,199	1,197,409	942,949	925,033	599,978	662,908	628,653	651,498	2,500,151	2,398,963	1,893,210	1,926,553	1,879,785	2,010,401
Percentage of ownership interest - %	100.00%	100.00%	100.00%	100.00%	55.86%	55.86%	60.00%	60.00%	100.00%	100.00%	33.334%	33.334%	23.558%	23.558%
Interest in investments	1,182,199	1,197,409	942,949	925,033	335,162	370,316	377,192	390,899	2,500,151	2,398,963	631,084	642,197	442,839	473,610
Founders' shares					(252,150)	(252,150)								
Tax benefit				56,244		56,244								
Retained earnings				2,711		(7,048)								
Book balance of the investment in the Parent Company	1,182,199	1,197,409	942,949	925,033	141,967	167,362	377,192	390,899	2,500,151	2,398,963	631,084	642,197	442,839	473,610
Non-controlling interest	-	-	-	-	458,011	495,546	251,461	260,599	-	-	1,262,126	1,284,356	1,436,946	1,536,791



17 Disclosure at other entities

As required by Technical Pronouncement CPC 45 – Disclosure in other entities, the condensed interim accounting information for each of the relevant joint ventures and associated company are presented below: Those enterprises' investments are recorded under the equity method and the amounts shown in the interim accounting information were prepared under IFRSs.

17.1 Joint ventures

All information presented below represents 100% of the balances of joint ventures which, under Company's evaluation, are considered significant for disclosure.

CEJA

CEJA is the holder of 100% ownership interest of ECE Participações, which holds the concession of Santo Antônio do Jari Hydroelectric Power Plant, headquartered in the city of São Paulo.

Cachoeira Caldeirão

Cachoeira Caldeirão holds concession right of Hydroelectric Power Plant Cachoeira Caldeirão, headquartered in city of Ferreira Gomes in the state of Amapá.

São Manoel

São Manoel holds concession right of Hydroelectric Power Plant São Manoel, headquartered in the city of Rio de Janeiro.

By replacing Consórcio Construtor of UHE São Manoel, carried out in January 2017, the Management expected that there would be an increase in the total amount for the construction of the UHE São Manoel, since additional expenditures would be required from the new company to complete the construction within the expected schedule.

Due to what happened, as at December 31, 2016, São Manoel conducted the impairment test of assets to check if this potential increase in the total value of the asset would be recoverable. Based on the assumptions from the determination base of recoverable value to the discount rate, in 2016, São Manoel, considering that the best estimates were available for the calculation, identified an impairment loss of the asset in UHE São Manoel totaling R\$ 460,236, recorded as a counterparty in the item "Other operating expenses" in the result of 2016.

In fiscal years 2018 and 2017, São Manoel reviewed the impairment test of São Manoel's assets, and did not identify any need to reverse or supplement the amount recorded in 2016.

Additionally, São Manoel evaluates the obligation to indemnify the position of Pan Seguros S.A., the insurance company that issued the insurance bond policy for São Manoel, starting coverage from July 2014, was considered as assumption. São Manoel hired legal advice from specialized consultants, who concluded that São Manoel has the right to receive the indemnification since the insurance has the purpose to ensure the carrying out, at full contract basis, at a fixed price, of the materials and equipment supplies, assembly, engineering and civil work services, under the full "Turn Key" modality for the implementation of the enterprise. The indemnification limit under policy is R\$429,555.

In August 2018, Pan Seguros S.A. ended the claim adjustment procedure and denied insurance coverage to São Manoel. Thus, in January 2019, a collection lawsuit was filed by the São Manoel against the insurance company, whose likelihood of loss was classified as "possible" by the legal advisors.

The Company and São Manoel quarterly monitor the events that may significantly change the test for impairment, not having thus far identified factors that indicate change in the adopted assumptions.

17.1.1 Interim accounting information - Condensed

Balance sheet

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Assets						
Current						
Cash and cash equivalents	66,495	34,223	70,137	59,387	49,444	45,143
Consumers and Concessionaires	69,369	43,843	29,681	49,729	57,975	57,376
Other receivables	20,832	19,132	15,123	15,242	36,520	30,721
	156,696	97,198	114,941	124,358	143,939	133,240
Non-current						
Recoverable income tax and social contribution	3,565	8,013	3,221	2,693	4,710	4,539
Deferred taxes	48,385	49,922	54,693	50,524	240,888	219,104
Other receivables	51,804	53,561	51,698	56,837	212,181	240,507
	103,754	111,496	109,612	110,054	457,779	464,150
Investments						
Property, plant and equipment	1,083,148	1,100,157	1,230,666	1,255,604	3,234,865	3,274,398
Intangible asset	508,862	519,068	12,545	13,459	85,621	95,732
Total assets	1,852,460	1,827,919	1,467,764	1,503,475	3,922,204	3,967,520
Liabilities						
Current						
Suppliers	52,938	45,442	5,195	20,318	37,067	33,348
Debentures			14,892	13,440	23,023	23,379
Loans, financing and debt charges	54,660	54,695	34,925	34,170	83,455	82,314
Provisions	2,026	13,324	15,542	16,096	20,566	22,257
Other accounts payable	23,826	25,603	3,678	3,991	11,398	13,642
	133,450	139,064	74,232	88,015	175,509	174,940
Non-current						
Deferred taxes	167,467	170,749	1	24	9	6
Debentures			210,611	212,751	299,875	304,202
Loans and financing	571,253	595,889	535,510	541,248	1,475,348	1,486,306
Use of Public Property	22,303	21,528	11,091	10,897	45,411	44,605
Advance for future capital increase	-	72,000				
Provisions	8,146	1,990	13,876	20,434	31,515	30,608
Other accounts payable	263	221	633	636	1,327	300
	769,432	862,377	771,722	785,990	1,853,485	1,866,027
Shareholders' Equity	949,578	826,478	621,810	629,470	1,893,210	1,926,553
Total liabilities and shareholders' equity	1,852,460	1,827,919	1,467,764	1,503,475	3,922,204	3,967,520



Statement of income

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	Six-month periods ended June 30					
	2019	2018	2019	2018	2019	2018
Income	129,693	123,585	68,744	63,922	202,614	143,323
Cost of production and electricity services	(34,358)	(40,281)	(40,604)	(41,072)	(166,960)	(109,682)
Operating expenses and income	(11,325)	(11,633)	(1,537)	(1,759)	(2,853)	(3,247)
Financial income (loss)	(25,805)	(33,858)	(38,432)	(36,056)	(96,928)	(76,158)
Deferred income tax and social contribution	(7,105)	(12,666)	4,169	5,092	21,784	15,540
Net income (loss) for the year	51,100	25,147	(7,660)	(9,873)	(42,343)	(30,224)

17.1.2 Civil, tax and labor provisions and restricted deposits – current and non-current

17.1.2.1 Risk of probable loss

	CEJA - Consolidated						Assets	
	Liabilities					Balance at June 30, 2019	Judicial deposit	
	Balance at December 31, 2018	Formation	Payments	Reversals	Inflation adjustment		06/30/2019	12/31/2018
Labor	1,966	379	(77)	(717)	(8)	1,543	426	418
Civil	24	-	-	-	2	26	-	-
Other	-	169	-	(13)	-	156	-	-
Total non-current	1,990	548	(77)	(730)	(6)	1,725	426	418

	Cachoeira Caldeirão						Assets	
	Liabilities					Balance at June 30, 2019	Judicial	
	Balance at December 31, 2018	Formation	Payments	Reversals	Inflation adjustment		12/31/2018	
Labor	573	29	(10)	(287)	(290)	15	1	
Civil	15,230	1,495	(6,521)	(1,635)	901	9,470	3,682	
Other	-	380	(10)	(10)	-	360	-	
Total non-current	15,803	1,904	(6,541)	(1,932)	611	9,845	3,683	

	São Manoel						Assets	
	Liabilities					Balance at June 30, 2019	Judicial deposit	
	Balance at December 31, 2018	Formation	Reversals	Restatement			12/31/2018	
Labor	1	6,485	(5)	401		6,882		
Other	-	379	(100)	-		279		
Total	1	6,864	(105)	401		7,161		

Cachoeira Caldeirão

Among the civil lawsuits noteworthy were the claims involving the expropriation issue related to the water crossing event occurred in the opening contracted in the cofferdam of the UHE Cachoeira Caldeirão in which on May 7, 2015, due to rise of Araguari river, Cachoeira Caldeirão conducted a controlled opening of left margin cofferdam to permit river waters to pass. Subsequent to this safety procedure and maneuvers carried out by other plants of the region, the municipality of Ferreira Gomes, downstream the dam, was partially flooded.

In view of this occurrence, on May 18, 2015, Cachoeira Caldeirão entered into a Term of Adjustment of Conduct (TAC), without the presumption of guilt, with the Federal Public Prosecutor's Office of Amapá State for the purpose of indemnifying families and dealers (under emergency circumstances) affected by the flood.

The Public, State and Federal Ministries filed a Writ of Mandamus in order to determine via judicial investigation the cause and those responsible for what happened regarding UHE Ferreira Gomes, UHE Coaracy Nunes, Instituto de Meio Ambiente e Ordenamento Territorial do Amapá - Imap, and Cachoeira Caldeirão.

Complainers allege that they have been impacted by the flood and claim for application of TAC terms, in addition to those previously signed by Cachoeira Caldeirão, that is, indemnity of R\$20 for houses and R\$35 for commercial establishments.

Regarding other lawsuits, Cachoeira Caldeirão filed, which was admitted by Amapá State appeal collegiate court, which suspended part of lawsuits in Special Civil Court until the final decision of the STF (Federal Supreme Court). However, Cachoeira Caldeirão participated in the joint efforts of the Court of Justice of Amapá in March 2019, jointly with the Court of Ferreira Gomes, closing some of the lawsuits in progress. Other cases remain suspended.

Cachoeira Caldeirão had called its insurance company to obtain reimbursement for the indemnities and overhead expenses arising from the event, and, on August 13, 2018, the insurance adjustment process was completed, determining as indemnity to Cachoeira Caldeirão, already net of deductible, the amount of R\$ 28,000.

17.1.2.2 Risk of possible loss

	CEJA - Consolidated				Cachoeira Caldeirão			São Manoel			
	Assets						Assets			Assets	
			Judicial deposit				Judicial deposit			Judicial deposit	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Labor	813		148	158	13	12		10,193	95		
Civil	18,629	17,597			4,012	4,372		3,427	3,149	3	328
Tax	7,959	642			6,552	118	118	2,880	2,683	2,299	2,235
Total	27,401	18,239	148	158	10,577	4,502	118	16,500	5,927	2,302	2,563

CEJA - Consolidated

ECE Participações, along with other agents of the industry, in October 2014, filed a lawsuit pending in 2nd Federal Court in the Federal District, before the Federal Government, to suspend the effects of Resolution 03/13 of the Brazilian Energy Policy Council (CNPE), enacted by the Federal Government, which introduced a sharing between all agents of the energy market of the costs incurred for the additional dispatch of thermal sources (oil, coal and gas) due to the shortage of rain (System Service Charge – ESS).

On November 04, 2014, an injunction was granted to suspend the effects of the provisions established in articles 2 and 3 and in the attachment to CNPE Resolution No. 03/13. The decision considering valid the request by the plaintiff was published on September 05, 2017. ECE Participações is still awaiting a possible appeal by the Brazilian Federal Government. On June 30, 2019, the estimated amount of the lawsuit is R\$ 18,512 (R\$ 17,003 on December 31, 2018) and it is based on the accounting reports of CCEE.



ECE Participações, in May 2019, filed a writ of mandamus seeking to rule out the collection of the Control, Monitoring and Inspection Fee for the Activities of Exploration and Use of Water Resources (TFRH), created by the State of Amapá by means of Law No. 2,388/2019, in the amount of R\$ 7,303 as of June 30, 2019.

São Manoel

In addition to lawsuits aforementioned, São Manoel is party to a Public Civil Lawsuit proposed by the Federal Public Prosecutor's Office (Ministério Público Federal - MPF), on the grounds of alleged irregularities in the environmental permits for the construction of UHE São Manoel, non-compliance with conditions for the indigenous component:

In all lawsuit, the MPF requires injunction for suspension of permits. Due to the complexity of such lawsuit, it is not possible to estimate the economic value involved, because the results of possible permit suspension will vary according to investment value already realized by São Manoel to build the joint venture. Despite strong arguments of the defense, São Manoel and its legal advisors classified the lawsuit as possible risk due to the protective trend in environmental matters. Currently, the lawsuits is awaiting for the judgment of the appeal filed by MPF (Public Prosecutor's Office).

Cachoeira Caldeirão

Cachoeira Caldeirão, in May 2019, filed a writ of mandamus seeking to rule out the collection of the Control, Monitoring and Inspection Fee for the Activities of Exploration and Use of Water Resources (TFRH), created by the State of Amapá by means of Law No. 2,388/2019, in the amount of R\$ 6,431 as of June 30, 2019.

17.1.3 Contractual commitments and guarantees

17.1.3.1 Contractual commitments

On June 30, 2019, the joint ventures present contractual commitments not recognized in the interim financial information, which are presented by the total amount.

Contractual commitments mentioned in the chart below reflect agreements and commitments necessary for CEJA and its subsidiary's normal operations, adjusted at respective projected rates and adjusted at present value at the rate of 6.86% in CEJA and 7.00% in Cachoeira Caldeirão and São Manoel, which represents average financing rate for construction of enterprises.

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Liabilities with operating leases		208	5	75		1,683
Liabilities for purchases						
Purchase of energy	35,823	3,973	84,163	29,570		
Materials and services	14,815	15,361	24,963	27,216	41,480	37,051
Risk premium - GSF	73,060	73,060				
Interest Falling Due Loans, Financing and Debentures	224,680	246,789	359,105	380,383	1,035,131	1,086,932
	<u>348,378</u>	<u>339,391</u>	<u>468,236</u>	<u>437,244</u>	<u>1,076,611</u>	<u>1,125,666</u>

Contractual commitments referred to in chart below reflect the same contract commitments shown above, however, they are adjusted at respective rates on base date June 30, 2019, that is, with no projection of correction indices and are not adjusted to present value.

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Liabilities with operating leases		209	4	76		1,708
Liabilities for purchases						
Purchase of energy	39,852	4,200	114,931	31,373		
Materials and services	12,446	16,798	22,254	31,218	34,715	37,313
Risk premium - GSF	241,616	241,616				
Interest Falling Due Loans, Financing and Debentures	286,435	309,821	505,813	527,666	1,512,605	1,560,027
	<u>580,349</u>	<u>572,644</u>	<u>643,002</u>	<u>590,333</u>	<u>1,547,320</u>	<u>1,599,048</u>

17.1.3.2 Guarantees

Guarantees	Type of guarantees	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Loans and financing	(i) Blocked deposit; (ii) Bank guarantee; (iii) Corporate guarantee; (iv) Lien on shares; and (v) Pledge of Rights	626,332	651,338	573,115	578,223	1,581,473	1,592,458
Debentures	(i) Bank Guarantee and (ii) Corporate Guarantee			225,976	226,707	343,693	349,815
Construction performance bond	Insurance bond					273	240
Other	Receivables	1,973	1,971	1,385	1,384		
		<u>628,305</u>	<u>653,309</u>	<u>800,476</u>	<u>806,314</u>	<u>1,925,439</u>	<u>1,942,513</u>

17.2 Associated company

During 2018, the Company acquired 3,945,820 preferred shares and 5,140,868 common shares, which together represent 23.56% of CELESC's capital.

CELESC is a mixed corporation that has been operating since 1955 in the areas of power generation, transmission and distribution. During this period, it established itself as one of the largest companies in the Brazilian power sector, with national and international recognition for the quality of its services and for its actions in the technical, economic, environmental and social fields. In 2006, pursuant to the model advocated by the national power sector legislation, CELESC was structured as a holding company, with two wholly-owned subsidiaries: CELESC Geração S.A., which has 12 power plants in operation with a generation capacity of 106.97 MW, and CELESC Distribuição S.A., which serves more than 3.0 million customers, in 287 municipalities, besides part of the municipality of Rio Negro, in Paraná. In addition, it has the jointly-controlled subsidiary Companhia de Gás de Santa Catarina S.A. - SCGÁS which operates in the distribution of natural gas.

The information presented below represents 100% of the balances of CELESC, extracted from the interim financial information on March 31, 2019, released to the market on May 15, 2019 which and financial statements as of December 31, 2018, released to the market on March 29, 2019, which, in the Company's opinion, are considered relevant for disclosure. The Company assessed the corporate events disclosed to the market by CELESC between January 1, 2019 and June 30, 2019 and did not identify any material facts to be adjusted in the interim accounting information used to calculate equity.



17.2.1 Individual and condensed financial statements

Balance sheet

Assets	03/31/2019	12/31/2018	Liabilities	03/31/2019	12/31/2018
Current			Current		
Cash and cash equivalents	17,618	16,763	Dividends and interest on own capital	39,524	39,524
Recoverable taxes	1,986	1,925	Other current liabilities	2,106	2,193
Dividends receivable	44,430	48,006		41,630	41,717
Other current assets	44	203			
	64,078	66,897	Non-current		
Non-current			Provisions	6,625	6,625
Interest earning bank deposits measured at fair value	137,478	137,478		6,625	6,625
Other non-current assets	23,200	22,282			
	160,678	159,760	Shareholders' Equity	1,879,785	1,800,856
Investments	1,697,425	1,616,555			
Property, plant and equipment	36	37			
Intangible asset	5,823	5,949			
Total assets	1,928,040	1,849,198	Total liabilities and shareholders' equity	1,928,040	1,849,198

Statement of income

	03/31/2019
Operating expenses and income	(6,576)
Income (loss) from ownership interest	78,965
Financial income (loss)	281
Net income (loss) for the year	72,670

17.2.2 Civil, tax and labor provisions and restricted deposits – current and non-current

17.2.2.1 Risk of probable loss

	03/31/2019		12/31/2018	
	Liabilities	Assets	Liabilities	Assets
		Judicial deposit		Judicial deposit
Labor	41	3,890	41	3,207
Civil	147	6,397	147	6,172
Tax	1,263	2,117	1,263	2,117
Regulatory	5,174	8,182	5,174	8,182
Total non-current	6,625	20,586	6,625	19,678

17.2.2.1.1 Regulatory

The lawsuits in which CELESC is litigating matters pertaining to the application of the sectorial regulation with other sectorial agents (electric power generation, trading, transmission or distribution concessionaires, as well as institutional agents such as ANEEL, CCEE, ONS, EPE [Energy] and MME [Ministry]), constitute regulatory contingencies.

18 Concession assets

	Consolidated								
	Net value as of December 31, 2018	Transfers to intangible assets	Transfers to indemnifiable financial assets	Additions (Notes 18.1.1 and 30)	Remuneration	Write-offs	Capitalized interest (Note 30)	Construction margin	Other
Concession assets - Distribution	391,428	(148,001)	(276,533)	288,732		8,808	2,673		267,107
Concession assets - Transmission	427,234			697,599	49,080	(7,965)	47,321	37,266	1,328,445
Total non-current	818,662	(148,001)	(276,533)	986,331	49,080	843	49,994	37,266	1,595,552

18.1 Distribution

They are related to a contractual right of the concessionaires of charging users for the power distribution system construction, when respective assets went live and are measured at fair value plus financial charges, when applicable.

In accordance with the provisions of the Accounting Instructions of the Electricity Sector Accounting Manual and in CVM Resolution 672/11, which approves the technical pronouncement CPC 20 (R1), the financial charges relating to the financing obtained from third parties, effectively invested in Concession Assets, are recorded in this subgroup as cost of the respective works. The annual average rate invested in the period to determine the sum of the capitalizable financial charges was 1.7629%, which represents the effective rate of the loan as PRORET rules provided in submodule 2.4 and ANEEL Normative Resolution 648/15.

Upon the completion of the infrastructure construction works, the conclusion of performance obligation is evidenced and required by CPC 47, and these assets are divided as Indemnification assets (Note 18) or as Intangible Assets (Note 21), depending on the type of return.

18.1.1 Additions

Investments made by EDP Espírito Santo: (i) 52% were set aside for the installation of metering systems, expansion of lines, substations and distribution networks for the connection of new customers; (ii) 19% were set aside for network improvement, replacement of equipment and meters, both obsolete and depreciated, as well as the replacement of network conductors at the end of their useful lives; (iii) 13% were invested in loss prevention; and (iv) 16% were invested in telecommunications, IT and other activities, such as infrastructure and commercial projects.

Investments made by EDP Espírito Santo: (i) 47% were set aside for the installation of metering systems, expansion of lines, substations and distribution networks for the connection of new customers; (ii) 34% were set aside for network improvement, replacement of equipment and meters, both obsolete and depreciated, as well as the replacement of network conductors at the end of their useful lives; (iii) 11% were invested in telecommunications, IT and other activities, such as infrastructure and commercial projects; and (iv) 8% were invested in loss prevention.



18.2 Transmission

Contractual assets include amounts receivable relating to the infrastructure implementation and income from the return on concession asset services. These assets are measured at the present value of future cash flows, based on the average funding rate of the project in force at the time of formalization of the concession agreement, according to CPC 47.

The financial asset model establishes that the income from concession agreement will be recognized under the criteria of CPC 47, that is, price allocation is required for each type of performance obligation identified in the agreement with the customer, together with the requirement for classification of financial assets either as amortized cost or fair value through profit and loss.

Within the scope of CPC 47, the transmission subsidiaries have a single agreement with a customer (concession of the transmission line) with three identified performance obligations, namely: (i) to build; (ii) to operate and maintain; and (iii) to fund the Concession Grantor. Accordingly, based on the terms of the agreements, the subsidiaries classified the assets as contractual, since for their realization, the cash flows are influenced by operational performance factors as well as future conditions arising from periodic tariff review procedures. These assets are not only receivable over time, a condition precedent for classification of the above assets as financial assets in accordance with CPC 48.

Because these are long-term agreements with customers, the subsidiaries have identified the existence of a significant financing component which is considered for the calculation of funding to the Concession Grantor, as mentioned above.

Price allocation by performance obligation and the assumptions used are described in note 29.

At the end of the concession agreement period, all assets and facilities linked will be incorporated into the Brazilian Federal Government's assets.

The transmission subsidiaries will receive the contractual assets only from the Concession Grantor, through a regulated tariff known as Permitted Annual Revenue - RAP, which corresponds to the cash flows stipulated in the concession agreement.

19 Indemnifiable financial assets

	Consolidated				
	Net value as of December 31, 2018	Transfer of concession assets	Fair value	Write-offs	Reclassification on
Indemnifiable financial assets	2,308,855	276,533	28,714	(14,928)	(8,393)
Total non-current	2,308,855	276,533	28,714	(14,928)	(8,393)

The subsidiaries EDP São Paulo and EDP Espírito Santo present a balance of non-current asset from the Concession Grantor at the end of concession, as an indemnity for investments made and not recovered in the rendering of services granted, from the bifurcation required by ICPC 01 (R1). These financial assets are valued at their fair value, based on the New Replacement Value - NVR of assets pertaining to the concession, reviewed every four years in the appraisal report on the Regulatory Remuneration Basis - BRR, as established in Concession agreement.

The Replacement Cost New- VNR method determines that each asset must be valued at current prices by all the expenditures required for its replacement with an identical, similar or equivalent asset that provides the same services and has the same capacity as the existing asset. The application of this method occurs through the use of the Reference Price Base, the Company's Price Base or the Referential Budget.

The Reference Price Base represents the average regulatory costs, by group, of smaller components and additional costs, as defined in Appendix V of the Tariff Regulation Procedures – PRORET, submodule 2.3.

The Price Base is defined as the base formed using information from the actual company, and can only be applied to the main equipment or alternatively, to the smaller components and additional costs.

The Referential Budget represents the value of an assets or its individual parts by means of the comparison of market data relating to others with similar characteristics, applied exclusively to Buildings, construction works and improvements.

Indemnifiable financial asset is adjusted: (i) per Amplified Consumer Price Index (IPCA) restatement according to Normative Resolution 686/15; and (ii) per additions and write-off of infrastructure as regulated by ANEEL.

These assets will be reversed to Concession Grantor at the end of concession and effects from measurement at fair value are recognized directly income for the year.

In this sense, assessment is validated under supervision of ANEEL and occurs from inspections in the field of the concession infrastructure, following the methodology and criteria for evaluation of assets considered eligible, of the concessionaires of public service of electricity distribution, in order to restore the efficient level of operating costs and of the regulatory remuneration basis of the concessionaires.

20 Property, plant and equipment

Fixed assets are recorded at cost plus non-recoverable taxes on purchases/construction costs directly attributable to bringing the asset to the location and condition necessary for the operation, less accumulated depreciation and when applicable, accumulated impairment losses. Also part of the cost of fixed assets is interest on loans and financing from third parties, capitalized during the construction phase, deducted from the financial income of third party unallocated funds.

The book value of the replaced goods is written off, and expenditures on repairs and maintenance are fully recorded as result for the period.

The depreciation calculation basis is the asset's depreciable amount (acquisition cost, less residual value) of the asset. Depreciation is recognized in the income statement on a straight line basis in accordance with the useful life of each addition and removal unit, as this method best reflects the consumption pattern of future economic benefits incorporated into the asset. The depreciation rates used as provided for in table XVI of the Manual of Asset Control in the Electricity Sector (Manual de Controle Patrimonial do Setor Elétrico - MCPSE) were approved by Normative Resolution 674, of August 11, 2015.

The depreciation rate considers the useful life of the asset, however, for assets not indemnifiable by the Concession Grantor at the end of the concession/authorization, the depreciation is recorded considering the remaining period of Concession/Authorization.

At the end of the concession agreement period, all assets and facilities linked to the Hydroelectric Power Plants will be incorporated into the Brazilian Federal Government's assets, and the concessionaires will be refunded for any investments made and not yet amortized, provided that the latter have been authorized by ANEEL and subjected to an ANEEL audit.



20.1 Breakdown of property, plant and equipment

Parent Company								
06/30/2019				12/31/2018				
	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value
Construction in service								
Management								
Construction, civil works and improvements	29.98	979	(875)	104	48.84	920	(764)	156
Machinery and equipment	14.91	31,447	(16,372)	15,075	11.45	28,206	(14,567)	13,639
Vehicles	14.29	2,004	(1,340)	664	14.29	1,471	(1,243)	228
Furniture and fixtures	6.25	3,956	(1,715)	2,241	6.25	3,900	(1,612)	2,288
Total construction in service		38,386	(20,302)	18,084		34,497	(18,186)	16,311
Assets related to right to use								
Construction, civil works and improvements	100.00	8,217	(1,618)	6,599				-
IT equipment	100.00	3	(1)	2				-
Vehicles	100.00	446	(111)	335				-
Depreciation - Total assets related to right to use		8,666	(1,730)	6,936		-	-	-
Construction in progress								
Management		11,759		11,759		15,423		15,423
Total construction in progress		11,759	-	11,759		15,423	-	15,423
Total property, plant and equipment		58,811	(22,032)	36,779		49,920	(18,186)	31,734
Consolidated								
06/30/2019				12/31/2018				
Note	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value
Construction in service								
Generation								
Land		183,638		183,638		180,390		180,390
Reservoirs, dams and water mains	1.84	1,761,122	(500,248)	1,260,874	1.79	1,806,349	(508,118)	1,298,231
Construction, civil works and improvements	2.26	942,140	(269,626)	672,514	2.25	963,090	(273,565)	689,525
Machinery and equipment	3.88	5,549,825	(1,624,295)	3,925,530	3.42	5,604,302	(1,562,398)	4,041,904
Vehicles	14.47	5,256	(2,737)	2,519	14.20	5,356	(2,516)	2,840
Furniture and fixtures	5.47	3,339	(1,086)	2,253	5.23	3,334	(974)	2,360
		8,445,320	(2,397,992)	6,047,328		8,562,821	(2,347,571)	6,215,250
Connection Transmission System	20.1.1							
Construction, civil works and improvements	17.71	8,328	(8,328)		17.71	8,328	(7,714)	614
Machinery and equipment	13.64	99,876	(73,407)	26,469	15.75	99,876	(66,625)	33,251
		108,204	(81,735)	26,469		108,204	(74,339)	33,865
Management								
Construction, civil works and improvements	6.56	11,530	(1,810)	9,720	8.84	11,471	(1,468)	10,003
Machinery and equipment	17.40	63,497	(29,247)	34,250	11.35	59,386	(25,410)	33,976
Vehicles	15.16	3,387	(2,102)	1,285	14.05	2,753	(1,939)	814
Furniture and fixtures	7.54	7,291	(3,094)	4,197	7.06	7,099	(2,874)	4,225
		85,705	(36,253)	49,452		80,709	(31,691)	49,018
Activities not linked to concession								
Land		85		85		85		85
Construction, civil works and improvements	17.39	10,600	(3,181)	7,419	29.12	1,924	(1,260)	664
		10,685	(3,181)	7,504		2,009	(1,260)	749
Total construction in service		8,649,914	(2,519,161)	6,130,753		8,753,743	(2,454,861)	6,298,882
Assets related to right to use	20.1.2							
Construction, civil works and improvements	45.87	39,552	(6,146)	33,406				-
IT equipment	74.41	3,370	(1,302)	2,068				-
Machinery and equipment	27.76	19,636	(2,725)	16,911				-
Vehicles	56.36	15,867	(4,648)	11,219				-
Depreciation - Total assets related to right to use		78,425	(14,821)	63,604		-	-	-
Construction in progress								
Generation		152,831		152,831		331,734		331,734
Management		29,052		29,052		31,368		31,368
Total construction in progress		181,883	-	181,883		363,102	-	363,102
Total property, plant and equipment		8,910,222	(2,533,982)	6,376,240		9,116,845	(2,454,861)	6,661,984

20.1.1 Transmission lines (Connection Transmission System) – Investco

Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL), through Official Letter No. 506 of July 21, 2014, communicated to Investco that the auction of 500 kV Miracema-Lajeado transmission lines and of the SE 500/230kV Lajeado substation, which take the energy it produces to the point of connection with the Basic Network, aiming at meeting the growing demand for loads in the state of Tocantins, in accordance with article 17 of Law 9074/95.

ANEEL promoted Transmission Auctions 04/14 and 01/15 as of November 18, 2014 and August 26, 2015, respectively; however, there were no proposals for respective assets.

On April 13, 2016 the Transmission Auction 13/15-ANEEL was held, in which Transmissora Aliança de Energia Elétrica S.A. - Taesa was the winner of Lot P, which comprised these assets. On June 27, 2016, Taesa signed the concession agreement, and the implementation and commercial startup of the new facilities is expected to occur by December 27, 2019. The respective assets will be transferred to the transmitting company, without burden to it, in up to 180 days after new facilities to be implemented by the transmitting company.

Based on CPC 27 – Property, plant and equipment, in view of the reduction in the useful lives of these assets, Investco Company started the process of accelerating their depreciation from June 2016, signature date of the concession agreement by Taesa.

According to the concession agreement, the transfer of assets to Taesa and the respective asset depreciation, was expected to occur up to December 2019. In July 2018, Investco received a notice from Taesa informing about the expectation for bringing forward the transfer of assets to the month of June 2019, causing Investco to change the depreciation term of transmission line from December 2019 to May 2019, thus being fully depreciated.

The transfer of goods is in the contract preparation phase, expected to be finalized next quarter.

Currently, Investco has, among its fixed assets that comprise the Connection Transmission System, R\$ 5,613 (R\$ 12,581 on December 31, 2018) related to the connection bay of the Power Plant's substation to the 500 kV Miracema-Lajeado transmission line.



20.1.2 Right-of-use assets

They refer to assets from the adoption of CPC 06 (R2) as of January 1, 2019 (Notes 3.8.1 and 14.8). The main assets recognized have the following characteristics:

- Buildings, civil works and improvements: they substantially refer to related rent contracts: (i) to the headquarters of the companies belonging to the EDP - Energias do Brasil group; and (ii) the consumer service stores located in the municipalities where the distributors have their concessions.
- Computer equipment: refers to the lease contract of notebooks and desktops used by employees, including their maintenance.
- Machinery and equipment: refer substantially to the subsidiary Porto do Pecém and correspond to the rental of machinery for handling and stacking of the coal stored in the yard.
- Vehicles: refer substantially to the rental contract for the fleet vehicles used by employees for transportation in the rendering of services, and also for the executive vehicles used by the top management.

20.2 Changes in property, plant and equipment

	Parent Company							Net value as of June 30, 2019
	Net value as of December 31, 2018	First-time adoption of CPC 06 (R2)	Inflows	Transfer to construction in service	Depreciation	Write-offs	Reclassification	
Construction in service								
Construction, civil works and improvements	156			59	(111)			104
Machinery and equipment	13,639			3,241	(1,805)			15,075
Vehicles	228			533	(97)			664
Furniture and fixtures	2,288			56	(103)			2,241
Total construction in service	16,311	-	-	3,889	(2,116)	-	-	18,084
Assets related to right to use								
IT equipment	-	8,217			(1,618)			6,599
Machinery and equipment	-	4			(2)			2
Other	-	445			(110)			335
Depreciation - Total assets related to right to use	-	8,666	-	-	(1,730)	-	-	6,936
Construction in progress								
Machinery and equipment	15,216		340	(3,241)		(81)	(2,133)	10,101
Advance to suppliers	-		59	(59)				-
Other	207		32	(589)		(35)	2,043	1,658
Total construction in progress	15,423	-	431	(3,889)	-	(116)	(90)	11,759
Total property, plant and equipment	31,734	8,666	431	-	(3,846)	(116)	(90)	36,779

	Consolidated								Net value as of June 30, 2019
	Net value as of December 31, 2018	First-time adoption of CPC 06 (R2)	Inflows	Transfer to construction in service	Depreciation	Write-offs	Transferred to assets held for sale	Reclassification	
Construction in service									
Land	180,475			3,249			(1)		183,723
Reservoirs, dams and water mains	1,298,231			427	(18,341)		(19,443)		1,260,874
Construction, civil works and improvements	700,806			416	(14,494)		(5,843)	8,768	689,653
Machinery and equipment	4,109,131			183,213	(134,838)		(171,257)		3,986,249
Vehicles	3,654			886	(441)		(295)		3,804
Furniture and fixtures	6,585			388	(340)	(1)	(182)		6,450
Total construction in service	6,298,882	-	-	188,579	(168,454)	(1)	(197,021)	8,768	6,130,753
Assets related to right to use									
Construction, civil works and improvements	-	40,778	1,099		(6,637)		(1,834)		33,406
IT equipment	-	3,481			(1,332)		(81)		2,068
Machinery and equipment	-	19,636			(2,725)				16,911
Vehicles	-	16,625			(4,837)	(1)	(568)		11,219
Depreciation - Total assets related to right to use	-	80,520	1,099	-	(15,531)	(1)	(2,483)	-	63,604
Construction in progress									
Land	23,018		643	(3,249)		(416)		3,249	23,245
Reservoirs, dams and water mains	4,851		552				(1,649)	(3,639)	115
Construction, civil works and improvements	1,702		63	(416)			(33)	357	1,673
Machinery and equipment	250,261		6,071	(183,634)		(87)	(3,069)	25,782	95,324
Advance to suppliers	22,914					(1,082)		(18,751)	3,081
To pay out	8							(4)	4
Other	60,348		4,394	(1,280)		2,284	(223)	(7,082)	58,441
Total construction in progress	363,102	-	11,723	(188,579)	-	699	(4,974)	(88)	181,883
Total property, plant and equipment	6,661,984	80,520	12,822	-	(183,985)	697	(204,478)	8,680	6,376,240



21 Intangible asset

Intangible assets are measured by the total cost of purchase and or/construction, less amortization expenses and accumulated losses for impairment, when applicable.

Permanent rights of way are recorded at acquisition cost and are not amortized, except for subsidiary Porto do Pecém, which amortizes its permanent rights of way over authorization period.

The project development expenditures are recognized as intangible assets during the development stage, provided that they comply with the requirements defined in CPC 04 (R1).

Amortization is calculated on the asset amount and is recognized in income at the straight-line method in relation to the estimated useful lives of intangible assets, beginning as of the date in which they are available for use, as this method is the one that best reflects the consumption standard of future economic benefits incorporated to the asset.

21.1 Breakdown of intangible asset

Parent Company									
06/30/2019					12/31/2018				
	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	
Intangible asset in service									
Management									
Software	40.00	25,067	(13,702)	11,365	33.75	22,858	(11,661)	11,197	
Total intangible asset in service		25,067	(13,702)	11,365		22,858	(11,661)	11,197	
Intangible asset under development									
Management		19,237	-	19,237		18,468	-	18,468	
Total intangible assets under development		19,237	-	19,237		18,468	-	18,468	
Total intangible asset		44,304	(13,702)	30,602		41,326	(11,661)	29,665	
Consolidated									
		06/30/2019				12/31/2018			
Note	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	
Intangible asset in service									
Distribution									
Concession rights - Infrastructure	21.1.1	4.22	4,537,973	(3,016,255)	1,521,718	4.58	4,459,756	(2,942,081)	1,517,675
Concession right - Other	21.1.2	3.82	38,143	(24,660)	13,483	3.82	38,143	(23,931)	14,212
			4,576,116	(3,040,915)	1,535,201		4,497,899	(2,966,012)	1,531,887
Generation									
Software		9.20	1,963	(1,647)	316	9.16	2,355	(1,908)	447
Permanent easement		20.80	1,245	(604)	641	20.80	1,245	(604)	641
Concession right - Environmental permits		21.49	61,522	(28,929)	32,593	17.30	45,581	(24,014)	21,567
Concession right - Use of Public Property - UBP	21.1.3	3.27	171,560	(76,345)	95,215	3.27	171,560	(73,540)	98,020
Concession right - Other	21.1.2	3.62	1,062,782	(502,245)	560,537	5.15	1,062,782	(482,982)	579,800
			1,299,072	(609,770)	689,302		1,283,523	(583,048)	700,475
Connection Transmission System									
Permanent easement		6.53	1,222	(349)	873	6.53	1,222	(312)	910
			1,222	(349)	873		1,222	(312)	910
Management									
Software		33.15	38,295	(22,230)	16,065	29.08	34,815	(19,627)	15,188
Other		29.63	6,838	(6,838)	-	29.63	6,838	(6,752)	86
			45,133	(29,068)	16,065		41,653	(26,379)	15,274
Total intangible asset in service			5,921,543	(3,680,102)	2,241,441		5,824,297	(3,575,751)	2,248,546
Intangible asset under development									
Generation			17,411	-	17,411		17,403	-	17,403
Management			29,408	-	29,408		28,499	-	28,499
Total intangible assets under development			46,819	-	46,819		45,902	-	45,902
Activities not linked to concession									
Goodwill in the merger of parent company	21.1.4	4.58	940,510	(595,401)	345,109	4.66	940,510	(574,784)	365,726
(-) Provision for maintenance of dividends	21.1.4	4.58	(940,510)	595,401	(345,109)	4.66	(940,510)	574,784	(365,726)
			-	-	-		-	-	-
Goodwill	21.1.5		29,644	-	29,644		31,804	-	31,804
EDP Soluções			29,644	-	29,644		31,804	-	31,804
Total intangible asset			5,998,006	(3,680,102)	2,317,904		5,902,003	(3,575,751)	2,326,252



21.1.1 Concession rights - Infrastructure

They refer to the right of distributors EDP São Paulo and EDP Espírito Santo to receive cash from users for services to build the electricity distribution system and the use of infrastructure, derived from bifurcation required by ICPC 01 (R1). They are recorded at their cost plus financial expenses, if applicable.

Amortization is recorded based on estimated useful life of each asset, limited to final concession period. The amortization rates used are those determined by ANEEL, responsible for establishing the useful life of the electric sector's distribution assets, and are provided in the Manual of Asset Control in the Electricity Sector (Manual de Controle Patrimonial do Setor Elétrico - MCPSE).

21.1.2 Concession right - Other

	Consolidated		
	06/30/2019		
	Cost	Amortization	Total
Distribution			
EDP São Paulo	38,143	(24,660)	13,483
Generation			
Lajeado	164,826	(93,534)	71,292
Enerpeixe	3,837	(1,825)	2,012
Porto do Pecém	106,855	(15,599)	91,256
Investco	787,264	(391,287)	395,977
	1,062,782	(502,245)	560,537
Total	1,100,925	(526,905)	574,020

Refer to the difference between total investment acquisition cost and its fair value less amortization expenses. Amortization is straight, in accordance with concession period.

21.1.3 Concession right - Use of Public Property - UBP

It refers to the right to exploit the hydroelectric plant and transmission system associated with the UHEs and subsidiaries Investco and Enerpeixe. It is recognized at the total value of the consideration of right to Use of Public Property until the end of the concession agreement, recorded in counterparty to liability. Amortization will last until the end of the concession agreement of the subsidiaries.

	Consolidated		
	Balance at December 31, 2018	Amortization	Balance at June 30, 2019
Investco	9,069	(323)	8,746
Enerpeixe	88,951	(2,482)	86,469
	98,020	(2,805)	95,215

21.1.4 Goodwill – Merger of Parent Company and Provision for maintenance of dividends

Refers to the spun-off portion of goodwill incorporated in subsidiaries EDP São Paulo, EDP Espírito Santo and Lajeado, deriving from the acquisition of said companies' shares, which was accounted for in accordance with CVM Instruction 319/99 and 349/99 and ICPC 09 and, as determined by ANEEL, is being realized based on the curve of expected future income over the subsidiaries' concession period.

The constitution of the provision maintaining dividends is aimed at adjusting the amount of goodwill paid to the expected tax benefit by amortization and, consequently, to adjust the flow of future dividends of the subsidiaries, so that it is not adversely affected by the expense incurred in accounting amortization of the goodwill.

The provision is aimed at reducing the amount of goodwill to its net amount (representing the effective tax benefit), a portion that has an economic substance that allows it to be considered an asset as a counterparty to Goodwill Special Reserve in Shareholders' Equity.

21.1.5 Goodwill

Goodwill is the value exceeding the business combination cost regarding the interest of the acquiring company on the fair value of the acquired company's assets and liabilities, that is, the exceeding amounts is the portion overpaid by the acquiring company due to expected future earnings of the acquired company. In acquisitions in which the Company attributes fair value to non-controlling interests, the determination of goodwill also includes the value of any non-controlling interest in the acquiree, and goodwill is determined considering the Company's and non-controlling interests. The goodwill determined on investment acquired from undefined term should not be amortized, but is subject to impairment test.

21.2 Changes in intangible assets

	Parent Company					
	Net value as of December 31, 2018	Inflows	Transfer to intangible asset in service	Amortization	Reclassification	Net value as of June 30, 2019
Intangible asset in service						
Software	11,197		2,209	(2,041)		11,365
Total intangible asset in service	11,197	-	2,209	(2,041)	-	11,365
Other intangible assets under development	18,468	2,888	(2,209)		90	19,237
Total intangible assets under development	18,468	2,888	(2,209)	-	90	19,237
Total intangible asset	29,665	2,888	-	(2,041)	90	30,602

	Consolidated							
	Net value as of December 31, 2018	Inflows	Transfer to intangible asset in service	Transfers of concession assets	Amortization	Write-offs	Transferred to assets held for sale	Net value as of June 30, 2019
Intangible asset in service								
Software	15,634		4,236		(2,734)		(755)	16,381
Permanent easement	1,551				(37)			1,514
Concession right - Environmental permits	21,568		16,009		(4,984)			32,593
Concession rights - Infrastructure	1,517,675			148,001	(116,666)	(26,917)	(375)	1,521,718
Concession right - Use of Public Property - UBP	98,020				(2,805)			95,215
Concession right - Other	594,012				(19,992)			574,020
Other intangible assets in service	86				(86)			
Total intangible asset in service	2,248,546	-	20,245	148,001	(147,304)	(26,917)	(755)	2,241,441
Intangible asset under development								
Other intangible assets under development	45,902	21,343	(20,245)			(55)	(214)	46,819
Total intangible assets under development	45,902	21,343	(20,245)	-	-	(55)	(214)	46,819
Goodwill	31,804					(2,160)		29,644
Total intangible asset	2,326,252	21,343	-	148,001	(147,304)	(29,132)	(969)	2,317,904



22 Suppliers

Note	Parent Company		Consolidated	
	Current		Current	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Electricity supply (i)			648,711	652,331
Free Energy			119,471	115,879
Electricity network utilization charges			115,796	100,820
CCEE Operations	22.1		387,703	360,998
Materials and services	22.2	10,138	424,776	380,948
Total		10,138	1,696,457	1,610,976

(i) The total amount of energy purchase guarantees is R\$ 163,215 as of June 30, 2019 (R\$ 90,144 as of December 31, 2018) in the Parent Company and R\$ 476,575 (R\$ 920,337 as of December 31, 2018) in the Consolidated.

They are initially recognized at fair value plus any attributable transaction costs. After their initial recognition, are measured at amortized cost using the effective interest rate method, when applicable.

22.1 CCEE Operations

The balance refers to the transactions of sold energy and charges in the in the sphere of CCEE. Out of the balance as at June 30, 2019 totaling R\$ 387,703 (R\$ 360,998 on December 31, 2018): (i) R\$ 35,977 (R\$ 15,761 as of December 31, 2018) refers to EDP Espírito Santo and corresponds to the settlements of May and June 2019, affected by energy deficit in the analyzed period, combined with the Surplus Trading Mechanism - MVE which was ordered in December 2018 and (ii) R\$ 330,053 (R\$ 318,704 as of December 31, 2018) is related to Enerpeixe and corresponds, in full, to the application of the General Scaling Factor – GSF, which measures the volume of energy generated by the hydroelectric power plants, plus inflation adjustment since March 2015.

Enerpeixe, through Brazilian Association for Independent Electricity Producers (Associação Brasileira dos Produtores Independentes de Energia Elétrica - APINE), proposed, on June 18, 2015, a lawsuit intended to prevent and repair damages that Enerpeixe, since January 2014, is suffering as a result of Union actions that changed objective, factual and legal conditions related to decisions made regarding investment in hydropower generation and frustrated the generation of hydroelectric power plants.

On July 1, 2015, an injunction preventing application of MRE (power reallocation mechanism) adjustment by ANEEL was granted, in case total MRE generation is lower than physical guarantee given to the group of companies represented by APINE until said lawsuit is finally decided.

This decision stopped damages suffered as a result of current GSF values, values that reflect, from the beginning of 2014, the circumstance that hydropower generation was reduced by several Union actions, both structural and conjunctural.

The injunction filed by APINE which, through an appeal, managed to reinstate the injunction, had been revoked by February 7, 2018. On October 22, 2018 the decision of the Chief Justice of the STJ was issued, in the records of the Action for Overturning the Injunction and Decision filed by ANEEL, determining the partial overturn of the injunction of APINE, under the terms of the issued decision on ordinary lawsuit, related to the GSF.

Due to this, the period from July 2015 to February 2018 remains protected. Thus, the amounts resulting from the application of the GSF have been settled by Enerpeixe since the period of March 2018.

22.2 Materials and services

Of the consolidated balance, it is worth highlighting the following amounts: (i) R\$ 121,739 (R\$ 194,611 as of December 31, 2018), which refer to the distribution subsidiaries and correspond to investments in the concession infrastructure, as mentioned in note 18.1.1; (ii) R\$ 209,636 (R\$ 36,839 as of December 31, 2018), which refer to the transmission subsidiaries and correspond to the investments for the construction of transmission lines.



23 Debentures
23.1 Breakdown of balance of debentures

Fiduciary Agent												Parent Company									
												06/30/2019				12/31/2018					
												Charges		Principal		Charges		Principal			
												Current	Non-current	Current	Non-current	Total	Current	Non-current	Total		
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	179,887	1	179,887	2nd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2021	Intended for investments in Company's projects	IPCA + 8.3201% p.a. up to 03/14/2016 IPCA + 8.8201% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2019 and interest (six-month period)	5,246	71,538	143,076	219,860	5,053	69,881	139,761	214,695			
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	48,066	1	48,066	3rd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2024	Intended for investments in Company's projects	IPCA + 8.2608% p.a. up to 03/14/2016 IPCA + 8.7608% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2022 and interest (six-month period)	1,393	57,345	58,738	1,341		56,016	57,357				
(-) Issue costs	EDP - Energias do Brasil				(16,347)		09/15/2015–09/15/2024			Monthly amortization		(461)	(562)	(1,023)		(645)	(801)	(1,446)			
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP - Energias do Brasil	CVM Instruction 476/09	25,000	10	250,000	5th issue as at March 22, 2016	03/22/2016–04/15/2022	Intended for investments in Company's projects	IPCA + 8.3479% p.a.	Annual amortizations beginning as of April 2021 and interest (six-month period)	4,644	283,900	288,544	4,626		277,324	281,950				
(-) Issue costs	EDP - Energias do Brasil				(7,097)		03/22/2016–04/15/2022			Monthly amortization			(3,052)	(3,052)		(3,678)	(3,678)				
Total												11,283	-	71,077	480,707	563,067	11,020	-	69,236	468,622	548,878
Fiduciary Agent												Consolidated									
												06/30/2019				12/31/2018					
												Charges		Principal		Charges		Principal			
												Current	Non-current	Current	Non-current	Total	Current	Non-current	Total		
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	17,680	10	176,800	3rd issue as at August 27, 2014	08/27/2014–08/27/2020	Debt extension and working capital.	CDI + 1.50% p.a. up to 02/25/2016 CDI + 1.80% p.a. as from February 26, 2016 (i)	Six-month period principal as at August 27, 2018 and interest (six-month period)	2,791	70,720	35,360	108,871	3,859	70,720	70,720	145,299			
(-) Issue costs	EDP Espírito Santo				(599)		08/27/2014–08/27/2020			Monthly amortization		(43)	(4)	(47)		(67)	(20)	(87)			
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	19,000	10	190,000	5th issue as at April 07, 2017	04/07/2017–04/07/2022	Refinance and extend the average term of the debt and working capital.	108.75% CDI p.a.	Six-month period principal as from April 2020 and interest (six-month period)	2,870	38,000	152,000	192,870	2,870	190,000	192,870				
(-) Issue costs	EDP Espírito Santo				(1,301)		04/07/2017–04/07/2022			Monthly amortization		(310)	(272)	(582)		(742)	(742)				
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Espírito Santo	CVM Instruction 476/09	22,000	10	220,000	6th issue as at December 20, 2017	12/20/2017–01/20/2021	Refinance and extend the average term of the debt and working capital.	107.50% CDI p.a.	Annual principal starting January 2020 and interest (six-month period).	6,438	110,000	110,000	226,438	6,554	220,000	226,554				
(-) Issue costs	EDP Espírito Santo				(1,289)		12/20/2017–01/20/2021			Monthly amortization		(405)	(149)	(554)		(810)	(810)				
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	190,000	1	190,000	7th issue as at August 15, 2018	08/15/2018–07/15/2025	Expansion, renewal and improvement of the electric power distribution infrastructure	IPCA + 5.91%	Annual principal starting August 2023 and interest (six-month period)	4,055	195,730	199,785	3,561		191,196	194,757				
(-) Issue costs	EDP Espírito Santo				(2,941)		08/15/2018–07/15/2025			Monthly amortization			(2,499)	(2,499)		(2,739)	(2,739)				
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	300,000	1	300,000	8th issue as at March 30, 2019	04/09/2019–03/30/2024	Refinance and extend the average term of the debt and working capital	106.90% CDI p.a.	Principal in single installment on maturity date and six-month period interest	4,374	300,000	304,374				-				
(-) Issue costs	EDP Espírito Santo									Monthly amortization			(1,010)	(1,010)							
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	300	1,000	300,000	5th issue as at April 30, 2014	04/30/2014–04/30/2019	Debt extension, working capital financing and financing.	CDI + 1.39% p.a.	Six-month period principal as from April 2017 and interest (six-month period)				447	36,001	36,448					
(-) Issue costs	EDP São Paulo				(2,413)		04/30/2014–04/30/2019			Monthly amortization				-	(41)	(41)					
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	15,000	10	150,000	7th issue as at April 04, 2017	04/07/2017–04/07/2022	Refinance and extend the average term of the debt and working capital.	108.75% CDI p.a.	Six-month period principal as from April 2020 and interest (six-month period)	2,266	30,000	120,000	152,266	2,266	150,000	152,266				
(-) Issue costs	EDP São Paulo				(1,052)		04/07/2017–04/07/2022			Monthly amortization		(250)	(219)	(469)		(600)	(600)				
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP São Paulo	CVM Instruction 476/09	20,000	10	200,000	8th issue as at December 20, 2017	12/20/2017–01/20/2021	Refinance and extend the average term of the debt and working capital.	107.50% CDI p.a.	Annual principal starting January 2020 and interest (six-month period).	5,853	100,000	100,000	205,853	5,958	200,000	205,958				
(-) Issue costs	EDP São Paulo				(1,183)		12/20/2017–01/20/2021			Monthly amortization		(371)	(137)	(508)		(742)	(742)				
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	260,000	1	260,000	9th issue as at August 15, 2018	08/15/2018–08/15/2025	Expansion, renewal and improvement of the electric power distribution infrastructure	IPCA + 5.91%	Annual principal starting August 2023 and interest (six-month period)	5,549	267,841	273,390	4,873		261,637	266,510				
(-) Issue costs	EDP São Paulo				(3,948)		08/15/2018–08/15/2025			Monthly amortization			(3,357)	(3,357)		(3,680)	(3,680)				
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	200,000	1	200,000	10th issue as at March 30, 2019	04/09/2019–03/30/2024	Refinance and extend the average term of the debt and working capital	106.60% CDI p.a.	Principal in single installment on maturity date and six-month period interest	2,907	200,000	202,907				-				
(-) Issue costs	EDP São Paulo									Monthly amortization			(810)	(810)							



Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Consolidated									
												06/30/2019					12/31/2018				
												Charges		Principal			Charges		Principal		
												Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Energest	CVM Instruction 476/09	5,400	10	54,000	2nd series of 2nd issue as at April 20, 2016	04/20/2016–04/20/2020	Increase in working capital and refinance of the issuer's indebtedness.	CDI + 2.65% p.a.	Six-month period principal as at April/2018 and interest (six-month period)		-				537		21,600	10,800	32,937	
(-) Issue costs	Energest				(640)		04/20/2016–04/20/2020			Monthly amortization						-		(90)	(14)	(104)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	179,887	1	179,887	2nd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2021	Intended for investments in Company's projects	IPCA + 8.3201% p.a. up to 03/14/2016 IPCA + 8.8201% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2019 and interest (six-month period)		5,246		71,538	143,076	219,860	5,053	69,881	139,761	214,695	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	48,066	1	48,066	3rd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2024	Intended for investments in Company's projects	IPCA + 8.2608% p.a. up to 03/14/2016 IPCA + 8.7608% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2022 and interest (six-month period)		1,393			57,345	58,738	1,341		56,016	57,357	
(-) Issue costs	EDP - Energias do Brasil				(16,347)		09/15/2015–09/15/2024			Monthly amortization				(461)	(562)	(1,023)		(645)	(801)	(1,446)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP - Energias do Brasil	CVM Instruction 476/09	25,000	10	250,000	5th issue as at March 22, 2016	03/22/2016–04/15/2022	Intended for investments in Company's projects	IPCA + 8.3479% p.a.	Annual amortizations beginning as of April 2021 and interest (six-month period)		4,644			283,900	288,544	4,626		277,324	281,950	
(-) Issue costs	EDP - Energias do Brasil				(7,097)		03/22/2016–04/15/2022			Monthly amortization					(3,052)	(3,052)			(3,678)	(3,678)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	CVM Instruction 476/09	45,000	10	450,000	1st issue as at November 25, 2013	11/25/2013–11/25/2019	Payment to shareholders as reimbursement of shares arising from a capital decrease carried out as at 05/03/2013	CDI + 1.20% p.a.	Annual principal starting October/2017 and interest (six-month period)	Corporate guarantee of EDP - Energias do Brasil	1,016		150,030		151,046	1,061	150,030		151,091	
(-) Issue costs	Lajeado Energia				(3,118)		11/25/2013–11/25/2019			Monthly amortization				(85)		(85)		(188)		(188)	
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia - 1st Series	CVM Instruction 476/09	100,000	1	100,000	2nd issue as at December 08, 2017	12/08/2017–12/08/2020	Re-adjustment of the capital structure, with capital decrease.	109% CDI p.a.	Principal in single installment in December/2020 and interest (six-month period)		349			100,000	100,349	376		100,000	100,376	
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia - 2nd Series	CVM Instruction 476/09	200,000	1	200,000	2nd issue as at December 08, 2017	12/08/2017–12/08/2022	Re-adjustment of the capital structure, with capital decrease.	113.70% CDI p.a.	Annual principal starting December 2021 and interest (six-month period)		729			200,000	200,729	785		200,000	200,785	
(-) Issue costs	Lajeado Energia				(1,635)		12/08/2017–12/08/2022			Monthly amortization					(726)	(726)			(824)	(824)	
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Lajeado Energia	CVM Instruction 476/09	100,000	1	100,000	3rd issue as of November 14, 2018	11/14/2018–10/20/2022	Working Capital for Debt Refinancing	109.25% CDI p.a.	Annual principal starting October/2021 and interest (six-month period)		1,272			100,000	101,272	729		100,000	100,729	
(-) Issue costs	Lajeado Energia				(351)		11/14/2018–10/20/2022			Monthly amortization					(284)	(284)			(334)	(334)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Enerpeixe	CVM Instruction 476/09	35,000	10	350,000	1st issue as at November 22, 2016	11/22/2016–11/22/2019	Capital decrease and distribution of funds to shareholders	114.5% CDI p.a.	Annual principal starting November/2018 and interest (six-month period)	Fiduciary assignment of credit receivables from energy agreements	1,287		175,000		176,287	1,287	175,000		176,287	
(-) Issue costs	Enerpeixe				(2,938)		11/22/2016–11/22/2019			Monthly amortization				(246)		(246)		(540)		(540)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	CVM Instruction 476/09	32,000	10	320,000	2nd issue as at November 20, 2017	11/20/2017–12/20/2022	Re-leveraging and capital decrease	116% CDI p.a.	Six-month principal starting June 2020 and interest (six-month period)	Fiduciary assignment of credit receivables from energy agreements	458		53,312	266,688	320,458	549		320,000	320,549	
(-) Issue costs	Enerpeixe				(2,048)		11/20/2017–12/20/2022			Monthly amortization				(516)	(646)	(1,162)			(1,420)	(1,420)	
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	CVM Instruction 476/09	255,000	1	255,000	3rd issue as of November 23, 2018	11/23/2018–11/23/2023	Debt extension.	112.48% CDI p.a.	Principal in single parcel in November/2023 and interest (six-month period)		1,771			255,000	256,771	212		255,000	255,212	
(-) Issue costs	Enerpeixe				(510)		11/23/2018–11/23/2023			Monthly amortization					(443)	(443)			(493)	(493)	

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Consolidated									
												06/30/2019					12/31/2018				
												Charges		Principal			Charges		Principal		
												Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Porto do Pecém	CVM Instruction 476/09	33,000	10	330,000	1st issue as at November 14, 2016	11/14/2016–11/14/2021	Early Settlement of IDB (Inter-American Development Bank) financing	CDI + 2.95% p.a.	Annual principal starting November 2020 and interest (six-month period)	Corporate guarantee of EDP - Energias do Brasil	3,840				330,000	333,840	3,719		330,000	333,719
(-) Issue costs	Porto do Pecém				(3,484)		11/14/2016–11/14/2021			Monthly amortization						(1,488)	(1,488)			(1,876)	(1,876)
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão	CVM Instruction 476/09	115,000	1	115,000	1st issue as at May 15, 2018	05/15/2018–05/15/2033	Implementation of the transmission line and substation project of lot 24 of auction 13/2015-ANEEL	IPCA + 7.0267% p.a.	Principal and interest (six-month period) as at May/2021	a. Corporate guarantee of EDP - Energias do Brasil; b. conditional sale of shares.		9,100			120,583	129,683		4,762	117,860	122,622
(-) Issue costs	EDP Transmissão				(7,774)		05/15/2018–05/15/2033			Monthly amortization						(6,800)	(6,800)			(7,218)	(7,218)
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Transmissão Aliança	CVM Instruction 476/09	1,200,000	1	1,200,000	1st issue as at October 15, 2018	10/15/2018–10/15/2028	Implementation of the transmission line and substation project of lot 21 of auction 05/2016-ANEEL	IPCA + 6.7200% p.a.	Six-month principal starting April/2023 and interest (six-month period)	a. Corporate Guarantees of EDP - Energias do Brasil and Celesc proportional to their equity interest; b. Blocked deposits.	16,296				1,230,060	1,246,356	13,743	3,371	1,200,000	1,217,114
(-) Issue costs	EDP Transmissão Aliança				(56,660)		10/15/2018–10/15/2028			Monthly amortization						(51,608)	(51,608)			(54,978)	(54,978)
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Transmissão SP-MG	CVM Instruction 476/09	25,000	10	250,000	1st issue as at December 13, 2018	01/29/2019–06/15/2020	Implementation of the transmission line and substation project of lot 18 of auction 05/2016-ANEEL	CDI + 0.20% p.a.	Principal and interest in a single installment, maturing in 06/2020	a. Corporate guarantee of EDP - Energias do Brasil	6,629		250,000		256,629					-
(-) Issue costs	EDP Transmissão SP-MG				(984)		01/29/2019–06/15/2020			Monthly amortization					(650)	(650)					-
Total												82,033	9,100	1,045,263	4,493,517	5,629,913	64,406	8,133	521,661	4,309,345	4,903,545

(i) According to clause 4.2.3.2. of the indenture, which provides for an increase of 0.3% in the annual rate in the event of downgrade by at least two notches in the rating of the issuer before the issuing date. On February 25, 2016 the rating of EDP Espírito Santo was downgraded by Moody's from "Aa1.br" in the local scale and "Baa3" in the global scale to "Aa2.br" in the local scale and "Baa2" in the global scale.
(ii) According to clause 9.1. of the indenture, which provides for an increase of 0.5% in the annual spread in the event of a downgrade by at least two notches in the rating of the issuer before the issuing date. On February 25, 2016 the Company's rating was downgraded by Moody's from "Aa3.br" in the local scale and "Baa2" in the global scale to "A2.br" in the local scale and "Baa3" in the global scale.

Debentures are stated at the net value of transaction costs incurred and subsequently measured at the amortized cost using the effective interest rate method.
The total amount related to the guarantees of the debentures mentioned above is R\$ 2,220,473 as of June 30, 2019 (R\$ 1,819,630 as of December 31, 2018), and R\$ 2,841,853 as of June 30, 2019 (R\$ 2,438,177 as of December 31, 2018) in the Consolidated.



23.2 Changes in debentures

Parent Company								
	Net value as of December 31, 2018	Payments	Accrued interest	Transfers	Amortization of transaction cost	Inflation adjustment and exchange-rate change	Net value as of June 30, 2019	
Current								
Principal	69,881					1,657	71,538	
Interest	11,020	(22,496)	22,473			286	11,283	
Transaction cost	(645)			(865)	1,049		(461)	
	80,256	(22,496)	22,473	(865)	1,049	1,943	82,360	
Non-current								
Principal	473,101					11,220	484,321	
Transaction cost	(4,479)			865			(3,614)	
	468,622	-	-	865	-	11,220	480,707	
Consolidated								
	Net value as of December 31, 2018	Inflows	Payments	Accrued interest	Transfers	Amortization of transaction cost	Inflation adjustment and exchange-rate change	Net value as of June 30, 2019
Current								
Principal	523,232		(103,762)		627,473		1,657	1,048,600
Interest	64,406		(164,591)	174,938	6,629		651	82,033
Transaction cost	(1,571)				(6,423)	4,657		(3,337)
	586,067	-	(268,353)	174,938	627,679	4,657	2,308	1,127,296
Non-current								
Principal	4,390,314	750,000		40,151	(624,102)		11,220	4,567,583
Interest	8,133			10,967	(10,000)			9,100
Transaction cost	(80,969)	(2,890)			6,423	3,370		(74,066)
	4,317,478	747,110	-	51,118	(627,679)	3,370	11,220	4,502,617

23.3 Maturity of installments

Maturity	Parent company	Consolidated
Current		
2019	82,360	558,529
2020		568,767
	<u>82,360</u>	<u>1,127,296</u>
Non-current		
2020	69,981	540,893
2021	212,203	995,645
2022	160,490	492,775
2023	19,025	425,680
2024	19,008	729,060
2025-2033		1,318,564
	<u>480,707</u>	<u>4,502,617</u>
Total	<u>563,067</u>	<u>5,629,913</u>

Issues made by the Company and its subsidiaries are not convertible into shares.

The main clauses which provide the termination of the contracts are as follows, while all clauses can be consulted in the prospectus or indenture:

On June 30, 2019, the Company and the subsidiaries EDP São Paulo, EDP Espírito Santo, Lajeado, Energest, Enerpeixe, EDP Transmissão, EDP Transmissão Aliança, EDP Transmissão SP-MG and Porto do Pecém are in full compliance with all the restrictive clauses of the covenants provided in the debenture contracts.

EDP - Energias do Brasil

• For both issuances:

(i) Non-compliance by the Issuer with any monetary obligation in the Indenture, not remedied in the period established by the Indenture;

(ii) Failure to comply with any obligation related to the principal and/or yield not resolved within the stipulated period;

(iii) Voluntary bankruptcy request;

(iv) Request for court-ordered reorganization, out-of-court reorganization, voluntary bankruptcy, settlement or wind-up of the Company or Relevant Subsidiaries - EDP São Paulo, EDP Espírito Santo, Enerpeixe, or whose income represents more than 20% of the Company's consolidated income, as well as bankruptcy request not resolved within legal period;

(v) The Issuer's failure to maintain a Consolidated Net Debt in relation to Consolidated EBITDA financial ratio in relation to Consolidated EBITDA no more than 3.5 on the calculation dates, which shall be September 30 and December 31 of each year;

(vi) Protest of trade note against the Issuer and/or its Relevant Subsidiaries, whose individual value, or added value, exceeds R\$75,000, provided that it has not been proven by the Issuer to the Fiduciary Agent, which was refuted in good faith and/or has not been solved within 30 days counted as of subpoena; and

(vii) Arrest, seizure, pledge or any other restriction to assets and/or rights, or early maturity of any pecuniary obligation of the Issuer and/or its Relevant Subsidiaries, with individual or added value higher than R\$75,000, or its equivalent in other currencies.

• Specific for the 4th issue:

(i) Merger, liquidation, wind-up, extinction, spin-off and/or any other form of corporate reorganization (including takeover and/or incorporation of shares) of the Issuer, except if: (a) disclosed by the Issuer through relevant fact or communication to the market up to Issuance Indenture date; (b) due to legal or regulatory determination; (c) previous consent of debentureholders that represent at least 2/3 of outstanding debentures, gathered in an General Debentureholders' Meeting especially convened for that purpose; or (d) not cause change in Issuer's rating to a score lower than: (aa) "AA-" (double A minus) by Standard & Poor's Ratings do Brasil Ltda.; (bb) "Aa3.br" by Moody's; or (cc) "AA-" (double A minus) by Fitch Ratings Brasil Ltda.;

(ii) Notification of payment deriving from final court decision or final arbitration decision against the Issuer and/or its Relevant Subsidiaries, with individual or added value higher than R\$75,000, or its equivalent in other currencies; and



(iii) Sale, assignment, rent or any other form of disposal or promised disposal of total or relevant portion of the Issuer's assets and/or of its Relevant Subsidiaries, whose individual or added value is higher than R\$75,000, without previous approval of Debenture holders that represent at least 2/3 of Outstanding Debentures, gathered in an General Debentureholders' Meeting (AGD) especially convened for that purpose, except for disposal of assets or projects, individually considered, provided that the Issuer did not disclose them through relevant fact or communication to the market and that they have current or future individual installed capacity of up to 70MW, in such a way that substantially and adversely affects economic and/or financial condition of the Issuer.

• Specific for the 5th issue:

(i) Merger, liquidation, wind-up, extinction, spin-off and/or any other form of corporate reorganization (including takeover and/or incorporation of shares) of the Issuer, except if: (a) by legal or regulatory determination (except, in this case, the possibility of extinction); (b) prior consent granted from the Debentureholders that represent at least 75% (seventy-five per cent) of Debenture holders attending the General Debentureholders' Meeting (AGD), specially convened for such purpose; or (c) do not provoke the downgrade of the Issue rating by 2 (two) or more notches; and

(ii) Fail by the Issuer of Relevant Subsidiaries to abide by the final and unappealable decision, or any unappealable administrative or arbitrage decision or outcome against the Issuer, which individual or aggregate amount is equal to or in excess of R\$75,000 (seventy-five thousand reais), or its equivalent in other currencies, and provided that, cumulatively, at the discretion of the Debentureholders, it could put at risk the fulfillment of the obligations assumed by the Issuer.

Subsidiaries

(i) EDP São Paulo (5th issue): the Issuer's failure to maintain a Gross Debt/Adjusted EBITDA^(*) financial ratio of no more than 3.5 on the calculation dates, which shall be on December 31 of each year.

(ii) EDP São Paulo (7th, 8th, 9th, 10th issues): the Issuer's failure to maintain a Net Debt/Adjusted EBITDA^(*) financial ratio of no more than 3.5 on the calculation date, which is on December 31 of each year;

(iii) EDP Espírito Santo (3rd issue): the Issuer's failure to maintain a Gross Debt/EBITDA financial ratio adjusted no more than 3.5 on the calculation date, which shall be December 31 of each year.

(iv) EDP Espírito Santo (5th, 6th, 7th and 8th issues): the Issuer's failure to maintain a Net Debt/EBITDA financial ratio adjusted no more than 3.5 on the calculation date, which shall be December 31 of each year.

(v) EDP Espírito Santo (3rd issue) and EDP São Paulo (5th issue): exchange protest against the Issuer that has not been refuted in good faith at individual value equal to or higher than R\$75,000 and/or that has not been solved within 30 days counted as of subpoena.

(vi) EDP São Paulo (8th issuance) and EDP Espírito Santo (6th issue): Issuer entering into loan contracts in the capacity of lender without previous and express consent of Debentureholders of at least 2/3 of outstanding debentures with any companies at individual or added value higher than R\$100,000.

(vii) EDP Espírito Santo (5th and 6th issuances): early maturity of any pecuniary obligation of the Issuer in local or international market at amount higher than R\$75,000.

(viii) Lajeado (1st issue): the Issuer's failure to maintain a Gross Debt in relation to EBITDA financial ratio or EBITDA no more than 3.5x on the calculation dates, which shall be December 31 of each year.

(ix) Lajeado (2nd and 3rd issues): the Issuer's failure to maintain a Net Debt in relation to EBITDA financial ratio or EBITDA no more than 3.5 times on the calculation dates, which shall be December 31 of each year.

(x) Lajeado (1st issue): concession loss, provided that this loss does not exceed 10% of the net income, and if this loss may prejudice compliance with other issues' liabilities.

(xi) Lajeado (1st issue): termination of one or more Agreements for Purchase and Sale of Electricity entered into by the Issuer which represent a reduction in the amount of income in excess of 20% in relation to its total billing.

(xii) Lajeado (1st issue): Notification of a final and unappealable adverse judgment in a lawsuit, at an amount higher than R\$ 75,000, provided that such conviction could jeopardize the faithful fulfillment of the liabilities.

(xiii) Lajeado (1st, 2nd and 3rd Issues): non-compliance with a final (res judicata) conviction in a lawsuit whose individual or aggregate value is greater than R\$ 75,000, without any action having been taken by the Company, in good faith, for court orders to suspend or reverse the effects.

(xiv) Energest (2nd issue): not fulfillment by the Issuer, of the Debt Service Coverage Ratio greater than or equal to 2.5 times, to be annually determined, on December 31 of each year.

(xv) Porto do Pecém (1st issue): non-compliance: (a) by the Issuer, of the Debt Service Coverage Ratio - ICSD greater than or equal to 1.2 times, to be annually determined, on December 31 of each year, as from December 31, 2017; and by the Guarantor (EDP - Energias do Brasil), of the Net Debt/EBITDA financial ratio which is lower or 3.5 times equal.

(xiv) Energest (1st issue): not fulfillment by the Issuer, of the Gross/EBITDA Debt Service Coverage Ratio lower than or equal to 3.5x, to be annually determined, on December 31 of each year.

(xvii) Energest (2nd and 3rd issues): not fulfillment by the Issuer, of the Debt Service Coverage Ratio greater than or equal to 3.5 times, to be annually determined, on December 31 of each year.

(xviii) EDP Transmissão (1st issue): early maturity of any pecuniary liability: (a) of the Issuer, where the individual or aggregate value exceeds R\$10,000; and/or (b) of the Guarantor (EDP - Energias do Brasil), where the individual or aggregate value exceeds R\$75,000.

(xix) EDP Transmissão (1st issue): non-maintenance: (a) by the Issuer to keep the Adjusted DSCR (debt service coverage ratio) at 1.2 x or higher, calculated annually, with the first calculation appearing in the financial statements of December 31, 2021; (b) by the Guarantor (EDP - Energias do Brasil) of the Net Debt to EBITDA ratio at 3.5x or lower, calculated biannually, with the first calculation appearing in the financial statements of December 31, 2018.

(xx) EDP Transmissão Aliança and EDP Transmissão SP-MG (1st issue): early maturity of any pecuniary liability of the issuer or of the intervening guarantor, where the individual or aggregate amount exceeds R\$ 75,000, if not remedied within 10 days, or if a protest was filed for error or bad faith, or if it has been cancelled, or had its enforceability suspended by a legal process.

(xxi) EDP Transmissão Aliança (1st issue): maintenance of Net Debt to EBITDA ratio below or equal to 3.5 times that of EDP - Energias do Brasil, determined biannually in June and December.

(xxii) EDP Transmissão SP-MG (1st issue): maintenance of Net Debt to EBITDA ratio below or equal to 3.5 times that of EDP - Energias do Brasil, based on Interim Accounting Information of the Guarantor as of March 31, 2019.

^(*) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel
^A Items (CVA), over contracting and neutrality of sectorial charges".

Notes to the financial information
Period ended June 30, 2019
(In thousands of reais, unless otherwise indicated)



24 Loans, financing and debt charges

24.1 Breakdown of balance of Loans, financing and debt charges

Institution												Consolidated									
												06/30/2019					12/31/2018				
												Charges		Principal			Charges		Principal		
												Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Domestic currency																					
Banco Citibank - Bill of exchange	EDP São Paulo	150,000	29/05/2015	150,000	05/29/2015–05/29/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	85% CDI + 1.19% p.a.	Annual principal starting May 2018 and quarterly interest	Promissory Note	-	476	75,000	75,476							
Eletrobras LPT - ECFS 184/07	EDP São Paulo	12,359	25/06/2007	11,015	11/30/2009–10/30/2019	Luz para Todos (Light for All) Program		5% p.a. + 1% p.a. (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.	3	547	550	1,095	1,095						
BNDES - BB/CALC	EDP São Paulo	200,369	29/01/2009	141,271	02/17/2010–06/17/2019	Programs for investment in electric power generation, distribution and transmission segments.	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	4.5% p.a. and 1.81–3.32% p.a. above TJLP	Monthly principal and interest	a. Corporate guarantee of EDP Energias do Brasil; b. Blocked deposit.	-	9	2,434	2,443							
BNDES - FINEM / 14.2.1238.1	EDP São Paulo	296,785	28/12/2014	253,733	12/28/2014–12/16/2024	Investment program for the period 2013–2015	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP to TJLP + 3.05% p.a., Amplified Consumer Price Index (IPCA) TR (iii) + 3.05% o.a., and Pre of	Monthly principal with interest in the quarterly grace period, after that, monthly. Annual principal and interest (iv)	a. Blocked deposits; b. Corporate guarantee of EDP Energias do Brasil.	396	41,557	110,606	152,559	3,890	41,061	139,226	184,177			
(-) Transaction cost	EDP São Paulo		28/12/2014	(1,134)	12/28/2014–12/16/2024						(186)	(330)	(516)	(195)	(421)	(616)					
Promissory notes (4th issue)	EDP São Paulo	130,000	19/07/2017	130,000	07/19/2017–07/19/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	107.5% CDI	Principal and interest in single statement in the end		19,078	130,000	149,078	14,304	130,000	144,304					
(-) Transaction cost	EDP São Paulo		19/07/2017	(90)	07/19/2017–07/19/2019						-			(23)	(23)						
BNDES - FINEM / 17.2.0295.1	EDP São Paulo	399,733	05/09/2017	158,600	09/05/2017–06/15/2025	Investment program for the period 2016–2018	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP + 2.96% p.a. IPCA + 3.23% p.a.	a)Monthly principal with interest in the quarterly grace period, after that, monthly; b) Annual principal and interest.	a. Fiduciary assignment of at least 130% of the amount of the debt balance; b. Corporate guarantee of EDP Energias do Brasil.	9,290	27,332	135,407	172,029	970	5,830	8,746	153,151	168,697		
(-) Transaction cost	EDP São Paulo		05/09/2017	(3,498)	09/05/2017–06/15/2025						(683)	(1,623)	(2,306)	(709)	(1,956)	(2,665)					
EDP - Energias do Brasil S.A.	EDP São Paulo	100,000	23/03/2017	27,000	03/23/2017–01/07/2021	Loan agreements		100.3% of CDI	Principal and interest in single statement in the end		-		-		-						
Banco ABC - Bank credit bill	EDP São Paulo	90,000	07/11/2018	90,000	11/07/2018–05/05/2019	Working capital		CDI + 0.95% p.a.	Principal and interest in single statement in the end		-	924	90,000	90,924							
(-) Transaction cost	EDP São Paulo		07/11/2018	(674)	11/07/2018–02/05/2019						-		(338)	(338)							
BNDES - BB/CALC	EDP Espírito Santo	177,468	29/01/2009	155,228	02/17/2010–06/17/2019	Programs for investment in electric power generation, distribution and transmission segments.	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	4.5% p.a. and 1.81–3.32% p.a. above TJLP	Monthly principal and interest	a. Corporate guarantee of EDP Energias do Brasil; b. Blocked deposit.	-	4	1,177	1,181							
BNDES - FINEM / 14.2.1237.1	EDP Espírito Santo	270,924	28/12/2014	249,593	12/28/2014–12/16/2024	Investment program for the period 2013–2015	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP to TJLP + 3.05% p.a., Amplified Consumer Price Index (IPCA) TR (iii) + 3.05% p.a., and Pre of 6.00% p.a.	Monthly principal with interest in the quarterly grace period, after that, monthly. Annual principal and interest (iv)	a. Blocked deposits; b. Corporate guarantee of EDP Energias do Brasil	388	40,520	108,461	149,369	3,536	40,069	135,758	179,363			
(-) Transaction cost	EDP Espírito Santo		28/12/2014	(1,390)	12/28/2014–12/16/2024				Monthly amortization of transaction cost		(214)	(339)	(553)	(229)	(442)	(671)					
Eletrobras LPT - ECFS 181/07	EDP Espírito Santo	75,764	25/06/2007	44,821	04/30/2010–04/30/2020	Luz para Todos (Light for All) Program		5% p.a. + 1.5% p.a (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.	21	4,152	4,173	4,529	1,510	6,039					
Eletrobras LPT - ECFS 258/09	EDP Espírito Santo	56,737	28/08/2009	20,687	01/30/2012–12/30/2021	Luz para Todos (Light for All) Program		5% p.a. + 1.5% p.a (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.	22	1,844	2,553	4,419	1,702	3,404	5,106				
Banco Citibank - Bill of exchange	EDP Espírito Santo	100,000	29/05/2015	100,000	05/29/2015–05/29/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	85% CDI + 1.19%	Annual principal starting May 2018 and quarterly interest	Promissory Note	-	317	50,000	50,317							
BNDES - FINEM / 17.2.0296.1	EDP Espírito Santo	354,078	05/09/2017	174,093	09/05/2017–06/15/2025	Investment program for the period 2016–2018	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP + 2.96% p.a. IPCA + 3.23% p.a.	a)Monthly principal with interest in the quarterly grace period, after that, monthly; b) Annual principal and interest.	a. Fiduciary assignment of at least 130% of the amount of the installment due in the subsequent month; b. Corporate guarantee of EDP Energias do Brasil.	9,632	29,945	148,330	187,907	1,081	5,928	9,744	167,668	184,421		
(-) Transaction cost	EDP Espírito Santo		05/09/2017	(2,676)	09/05/2017–06/15/2025				Monthly amortization of transaction cost		(522)	(1,251)	(1,773)	(538)	(1,507)	(2,045)					
BNDES	Porto do Pecém	1,410,000	10/06/2009	1,402,000	07/09/2009–06/15/2026	Implementation of thermoelectric power plant Pecém I.	Debt Service Coverage Ratio higher than or equal to 1.20, determined on annual basis in December.	2.77% p.a. above TJLP	Monthly principal and interest	a. Lien on shares; b. Bank guarantee; c. Assignment of rights and contracts; d. Promissory notes; e. Mortgage; and f. Disposal of assets.	2,673	123,126	738,758	864,557	3,064	122,750	797,880	923,694			
(-) Transaction cost	Porto do Pecém	(11,286)	10/06/2009	(11,286)	07/09/2009–06/15/2026	-	-				(751)	(2,098)	(2,849)	(808)	(2,460)	(3,268)					
Cumulative receivable shares (v)	Investco					Redeemable preferred shares A, B and C			Annual dividends and payment of the principal at the end of the		2,598	24,359	32,619	59,576	3,559	24,836	31,286	59,686			

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(In thousands of reais, unless otherwise indicated)



											Consolidated									
											06/30/2019					12/31/2018				
											Charges		Principal			Charges		Principal		
											Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Institution	Company	Contracted amount	Contracting date	Amount released	Agreement term	Purpose	Covenants	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
BNDES FINEM (SAFRA)	EDP Soluções em Energia	10,171	02/08/2017	8,700	08/02/2017–08/15/2022	a) Implantation of a biomass steam generation system at Pirelli; b) Acquisition of equipment for the project.	Net debt in relation to Consolidated EBITDA ratio equal or below 3.5, semi-annually calculated in June and December.	TJLP + 4.3% p.a.	Principal and interest in 54 monthly installments starting March 15, 2018, before quarterly interest.	EDP - Energias do Brasil co-signature	-			20		1,949	5,197		7,166	
MFUG - Bill of Exchange	EDP GRID	82,000	20/08/2018	82,000	08/20/2018–08/22/2023	Working capital	Net debt in relation to consolidated EBITDA of EDP - Energias do Brasil is lower than or equal to 3.5X, determined on semi-annual basis in June and December.	CDI + 0.45% p.a.	Six-month principal starting August 2020 and interest (six-month period)	a. Promissory note and b. EDP - Energias do Brasil co-signature	2,102			82,000	84,102	2,176		82,000	84,176	
MFUG - Bill of Exchange	EDP GRID	70,000	12/04/2019	70,000	04/17/2019–04/12/2021	Working Capital	Net debt in relation to consolidated EBITDA of EDP - Energias do Brasil is lower than or equal to 3.5X, determined on semi-annual basis in June and December.	CDI + 0.15% p.a.	Principal and interest in single statement in the end	a. Promissory note and b. EDP - Energias do Brasil co-signature		870		70,000	70,870				-	
Promissory Notes (1st issue)	EDP Transmissão Aliança	200,000	04/10/2018	200,000	10/04/2018–04/02/2020	Working capital		111.00% CDI p.a.	Principal and interest in single statement in the end	Corporate guarantee of EDP - Energias do Brasil, proportional to ownership interest					-	3,195		200,000	203,195	
Banco Citibank - Bank Credit Bill	EDP Transmissão MA I	70,000	17/12/2018	34,453	12/17/2018–12/11/2019	Bridge Loan		CDI + 1.0% p.a.	Principal and interest in single statement in the end	Surety of EDP Energias do Brasil	536		33,993		34,529	1		1,000		1,001
Banco Citibank - Bank Credit Bill	EDP Transmissão MA II	70,000	17/12/2018	30,358	12/17/2018–12/11/2019	Bridge Loan		CDI + 1.0% p.a.	Principal and interest in single statement in the end	Surety of EDP Energias do Brasil	627		29,800		30,427	1		1,000		1,001
Total domestic currency											47,366	25,229	460,460	1,423,093	1,956,148	34,332	39,789	579,416	1,710,294	2,363,831
Foreign currency																				
Banco Caixa Geral de Depósitos	Porto do Pecém	USD 44,131	09/12/2016	USD 44,131	12/09/2016–12/06/2019	Early Settlement of IDB (Inter-American Development Bank) financing		Libor 6M + 2.50 % p.a.	Principal in single installment on maturity date and interest (six-month period)	Promissory Note of EDP - Energias do Brasil	530		170,594		171,124	615		172,845		173,460
Banco Citibank - Bank Credit Bill	EDP São Paulo	USD 20,259	04/09/2015	USD 20,259	09/04/2015–09/04/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	Libor 3M + 1.84% p.a.	Annual principal starting September 2018 and quarterly interest	Promissory Note	143		38,983		39,126	158		39,658		39,816
Total foreign currency											673	-	209,577	-	210,250	773	-	212,503	-	213,276
Derivatives																				
Banco Caixa Geral de Depósitos	Porto do Pecém		09/12/2016		12/09/2016–12/06/2019	Hedge against Banco Caixa Geral de Depósitos financing		FX swap and Libor 6M swap + 2.50% p.a. for CDI + 2.73% p.a.	According to protected debt principal and interest amortization flow.		213		(18,535)		(18,322)	182		(19,881)		(19,699)
Banco Citibank	EDP São Paulo		04/09/2015		09/04/2015–09/04/2019	Hedge against Banco Citibank financing.		FX swap and Libor 3M swap + 1.84% p.a. for CDI + 1.20% p.a.	According to protected debt principal and interest amortization flow.		44		(1,427)		(1,383)	40		(2,196)		(2,156)
Total derivatives											257	-	(19,962)	-	(19,705)	222	-	(22,077)	-	(21,855)
Grand total											48,296	25,229	650,075	1,423,093	2,146,693	35,327	39,789	769,842	1,710,294	2,555,252

(i) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel "A" Items (CVA), over contracting and neutrality of sectorial charges".

(ii) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel "A" Items (CVA), over contracting and neutrality of sectorial charges" and with non-operating captions that impact the cash.

(iii) It will be equivalent to result from straight-line interpolation of internal return rates seen in secondary market of National Treasury Bills B Series (NTN-B), applicable to the medium term for amortization of each installment of Sub-credits B and D.

(iv) Subcredits A, C, and F bear interest and monthly amortizations, and subcredits B and D bear interest and annual amortizations.

(v) Refer to Redeemable preferred shares of "A", "B", and "C" shares, issued by the indirect subsidiary Investco in the original amount of R\$ 157,335, where, according to the article eight of by-laws, such shareholders are entitled to the right of receiving a cumulative fixed annual dividend of 3% on their respective interest in capital. In addition, according to Article 9 of Investco bylaws, redeemable preferred shares of "A" and "C" classes will be entitled to equalization upon distribution of dividends in case dividends are paid to other classes of shares higher than unit value of fixed annual dividends. Balance on June 30, 2019 of R\$ 93,152 (R\$ 93,311 as of December 31, 2018) contemplates the original amount and interest up to 2033 (end of concession), both of them discounted at present value at the rate of 8.70% p.a., which is equivalent to average funding cost of Investco on the date shares are evaluated. Due to its characteristics, these shares were classified as debt financial instruments as they meet the definition of financial liabilities, since Investco does not have the right to avoid the remittance of cash or other financial asset to another entity, as determined in item 19 of CPC 39.

Loans and financing are stated at incurred net transaction costs and are subsequently measured at amortized cost under the effective interest rate or fair value method.

Loans in foreign currency, together with swap/hedge contracts are recognized at fair value through profit or loss and mark to market realization.

The total amount related to the guarantees of loans, financing and debt charges mentioned above is R\$ 2,887,234 as of June 30, 2019 (R\$ 3,444,026 as of December 31, 2018), and R\$ 3,088,816 as of June 30, 2019 (R\$ 3,526,204 as of December 31, 2018) in the Consolidated.



24.2 Changes in loans and financing

	Consolidated									
	Net value as of December 31, 2018	Inflows	Payments	Interest accrued	Transfers	Mark-to-Market	Adjustment to present value	Amortization of transaction cost	Inflation adjustment and exchange-rate change	Net value as of June 30, 2019
Current										
Principal	794,759	61,793	(551,741)		369,083	(613)			(888)	672,393
Interest	35,105		(93,666)	82,452	23,790				358	48,039
Transaction cost	(2,840)				(1,145)			1,629		(2,356)
Swap	(21,855)		(2,390)	2,444		(197)			2,293	(19,705)
	805,169	61,793	(647,797)	84,896	391,728	(810)	-	1,629	1,763	698,371
Non-current										
Principal	1,717,080	70,000			(369,083)		1,333		9,404	1,428,734
Interest	39,789			7,842	(23,790)		1,032		356	25,229
Transaction cost	(6,786)				1,145					(5,641)
	1,750,083	70,000	-	7,842	(391,728)	-	2,365	-	9,760	1,448,322

24.3 Maturity of installments

Consolidated				
Maturity	National	Foreign	Derivatives	Total
Current				
2019	322,454	210,251	(19,705)	513,000
2020	185,371			185,371
	507,825	210,251	(19,705)	698,371
Non-current				
2020	39,493			39,493
2021	361,769			361,769
2022	275,480			275,480
2023	230,271			230,271
2024-2028	502,240			502,240
2029-2039	39,069			39,069
	1,448,322	-	-	1,448,322
Total	1,956,147	210,251	(19,705)	2,146,693

25 Post-employment benefits

The Company and certain subsidiaries maintains retirement and pension supplementation plans to employees and former employees and other post-employment benefits, such as medical care, life insurance, Retirement Incentive Aid and other benefits to retirees. Pursuant to CVM Resolution 695/12, post employment benefit liabilities should be accounted for based on standards contained in CPC 33 (R1). To comply with this requirement, the Company and its subsidiaries EDP São Paulo, EDP Espírito Santo, Energest e Investco contracted independent actuaries to conduct an actuarial appraisal of these benefits using the Projected Unit Credit Method and the last was on June 30, 2019.

The Company and its subsidiaries recognized the defined benefit plan liabilities are recognized if the present value in the financial statement date is higher than the fair value of plan assets. Actuarial gains and losses generated by adjustments and changes to actuarial assumptions of defined benefit plans are directly recognized in Shareholders' equity under Other comprehensive income in the year. Past service costs are fully recognized in the year they occur in income (loss) in the Personnel account and financial income (loss) of the benefit is calculated based on the actuarial deficit/surplus based on the current discount rate.

For cases where the plan becomes a surplus and there is a need for recognition of an asset, such recognition is limited to the present value of economic benefits available in the form of future refunds or reductions in the contributions to the plan, pursuant to law and regulation of the plan.

The liabilities of the defined contribution plans are recognized as personnel expenses in the statement of income for the year in which the services are rendered.

	Parent Company		Consolidated			
	Current		Current		Non-current	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
PSAP Bandeirante			7,664	7,660	25,943	53,994
Assistance Programs			5	4		
Retirement Incentive Aid - AIA			567	567	161	197
Medical care and Life Insurance			40,535	41,092	673,291	669,597
Defined contribution			134	119		
	17	13	48,905	49,442	699,395	723,788

25.1 Retirement plans

They are administered by EnerPrev, private pension entity sponsored by companies of Grupo EDP - Energias do Brasil and recorded in the National Register of Benefit Plans (Cadastro Nacional dos Planos de Benefícios - CNPB) in the National Superintendency of Private Pension Plans (Superintendência Nacional de Previdência Complementar - PREVIC). It has purpose of managing a set of pension plans in favor of the employees and former employees of the Company and its subsidiaries, and the rights and duties of participants, as provided for in regulation.

As of December 31, 2017, Energest had retirement and pension supplementary plans managed by Fundação Enersul, a not-for-profit private pension plan entity. However, during the year 2018, Energest withdrew the sponsorship of the plans, settling all of its obligations corresponding to these plans in advance.

25.1.1 Defined benefit plans and variable contribution plans

EDP São Paulo

The plans are structured in the form "Settled, Defined Benefit and Variable Contribution", are not available for new adhesions and have the following characteristics:

(i) PSAP Bandeirante Plan – BPS Cost Group: This corresponds to the employees' proportional benefits calculated on the basis of time of service up to March 1998, when was in force. Is a defined benefit type which grants Paid-In Benefit, in the form of lifetime income convertible into a pension for plan members registered as at March 31, 1998 in a defined amount proportional to the accumulated years of service up to the said date conditional upon compliance with the regulations. EDP São Paulo bears total responsibility for covering any actuarial shortfalls determined by actuarial of EnerPrev; and



(ii) PSAP Bandeirante Plan – BD and CV Cost Groups:

- BD Cost Group – in force after March 31, 1998: Defined Benefit Plan that grants a lifetime income convertible into a pension proportional to time of service accumulated to March 31, 1998 based on 70% of the monthly average wage over the past 36 months in active employment. In the event of death while the employee is in active service, or disability, the benefits include all of the years of past service (including the accumulated period up to March 31, 1998) and therefore do not include the accumulated period of service after March 31, 1998 alone. The Company and the plan members bear equal responsibility for covering any actuarial shortfalls determined by the actuary of EnerPrev.
- CV Cost Group: Implemented in conjunction with the DB Plan, effective after March 31, 1998, until the time of granting the lifetime income, convertible (or not) into a pension, is a variable contribution plan, not generating any actuarial responsibility on the part of the Company. Only after the act of granting the lifetime income, convertible (or not) into a pension, does the pension plan become a defined benefit one, subjecting the Company to actuarial responsibilities. A member may also choose the financial income option, not generating actuarial responsibility for the Company.

The Company contributed to these cost groups with the amount of R\$ 3,705 (R\$ 1,329 in 2018) in the period.

EDP Espírito Santo

- Escelsos I Plan structured as a defined benefit (in force for adhesions up to May 31, 1998): Cost plan is supported by contributions from the sponsor, which correspond to double of members' contributions and limited to 7% of payroll. Grants lifelong income reversible into pension, of up to 100% of actual monthly average salary referring to the last 36 months of activity.

EDP Espírito Santo and Energest

- Escelsos II Plan structured as variable contribution (in force for adhesions up to November 1, 2006): The Funding Plan is sustained paritarily by contributions of the sponsor and of the participant, pursuant to the plan regulation. It is a pension plan that until the time of granting the lifetime income, convertible (or not) into a pension, is a variable contribution plan, not generating any actuarial responsibility on the part of the subsidiaries. Only after the act of granting the lifetime income, convertible (or not) into a pension, if that is the participant's choice, the pension plan may become a Defined Benefit one, subjecting subsidiaries to actuarial responsibilities. A member may also choose financial income option, not generating actuarial responsibility to the subsidiaries.

25.1.1.1 Actuarial evaluation

A series of assumptions may be realized differently from as calculated in actuarial valuation due to factors such as changes in economic or demographic assumptions and changes in the provisions of the plan or in the legislation applicable to pension plans.

The plan liabilities are calculated using a discount rate that is established with a basis on the yield of NTN-B government bonds. Accordingly, if the yield of the plan assets is different from the yield of the NTN-B, there will be an actuarial gain or loss, increasing or decreasing the actuarial deficit/surplus of these benefits.

The investment practices of the plans are governed by the search for and maintenance of net assets with the necessary yields to honor these liabilities in the short, medium and long term, maintaining a balance between the assets and the commitments of liabilities so as to generate liquidity compatible with the growth and the protection of capital, aiming to ensure the long-term balance between the assets and the needs dictated by future actuarial flows.

For EDP São Paulo, the actuarial valuation performed on June 30, 2019 stated, to each costing group of the PSAP Bandeirante plan (BSPS, BD and CV), the following results: (i) surplus position to BD cost sub-base in the amount of R\$ 11,765, (ii) surplus position with restricted knowledge of the asset as per assumptions in CPC 33 (R1) for CV costing submass and (iii) one deficit position for the BSPS costing submass in the amount of R\$ 45,372, resulting in a net deficit of R\$ 33,607 (Note 25.1.1.4).

For EDP Espírito Santo and Energest, the review of actuarial appraisal showed, as of June 30, 2019 that in the case of the defined benefits plans, the present value of the actuarial liabilities net of the fair value of the assets and of unrecognized actuarial losses, showed a surplus. However, this surplus has a restriction on its recognition due to actuarial assumptions established in CPC (Brazilian Accounting Pronouncements Committee) 33 (R1).

25.1.1.2 Reconciliation of actuarial assets and liabilities

EDP São Paulo

	Present value of the plan liabilities	Fair value of the plan assets	Asset recognition restrictions	Liabilities
Balances at December 31, 2018	(899,870)	936,243	(98,042)	(61,669)
Current service cost	2,370			2,370
Interest cost	(43,311)	45,340	(4,834)	(2,805)
Actuarial gains/(losses) recognized in shareholders' equity	(17,341)	32,823	9,293	24,775
Contributions paid by the Company		3,722		3,722
Contributions paid by the employees	(1,622)	1,622		-
Benefits paid by the plan	24,040	(24,040)		-
Balances at June 30, 2019	(935,734)	995,710	(93,583)	(33,607)

The actuarial gain of R\$ 24,775 on the present value of the liabilities, calculated in the actuarial valuation made as of June 30, 2019, was mainly due to the fact that the profitability of the assets in the plan's equity was higher than the discount rate.

The contributions expected to be paid by EDP São Paulo into this plan in 2019 amount to R\$7,660.

The balance as of June 30, 2019, net of income tax and social contribution is R\$ 81,777 (actuarial loss of R\$ 98,128 as of December 31, 2018).

EDP Espírito Santo

	Present value of the plan liabilities	Fair value of the plan assets	Asset recognition restrictions	Recognized assets
Balances at December 31, 2018	(158,567)	283,459	(126,229)	322
Current service cost	(47)			(47)
Interest cost	(9,425)		(6,431)	(15,856)
Expected return on assets		15,803		15,803
Actuarial gains/(losses)	(29,067)	17,830	11,055	(182)
Contributions paid by the employees	12			12
Benefits paid by the plan	9,083	(9,083)		-
Balances at June 30, 2019	(188,011)	308,009	(121,605)	52

Because of the surplus, the contributions made by EDP Espírito Santo to these benefits, in the amount of R\$ 2,512, are expected to be offset in 2019.

Regarding such plans, the balance on June 30, 2019, of actuarial loss, net of Income tax and social contribution is R\$ 1,270 (actuarial loss of R\$ 1,150 on December 31, 2018).



Energest

	Present value of the plan liabilities	Fair value of the plan assets	Asset recognition restrictions	Recognized assets
Balances at December 31, 2018	(93)	206	(98)	15
Current service cost	(2)			(2)
Interest cost	(5)		(5)	(10)
Expected return on assets		9		9
Actuarial gains/(losses)	(104)	29	63	(12)
Balances at June 30, 2019	(204)	244	(40)	-

The Energest's expected contributions to these benefits during 2019 amount to R\$57.

25.1.1.3 Net expenses

Effects of review of actuarial appraisals recognized in income and other comprehensive income, both as counterparty to caption Post-employment benefits are as follows:

Note	EDP São Paulo		EDP Espírito Santo		Energest	
	01/01/2019–06/30/2019	01/01/2018–06/30/2018	01/01/2019–06/30/2019	01/01/2018–06/30/2018	01/01/2019–06/30/2019	01/01/2018–06/30/2018
Service cost						
Current service cost	(2,370)	(1,157)	47	76	2	8
Interest cost	43,311	40,437	15,856	16,184	10	2
Expected return on assets	(45,340)	(44,518)	(15,803)	(16,144)	(9)	
Change in the recovery of the surplus	4,834	5,202				
Components of defined benefit costs recognized in net income/loss	435	(36)	100	116	3	10
Compensation of net value of past defined benefit:						
Return on plan assets (excluding amounts included in net financial expenses)	(32,823)	(10,679)	(17,830)	2,450	(29)	
Actuarial (gains) losses arising from experience adjustments	17,341	6,220	29,067	(1,054)	104	
Adjustments to restrictions on the defined benefit assets	(9,293)	(4,089)	(11,055)	(1,016)	(63)	(10)
Components of defined benefit costs recognized in other comprehensive income	(24,775)	(8,548)	182	380	12	(10)
Total	(24,340)	(8,584)	282	496	15	-

25.1.1.4 Debt confession - EnerPrev and EDP São Paulo

EDP São Paulo has the aim of resolving the actuarial deficit of its BSPS sub-base and reducing the risk of future deficits, has formalized the legal instrument with EnerPrev, from the actuarial deficit calculated according to guidelines of Resolution CGPC 26/2008 and its amendments. The original contract was being settled over 240 months based on a percentage of the payroll, counted from September 1997. On August 22, 2016, EDP São Paulo and EnerPrev signed the second addendum to the instrument of commitment between the companies, highlighting the change in the settlement period (which was expected to end in September 2017) to 143 installments, the first one in September 2016. From December 2016, the debt balance and the monthly installment amount will be determined once a year at the time of Enerprev actuarial evaluation, positioned in December, considering the debt amount and remaining period. The actuarial assumptions used by EDP São Paulo meet the provisions of CPC 33 (R1) while the actuarial assumptions used by EnerPrev meet CGPC Resolution 18/2006 and Previc Instruction 7/2013.

The reconciliation between two actuarial valuation methods is shown below:

	06/30/2019	12/31/2018
Present value of the plan liabilities	(942,650)	(907,301)
Fair value of the plan assets	1,002,926	943,974
Surplus	60,276	36,673
Unrecoverable surplus	(93,883)	(98,342)
Total recorded - BSPS sub-base - CPC 33 (Note 25.1.1.1)	(33,607)	(61,669)
Contract for Debt confession and Mathematical reserve	(55,147)	(55,035)
Adjustment - CGPC Resolution 26/2008	(55,147)	(55,035)
Difference between assumptions (*)	(21,540)	6,634

(*) The amount of R\$ 21,540 (R\$ 6,634 as of December 31, 2018) is due to the difference in assumptions and methodologies used by EDP São Paulo for purposes of compliance with CVM Resolution 695/12 and those used by EnerPrev (benefit plan administrator) for the purpose of compliance with Resolution 26/08 and its amendments of the National Council of Private Pension and tends to be adjusted over time to plan development.

25.1.2 Defined contribution plans

The Company and other companies of Grupo EDP - Energias do Brasil are sponsors of the Plan Energias do Brasil, administered by EnerPrev, which is available for the adhesion of new participants. In this plan, the participant may contribute the fixed percentage from 1% to 7% of the contribution salary, in which the percentage of the contribution of the sponsors in their favor in the plan will also occur at the same rate, not generating any actuarial liability for the sponsors. Members may also take part with voluntary monthly contributions that are equivalent to a percentage that he/she may freely choose applied to their contribution salaries, or annual contributions in a single value to be chosen by the participant. This type of contribution is made in addition to basic contribution, with no proportional contribution by sponsors.

In the capacity of sponsors of this plan, the Company contributed R\$ 502 (R\$ 475 in 2018) while the subsidiaries contributed R\$ 2,468 in the period (R\$ 2,073 in 2018).

On June 30, 2019, this plan receives adhesion from 125(*) employees 125(*) as of December 31, 2018) of the Company and 1,638(*) (1,472(*) as of December 31, 2018) from employees of its subsidiaries.

(*) Not reviewed by independent auditors.

25.2 Retirement incentive aid (AIA), medical care, life insurance and other benefits to retirees: Defined benefit

- Retirement Incentive Aid - AIA (EDP Espírito Santo): Benefit to employees hired up to December 31, 1981, payable on termination of the labor contract, irrespective of the reasons for such severance. The AIA guarantees the payment of a benefit, the amount of which was calculated considering, for each employee, the proportion of the period of contribution to the INSS (Brazilian Social Security Service) up to October 31, 1996, the employee's salary and the INSS benefit as at October 31, 1996;

- Medical care, life insurance and other benefits to retirees (EDP Espírito Santo and Energest - in force to employees hired up to December 31, 1990 and retired in the subsidiaries): Lifetime coverage for medical and dental care, medications, life insurance, and in proven cases, existence of dependents with special needs, corresponding to 50% of the minimum salary of the subsidiaries; and



• Medical care (Investco): Pursuant to Law 9656/98, employees who pay a pre-determined monthly contribution for the medical care plan are entitled to continue as part of a similar plan, in the event of dismissal or retirement, for a determined period of time, in accordance with legislation relating to Medical care plans. Investco's medical care model from April 2005 until December 2011 met this condition.

25.2.1 Actuarial evaluation

A series of assumptions may have their realization different from that calculated in the actuarial valuation due to factors such as changes in the economic or demographic assumptions and changes in the provisions of the plan or of the legislation applicable to these.

Most of the liabilities of the benefits consist of the concession of lifetime benefits to the participants. For this reason, increases in the life expectancy will result in an increase in the plan liabilities. These benefits are sensitive to inflation, and inflation that is higher than foreseen in this valuation will lead to a higher level of liabilities.

The actuarial evaluation carried out as of June 30, 2019 determined a present obligation for defined benefit plans.

25.2.2 Changes in actuarial liabilities

	Present value of the plan liabilities		
	EDP Espírito Santo	Energest	Investco
Balances at December 31, 2018	(696,749)	(13,771)	(933)
Current service cost	(1,438)	(45)	(27)
Interest cost	(33,382)	(670)	(48)
Actuarial gains/(losses) recognized in shareholders' equity	(476)	(8)	1
Benefits paid by the Company	18,498	148	
Balances at June 30, 2019	(713,547)	(14,346)	(1,007)

The actuarial loss of R\$ 484 in EDP Espírito Santo and Energest and actuarial gain of R\$ 1 in Investco, calculated in the actuarial valuation made as of June 30, 2019, arose mostly from the experience adjustments of the plans.

For these plans, the balance on June 30, 2019, of actuarial loss, net of income tax and social contribution is R\$ 299,615 (R\$ 299,301 on December 31, 2018), in Energest is R\$ 3,521 (R\$ 3,508 on December 31, 2018) and in Investco, R\$ 325 (R\$ 324 on December 31, 2018).

Expected contributions for these benefits during the year 2019 are R\$ 41,076 in EDP Espírito Santo, R\$ 557 in Energest and R\$ 27 in Investco.

25.2.3 Net expenses

Effects of review of actuarial appraisals recognized in income and other comprehensive income, both as counterparty to caption Post-employment benefits are as follows:

	Note	EDP Espírito Santo		Energest		Investco	
		01/01/2019–06/30/2019	01/01/2018–06/30/2018	01/01/2019–06/30/2019	01/01/2018–06/30/2018	01/01/2019–06/30/2019	01/01/2018–06/30/2018
Service cost							
Current service cost		1,438	1,906	45	36	27	22
Interest cost	31	33,382	38,885	670	798	48	40
Components of defined benefit costs recognized in net income/loss		34,820	40,791	715	834	75	62
Re-measurement of the net value of the defined benefit liability							
Actuarial (gains) losses arising from experience adjustments		476	402	8	5	(1)	(1)
Components of defined benefit costs recognized in other comprehensive income		476	402	8	5	(1)	(1)
Total		35,296	41,193	723	839	74	61

26 Sectorial charges

Obligations payable refer to charges established by the electric sector law, as follows:

	Note	Consolidated					
		Balance at December 31, 2018	Additions	Inflation adjustment	Payments	Transfer	Assets held for sale
Share of Global Reversion Reserve - RGR		240	2,242		(1,401)	(836)	(245)
Energy Development Account (Conta de Desenvolvimento Energético - CDE)	26.1 29	51,767	689,604		(707,669)		33,702
Financial Compensation for the Use of Water Resources - CFURH	29	5,312	13,568		(15,792)		(369)
Tariff charges (ECE/ EAEEE)	7.3	31,428	8				31,436
Research and Development ("R&D") and Energy Efficiency Program ("PEE")	26.2 29	78,225	47,077	1,815	(58,411)		(1,941)
Tariff flags (CCRBT)	8 26.3 29	-	2,724		(2,724)		
Other charges		1,907	6,977		(6,895)		(48)
Total		168,879	762,200	1,815	(792,892)	(836)	(2,603)
Current		154,262					124,372
Non-current		14,617					12,191
Total		168,879					136,563



26.1 Energy Development Account (Conta de Desenvolvimento Energético - CDE)

Refer to amounts to be transferred to CDE, consented by ANEEL, as the table below:

	EDP São Paulo			EDP Espírito Santo		
	Total amount	Monthly quota amount	Competence	Total amount	Monthly quota amount	Competence
Ratifying Resolution ANEEL 2231/17						
CDE – Energy (Account ACR)	425,724	16,172	Apr2017–Mar2018	270,354	10,270	Apr2017–Mar2018
		21,060	Apr2018–Feb2019		13,374	Apr2018–Feb2019
Ratifying Resolution - ANEEL 2521/19						
CDE – Energy (Account ACR) (*)	126,360	21,060	Mar2019–Aug2019	78,186	13,031	Mar2019–Aug2019
Ratifying Resolution - ANEEL 2446/18						
CDE - Energy	120,562	10,047	Oct2018–Sep2019	93,771	7,814	Aug2018–Jul2019
Ratifying Resolution - ANEEL 2510/18						
CDE – Utilization charges	610,462	43,336	Jan2019–Mar2019	338,091	22,313	Jan2019–Mar2019
		53,384	Apr2019–Dec2019		30,128	Apr2019–Dec2019

(*) Ratifying Resolution No. 2.521/19 changes the amount of the CDE quotas - ACR Account to be paid by distributors. The ACR Account was created to cover the loan transferred to distributors in 2014. Based on ANEEL's estimates, quotas have been adjusted so that there are sufficient funds to repay the loan in September 2019.

26.2 Research and Development ("R&D") and Energy Efficiency Program ("PEE")

The amounts of the liabilities to be applied in the R&D and EEP programs recorded by the subsidiaries are determined under the terms of the sectorial legislation of electricity concession agreements. The subsidiaries must apply 1% of the net operating income adjusted in accordance with the criteria defined by ANEEL, recording monthly, on an accrual basis, the liability amount. These liabilities are restated monthly by the change in the SELIC rate up to the expenditure realization month and written off according to their realization. The R&D programs are regulated through ANEEL Normative Resolution 316/08, applied until September 2012, amended by Normative Resolution 504/12, and the EEP programs are regulated through Resolutions 300/08, applied until May 2013, amended by Normative Resolution 556/13. The net balance on June 30, 2019 in the amount of R\$ 68,706 (R\$ 78,225 on December 31, 2018), includes the deduction of expenses incurred with services in progress referring to these programs.

26.3 Tariff flags

Beginning January 1, 2015, by ANEEL Normative Resolution 547 of April 16, 2013, the Tariff Flag System came into effect. That mechanism aims to indicate to consumers the actual electric power generation costs of each month, by using three flags: green, yellow and red. Every month, the system's operating conditions are evaluated by the National Electric System Operator (ONS), which establishes the best power generation strategy to meet the demand. Based on that evaluation, a decision is made regarding which thermal plants are required to operate.

The green flag indicates that the power generation cost is presently cost is at a regular level, and no increase in power tariff value is necessary. However, the yellow and red flags indicate that the cost of energy generation has increased, and an increase in the energy tariff is applied.

As of 2019, the tariff coverage treatment and activation rule started to be reevaluated based on the hydrological calendar in April, end of the wet season.

On May 21, 2019, ANEEL, by means of Confirmatory Resolution 2551, published the new criteria for activating tariff flags, effective as of June 1, 2019, changing the additional value during the effectiveness of the yellow tariff flag from R\$ 1.00 to R\$ 1.50 for every 100 kWh consumed, and changing the additional value during the effectiveness of the red tariff flag (level 1) from R\$ 5.00 to R\$ 6.00 for each 100 kWh consumed (R\$ 5.00 to R\$ 6.00 for the red tariff flag - level 2).

On April 24, 2018, ANEEL, through Confirmatory Resolution no. 2392, established the new criteria for activating tariff flags. The definition of the activation brackets will observe hydrologic risk thresholds defined according to the operational record of the National Interconnected System (SIN). The activation metric henceforth takes into account the definition of cost of hydrologic risk, where there is an indirect relationship between the depth of the generation scaling factor (GSF) and the electricity spot price (PLD, or different settlement price).

The composition of these two variables, in trigger systematics, means the anticipated collection of income with the tariff flags is closer to the costs incurred.

So, the balance related to the Tariff flags refers to the amounts to be transferred to the Centralizing Account for the Resources from Tariff Flags - CCRBT, managed by the CCEE, arising from the difference between the billed amounts net of ICMS and the estimated amounts not billed, for Tariff flags purposes, deducted of a portion of the energy and charges overhead.

Those funds are allocated to the coverage of costs not foreseen in the tariffs of several distributors in Brazil. Value monthly approved by ANEEL to be transferred or refunded is the difference between amount charged from customers and excess costs referring to: (i) Power Security of System Service Charge (Encargo de Serviço do Sistema – ESS); (ii) thermal dispatch; (iii) hydrologic risk; (iv) Itaipu quotas; (v) exposure to short-term market; and (vi) excess Energy Reserve Account - CONER. The costs that are not covered by the income are considered in the next tariff process.

The Tariff flags applied in 2019 were the following:

Brands	Months
Green	January, February, March, April–June
Yellow	May

27 Provisions

	Note	Parent Company		Consolidated			
		Non-current		Current		Non-current	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Civil, tax, labor and regulatory provisions	27.1	11,711	13,729	11,456	15,499	373,192	352,504
Environmental permits	27.2			23,146	8,370	22,493	16,692
Dismantling	27.3					8,927	8,613
Contingent consideration	27.4			7,826	6,002		9,283
Total		11,711	13,729	42,428	29,871	404,612	387,092

Provisions are recognized in the balance sheets date as a result of a past event, and it is probable that an economic resource will be required to settle the obligation and that can be reliably estimated. Provisions are recorded based on the best estimates of the risks specific to the liability.



27.1 Civil, tax and labor, regulatory provisions and restricted deposits

The Company and its subsidiaries are parties to lawsuits and administrative proceedings in several courts and with government bodies arising from the normal course of its operations, involving tax, labor, civil and other issues.

The liabilities are measured at management's best estimate for the disbursement that would be required to settle them on the date of the financial statements. They are monetarily restated monthly, using various indices according to the nature of the provision, and are periodically reviewed with the assistance of legal advisors.

27.1.1 Risk of probable loss

The Company's Management, based on information from its legal advisors and the analysis of pending lawsuits, the Administration of the Company and its subsidiaries have constituted provisions considered sufficient to cover losses estimated as probable for ongoing lawsuits, as follow:

	Parent Company									
	Liabilities					Assets				
	Write-offs					Judicial deposit				
	Balance at December 31, 2018	Formation	Payments	Reversals	Inflation adjustment	Balance at June 30, 2019	06/30/2019	12/31/2018		
Labor	5,349	564	(30)	(2,327)	(2,172)	1,384	1,023	870		
Civil	8,380	1,932	(465)	(440)	701	10,108	1,437	1,237		
Other	-	284	(21)	(44)		219				
Total non-current	13,729	2,780	(516)	(2,811)	(1,471)	11,711	2,460	2,107		

	Consolidated									
	Liabilities					Assets				
	Write-offs					Judicial deposit				
	Balance at December 31, 2018	Formation	Payments	Reversals	Inflation adjustment	Transferred to assets held for sale	Reclassification on	Balance at June 30, 2019	06/30/2019	12/31/2018
Labor	131,098	14,617	(10,860)	(8,774)	4,848	(4,742)	127	126,314	57,398	57,152
Civil	175,331	40,303	(28,784)	(4,230)	13,993	(988)	(127)	195,498	68,468	53,875
Tax	739	1,639	(874)		2,489			3,993	640	
Regulatory	15,224	1,350	(5,672)	(242)	487			11,147		
Other	45,611	6,254	(501)	(4,183)	567	(52)		47,696		
Total	368,003	64,163	(46,691)	(17,429)	22,384	(5,782)	-	384,648	126,506	111,027
Current	15,499							11,456		
Non-current	352,504							373,192	126,506	111,027
Total	368,003							384,648	126,506	111,027

27.1.1.1 Labor

EDP São Paulo, EDP Espírito Santo, Energest, Investco, EDP Soluções, Porto do Pecém and EDP - Energias do Brasil

Refer to several lawsuits disputing, among other issues, overtime payments and hazardous work and salary equalization.

On August 4, 2015, with decision on unconstitutionality claim 479-60.2011.5.04.0231, Full Court of the Superior Labor Court (TST) decided that labor debts should be adjusted for inflation based on Special Amplified Consumer Price Index (IPCA-E) of the Brazilian Institute of Geography and Statistics (IBGE). This index would be used by the Labor Court Superior Council (CSJT) for the inflation adjustment table of the Labor Court (Single Table). Thus, correction index of these debts, which was Reference Rate - TR, would become IPCA-E.

This new index should be applied to all labor lawsuits involving public and private entities that discuss debts after June 30, 2009 that were not executed or that received final decision. However, on October 14, 2015, the Minister of the Federal Supreme Court (STF) issued an injunction to suspend effects of decision issued by Superior Labor Court - TST.

Subsequently, on December 5, 2017, the 2nd Panel of Brazil's Supreme court (STF), by majority vote, dismissed the lawsuit filed by the National Federation of Banks (Fenaban) against the decision of the Superior Labor Court (TST) in the proceedings of case Arginc-479-60.2011.5.04.0231, which determined the application of the IPCA-E as an index of correction for inflation with regard to labor-related debts. In the decision challenged by Fenaban, the TST declared that the use of the "TR" as a correction index in the Labor Court was unconstitutional, and consequently, the previously deferred injunction was revoked, and determined the adoption of the IPCA-E determined by the IBGE to calculate such debts.

In March 2018, the Motions for Clarification were judged by the TST, and the Company and its subsidiaries presently understood that the STF's decision should be applied after their modulatory effects and not to the whole process, thus, the application of IPCA-E should occur as of March 25, 2015. The theme is subject to appeal.

Thus, since December 2017, the Company and its subsidiaries began to adjust all of their labor claims based on IPCA-E.

27.1.1.2 Civil

EDP São Paulo and EDP Espírito Santo

Refer mainly to claims for reimbursement of amounts paid in the form of tariff increases by industrial consumers due to the application of DNAEE Ordinances 38/86 and 45/86 (the Cruzado Plan), in force from February to November of that year. Original values are restated based on the system used by the Judiciary. As of June 30, 2019 the balance for EDP São Paulo totals R\$ 53,085 (R\$ 49,772 as of December 31, 2018) and for EDP Espírito Santo, R\$ 4,032 (R\$ 4,103 as of December 31, 2018), of which the following process is highlighted for EDP São Paulo:

- Lawsuit 2000.001.127615-0, in progress at the 10th Civil Court of the Central Forum of the Judiciary District of Rio de Janeiro, filed by White Martin, discussing the existence of affects resulting from Ordinances 38/86 and 45/86 of the dissolved DNAEE, on electrical power consumption tariffs for the period from September 2000 onwards. In April 2010, the EDP São Paulo complied with a legal determination of substitution of the letter of guarantee by a judicial deposit in the amount of R\$ 60,951 and in June 2011, a complement of judicial deposit was made in the amount of R\$ 10,627. EDP São Paulo submitted various pronouncements and appeals targeting the suspension of the exaction of the amount, and to reverse the determination of the deduction of the percentage of 16.66% on the monthly bills of White Martins, until the release (June 8, 2011), in payment, of the amount of R\$60,951 deposited initially, was authorized without the provision of collateral. On June 10, 2011, White Martins obtained this deposit, monetarily restated to R\$66,806. Notwithstanding the raising of the aforesaid deposit, the amount of R\$10,627 remains on deposit with the court, and there are also appeals pending before the Court of Appeals of Rio de Janeiro and the Superior Court of Justice (STJ) discussing the matter. Currently, a new expert examination was conducted, in compliance with the judgment. The accounting record was presented in order to reduce the judicial deposit in return for a decrease in the provision made for this contingency. The remaining balance on June 30, 2019 is R\$ 43,043 (R\$ 40,548 on December 31, 2018).



Investco

At June 30, 2019, Investco recorded a provision of R\$ 12,387 (R\$ 11,675 as of December 31, 2018) referring to:

(i) Indemnities

Indemnities claimed by people that consider themselves impacted by fulfillment of UHE Lajeado reservoir or that intend to increase indemnities received from Investco as a result of said fulfillment, for which a provision of R\$ 4,323 on June 30, 2019 (R\$ 4,276 as of December 31, 2018) was recorded.

(ii) Expropriations

Refer to indemnities as expropriation proposed by Investco to fill reservoir of UHE Lajeado, in which the difference between amount deposited by Investco and the amount estimated by the expropriated and on June 30, 2019, the amount formed is R\$ 8,064 (R\$ 7,399 on December 31, 2018). The balance of judicial deposits on June 30, 2019 is R\$ 13,138 (R\$ 16,387 as of December 31, 2018) and are recorded at the item Constructions in progress - Other (Note 20).

27.1.1.3 Tax

EDP Comercializadora

• Lawsuit filed by EDP Comercialização against the Brazilian Federal Revenue Service, aiming at the cancellation of the PIS and COFINS fine for the period 2004 and recognition of the voluntary disclosure, and the debt is guaranteed by a judicial deposit. On June 30, 2019, the restated amount is R\$593. Currently, it is awaiting compliance with the court decision and conversion of the deposit.

• Lawsuits between EDP Comercialização and the State of Rio Grande do Sul, discussing the collection of ICMS tax substitution for the period from 2008 to 2013. On March 31, 2019, the amount was R\$ 1,109, and on June 30, 2019 the amount is R\$ 247. The amount was reduced by the partial payment of the provision. Currently, the other lawsuits await judgment of the appeals in the Superior Courts.

Lajeado

• Lawsuit filed by Lajeado against the Brazilian Federal Revenue Service, aiming at the cancellation of the PIS and COFINS fine for the period 2004 and recognition of the voluntary disclosure, and the debt is guaranteed by a judicial deposit. On June 30, 2019, the restated amount is R\$ 411. Currently, it is awaiting compliance with the court decision and conversion of the deposit.

27.1.1.4 Regulatory

EDP São Paulo and EDP Espírito Santo

They refer to the tax assessment notices issued by ANEEL or other regulatory agencies that are in the phase of appeal by the subsidiaries.

27.1.1.5 Other

Porto do Pecém

As a result of business combination related to purchase of Porto do Pecém, the amount of R\$ 21,745 is considered on June 30, 2019 (R\$21,745 as of December 31, 2018) resulting from lawsuit in which Porto do Pecém is co-plaintiff, promoted by a service provider of the plant construction that challenges alleged contractual breach. It is currently awaiting the beginning of the test phase of production.

27.1.2 Risk of possible loss

There are ongoing labor, civil and tax proceedings, the loss of which has been deemed as possible. These items are periodically reassessed, not requiring formation of provisions as follow:

	Parent Company				Consolidated			
	Assets				Assets			
	Balance at	Judicial deposit	Balance at	Judicial deposit	Balance at	Judicial deposit	Balance at	Judicial deposit
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Labor	9,932	8,704	55		119,560	110,325	7,337	7,775
Civil	41,603	38,480	254	336	798,138	876,536	17,599	17,381
Tax	49,245	48,554	3,973	3,005	1,644,237	1,614,135	60,172	54,857
Regulatory					15,843	15,673	552	552
Total	100,780	95,738	4,282	3,341	2,577,778	2,616,669	85,660	80,565

Among the main claims where losses are deemed as possible, the highlights are as follow:

27.1.2.1 Labor

EDP - Energias do Brasil, EDP Espírito Santo, EDP São Paulo, Energest, Porto do Pecém, EDP Soluções and Investco

Refers to several lawsuits that, in general, relate to overtime payment, salary equalization, joint responsibility involving service providing companies, indemnity for pain and suffering/ property damage derived from occupational diseases/accidents, among others.

27.1.2.2 Civil

EDP - Energias do Brasil

• Lawsuit 1109675-81.2014.8.26.0100, in progress in the 20th Civil Court of São Paulo Central Court, filed by Montcalm Montagens Industriais S.A. against companies MABE Construção e Administração de Projetos LTDA, Pecém II Geração de Energia S.A., Eneva S.A. and EDP Energias do Brasil, discusses an alleged contract unbalance in subcontracting carried out by MABE for provision of equipment assembling services related to implementation of UTE Pecém II, company of the Eneva S.A. economic group. Montcalm alleges that companies are jointly responsible for non-compliance with contract non-compliances, due to alleged contract succession and corporate succession. Currently, lawsuit is in the expert investigation stage. The estimated amount on June 30, 2019 is R\$ 38,484 (R\$ 35,349 on December 31, 2018).

Energest, Lajeado, Investco, Enerpeixe and Porto do Pecém

The Grupo EDP - Energias do Brasil generation companies, through the Brazilian Association for Independent Electricity Producers (Associação Brasileira dos Produtores Independentes de Energia Elétrica - APINE) and the Brazilian Association for Clean Energy Generation (Associação Brasileira de Geração de Energia Elétrica - ABRAGEL) filed a lawsuit to suspend the effects of Resolution No. 03/13 of the Brazilian Energy Policy Council (CNPE), enacted by the Federal Government, which introduced a sharing between all agents of the energy market of the costs incurred for the additional dispatch of thermal sources (oil, coal and gas) due to the shortage of rain (System Service Charge - ESS).

On May 27, 2013 an injunction was granted within the sphere of the ordinary proceedings in progress at the 4th Federal Circuit Court of the Federal District, invalidating the provisions of articles 2 and 3 of CNPE Resolution 03/13, preventing their inclusion in the apportionment of costs calculated in accordance such resolution.

On December 5, 2014, a favorable sentence was pronounced, confirming the terms of the injunction. The Federal Government filed an appeal, which was denied by the Federal Regional Court (Tribunal Regional Federal - TRF) in June 2016. On January 30, 2017, the Federal Government lodged a special appeal. The counter-arguments were filed by APINE on May 4, 2017. The Federal Government's appeal was not accepted, and the final and unappealable decision was handed down on June 3, 2019. The lawsuit is closed (R\$ 165,739 as of December 31, 2018).

Investco

They refer mostly to lawsuits described in note 27.1.1.2 – Compensation and Expropriations, in the amount of R\$ 104,887 as of June 30, 2019 (R\$ 96,524 as of December 31, 2018).



EDP Espírito Santo and EDP São Paulo

- Public civil action No. 26725-92.2009.4.01.3800, being processed by the 3rd Federal Civil Court of Belo Horizonte, filed by the Collective Interest Defense Association (ADIC), and claiming indemnity for material damages arising from the tariff adjustment (Parcel A). A decision was handed down in this litigation that determined the exclusion of the concessionaires from the list of defendants of the lawsuit, maintaining only ANEEL. The proceeding was suspended until the Superior Court of Justice (STJ) as at November 27, 2013, considered the 3rd Federal Circuit Court of Belo Horizonte competent to judge all the collective claims addressing the issue of Parcel "A". On April 5, 2017, a decision was issued extinguishing the case, also regarding ANEEL. After decision that extinguished the lawsuit without solution of the merit, presently the Company is awaiting decision of the appeal by the plaintiff. The lawsuit is conducted only in relation to ANEEL. As of June 30, 2019, the estimated amount for EDP Espírito Santo is R\$ 68,449 (R\$ 63,872 as of December 31, 2018) and that for EDP São Paulo is R\$ 153,814 (R\$ 141,283 as of December 31, 2018).
- Injunction 0002173-26.2014.4.01.3400, being processed at the 22nd Federal District of the Federal Regional Court of the 1st Region, which had been filed by Santo Antônio Energia S.A. (SAESA) against an act of the ANEEL Executive Board, and aiming at suspending liabilities for recomposing guarantees and capacity and avoiding payment of charges for transmission system use and possible penalties for failures to adhere to the timing plan. On February 26, 2014, the request for court authorization prior to judgment was partly granted, and impacted power distributors. Upon that decision, the subsidiaries, through the Brazilian Association of Energy Distribution Companies (ABRADEE) filed a request before the Superior Court of Justice for suspending the granting, and the request was accepted. Currently, decision on appeal is being awaited. As of June 30, 2019, the estimated amount for EDP Espírito Santo is R\$ 12,797 (R\$ 11,755 as of December 31, 2018) and that for EDP São Paulo is R\$ 14,190 (R\$ 13,034 as of December 31, 2018).

EDP Espírito Santo, EDP São Paulo, Lajeado, Investco, Energest and Enerpeixe

- Ordinary Action 0028271-48.2014.4.01.3400, in process in the 13th Federal District of the 1st Region Federal Regional Court, also filed by SAESA against ANEEL with a request for a preliminary injunction to prevent application of the Mechanism for Assured Energy Reduction (MRA), in the Santo Antônio Hydroelectric Power Plant, during the turbine installation period. In the trial court the preliminary injunction was denied. In the appeal court, the Federal Regional Court accepted SAESA's request for action before court ruling and approved the retroactive effect, so that it became effective since early March 2012. The subsidiaries and ANEEL together filed requests for the Superior Court of Justice to suspend the preliminary injunction, and the requests were upheld, suspending it. On March 18, 2015, appeal proposed by SAESA was denied by STJ's special court. The decision considering SAESA's requests invalid was published on September 26, 2018. Currently, decision on appeal is being awaited. The estimated amount on June 30, 2019 is R\$ 19,212 (R\$ 17,939 on December 31, 2018).

Porto do Pecém

As a result of the situation of hydric shortage in the state of Ceará, the state government, by means of Decree 32044 of September 16, 2016, established the collection of the Emergency Hydric Charge (EHE) to be levied on thermoelectric industries in the state, monthly charging based on the verified consumption in the amount of R\$7,210.00 every 1,000 cubic meters.

On October 13, 2016, the Porto do Pecém submitted to ANEEL an administrative request for obtaining, provisionally, the application of the new value of the Variable Cost per Unit (CVU) of the energy generated by the UTE Pecém I, in view of the collection of the new charge, once the same would affect the economic and financial equation of the Electricity Sale Contracts in the Regulated Environment (CCEAR). ANEEL, through Order 3293 as of December 16, 2016, dismissed the action of application.

Porto do Pecém filed two lawsuits relating to the EHE (water shortage emergency charge), one ongoing and the other already finalized:

(i) Closed lawsuit: Lawsuit promoted against the State Government of Ceará and Companhia de Recursos Hídricos – COGERH, in order to obtain legal provision to make the EHE unenforceable. On February 2, 2017, a decision was issued in the records of such lawsuit granting the application of advance of Trusteeship to Porto do Pecém to prevent the collection of EHE, as well as the impact of the legislation that established the said charge.

On February 24, 2017, the Government of the State of Ceará, through the new Decree 32159/17, amended the EHE (emergency water charge) from R\$ 7,210.00 to R\$ 3,101.39 per 1,000 cubic meters. As a result, Porto do Pecém made the payments for the retroactive months (from October 2016 to February 2017) and, on March 14, 2017, Porto do Pecém together with the State of Ceará and COGERH filed a petition requesting the dismissal of the suit without prejudice due to the supervening loss of the subject matter in dispute in view of the publication of a new decree. On July 28, 2017 the decision approving the withdrawal and dismissing the lawsuit was published, which was considered final and unappealable on September 20, 2017.

(ii) Lawsuits in progress: Lawsuit promoted against ANEEL at December 19, 2016, in order to have guaranteed the economic and financial balance of CCEARs, with transfer of the EHE to CVU. At January 31, 2017, preliminary injunction was dismissed. On May 3, 2017, Porto do Pecém filed a new appeal requiring new appreciation of the decision that granted temporary relief in favor of Porto do Pecém. The proceeding is currently awaiting the decision. In view of the facts, Porto do Pecém has recognized and transferred full EHE costs to CVU impacting net income as a counterparty to accounts receivable. On August 11, 2017, Decree 32305/17 was promulgated by the Ceará state government, which extended the charge for an indefinite period.

The estimated amount of the share on June 30, 2019 is R\$ 97,556 (R\$ 86,274 on December 31, 2018). The change in the year is due to the review of assumptions involving the calculation of the contingency, which previously took into account the estimate of the amount of EHE to be paid, according to the historical average, and now considers the effective risk of the action considering the transfer of the unit variable cost.

27.1.2.3 Tax

EDP - Energias do Brasil (Parent company and Consolidated)

The Company is a party to administrative and judicial discussions related to the Federal Revenue Service not recognizing a corporate income tax (IRPJ) negative balance, determined for the years 1999/2001, originating from a merged company (Magistra Participações S.A.), and that totals R\$ 22,184 on June 30, 2019 (R\$ 21,921 on December 31, 2018). The lawsuits are pending judgment in the administrative level.

EDP São Paulo

- Discussion at the judicial level regarding ICMS credits utilized by EDP São Paulo in the period from July to December 2003, referring to "Annulment/Return of Sale of electrical Energy" amounting to R\$ 182,301 restated up to June 30, 2019 (R\$ 180,649 as of December 31, 2018). The Company has presented defense and is awaiting judgment. The risk value has substantially increased due to the new adjustment criteria of the State Law 13918/09 and fees required by State Attorney's Office in the judicial phase.

- Administrative proceedings relating to the use of ICMS credit, originating from the reversal of debt of canceled invoices in the period from 2007 to 2012 at the restated amount of R\$ 35,127 through June 30, 2019 (R\$ 34,655 as of December 31, 2018). EDP São Paulo has presented its defense and is awaiting judgment.

- Court discussion deriving from Tax Foreclosure filed by Federal Government claiming charge of CSLL (social contribution on net income) referring to calendar year 2009, which was offset against prior years' CSLL negative basis balance accumulated by spun-off company AES Eletropaulo that involves the amount of R\$ 38,681 adjusted on June 30, 2019 (R\$ 38,273 on December 31, 2018). EDP São Paulo has presented its defense and is awaiting judgment.

- Administrative proceedings involve the restated amount up to June 30, 2019 in the amount of R\$ 209,857 (R\$ 207,768 as of December 31, 2018) referring to the non-homologated offsets of credits arising from IRPJ, CSLL, PIS and COFINS overpayments in 2001, as a result of the application of COSIT Opinion 26/02 (taxes on RTE). EDP São Paulo presented defenses, and are awaiting judgment.

- Lawsuit relating to Cofins of the period of 1993 to 1995, in a joinder with Eletropaulo. The dispute refers to the right to the future use of the amnesty brought by Provisional Measures nos. 1858-6 and 1858-8, granted to taxpayers that failed to pay taxes as they considered them inappropriate. In the second instance judgment, the right to amnesty was partially confirmed, excluding the portion concerning the charges of Decree Law 1025/69. The restated amount on June 30, 2019 is R\$ 75,852 (R\$ 75,355 on December 31, 2018). The proceeding is currently awaiting the judgment of an Appeal to the Higher Courts.



- Assessments of the Municipal Authorities that require the payment of fine for alleged breach of ancillary liabilities related to the installation of electricity poles as well as inspection fees for works and public places and public price. The amount of the contingency on June 30, 2019 is R\$ 64,174 (R\$ 63,187 on December 31, 2018). Currently, lawsuits are waiting for judgment.
- Lawsuit ensuring the right not to include the value of the tax on transactions related to circulation of goods and on provision of interstate, inter-municipal transportation and communication services (ICMS) in the calculation basis of the contributions to the social integration program (PIS) and social security financing (COFINS). EDP São Paulo obtained a favorable decision and is currently awaiting the judgment of appeals filed by the National Treasury in the higher courts.

EDP Espírito Santo

- Administrative dispute related to the tax deficiency notice assessed by the Federal Revenue Service, aiming at collecting the PIS, COFINS, IRPJ and CSLL for the periods of 2014 and 2015, levied on non-technical losses of electric power. The amount of the restated lawsuit up to June 30, 2019 is R\$ 170,453 (R\$ 164,452 on December 31, 2018). EDP Espírito Santo has presented its defense and is awaiting judgment.
- INSS tax authorities issued social security contribution on: (i) not considering self-employed and other legal entities, claiming the existence of employment bond between service providers and EDP Espírito Santo, (ii) the levying of INSS tax on profit sharing and scholarship payments made to employees that are pension plan members. These notifications restated up to June 30, 2019 amount to R\$ 8,459 (R\$ 8,386 on December 31, 2018) and are currently awaiting administrative adjudication.
- Sundry municipal authorities: EDP Espírito Santo is discussing in court and administratively the collection of ISSQN allegedly levied on services related to the supply of electrical power. Also includes payment demand on land occupied by posts for the electricity network and public lighting. These proceedings restated up to June 30, 2019 total the amount of R\$ 109,452 (R\$ 107,897 on December 31, 2018). Of this amount, special emphasis on the amount of R\$ 90,620 (R\$ 89,266 at December 31, 2018) due to the issuance of 123 tax assessment notices by the municipality of Vitória, aiming at collecting the ISSQN the period from March 2011 to February 2016. EDP Espírito Santo presented administrative and judicial defenses, and are awaiting judgment.
- Administrative and court proceedings with regard to tax offsetting issues not ratified by the federal tax authorities, based on credits recognized in court, as well as negative IRPJ and CSLL balances resulting from IRPJ, CSLL, PIS, and COFINS overpayments made in 2001, as a result of applying Opinion COSIT 26/02 (taxes on RTE) totaling R\$ 174,843 as of June 30, 2019 (R\$ 174,124 as of December 31, 2018). EDP Espírito Santo presented defenses, and are awaiting judgment and the Company was successful in one of the lawsuits, reason why the contingency was decreased.

EDP Comercializadora

- Administrative discussion about the collection of IRPJ, CSLL, PIS and COFINS debts referring to 2004/2006, arising from the non accreditation of the offsetting of these tax credits. The restated amount of these proceedings on June 30, 2019 is R\$ 17,431 (R\$ 16,935 on December 31, 2018). Currently, lawsuits are waiting for judgment.

Lajeado

- The administrative sphere discusses proceedings of the Brazilian Federal Revenue Service in 2014, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) due to the disallowance of expenditure on goodwill on the acquisition of ownership interest. The restated amount on June 30 is R\$ 112,347 (R\$ 110,206 on December 31, 2018). The Brazilian Treasury's appeal was granted and currently is pending judgment of the fine by the Administrative Council for Tax Appeals - CARF and completion of the administrative phase. Lajeado is evaluating possible dispute in the judicial level.

Enerpeixe

- Administrative disputes related to the offsets of PIS and COFINS not ratified by the Brazilian Federal Revenue Service in the periods from 2012 to 2015, due to the supposed shortage of credit as the ratifying DCTFs have not been analyzed by the Federal Revenue Service as of June 30, 2019, totaling the amount of R\$ 105,673 (R\$ 102,938 as of December 31, 2018). Enerpeixe presented defenses, and are awaiting judgment.
- The administrative sphere discusses proceedings of the Federal Revenue Service, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) calculated in the periods from 2014 to 2016 for supposed lack of payment. The restated amount on June 30, 2019 is R\$ 56,065 (R\$ 54,935 on December 31, 2018). Enerpeixe made administrative defense and is awaiting decision.
- Administrative Proceeding 10314-72611/2014-73, targeting the collection of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) for calendar year 2009, due to the deductions made for interest on own capital from the calculation basis. Enerpeixe obtained favorable decisions in the first and second administrative instances. Currently, appeal is awaiting the court's decision presented by National Treasury. The restated amount on June 30, 2019 is R\$ 22,023 (R\$ 19,188 on December 31, 2018).
- Administrative Proceeding 2014/6870/500317, within the scope of the State Treasury of Tocantins, targeting the collection of a fine due to supposed discrepancies of information contained in the records for the 2014 period. The restated amount on June 30, 2019 is R\$ 5,526 (R\$ 4,436 on December 31, 2018). The tax assessment was upheld at the administrative level and is currently awaiting the beginning of the discussion at the judicial level.
- Administrative Proceeding according to the Brazilian Federal Revenue Service, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) calculated in the periods from 2014 to 2016 for supposed lack of payment. On June 30, 2019, the restated amount is R\$ 2,002. Enerpeixe made administrative defense and is awaiting decision.

Porto do Pecém

It refers to the legal discussion of the tax foreclosure 000.153777.2015.405.8100 totaling R\$ 83,758 on June 30, 2019 (R\$ 83,050 on December 31, 2018) filed by Federal Government, aiming at the collection of IRPJ (Corporate Income Tax) and CSLL (Social contribution on net revenue) debits resulting from the exclusions of certain financial income and foreign exchange income earned in the months of January, February and December 2009. Porto do Pecém has presented its defense and is awaiting judgment.

27.1.3 Risk of remote loss

Additionally, there are ongoing labor, civil and tax proceedings, the loss of which has been deemed as remote. For these lawsuits, judicial deposit balances as of June 30, 2019 for the parent company totaling R\$ 2,445 (R\$ 3,350 as of December 31, 2018) and in the subsidiaries EDP São Paulo, EDP Espírito Santo, Energest, EDP Soluções, EDP Comercializadora, EDP Transmissão, EDP Transmissão Aliança, EDP GRID, Porto do Pecém and Investco is R\$ 46,123 (R\$ 54,512 as of December 31, 2018).

Considering the provisions of item 86 of CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, the Company is not required to provide a breakdown of the contingencies classified as remote losses. However, as principal generating event is elapsing with no perspective of ending in the medium term, given balances 'materiality, we disclose action mentioned below.

27.1.3.1 Tax

EDP São Paulo, through the Energy Trade Association of the State of São Paulo (SindiEnergia) filed on January 21, 2011, two collective injunctions against the Finance Department of the state of São Paulo to obtain a suspension of the effects of Decrees 55421/10 and 55867/10. Both lawsuits received favorable decisions that have been confirmed until now by judgment of the appeal in São Paulo State Court of Justice. On May 13, 2013, State Treasury filed appeals to Higher Courts, which are awaiting trial. On June 30, 2019, according to the terms of the Decrees, the estimated value is R\$ 578,129 (R\$ 535,448 on December 31, 2018). The risk value has substantially increased due to the new adjustment criteria of the State Law 13918/09.

27.2 Environmental permits

The amount of R\$ 45,639 - Current and non-current - on June 30, 2019 (R\$ 25,062 on December 31, 2018) refers to provisions for the costs of providing previous licenses, installing and operating UHEs, PCHs and UTE, related to requirements of governmental agencies.

The change for the period is mainly due to a provision of R\$ 16,075 of the subsidiary Porto do Pecém, which obtained the renewal of its Operating License (LO) issued to the State Environmental Superintendence (SEMACE) on December 13, 2018. The new LO (LO No. 716/2018-DICOP-GECON) will be effective until December 12, 2021 and, as a condition for the Operating License, Porto do Pecém must continue certain Basic Environmental Projects (PBAs) related to previous licenses.



Environmental permit costs are either associated with the Basic Environmental Project - PBA or are in addition to it, and their main objectives are reforestation, acquisition and regularization of rural and urban areas, recovery and improvement of roads, electrical and sanitary infrastructures, and the implementation of conservation units. The balance of this provision is recognized based on the best available estimate, and monetarily restated based on the general market price index (Índice Geral de Preços do Mercado - IGP-M). The subsidiaries made the adjustment to present value on the balance as a discount, which is compatible with the nature, term and risks of similar transactions under market conditions.

Previous permits and installation permits obtained during planning and installation of the enterprises, and consequently, are recognized as plant costs, more specifically as dam costs (hydroelectric power plants) or machinery and equipment (thermal plants), according to according to the Electricity Sector Accounting Manual (MCSE) published by ANEEL, and depreciated over the useful life of such property, plant and equipment. The operating permits, obtained for the commercial go-live of the plants, are recognized as intangible assets and will be amortized over a period which represents the duration of the permits.

Power generation, distribution and transmission subsidiaries are subject to extensive Brazilian environmental legislation in the federal, state and municipal spheres. Compliance with this legislation is verified by government agencies and authorities that have the power to impose administrative sanctions for any breach of the legislation.

The costs associated with the maintenance of these permits allow to prevent the occurrence of social and environmental impacts, contributing to the management of operating and regulatory risks, and also allow social and environmental actions focused on sustainable development.

Disbursements related to environmental licensing in the period totaled R\$ 142,724 (R\$ 33,721 in 2018). Out of this sum, the amount capitalized in the year under the headings of Property, plant and equipment, Intangible assets and Concession assets was R\$ 131,740 (R\$ 20,921 in 2018), related to biodiversity and landscape protection and environment management and protection. With counterparty in income (loss) for the period, under Outsourced services, the amount of R\$ 10,984 (R\$ 12,800 in 2018) was recorded, related to the Soil and Underground Water Monitoring in all Company facilities, and waste management.

27.3 Dismantling

The amount of R\$ 8,927 on June 30, 2019 (R\$ 8,613 on December 31, 2018) refers to subsidiary Porto do Pecém. The Dismantling was constituted in order to address the responsibility relating to the expenses on replacement of the sites used by the power plant in its original state. This provision was calculated based on the current value of corresponding future responsibilities and is recorded as a counterparty to Property, plant and equipment (Note 20). Provisions are subject to an annual review, in accordance with estimated future responsibilities.

The calculation of the allowance was made from the costs obtained from reputable external entities, designed by the end of plant's operation authorization, restated at IGP-M, and then calculated the present value of this liability at the discount rate of 9.0% p.a. representing the financing rate at the time of recognition.

27.4 Contingent consideration

Refers to measurement at fair value of acquired EDP Soluções em on acquisition date, according to appraisal report used for business combination. Acquisition price was R\$40,156, adjusted for inflation, R\$13,996 was paid on December 7, 2015 and R\$26,160 referred to contingent consideration to be paid to the former controlling shareholder of EDP Soluções according to the Stock Purchase Agreement.

Disbursements are adjusted at the rate of 6% p.a. plus Amplified Consumer Price Index (IPCA) from acquisition date to payments date and will be settled as follows: (i) R\$13,200 to be paid in five equal, annual and successive installments, with first payment on March 31, 2016; and (ii) R\$12,960 to be paid on an annual basis through performance indices linked to acquiree performance, also to be paid in five equal, annual and successive installments, with first payment on March 31, 2016.

	Balance at December 31, 2018	Supplement (Reversal)	Restatements	Payments	Balance at June 30, 2019
Payment of acquisition	8,726		(25)	(4,296)	4,405
Performance	6,559	(2,160)	(978)		3,421
Total	15,285	(2,160)	(1,003)	(4,296)	7,826
Current	6,002				7,826
Non-current	9,283				-

28 Shareholders' equity

28.1 Capital

On June 30, 2019 and December 31, 2018, the Company's capital is of R\$ 4,682,716, fully subscribed and paid-up, represented by 606,850,394, all of which are common and nominative shares with no par value, with the following main characteristics:

- Capital is exclusively represented by common shares. Each common share will grant the holder the right to one vote on the resolutions of the Company's General Meetings;
- The shares are indivisible in relation to the Company. When the share belongs to more than one person, the rights vested thereupon will be exercised by the joint ownership representative;
- The issuance of Founders' shares by the Company is prohibited;
- The Company is authorized to increase the capital up to the limit of 1,000,000,000 new common shares regardless of statutory reforms, by decision of the Board of Directors, which will also be responsible for establishing the terms of the issuance, including the price, term and form of its payment;
- The Company may issue shares, debentures convertible into common shares and subscription bonuses within the limit of the authorized capital; and
- At the sole discretion of the Board of Directors, it is possible to exclude or reduce the right of preference in the issues of shares, debentures convertible into shares and subscription bonuses, whose placement is performed through sale at a stock exchange or public subscription, under legal terms, and within the limit of the authorized capital.

The common shares are classified as capital, and any costs attributable to the share issue are deducted, when applicable.

The capital is composed as follows:

Shareholder	06/30/2019		12/31/2018		Controlling shareholder
	Number of shares	% interest	Number of shares	% interest	
EDP International Investments and Services, S.L. (1)	168,185,223	27.71	168,185,223	27.71	Yes
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda (1)	142,584,671	23.50	142,584,671	23.50	Yes
Board members and Directors	76,039	0.01	76,039	0.01	
Treasury shares (2)	1,665,736	0.27	602,236	0.10	
Shares outstanding	294,338,725	48.50	295,402,225	48.68	
Total	606,850,394	100.00	606,850,394	100.00	

(1) Foreign-owned company.

(2) Treasury shares do not have equity rights.



28.2 Reserves

	Note	06/30/2019	12/31/2018
Capital reserves			
Income (loss) from disposal of treasury shares	28.2.1	62,185	61,559
Stock options granted	28.2.2	5,057	3,719
Goodwill in the merger of parent company		35,351	35,351
Other capital reserves		35,304	36,104
		<u>137,897</u>	<u>136,733</u>
Profit reserves			
Legal		423,499	423,499
Profit retention		3,650,264	3,650,264
Proposed additional dividend	28.2.3		37,187
		<u>4,073,763</u>	<u>4,110,950</u>

28.2.1 Result of the disposal of treasury shares

The change for the year of R\$ 626 arises from the difference between the amount of the ILP 2019 plan (Note 4.4).

28.2.2 Stock options granted

The Company provides to its managers and certain employees appointed by Board of Directors, stock option plans for purchasing shares of the company. Options are priced at fair value on grant date, adjusted at present value and are recognized on a straight-line basis in income over option grant period as a contra-entry to shareholders' equity. At the end of each year, the Company reviews its estimates of the number of options and shares whose rights must be acquired based on these conditions and recognizes impact of initial estimates review, if any, in the statement of income as a contra-entry to shareholders' equity.

The change for the period in the amount of R\$ 1,337 is due to the provision for the amount of shares granted related to stock option plans I, II and III. Shares were not granted in 2019.

28.2.3 Additional dividends proposed

This reserve refers to the portion of net income for the year in excess of the minimum mandatory dividend to be deliberated at a general meeting or by other competent body. It is established as per ICPC 08 (R1) and may be allocated to the payment of dividends, retained earnings or capital increase.

The balance of R\$ 37,187 at December 31, 2018 was distributed as additional dividends (Note 13) after deliberation at Annual and Special Shareholders' Meeting (AGOE) held on April 16, 2019.

28.3 Other comprehensive income

The changes in Other comprehensive income in the year is as follows:

	Balance at December 31,	Equity in net income of	Balance at June 30, 2019
Equity accounting on other comprehensive income of subsidiaries			
Actuarial gains and (losses): Post-employment benefits of subsidiaries	(401,954)	(20,245)	(422,199)
	<u>(401,954)</u>	<u>(20,245)</u>	<u>(422,199)</u>

28.4 Treasury shares

The repurchase of own shares is classified in the line item Treasury Shares and recognized at cost of acquisition charged to equity. When these shares are sold, their gain or loss on the transaction will be transferred to Capital reserves.

Change in the period of R\$ 17,146 derives from: (i) acquisition of 959,800 own shares at an average price of R\$ 18.34 (Note 4.4); and (ii) sale of 57,892 shares, resulting from the adhesion to the 2019 stock option program.

28.5 Non-controlling interest

Balance as of June 30, 2019, of R\$ 1,108,385 (R\$ 1,150,874 as of December 31, 2018) refers to interest that other shareholders hold on subsidiaries (Note 16.1).

The total non-controlling interest on the balance sheet on June 30, 2019 is comprised of: (i) R\$ 395,150 corresponding to Investco; (ii) R\$ 458,014 corresponding to Lajeado; (iii) R\$ 251,461 corresponds to Enerpeixe; and (iv) R\$ 3,760 corresponds to EDP Transmissão Aliança.

The summarized information on the cash flows of the subsidiaries that hold non-controlling interests is presented below:

	Investco	Enerpeixe	Lajeado	EDP Transmissão Aliança	Total
Net cash from operating activities	62,390	128,589	86,940	58,666	336,585
Net cash invested in investment activities	(1,016)	(1,392)	17,437	(290,969)	(275,940)
Net cash invested in financing activities	(30,847)	(106,023)	(180,205)	(241,770)	(558,845)
Increase in cash and cash equivalents	<u>30,527</u>	<u>21,174</u>	<u>(75,828)</u>	<u>(474,073)</u>	<u>(498,200)</u>

29 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Income is recognized on monthly basis when there is convincing evidence that: (i) identification of rights and obligations in contract with client; (ii) identification of performance obligation in the contract; (iii) determination of price for each type of transaction; (iv) allocation of transaction price to performance liabilities stipulated in contract; and (v) compliance with contract's performance liabilities. Revenue is not recognized if there are significant uncertainties as to its realization.

The services provided to the clients have mainly the following characteristics: (i) are routine and recurrent; (ii) have the same transfer pattern; and (iii) are provided to the client over a specific period of time. Therefore, in relation to meeting the performance obligation of the Company and its subsidiaries, they are substantially met over time.

The Company and its subsidiaries recognize their revenue net of any discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

The revenue of the Company and its subsidiaries is measured according to the performance obligations identified in agreements with clients. The main recognition and measurement criteria per segment are presented below:

Distribution

• **Billed supply:** They are recognized by power supply occurring in a given period. This measurement takes place in accordance with the reading schedule set by the distributor. Revenue from electricity distribution services is therefore made according to this schedule, and the revenue from services recorded as invoices are issued based on current tariff approved by regulatory agency.

• **Distribution system use tariff - Billed:** Recognized by the availability of the infrastructure of the electric network of distribution to its customers (free and captive), where the fair value of the payment is calculated according to the system use tariff, which is defined by the regulatory agency.



- **Not billed:** Refers to the energy supplied and/or use of the distribution system which was not billed yet, corresponding to the period lapsed between the date of the last reading and the closing of financial statements. It is estimated and recognized as unbilled revenue, based on the actual amount of energy distributed during the month and the annual loss rate and current tariff.
- **Sectorial financial assets revenue:** It is recognized monthly as the difference between the costs belonging to Parcel "A" actually incurred in the result and those recognized in revenue from operations with electricity estimated at the current tariff by ANEEL.
- **Supply - Billed:** Refers to electric power supplied to other concessionaire, under contractual conditions. The amount of the payment is determined by the volume of energy delivered multiplied by the current tariff defined by the regulatory agency.
- **Short-term energy:** Revenue is recognized at fair value of consideration receivable at the time in which the excess of energy is traded in the ambit of CCEE. Consideration corresponds to multiplication of sold energy volume by Difference Settlement Price - PLD.
- **revenue from construction:** (iii) The recognition of construction revenue is directly associated with additions to Concession assets, without incorporating a profit margin into this construction activity in accordance with Technical Interpretation ICPC 01 (R1) - Concession Agreements. The establishment of the construction revenue results from the allocation of hours worked by the technical teams, the materials used, the measurement of the provision of outsourced services and other directly allocated costs by means of input method in compliance with CPC 47. This revenue is recorded as counterparty to the cost of infrastructure construction for the same amount (Note 30).
- **Grants linked to granted service:** It is recognized when actually granting discounts on tariffs in the consumer units benefiting from government grants (Note 14.2) through the difference between the reference tariff for the respective consumer class and that actually applied to consumers benefiting from these grants.
- **Leases and rentals:** The lease revenue is measured at the fair value of the payment receivable and is recognized on monthly bases pursuant to the lease contracts.

Generation

- **Electricity supply:** Revenue is recognized based on the assured power and the tariffs specified in the supply agreements. The subsidiary may sell energy produced in two environments: (i) in Free Trade Market (ACL), where trading of electric power occurs through free negotiation of prices and conditions between the parties, with bilateral contracts; and (ii) in Regulated Contracting Environment (ACR), where there is trading of electric power to distribution agents, with energy price established by the Regulatory Agency through energy auctions.
- **Short-term energy:** Revenue is recognized at fair value of consideration receivable at the time in which excess of produced energy, after allocation of energy in MRE, is traded in the CCEE. Consideration corresponds to multiplication of sold energy volume by PLD.

Transmission

• Construction revenue

Construction revenue is recognized as a performance obligation that is met by the construction of the transmission line and its associated assets. The recognition of revenue from construction is directly associated with the additions to the contractual asset, according to the expenditures incurred (input method). The establishment of the construction revenue results from the allocation of hours worked by the technical teams, the materials used, the measurement of the provision of outsourced services and other directly allocated costs. This revenue is recorded as counterparty to the Concession Assets, plus the construction margin and PIS and COFINS.

• Revenue from operation and maintenance (O&M)

O&M revenue is recognized monthly as a performance obligation which is met by the operation and maintenance of the transmission line. This revenue is calculated based on the sums of costs anticipated in the concession agreement, plus a margin.

• Restatement of concession assets

The concession agreements of the transmission companies have a significant financing component, since the period of receipt for the infrastructure construction is long term (30 years). Therefore, as required by CPC 47, the return on concession assets is calculated based on the average funding rate of the project from the formalization of the concession agreement with the Concession Grantor on the balance of Concession Assets.

Trading

Revenue is recognized based on bilateral agreements with market agents and duly registered with the CCEE.

Services

The recognition of revenue is directly related to the measurement of the provision of outsourced services and other directly allocated costs by means of input method in compliance with CPC 47. Certain agreements have a significant financing component. These are recognized proportionately over the duration of the agreement using the funding rate that would be reflected in a separate transaction between the parties.



		Changes in the period					
		Parent Company		Consolidated			
		R\$		MWh (*)		R\$	
Note		04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018
Supply							
Residential				1,561,486	1,515,766	664,254	575,461
Industrial				445,190	481,730	205,482	214,849
Commercial				826,616	794,172	367,200	322,808
Rural				249,476	203,149	64,151	51,614
Government				155,492	151,042	67,549	60,862
Public lighting				182,589	174,988	43,645	40,488
Public service				110,754	106,253	45,871	40,745
Own consumption				3,434	3,383		
		-	-	3,535,037	3,430,483	1,458,152	1,306,827
Distribution system use tariff - Billed							
Captive consumers							
Residential						510,883	430,814
Industrial						100,632	82,915
Commercial						244,197	200,695
Rural						49,953	33,660
Government						41,772	33,953
Public lighting						33,886	28,332
Public service						20,661	16,423
Free consumers				2,865,124	2,812,638	425,202	361,394
		-	-	2,865,124	2,812,638	1,427,186	1,188,186
Not billed							
Supply						(40,741)	2,389
Distribution system use tariff- Billed						(33,722)	(2,535)
Supply					(1,488)		(20)
		-	-	-	(1,488)	(74,463)	(166)
Sectorial financial assets revenue	8						
CVA						(169,922)	270,567
Financial items - Extraordinary Tariff Review (RTE)						(18,405)	(16,634)
Financial items - Other						75,161	(213)
PIS/COFINS						(553,274)	13,061
		-	-	-	-	(666,440)	266,781
Supply - Billed				3,577,484	3,211,744	412,741	489,979
Short-term energy				319,802	448,946	249,222	276,493
Sales						533,250	933,226
Revenue from construction						657,834	202,811
Restatement of concession assets						31,659	3,196
Restatement of indemnifiable financial assets	19					11,856	35,929
Revenue from operation and maintenance (O&M)						1,770	
Chargeable Services						3,729	3,681
Grants linked to granted service						127,114	115,950
Refund for unavailability						(4,457)	62,059
Leases and rentals						32,187	26,754
Other operating revenue		1,131	1,068			30,007	33,426
Gross operating revenue		1,131	1,068	10,297,447	9,902,323	4,231,347	4,945,132
(-) Operating revenue deductions							
Taxes on Revenue							
ICMS (VAT taxes)						(694,155)	(625,288)
PIS/COFINS		(45)	(29)			151,848	(437,921)
ISS		(26)	(16)			(443)	(444)
		(71)	(45)	-	-	(542,750)	(1,063,653)
Consumer charges							
R&D	26					(22,775)	(24,997)
CDE	26					(353,794)	(314,865)
RGR	26					(1,121)	(1,141)
PROINFA – Free Consumers						(19,450)	(14,867)
Tariff flags (CCRBT)	26						(62,116)
Financial Compensation for the Use of Water Resources - CFURH						(6,098)	(6,954)
Other charges						(3,523)	(3,065)
		-	-	-	-	(406,761)	(428,005)
		(71)	(45)	-	-	(949,511)	(1,491,658)
Revenue		1,060	1,023	10,297,447	9,902,323	3,281,836	3,453,474

(*) Not reviewed by independent auditors.



Note	Accumulated in the period							
	Parent Company		Consolidated					
	R\$		Number of consumers (*)		MWh (*)		R\$	
	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Supply								
Residential			2,959,147	2,905,331	3,250,874	3,098,855	1,388,977	1,191,952
Industrial			24,226	24,020	870,858	951,558	403,521	409,524
Commercial			256,259	250,407	1,719,467	1,643,133	763,378	667,103
Rural			201,373	197,091	508,200	421,817	133,509	98,348
Government			20,128	20,022	309,033	297,781	134,507	118,509
Public lighting			4,286	4,034	357,961	358,537	85,750	78,781
Public service			3,038	3,076	230,137	217,392	93,596	80,674
Own consumption			370	376	7,255	7,089		
	-	-	3,468,827	3,404,357	7,253,785	6,996,162	3,003,238	2,644,891
Distribution system use tariff - Billed								
Captive consumers								
Residential							1,066,203	858,101
Industrial							200,496	176,819
Commercial							508,990	410,274
Rural							98,940	73,169
Government							82,281	66,878
Public lighting							66,624	58,541
Public service							43,596	34,460
Free consumers			937	787	5,669,372	5,451,987	837,535	699,360
	-	-	937	787	5,669,372	5,451,987	2,904,665	2,377,602
Not billed								
Supply							(3,952)	23,968
Distribution system use tariff							1,531	19,906
Supply								296
	-	-	-	-	-	-	(2,421)	44,170
Sectorial financial assets revenue	8							
CVA							(328,320)	412,521
Financial items - Extraordinary Tariff Review (RTE)							(37,470)	(35,400)
Financial items - Other							74,458	(114,090)
PIS/COFINS							(549,432)	6,647
	-	-	-	-	-	-	(840,764)	269,678
Supply - Billed			2	5	7,414,933	6,251,020	884,298	1,017,548
Short-term energy					551,329	999,918	436,936	403,243
Sales							1,057,597	1,701,753
Revenue from construction							1,153,345	323,823
Remuneration of concession assets							49,080	4,974
Restatement of indemnifiable financial assets	19						28,714	44,663
Revenue from operation and maintenance (O&M)							3,519	
Chargeable Services							6,253	8,354
Grants linked to granted service							245,822	212,874
Refund for unavailability							(10,603)	73,268
Leases and rentals							63,711	53,790
Other operating revenue		1,928	2,953				58,745	62,483
Gross operating revenue		1,928	2,953	3,469,766	3,405,149	20,889,419	19,699,087	9,243,114
(-) Operating revenue deductions								
Taxes on revenue								
ICMS (VAT taxes)							(1,416,899)	(1,240,471)
PIS/COFINS		(52)	(134)				(250,639)	(815,972)
ISS		(29)	(73)				(938)	(1,010)
		(81)	(207)	-	-	-	(1,668,476)	(2,057,453)
Consumer charges								
R&D	26						(47,077)	(47,228)
CDE	26						(689,604)	(622,038)
RGR	26						(2,242)	(2,282)
PROINFA – Free Consumers							(38,900)	(29,732)
Tariff flags (CCRBT)	26						(2,724)	(55,200)
Financial Compensation for the Use of Water Resources - CFURH	26						(13,568)	(15,791)
Other charges							(6,977)	(6,128)
		-	-	-	-	-	(801,092)	(778,399)
		(81)	(207)	-	-	-	(2,469,568)	(2,835,852)
Revenue		1,847	2,746	3,469,766	3,405,149	20,889,419	19,699,087	6,407,262

(*) Not reviewed by independent auditors.

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Operating expenditures

Operating expenditures are recognized and measured: (i) in conformity with accrual regime, presented net of respective PIS and COFINS credits, when applicable; (ii) based on the direct association of revenue; and (iii) when they do not result in future economic benefits.

As required in the Article 187 of the Law 6404/76, the Company and its subsidiaries present operating expenditures as per the statement of revenue per position, the expenditures are divided into costs and expenses according to the origin and position.

In the segregation between costs and expenses, the following criteria are considered: (i) Costs: comprise the expenditures directly related to the rendering of electrical energy service related to the concession and also expenditures related to the energy generation, such as the purchase of electrical energy for resale, transmission charges, amortization of infrastructure concession right, expenditures related to commercial service and concession operation and maintenance and expenditures with raw material to produce energy; and (ii) Operating expenses: these are expenditures related to the management of the Company and its subsidiaries representing many general activities attributable to business phases, such as administrative personnel, management remuneration, estimated loss with doubtful accounts, and judicial, regulatory and administrative provisions.

The breakdown of operating expenditures, according to their nature, as required by the CPC 26 (R1) is as follows:



		Parent Company					
		Changes in the period					
		04/01/2019–06/30/2019			04/01/2018–06/30/2018		
		Operating expenses			Operating expenses		
	Note	General and administrative	Other	Total	General and administrative	Other	Total
Personnel, Administrators and Private pension entity	30.2	8,730		8,730	16,433		16,433
Material		37		37	70		70
Outsourced services	30.3	7,317		7,317	13,189		13,189
Depreciation - Construction in service		1,066		1,066	923		923
Depreciation - Assets related to right to use		759		759			
Amortization		2,742		2,742	2,619		2,619
Civil, tax and labor provisions			(1,653)	(1,653)		1,084	1,084
Leases and rentals		106		106	(1,919)		(1,919)
Other		2,432	(14,456)	(12,024)	3,340	77	3,417
Total		23,189	(16,109)	7,080	34,655	1,161	35,816

		Parent company					
		Accumulated in the period					
		01/01/2019–06/30/2019			01/01/2018–06/30/2018		
		Operating expenses			Operating expenses		
	Note	General and administrative	Other	Total	General and administrative	Other	Total
Personnel, Administrators and Private pension entity	30.2	16,665		16,665	26,106		26,106
Material		144		144	363		363
Outsourced services	30.3	10,844		10,844	18,141		18,141
Depreciation - Construction in service		2,116		2,116	1,847		1,847
Depreciation - Assets related to right to use		1,437		1,437			
Amortization		5,464		5,464	21,459		21,459
Civil, tax and labor provisions			(31)	(31)		924	924
Leases and rentals		125		125	(727)		(727)
Other		4,321	(14,473)	(10,152)	4,121	145	4,266
Total		41,116	(14,504)	26,612	71,310	1,069	72,379

		Consolidated						
		Changes in the period						
		04/01/2019–06/30/2019						
		Costs				Operating expenses		
Note	Costs of electricity	Production	Operation	Rendered to third-parties	PECLD	General and administrative	Other	Total
Electricity purchased for resale	30.1	1,460,738						1,460,738
Electricity network utilization charges		223,089						223,089
Cost of consumed raw material			104,708					104,708
Personnel, Administrators and Private pension entity	30.2			84,406	678	43,726		128,810
Material				9,147	603	4,507		14,257
Outsourced services	30.3			71,906	2,501	43,805		118,212
Depreciation - Construction in service				73,236		13,901		87,137
Depreciation - Assets related to right to use				4,266		2,077		6,343
Amortization				57,110		11,547		68,657
Estimated loss from allowance for doubtful accounts / Net losses						36,945		36,945
Civil, tax and labor provisions						99	7,789	7,888
Leases and rentals				565	24	1,783		2,372
Gains and losses from deactivating and disposal of assets							17,399	17,399
Infrastructure construction costs	18				602,409			602,409
Other		1,343		13,550	137	8,673	(14,451)	9,252
Total		1,685,170	104,708	314,186	606,352	36,945	130,118	2,888,216



Consolidated								
Changes in the period								
04/01/2018–06/30/2018								
Note	Costs			Operating expenses				Total
	Costs of electricity	Production	Operation	Rendered to third-parties	PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	1,833,395						1,833,395
Electricity network utilization charges		266,973						266,973
Cost of consumed raw material			196,831					196,831
Personnel, Administrators and Private pension entity	30.2		75,194	441		46,012		121,647
Material			9,225	1,546		4,137		14,908
Outsourced services	30.3		70,409	6,541		44,403		121,353
Depreciation - Construction in service			67,598			14,367		81,965
Amortization			51,079			13,410		64,489
Estimated loss from allowance for doubtful accounts / Net losses					23,755			23,755
Civil, tax and labor provisions							21,084	21,084
Leases and rentals			2,344	27		5,808		8,179
Gains and losses from deactivating and disposal of assets							24,760	24,760
Infrastructure construction costs	18			197,651				197,651
Other		1,206	12,408	5,417		9,370	(1,757)	26,644
Total		2,101,574	196,831	288,257	211,623	137,507	44,087	3,003,634
Consolidated								
Accumulated in the period								
01/01/2019–06/30/2019								
Note	Costs			Operating expenses				Total
	Costs of electricity	Production	Operation	Rendered to third-parties	PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	2,883,254						2,883,254
Electricity network utilization charges		447,293						447,293
Cost of consumed raw material			290,482					290,482
Personnel, Administrators and Private pension entity	30.2		166,815	1,436		84,276		252,527
Material			19,054	1,159		4,548		24,761
Outsourced services	30.3		136,135	5,063		80,255		221,453
Depreciation - Construction in service			141,863			27,785		169,648
Depreciation - Assets related to right to use			4,266			10,910		15,176
Amortization			111,302			25,400		136,702
Estimated loss from allowance for doubtful accounts / Net losses					59,769			59,769
Civil, tax and labor provisions							19,813	19,813
Leases and rentals			1,465	41		1,735		3,241
Gains and losses from deactivating and disposal of assets							37,389	37,389
Infrastructure construction costs	18			1,036,324				1,036,324
Other		3,404	28,052	196		17,687	(14,469)	34,870
Total		3,333,951	290,482	608,952	1,044,219	252,596	42,733	5,632,702
Consolidated								
Accumulated in the period								
01/01/2018–06/30/2018								
Note	Costs			Operating expenses				Total
	Costs of electricity	Production	Operation	Rendered to third-parties	PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	3,235,579						3,235,579
Electricity network utilization charges		527,694						527,694
Cost of consumed raw material			411,837					411,837
Personnel, Administrators and Private pension entity	30.2		149,139	1,305		87,548		237,992
Material			16,663	3,018		7,063		26,744
Outsourced services	30.3		137,111	7,652		86,239		231,002
Depreciation - Construction in service			135,091			28,790		163,881
Amortization			99,985			43,021		143,006
Estimated loss from allowance for doubtful accounts / Net losses					48,745			48,745
Civil, tax and labor provisions							25,172	25,172
Leases and rentals			4,162	318		10,770		15,250
Gains and losses from deactivating and disposal of assets							36,423	36,423
Infrastructure construction costs	18			317,146				317,146
Other		2,599	28,360	5,549		18,180	(2,103)	52,585
Total		3,765,872	411,837	570,511	334,988	281,611	59,492	5,473,056



30.1 Electricity purchased for resale

Note	Consolidated			
	Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Energy purchase and sale agreements by availability	170,479	104,727	499,515	448,262
Energy purchase and sale agreements by quantity	600,387	539,948	725,697	652,258
PROINFA	30,597	27,143	61,193	54,286
Energy purchase and sale agreements by quotas	166,820	286,186	303,403	410,900
Short-term energy	106,699	138,772	314,931	138,846
Energia de Itaipu Binacional	219,784	227,150	421,699	406,746
EER (Reserve Energy Charge)	10,237	15,907	22,633	43,046
System Service Charge (Encargo de Serviço do Sistema – ESS)	(16,682)	(5,147)	(6,348)	23,176
Energy trading agreements	306,444	729,936	802,723	1,418,230
Other	11,981	(14,014)	16,441	(426)
(-) Reimbursements CCEE/CONER	(3,678)	(31,512)	(3,607)	(32,185)
(-) PIS/COFINS Tax credits	(142,330)	(185,701)	(275,026)	(327,560)
	1,460,738	1,833,395	2,883,254	3,235,579

30.1.1 Short-term energy

The change is mainly due to the increase in energy purchases within the scope of CCEE due to the fact that the Company was less over contracted in 2019 compared to 2018, and due to the Surplus Sale Mechanism - MVE dispatched in December 2018, thus leading to an increase in short-term energy expenses.

30.1.2 Energy trading agreements

The change is mainly due to EDP Comercializadora, in the amount of R\$ 529,402, due to the lower volume of energy purchased and lower liquidity in the short term market.

30.2 Personnel and Administrators

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Personnel								
Remuneration	3,829	8,214	7,325	10,876	57,129	51,906	117,576	106,599
Charges	1,380	1,973	2,612	3,657	20,924	21,052	41,036	39,624
Private pension plan - Current	186	(144)	(368)	(178)	3,773	1,583	7,597	3,265
Post-employment benefit		163		318	(1,172)	1,339	(2,318)	2,530
Termination expenses	253	69	364	580	4,305	3,632	5,596	8,143
Profit sharing – PLR	755	1,280	1,506	2,267	10,894	11,706	19,818	19,874
Other benefits - Current	(139)	2,392	874	3,716	23,712	21,452	45,293	41,141
Other post-employment benefits – Actuarial deficit or surplus	(10)	300		306	755	884	1,508	1,787
Other	5	(16)	(4)	(16)	718	614	1,388	1,030
	6,259	14,231	12,309	21,526	121,038	114,168	237,494	223,993
Managers / Administrators								
Fees and charges	(1,115)	1,945	559	4,133	3,922	7,069	10,422	13,033
Administrators' benefits	3,586	257	3,797	447	3,854	411	4,611	966
(-) Recoverable tax credits	-	-	-	-	(4)	(1)	-	-
	2,471	2,202	4,356	4,580	7,772	7,479	15,033	13,999
	8,730	16,433	16,665	26,106	128,810	121,647	252,527	237,992

30.3 Outsourced services

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Consulting services	7,168	(1,164)	9,919	9,193	17,291	8,122	29,271	25,679
Commercial services					30,804	31,095	61,921	62,261
Maintenance services	230	351	497	421	28,061	26,763	52,577	50,820
Technical services					993	4,262	4,699	7,575
Cleaning and surveillance services	218	165	319	317	6,336	6,535	12,148	13,323
IT services	2,291	8,451	5,135	5,186	17,061	25,238	36,177	39,064
Condominium services	480	48			348	261		
Publishing and advertisement services	583	1,052	1,958	2,391	1,874	2,538	5,897	6,321
Telecommunication services	69	79						
Transportation services	1,199	1,259	1,943	1,764	4,575	4,468	8,220	8,084
People management services and own labor	58	1						
Shared services	(6,649)	2,141			(28)	(1,006)		
Cost of service rendered to third-parties							5,063	7,646
(-) PIS/COFINS credit					(2,909)	(4,718)	(14,577)	(8,254)
Other	1,670	806	(8,927)	(1,131)	13,806	17,795	20,057	18,483
	7,317	13,189	10,844	18,141	118,212	121,353	221,453	231,002



31 Financial result

Note	Parent Company			
	Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Financial income				
Interest and inflation adjustment				
Income from financial investments and pledges	14,219	11,353	26,636	25,931
Judicial deposits	101	123	199	717
Loan agreements	11 3,809	5,868	8,297	11,524
Interest and fines on taxes	9 2,412	2,061	3,824	3,114
Compensation of preferred shares	1,033		1,876	711
Other interest and inflation adjustment			805	
Gain from acquisition of investment	17.2	63,694		63,694
Changes in foreign currency	375		709	
Adjustments to present value	7.2 (515)	503		1,003
(-) Taxes on financial income	(957)	(871)	(1,858)	(1,922)
Other financial income		2	1	4
	20,477	82,733	40,489	104,776
Financial expenses				
Debt charges				
Debentures	23.2 (19,951)	(22,931)	(36,685)	(47,713)
Interest and inflation adjustment				
Interest and fines on taxes	9 (247)	(300)	(503)	(613)
Civil, tax and labor provisions	27.1.1 1,887	(470)	1,471	(749)
Leases and rentals	14.8 (316)		(706)	
Changes in foreign currency		(1,126)		(1,535)
Other financial expenses	(204)	(246)	(465)	(458)
	(18,831)	(25,073)	(36,888)	(51,068)
Total	1,646	57,660	3,601	53,708

Note	Consolidated			
	Changes in the period		Accumulated in the period	
	04/01/2019– 06/30/2019	04/01/2018– 06/30/2018	01/01/2019– 06/30/2019	01/01/2018– 06/30/2018
Financial income				
Interest and inflation adjustment				
Income from financial investments and pledges	50,893	26,487	95,457	52,974
Electricity sold	45,581	54,293	84,663	94,001
Judicial deposits	3,244	1,310	5,890	28,983
Loan agreements	11 377	353	741	706
Sectorial financial assets/liabilities	8 3,354	(343)	3,354	3,720
Interest and fines on taxes	9 183,606	8,537	211,090	22,934
Compensation of preferred shares	1,333		1,333	
Other interest and inflation adjustment	1,534	3,140	3,838	8,150
Swap and hedge operations	34.1.2 (490)	30,582		30,582
Gain from acquisition of investment	17.2	63,694		63,694
Changes in foreign currency	813	112	1,167	589
Adjustments to present value	7.2 (139)	8,555	1,234	9,647
(-) Compound interest	(14,568)	(383)	(32,128)	(383)
(-) Taxes on financial income	(6,972)	(5,953)	(13,711)	(12,437)
Other financial income	798	4,537	1,517	5,866
	269,364	194,921	364,445	309,026
Financial expenses				
Debt charges				
Loans and financing	24.2 (47,070)	(54,068)	(99,629)	(109,052)
Debentures	23.2 (134,266)	(77,923)	(247,611)	(159,129)
Changes in foreign currency	24.2 819	(35,699)	(2,693)	(36,759)
Swap and hedge operations	34.1.2 (3,922)	1,954	(3,927)	
Adjustments to present value	24.2 (1,193)	(1,153)	(2,365)	(2,297)
(-) Compound interest	43,902	3,080	82,089	4,218
Interest and inflation adjustment				
Energy purchased	(2)	(599)	(372)	(647)
Interest and fines on taxes	9 (5,714)	(9,582)	(11,504)	(15,135)
Sectorial financial assets/liabilities	8 (177,036)	2,233	(177,811)	
Civil, tax and labor provisions	27.1.1 (9,433)	(10,121)	(22,641)	(22,565)
Use of Public Property	(11,254)	(16,896)	(21,696)	(25,201)
Generation Scaling Factor - GSF	(8,142)	(32,833)	(11,349)	(45,544)
Post-employment benefits	25.1.1 25.2.1 (18,479)	(20,563)	(36,958)	(41,126)
Leases and rentals	(3,506)		(7,044)	
Other interest and inflation adjustment	(2,970)	(6,022)	(7,011)	(9,389)
Changes in foreign currency		(1,281)		(1,690)
Swap and hedge operations	34.1.2	(290)		(313)
Adjustments to present value	7.2 (154)	(3,074)	(313)	(3,343)
(-) Compound interest	33		33	
Other financial expenses	(6,918)	(6,101)	(14,558)	(16,752)
	(385,305)	(268,938)	(585,360)	(484,724)
Total	(115,941)	(74,017)	(220,915)	(175,698)



32 Income tax and social contribution

Regarding the subsidiaries EDP Soluções and EDP Varejista the current income tax and social contribution recorded in income are calculated based on the deemed profit method, where income and social contribution tax bases were computed considering tax rates of 8% and 12%, respectively, calculated on the amount of gross income in accordance with current legislation.

For the Company and other subsidiaries, current income tax is calculated based on taxable income, at the rates applicable according to the legislation in force - 15%, plus 10% on the taxable income that exceeds R\$240 per annum and social contribution recorded in the result is calculated with a basis on taxable income, through the application of the rate of 9%. Both consider the offset of tax losses and negative basis of social contribution tax, limited to 30% of the taxable income (when applicable).

Income and social contribution tax expenses comprise current and deferred taxes, and they are recognized in the income statement unless they relate to items directly recognized in Shareholders' equity.

Note	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	04/01/2019-06/30/2019	04/01/2018-06/30/2018	01/01/2019-06/30/2019	01/01/2018-06/30/2018	04/01/2019-06/30/2019	04/01/2018-06/30/2018	01/01/2019-06/30/2019	01/01/2018-06/30/2018
Income before income taxes	188,418	248,798	483,510	462,540	292,664	367,895	734,957	751,498
Rate	34%	34%	34%	34%	34%	34%	34%	34%
IRPJ and CSLL	(64,062)	(84,592)	(164,393)	(157,264)	(99,506)	(125,079)	(249,884)	(255,506)
Adjustments to reflect effective rate								
IRPJ and CSLL on permanent additions and exclusions								
Donations	(626)	(825)	(902)	(1,259)	(631)	(1,045)	(1,193)	(1,493)
Non-deductible losses					(78)	23	(78)	
Equity accounting result	64,973	77,391	171,589	163,829	5,094	(2,695)	5,442	(2,383)
Interest on own capital								
Other	134	22	(147)	(244)	(429)	(546)	(2,078)	(2,314)
Deferred and unrecognized IRPJ & CSLL	123	(13,118)	(5,062)	(25,810)	(3,251)	(15,323)	(10,442)	(30,744)
(Addition) Reversal of permanent differences							14	
Adjustments from prior accounting years	32.1					1,627	30,690	1,980
Deemed profit adjustment					(1,432)	2,039	(2,357)	3,925
Tax incentives								
SUDAM / SUDENE					19,751	18,220	51,756	41,314
Other					931	742	2,473	1,847
IRPJ and CSLL expenses	542	(21,122)	1,085	(20,748)	(79,551)	(122,037)	(175,657)	(243,374)
Effective rate	-0.29%	8.49%	-0.22%	4.49%	27.18%	33.17%	23.90%	32.39%

32.1 Adjustments from prior fiscal years

Out of the amount of R\$ 30,690 on June 30, 2019: (i) R\$ 12,051 and R\$ 5,024 refer to the subsidiaries EDP São Paulo and EDP Espírito Santo, respectively, and are due to the tax benefit from Research and Development (R&D) for the years 2016 and 2017, which were recognized after the presentation of projects to the National Institute of Science and Technology (INCT); and (ii) R\$ 9,768 refers to the subsidiary Enerpeixe, resulting from the exclusion of the interest on own capital from the income from the exploration (SUDAM) calculation basis for the years 2015 and 2016.

33 Earnings per share

The basic earnings per share is calculated based on net income for the period attributable to the Company's shareholders and the weighted average value of common shares outstanding in the respective period. Diluted earnings per share is calculated by the same indicators, and the average of outstanding shares adjusted by instruments potentially convertible into share, with diluting effect, in accordance with CPC 41 - Earnings per share.

The Company created the Share-Based Payment Plan, which grants future shares of the Company to its beneficiaries. Therefore, for calculating the diluted income per share the estimated amounts of these grants on the closing date of these financial statements were considered.

The calculation of "basic and diluted" earnings per share is presented below:

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	04/01/2019-06/30/2019	04/01/2018-06/30/2018	01/01/2019-06/30/2019	01/01/2018-06/30/2018	04/01/2019-06/30/2019	04/01/2018-06/30/2018	01/01/2019-06/30/2019	01/01/2018-06/30/2018
Basic earnings								
Net revenue for the period attributable to shareholders	188,960	227,676	484,595	441,792	188,960	227,676	484,595	441,792
Weighted average of the number of common shares with controlling shareholders (thousands)	605,184	606,248	605,184	606,248	605,184	606,248	605,184	606,248
Basic earnings per share (reais/share)	0.31224	0.37555	0.80074	0.72873	0.31224	0.37555	0.80074	0.72873
Diluted earnings								
Net revenue for the year attributable to shareholders	188,960	227,676	484,595	441,792	188,960	227,676	484,595	441,792
Adjustment to net revenue for the year available to preferred shares considering the potential increment of common shares as result of incentive and retention plans	668	(1,459)	(2,147)	(4,895)	668	(1,459)	(2,147)	(4,895)
Net revenue for the year attributable to shareholders - adjusted	189,628	226,217	482,448	436,897	189,628	226,217	482,448	436,897
Weighted average of the number of common shares with controlling shareholders (thousands)	605,184	606,248	605,184	606,248	605,184	606,248	605,184	606,248
Potential increment to common shares based on incentive and long-term retention plans	676	705	676	705	676	705	676	705
Weighted average of the adjusted number of common shares with controlling shareholders (thousand)	605,860	606,953	605,860	606,953	605,860	606,953	605,860	606,953
Diluted earnings per share (reais/share)	0.31299	0.37271	0.79630	0.71982	0.31299	0.37271	0.79630	0.71982

* The number of common shares does not include treasury shares.



34 Financial instruments and risk management

The Company and its subsidiaries maintain operations with financial instruments. The Management of these instruments is executed by means of operating strategies and internal controls aiming to ensure credit, liquidity, safety and profitability. The contracting of financial instruments with hedging objectives is performed by means of a periodic analysis of the exposure to the financial risks (foreign exchange, interest rate etc.), which is included in regular risk reports to the Management.

In compliance with the Financial Risk Management Policy of Grupo EDP - Energias do Brasil, and based on periodic analyses con-substantiated by the risk reports, specific strategies are defined for the mitigation of financial risks, which are approved by Administration, for the effective operation of the strategy. The control policy involves the permanent monitoring of the conditions contracted versus the conditions in force in the market through operating systems integrated into the SAP platform. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies and strategies defined by management.

Management of the risks associated with these operations is performed through the application of policies and strategies defined by Management and include the monitoring of levels of exposure of each market risk, forecasts of future cash flow and the establishment of exposure limits. This policy also determines that the updating of information in operating systems, as well as the confirmation and effective operation of transactions with the counterparties, shall be performed based on the appropriate segregation of duties.

34.1 Financial instruments

Financial instruments are defined as any agreement that creates a financial asset for the entity, and a financial liability or equity instrument for another entity.

These financial instruments are immediately recognized on the negotiation date, that is, when the obligation or right is formalized, and are initially recorded at fair value plus or less any directly attributable transaction costs.

Financial instruments are written off when the contract rights to cash flow expire, that is, when the end of the right or obligation to receive or deliver cash or membership certificate is certain. In this situation, Management, based on consistent information, records the settlement.

The recognition may be equity instrument due to cancellation, payment, receipt, transfer or when the debts expire.

34.1.1 Classification of financial instruments

Classification and measurement of financial assets and liabilities are as follows:

Parent Company						
		Fair value		Book value		
Note	Levels	06/30/2019	12/31/2018	06/30/2019	12/31/2018	
Financial assets						
Fair value through profit or loss						
At initial recognition or subsequently						
Cash and cash equivalents	5					
Interest earning bank deposits	Level 2	750,311	903,988	750,311	903,988	
		750,311	903,988	750,311	903,988	
Amortized cost						
Cash and cash equivalents	5					
Cash and banks	Level 2	433,670	3,996	433,670	3,996	
Securities receivable	Level 2	26,044	26,091	26,044	26,091	
Loans receivable	11	Level 2	113,330	225,556	113,330	225,556
Pledges	Level 2	264	264	264	264	
Other receivables - Related parties	11	Level 2	44,609	19,094	44,609	19,094
		617,917	275,001	617,917	275,001	
		1,368,228	1,178,989	1,368,228	1,178,989	
Financial liabilities						
Fair value through profit or loss						
Amortized cost						
Suppliers	22	Level 2	10,138	18,542	10,138	18,542
Debentures	23	Level 2	607,202	585,305	563,067	548,878
Other accounts payable - Related Parties	11	Level 2	33,351	32,634	33,351	32,634
Leases and rentals	Level 2	7,571		7,571		
		658,262	636,481	614,127	600,054	
		658,262	636,481	614,127	600,054	
Consolidated						
		Fair value		Book value		
Note	Levels	06/30/2019	12/31/2018	06/30/2019	12/31/2018	
Financial assets						
Fair value through profit or loss						
At initial recognition or subsequently						
Cash and cash equivalents	5					
Interest earning bank deposits	Level 2	1,583,486	1,998,107	1,583,486	1,998,107	
Indemnifiable financial asset	19	Level 3	2,590,781	2,308,855	2,590,781	2,308,855
Securities	6	Level 2	163,736	174,463	163,736	174,463
		4,338,003	4,481,425	4,338,003	4,481,425	
Amortized cost						
Cash and cash equivalents						
Cash and banks	5	Level 2	741,894	205,285	741,894	205,285
Accounts receivable	7	Level 2	2,728,151	2,578,358	2,728,151	2,578,358
Income receivable		Level 2	4,475	3,424	4,475	3,424
Loans receivable	11	Level 2	23,714	22,809	23,714	22,809
Pledges		Level 2	718,569	697,593	718,569	697,593
Securities	6	Level 2	500		500	
Sectorial financial assets	8	Level 2	268,766	488,587	268,766	488,587
Other receivables - Related parties	11	Level 2	20,520	15,209	20,520	15,209
		4,506,589	4,011,265	4,506,589	4,011,265	
		8,844,592	8,492,690	8,844,592	8,492,690	



		Consolidated				
		Fair value		Book value		
Note	Levels	06/30/2019	12/31/2018	06/30/2019	12/31/2018	
Financial liabilities						
Fair value through profit or loss						
At initial recognition or subsequently						
Loans, financing and debt charges	24					
Foreign currency	Level 2	210,250	213,276	210,250	213,276	
Derivatives	Level 2	(19,705)	(21,855)	(19,705)	(21,855)	
		190,545	191,421	190,545	191,421	
Amortized cost						
Suppliers	22	Level 2	1,696,457	1,610,976	1,696,457	1,610,976
Debentures	23	Level 2	5,915,021	5,092,402	5,629,913	4,903,545
Use of Public Property		Level 2	261,907	255,174	321,183	314,112
Refund for unavailability		Level 2	64,217	64,527	64,217	64,534
Loans, financing and debt charges	24					
Domestic currency	Level 2	1,949,119	2,390,876	1,956,148	2,363,831	
Other accounts payable - Related Parties	11	Level 2	63,284	31,851	63,284	31,851
Leases and rentals	14.8	Level 2	74,290		74,290	
Sectorial financial liabilities	8	Level 2	968,406	173,006	968,406	173,006
			10,992,701	9,618,812	10,773,898	9,461,855
			11,183,246	9,810,233	10,964,443	9,653,276

34.1.2 Derivative financial instruments

A derivative financial instrument may be identified provided that: (i) its value is influenced by fluctuation of financial instrument rate or price; (ii) does not require initial investment or investment is much lower that it would be in similar contracts; and (iii) it will always be settled on a future date. Only if all those characteristics are met can a financial instrument be classified as a derivative.

Derivative financial instruments are recognized at their fair values, with gains and losses resulting from this revaluation being recorded in income for the year, except when derivative is classified as cash flow hedge, and gains and losses recorded in Other Comprehensive Income in shareholders' equity.

Transactions with derivatives in the consolidated refer to subsidiaries EDP São Paulo and Porto do Pecém. Below table containing key information about the derivatives of subsidiaries:

Description	Subsidiary	Counterparty	Maturity	Position	Notional USD		Notional - R\$		Fair value		Effects on income (loss)			
					06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018		
Swap														
Assets	EDP São Paulo	Citibank N.A.	09/04/2015–09/04/2019	Libor 3M + 1.84% p.a. CDI + 1.20% p.a.	10,129	10,129			39,126	39,956	(1,326)	12,250		
Liabilities							(37,500)	(37,500)	(37,743)	(37,800)	461	(2,811)		
							10,129	10,129	(37,500)	(37,500)	1,383	2,156	(865)	9,439
Assets	Porto do Pecém	General cash	12/09/2016–12/06/2019	Libor 6M + 2.50 % p.a. CDI + 2.73% p.a.	44,131	44,131			170,692	173,141	3,597	14,316		
Liabilities							(150,000)	(150,000)	(152,370)	(153,442)	(6,659)	6,827		
							44,131	44,131	(150,000)	(150,000)	18,322	19,699	(3,062)	21,143
NDFs														
Call Sale	Porto do Pecém	Citibank	04/10/2019–07/15/2019	BRL/USD 3.8535	3,377		13,013		(39)					
							3,377	-	13,013	-	(39)	-	-	-
Put Options														
Call Sale	Porto do Pecém	Citibank	11/22/2017–02/01/2018	US\$ 80.05/ton of API 2 coal (*)								(3)		
							-	-	-	-	-	-	-	(3)
Purchase Sale	Porto do Pecém	Goldman Sachs	11/22/2017–03/01/2018	BRL/USD 3.1297								(7)		
							-	-	-	-	-	-	-	(7)
Put Options														
Call Sale	Porto do Pecém	Citibank	11/22/2017–03/01/2018	US\$ 78.00/ton of API 2 coal (*)								(15)		
							-	-	-	-	-	-	-	(15)
Purchase Sale	Porto do Pecém	Goldman Sachs	11/22/2017–04/02/2018	BRL/USD 3.1290								(15)		
							-	-	-	-	-	-	-	(15)
Purchase Sale	Porto do Pecém	Citibank	11/22/2017–04/02/2018	US\$ 75.95/ton of API 2 coal (*)								(66)		
							-	-	-	-	-	-	-	(66)
Purchase Sale	Porto do Pecém	Citibank	11/22/2017–05/02/2018	BRL/USD 3.1374								(29)		
							-	-	-	-	-	-	-	(29)
Purchase Sale	Porto do Pecém	Citibank	11/22/2017–05/02/2018	US\$ 75.55/ton of API 2 coal (*)								(98)		
							-	-	-	-	-	-	-	(98)
Purchase Sale	Porto do Pecém	Citibank	11/22/2017–06/01/2018	BRL/USD 3.1481								(43)		
							-	-	-	-	-	-	-	(43)



Description	Subsidiary	Counterparty	Maturity	Position	Notional USD		Notional - R\$		Fair value		Effects on income (loss)	
					06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	12/31/2018	2019	2018
Call Sale	Porto do Pecém	Citibank	11/22/2017-06/01/2018	US\$ 78.00/ton of API 2 coal (*)	-	-	-	-	-	-	-	(37)
Total					57,637	54,260	(174,487)	(187,500)	19,666	21,855	(3,927)	30,269

(*) API 2: API 2 is the benchmark price for the coal imported by Northeastern Europe.

Net maturity of the derivatives is shown in note 24.3.

The impacts of gains and losses in the periods ended June 30, 2019 and 2018 were as follows:

	Consolidated			
	Income (loss)		Shareholders' Equity	
	2019	2018	2019	2018
Derivatives intended for protection				
Foreign exchange risks	(2,314)	11,170	(39)	(2,412)
Interest rate and currency risks	(1,613)	19,412		
Other types of risks		(313)		
Total	(3,927)	30,269	(39)	(2,412)

34.1.2.1 Swap contracts

Porto do Pecém

Porto do Pecém contracted derivative financial instrument classified as swap, recorded at fair value in income (loss) for the year for the purpose of hedging against US Dollar exchange-rate change and Libor 6M interest rate change risks related to financing contracted from Banco Caixa Geral.

EDP São Paulo

EDP São Paulo contracted derivative financial instrument classified as swap, recorded at fair value in income (loss) for the year for the purpose of hedging against foreign exchange rate of the Dollar and Libor 3M interest rate change risks related to financing contracted from Citibank.

34.1.2.2 Sale options - Porto do Pecém

Put-option contracts guarantee unto the buyer or holder thereof the right to sell a particular currency/stock/index/commodity at an exercise price (strike price) determined on an exercise date.

The Porto do Pecém contracted derivative transactions from January to June 2018, aimed at mitigating the risk of CVU, which has as variables the calculation of coal in dollar (imported mineral coal) and the USD/BRL exchange rate, in the calculation of Reimbursement for unavailability.

Porto do Pecém's strategy was to reduce the exposure of such variables, once that, according to the formula applied by the regulator for calculating the reimbursement, the fall in the coal price and the appreciation of Reais against Dollars decrease the CVU value, and, accordingly, increase the reimbursement amount.

For this purpose, put options to sell coal and foreign exchange were contracted for the same period. For coal sales operations, they were established on the European market in the Asian modality. The maturities of the operations are monthly, with exercise exclusively on the maturity date; the exchange rate or price of coal used for settlement of the operation is the result of the average values in force on the dates previously set in the contract.

In all cases contracted, the options were not exercised, since the price of the underlying asset was higher than the exercise price. However, the hedge strategy was adequate to mitigate the risks of reimbursement, in exchange for the premiums paid.

34.1.2.3 Non-Deliverable Forward (NDF) - Porto do Pecém

In April 2019, the subsidiary Porto do Pecém contracted a Non-Deliverable Forward - NDF for purpose of exchange hedge upon the contracting of insurance for loss of profits, whose premium is paid in dollar.

34.2 Risk management

The EDP - Energias do Brasil risk management policy covers all its business units and is aligned with the EDP Group's strategy in its operations worldwide. The Risk Committee shall ensure the governance of the process and liaise between top management and routine operation. Its function is to manage and oversee all risk factors that may cause impacts in the activities and results of the Company and its subsidiaries, and propose methodologies and improvements to the management system.

Since 2006, Grupo EDP - Energias do Brasil has developed processes for monitoring and evaluating corporate risks. Starting in 2010, new methods have been created, as well as a new risk dictionary, consolidated in 2011 as a Corporate Risk Standard, which has kept up-to-date ever since.

Corporate risk management is based on the best governance models, such as COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000. Integrated risk management acts as a facilitator in the process of integrated risk management, helping to identify, classify, assess and manage risks, aimed at ensuring that the various risks inherent to each areas of the company are managed by the respective managers, and periodically reported to the Executive Board of the Company and subsidiaries.

The Risk Committee is composed of three Risk Officers, separated by nature of the risks (Strategic, Energy/Regulatory, Financial and Operational) and by the Executive Board.

The Risk Committee reports periodically to the Audit Committee to monitor Risk Management activities. Additionally, in order to enhance governance synergies between the duties of Risk Management, Internal Audit and Compliance, these are gathered under the same Executive Board.

34.2.1 Market risk

The market risk represents the possibility of losses due to the fluctuations of variables that affect market prices and rates. These fluctuations impact virtually all segments, thus, representing financial risks.

Debentures and Loans and financing raised by the Company and its subsidiaries, presented in notes 23 and 24 have contract rules for financial liabilities substantially linked to these exposures. On June 30, 2019, the Company and its subsidiaries have a market risk associated to interbank deposit rate, long-term interest rate, dollar, Amplified Consumer Price Index (IPCA) and Libor-3M and 6M. We should consider that the Company and its subsidiaries are exposed to Selic rate and inflation fluctuations, which may lead to a higher cost in these operations.

One of the goals of the Financial risk management policy of Grupo EDP - Energias do Brasil is to hedge assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indexes and currency fluctuations.

The CDI (Certificate of Interbank Deposit), IPCA (Amplified Consumer Price Index) and TJLP (Long-term Interest Rate) debt indices reflect the effects of inflation either directly or indirectly. On the other hand, the indices that adjust the income of the subsidiaries are also related to changes in inflation (IGP-M and IPCA). Therefore, the changes in debts incurred with the above indices tend to be protected by the changes in income.

Subsidiaries EDP São Paulo and Porto do Pecém are not exposed to exchange-rate change (US Dollar) and interest (Libor) linked to debts in foreign currency, however, both have swap derivatives used as economic hedging to control all exposures to exchange-rate change and interest for these liabilities.

EDP São Paulo and EDP Espírito Santo are exposed to the risk of currency exchange rate pegged to the US Dollar, through the payments of energy purchased from Itaipu. However, changes in current exchange rate are transferred to the consumer in full in the tariff through the CVA mechanism.

34.2.1.1 Sensitivity analysis

The sensitivity analysis has the purpose of measuring the impact of changes in market variables on each of the financial instruments. Nevertheless, the settlement of transactions involving these estimates can result in amounts different from those estimated due to the subjectivity inherent in the process used for the preparation of these analyses. Information in the chart demonstrates the impact of each risk change in the results of the Company and its subsidiaries.

		Parent Company								
			Aging - Probable scenario			Scenario (I)	Scenario (II)	Scenario (III)	Scenario (IV)	Scenario (V)
Operation	Risk	Balance of exposure	Up to 1 year	2–5 years	>5 years	Probable	Increased risk by 25%	Increased risk by 50%	Decreased risk by 25%	Decreased risk by 50%
Interest earning bank deposit - CDB	CDI	750,311	27,909			27,909	6,977	13,954	(6,977)	(13,954)
Securities	CDI		58	36		94	24	47	(24)	(47)
Loans receivable - Loan	CDI	113,330	4,338	1,331	716	6,385	1,596	3,193	(1,596)	(3,193)
Financial instruments – assets	CDI	863,641	32,305	1,367	716	34,388	8,597	17,194	(8,597)	(17,194)
		863,641	32,305	1,367	716	34,388	8,597	17,194	(8,597)	(17,194)
Financial instruments – assets	IPCA									
Debentures	IPCA	(567,142)	(38,085)	(31,353)	(228)	(69,666)	(583)	(1,166)	583	1,166
Financial instruments - liabilities	IPCA	(567,142)	(38,085)	(31,353)	(228)	(69,666)	(583)	(1,166)	583	1,166
		(567,142)	(38,085)	(31,353)	(228)	(69,666)	(583)	(1,166)	583	1,166
		Consolidated								
			Aging - Probable scenario			Scenario (I)	Scenario (II)	Scenario (III)	Scenario (IV)	Scenario (V)
Operation	Risk	Balance of exposure	Up to 1 year	2–5 years	>5 years	Probable	Increased risk by 25%	Increased risk by 50%	Decreased risk by 25%	Decreased risk by 50%
Interest earning bank deposit - CDB	CDI	1,582,358	54,855			54,855	13,714	27,427	(13,714)	(27,427)
Investment Funds	CDI	209	12			12	3	6	(3)	(6)
Pledges and restricted deposits	CDI	718,305	33,659	287		33,946	8,486	16,972	(8,486)	(16,972)
Securities	CDI	163,736	8,533	36		8,569	2,143	4,285	(2,143)	(4,285)
Loans receivable - Loan	CDI	23,714	(10,702)	1,331	716	(8,655)	1,693	3,388	(1,693)	(3,388)
Financial instruments – assets	CDI	2,488,322	86,357	1,654	716	88,727	26,039	52,078	(26,039)	(52,078)
Debentures	CDI	(2,783,679)	(185,462)	(359,869)		(545,331)	(128,510)	(255,987)	129,412	259,771
Loans and financing - CCB	CDI	(153,497)	(12,191)	(14,326)		(26,517)	(6,201)	(12,381)	6,212	12,441
Loans and financing - Loan	CDI	(6,983)	(18,777)	(160)		(18,937)	(877)	(1,755)	877	1,755
Financial instruments - liabilities	CDI	(2,944,159)	(216,430)	(374,355)	-	(590,785)	(135,588)	(270,123)	136,501	273,967
Swap - Liability Leg - Citibank N.A.	CDI		(1,383)	(6,098)		(6,098)	(696)	(1,797)	1,533	2,661
Derivative financial instruments	CDI		(1,383)	(6,098)	-	(6,098)	(696)	(1,797)	1,533	2,661
		(457,220)	(136,171)	(372,701)	716	(508,156)	(110,245)	(219,842)	111,995	224,550
Loans and financing - BNDES	TJLP	(224,067)	(78,506)	(187,339)	(21,763)	(287,608)	(41,530)	(91,506)	41,530	91,506
Financial instruments - liabilities	TJLP	(224,067)	(78,506)	(187,339)	(21,763)	(287,608)	(41,530)	(91,506)	41,530	91,506
Loans and financing - BNDES	TJLP	(129,010)	(9,500)	(17,153)	(556)	(27,209)	(3,981)	(8,567)	3,981	8,567
Derivative financial instruments	TJLP	(129,010)	(9,500)	(17,153)	(556)	(27,209)	(3,981)	(8,567)	3,981	8,567
		(353,077)	(88,006)	(204,492)	(22,319)	(314,817)	(45,511)	(100,073)	45,511	100,073
Citibank N.A.	Dollar									
Principal	Dollar	(38,983)	(39,102)			(39,102)	(9,776)	(19,551)	9,776	19,551
Charges	Dollar	(143)	(773)			(773)	135	7	390	518
Principal	Dollar		(171,750)			(171,750)	(42,938)	(85,875)	42,938	

The indicators had their ranges as shown below: CDI 5.4–8.9% p.a.; TJLP 5.8–6.8% p.a.; USD between R\$ 3,76 and R\$ 3,95; IPCA 3.1–4.6% p.a.; and Libor 1.7–2.4% p.a.

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Liquidity risk relates to the capacity to settle its liabilities of the Company and its subsidiaries. In order to determine the financial capacity to meet the commitments assumed, the maturities of funds raised and other liabilities are also disclosed. More detailed information on debentures and loans raised by the Company and its subsidiaries are presented in notes 23 and 24.

The management of the Company and its subsidiaries uses only credit lines that allow operating leverage. This premise is reaffirmed by the characteristics of the funds effectively raised.

The most expressive financial assets of the Company and its subsidiaries are presented in captions: (i) Cash and cash equivalents (Note 5) - the Company and its subsidiaries have in cash an immediately available amount and cash equivalents, which are interbank funds applied promptly convertible into known cash amounts; (ii) Securities (Note 6) refer to investment in investment fund, with daily liquidity and variable yield, with its portfolio of assets linked to Treasury Bills - LFT, and which have extremely low credit risk and short-term maturity; (iii) Accounts receivable (Note 7), balances comprise the estimated flow of receivables; (iv) Indemnifiable financial assets (Note 19), whose balance presented in distribution subsidiaries corresponds to the amount receivable from the Concession Grantor at the end of the concession and it is measured at the new adjustment value; and (v) Sectoral financial assets (Note 8) are homologated by the Concession Grantor and received through tariff in subsequent tariff adjustments or reviews.

The liquidity risks attributed to Debenture and loans and financing accounts refer to future interest, are consequently not accounted for, and are shown in note 35.1.

The Company and its subsidiaries also manage the liquidity risk by continuously monitoring expected and real cash flows, as well as the maturity analysis of its financial liabilities. The table below details the contractual maturities of the financial liabilities recorded on June 30, 2019, including principal and interest, considering the closest date on which the Company and its subsidiaries expect to pay off the respective liabilities.

	Parent Company					
	06/30/2019					12/31/2018
	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
Financial liabilities						
Suppliers	5,837	3,935	366			10,138
Other accounts payable - Related Parties			30,542	2,809		33,351
Debentures			82,360	480,707		563,067
Leases and rentals	837	1,255	1,894	3,585		7,571
	6,674	5,190	115,162	487,101	-	614,127
						600,054
	Consolidated					
	06/30/2019					12/31/2018
	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
Financial liabilities						
Suppliers	1,068,869	125,108	502,480			1,696,457
Other accounts payable - Related Parties			47,259	15,727	298	63,284
Debentures		71,656	1,055,640	3,291,198	1,211,419	5,629,913
Loans, financing and debt charges	10,421	253,367	454,288	1,223,240	225,082	2,166,398
Derivatives		(1,983)	(18,322)			(19,705)
Use of Public Property	2,396	4,757	21,412	119,328	173,290	321,183
Refund for unavailability			64,217			64,217
Leases and rentals	8,385	12,632	14,446	30,107	8,720	74,290
Sectoral financial liabilities			1,470	966,936		968,406
	1,090,071	466,137	2,142,890	5,646,536	1,618,809	10,964,443
						9,653,276

34.2.2.1 Overcontracting risk

As provided in the sector's regulation, especially in Decree 5163/04, if the contracted energy is within the limit of up to 5% above the total demand of the distributor, full transfer to the cost incurred with the purchase of energy and the resulting settlement of spot market price (PLD). However, when the distributor exceeds such limit, this having occurred voluntarily, it is exposed to the change between the purchase and selling price of the surplus amount in the short-term market.

The strategy for contracting energy from distributors aims at assuring that the contract level remains in the range between 100% and 105%, risks with energy purchase to serve the captive market. For such, each process of the decision on the energy purchase declaration amount in auction and interest in Surplus and Deficit Offsetting Mechanism - MCSD use statistical models to make projections of several consumption scenarios, in which there is correlation with climate, economic and tariff variables, besides streamlining models that aims at minimizing cost, and risk of penalty and non-transfer of tariffs.

In the current regulation, the backed domestic energetic system expansion is guaranteed by the long-term energy contracting by the distributors, through projection of its captive market, with three to six years in advance in relation to the acquired electric energy supply, (amended by Decree 9143/17) that is, the decisions on contracts use long-term economic projections that in situations of normality do not present great changes. Amount of contract commitments for the purchase of future energy entered into up to June 30, 2019 are presented in Note 35.1.

In the current scenario, besides the drop in consumption caused by an adverse and unpredictable context with three to six years in advance, the strong increase in the regulated market tariffs, in the face of a low price in the free market caused many customers to migrate from the loyal environment to the free one, motivated by cost reduction in energy purchase. Both factors took the distributors to a generalized overcontracting scenario.

In order to mitigate the risks of over and undercontracting (exposure), there are instruments provided in the regulation so that distributors may increase or reduce the contracted energy volume, that is, manage their contract portfolios. They are:

- Increase in the contracting level: by means of the contracting in Auctions A-7, A-6, A-5, A-4, A-3, A-2, A-1, A-0, of Alternative Sources (amended by Decree 9143/17), of Adjustment, and also through participations in the Surplus and Deficit Offsetting Mechanism (MCSD) of Existing Energy and new energy with deficit declaration;
- (i) Reduction in the contracting level by reduction in the volumes of Energy Trading Contracts in the Regulated Environment (CCEAR) for Existing Energy per quantity, with annual reduction of up to 4% of the contracted volume by market changes; (ii) a statement less than 96% of the restitution amount in Auctions A-1 (amended by Decree 8828/16); (iii) reduction in energy agreements that exist due to the migration number of conventional and special consumers (Provided by Normative Resolution 726/2016) to the Free Trade Market (ACL); (iv) bilateral agreements; and (v) participation in the MCSDs with plenty statement.



With the publication of Law 12783/13, which dealt with the extension of the electric energy sector concessions, the agents that own hydroelectric power plants which concession term end in up to five year could request the concession renewal, submitting to the Physical Guarantee Quotas regime, allocated to the distributors by means of the Physical Guarantee Quotas Contracts - CCGFs. So, from 2013, the CCGFs replaced part of the CCEARs for Existing Energy of the distributors.

However, to the CCGFs no prerogative of contracted volume reduction was provided so that the distributor could manage its contracting level. With this change, foreign to the management of distributors, this segment no longer had enough mechanisms for protecting itself against consumption reduction and migration of customer to free environment. Namely, then it could no longer participate in the MCSD 4%, or the Free Exchanges MCSD and the Monthly MCSD. So, it could no longer make volume reductions in the CCEARs of Existing Energy, as provided in the Law 10848/04 and in Article 29 of Decree 5163/04.

Besides the Physical Guarantee Quotas Contracts (CCGFs) that do not represent a prerogative for reducing the contracted volume, the distributors' flexibility loss in the management of its contract surplus was powered by the introduction of the CCEARs of Existing Energy by Availability in their portfolios, which also do not provide specific contractual clause that allows the reduction in the contracted amount.

In 2016 the Technical Note 109/2016 proposed the improvement in the Regulatory Resolution 693/2015 allowing the creation of the MCSD of Energia Nova as an additional mechanism so that both distributors and generators could cancel the contract of energy in the regulated environment. Recently, in view of the Regulatory Resolution 833/2018, the Surplus Sale Mechanism - MVE was regulated as additional tool for managing energy surplus to distributors. However, this new regulation also limited the efficiency of the MCSD Energia Nova and the bilateral contracts in the reduction of contracting level, allowing the use of such mechanisms only with plants that are not in commercial operation.

With the publication of Decree 9143/17, the involuntary contractual exposures of distributors started to be recognized whenever it was noted the condition of maximum effort by the agent, in view of the following: (i) frustrated purchase of electric energy in Auctions for purchase; (ii) extraordinary and unpredictable events arising from events beyond the will of the selling agent, recognized by ANEEL; (iii) changes in the distribution of the CCGFs, energy availability and potency of Itaipu Binacional, PROINFA and, from the year 2013, of Usinas Angra 1 and Angra 2; and (iv) exercise of the call option by free and special consumers. However, despite the involuntary exposure is recognized, the criteria for fulfillment of the condition of maximum effort by the distributor are in the final stage for verification by ANEEL for the 2016 and onwards.

The overcontracting of energy for the period of 2019 had a positive impact of R\$ 3,550 on the results of EDP São Paulo and EDP Espírito Santo.

34.2.2.2 Early maturity of debts

The Company and its subsidiaries have loan, financing and debenture agreements with covenants usually applicable to these types of operations, related to compliance with economic and financial indexes, cash generation, among others.

Covenants are financial indicators that control the financial health of the Company and its subsidiaries, as required by fund raising contracts. Non-compliance with covenants of debt agreements may result in an immediate disbursement or early maturity of a liability with defined flow and periodicity. The ratio of covenants by agreement appears described individually in notes 23 and 24. Up to June 30, 2019, all covenants of contracted liabilities were fully complied with.

In addition to controlling the covenants linked to liquidity risk, there are contracted guarantees (Note 35.2) for the headings of Loans, Financing and Debentures. Those contractual guarantees are the maximum that the Company and its subsidiaries may be required to settle, in accordance with the terms of the financial guarantee agreements, if the full guaranteed amounts are put to execution by the creditors for lack of payment. For the account of purchase of power, the guarantees are mostly tied to the Company's receivables, which may undergo changes as a result of possible losses of credit in these receivables.

34.2.3 Hydrologic risk

Generation

The power sold by the subsidiaries depends on the hydrological conditions. In addition, income from the sale is linked to the assured energy, whose volume is determined by the regulatory body and is included in the concession agreement. Cyclical conditions system in recent years, with low flow rates and low storage hydroelectric, has caused a significant decrease in energy production with hydropower and increasing costs in purchasing power. Mitigation of this risk is through the Energy Reallocation Mechanism (MRE), which is a financial mechanism of sharing hydrologic risk among participants plants of the National Interconnected System - SIN operated by the National System Operator - ONS. However, in extreme moments of low storage, MRE exposes the subsidiaries to one apportionment based on PLD, generating an expenditure with GSF for hydro generators.

In order to reduce the exposure to this risk, generation accepted the proposal to renegotiate the hydrologic risk for energy amount contracted at ACR through transfer of 92% (valid for UHE Luiz Eduardo Magalhães (Investco and Lajeado)) and transfer of 94% (valid for UHE Mascarenhas (Energest)) of this remaining hydrologic risk to CCRBT (tariff flag centralizing account) through premium payment (Note 14.4).

Additionally, anticipating the scenario of deterioration of the PLD and GSF as a result of the worsening of the Brazilian hydrological scenario, the generation subsidiaries implemented several initiatives in order to strengthen strategies to protect the impacts caused by high energy prices on the free market, increasing the share of decontracted energy in its portfolio.

Distribution

The Brazilian energy matrix is predominantly hydric and a prolonged drought would reduce the volume of water in the reservoirs of the hydroelectric power plants, which also cause a electric power rationing and an increase in the purchase cost of energy in the short term market and the increase of electric system charges as a result of the dispatch of the thermoelectric plants, generating a cash need and as a result, from future tariff readjustments for the economic-financial balance of the Concession Agreement of distribution subsidiaries.

As a tool to monitor the risk of rationing, the distribution subsidiaries use the Energy Risk Subcommittee which has the following practices: (i) assessment of the energy supply and demand scenario in different regions of operation, the macro and microeconomic variables and the specificities of each market, in a horizon of five years; (ii) anticipation of potential impacts on the generation of electricity to ensure the supply of power; (iii) minimizing impacts on Income; and (iv) avoid shortages at the Concessionaires.

34.2.4 Credit risk

Credit risk includes the possibility that the Company may not be able to realize their rights. This description is mainly related to the following captions:

• Accounts receivable

In the electrical power industry, the operations carried out are reported to the regulatory agency, which maintains updated information on power volume produced and consumed. Power is traded through auctions, contracts, among other mechanisms, bringing reliability and control on default among sectorial participants.

The priority of Concession Agreements for power distribution is to serve the market without excluding low income population and areas with lower population density. Thus, accepting and serving these new captive consumers dwelling in the concessionaire's operating area is a standard of the concession agreement.

Thus, for the distribution of electricity the financial instrument with the ability to expose the Company to credit risk is accounts receivable from consumers. However, the subsidiaries of distribution prepare comprehensive studies to determine the estimated loss for these assets.

The main tool used to mitigate the risk of non-realization of accounts receivable from consumers is to suspend power supply to consumers in default. Before this stage, the subsidiaries use many collection methods, such as administrative collection, notice in the energy bill, and by SMS, protest in protest offices, credit restriction at credit protection companies, among others. The subsidiaries offer to consumers several communication channels, as follows call centers, service stores and Internet, application, besides the realization of fairs for payment agreements.

Furthermore, with a view to maintaining the economic and financial balance of the concession, ANEEL's regulations provide for the transfer of the sum of uncollected income to the tariffs, after the 5-year collection period, pursuant to the regulations in force through PRORET submodule 2.2.

Regarding generation subsidiaries, the risk arising from the possibility of subsidiaries sustaining losses as a result of experiencing difficulty receiving amounts billed to its customers, is considered low according to the contractual guarantees presented in the scope of energy agreements in the Regulated Trading Environment.

Regarding the subsidiaries of trading and services, the risk arising of the subsidiaries sustaining losses as a result of experiencing difficulty receiving amounts billed to its customers, is also considered low. The Company and its subsidiaries in these segments have a policy focused on credit risk mitigation, which consists of identifying the credit rating of the proponent customer, and a grade is assigned to the financial health of the counterparty (separated into A, B, C, D and E) which takes into account, among other aspects, the analysis of the financial statements of the counterparty associated with a probability of default. For each credit rating, maximum terms of contracts and financial guarantees are established, and the lower the counterparty's rating, the shorter the contract terms and the more liquid the financial guarantees will be. The credits of all these customers and exposure thereof to the various sectors of the economy are evaluated periodically, so as to maintain the diversification of their portfolio and reduce their exposure to risk.

• Cash, Cash equivalents, Guarantees and Marketable securities

The management of these financial assets is through operating strategies based on corporate policies and internal controls, aimed at assuring liquidity, security and profitability.

Specific mitigation strategies of the Financial Risk Management Policy of Grupo EDP - Energias do Brasil are periodically conducted based on risk reports.

Decisions about financial investments, also complying with the same policy, establishes conditions and limits of exposure to market risks appraised by specialized agencies. The policy determines levels of concentration of investments at financial institutions in accordance with the bank's rating and the total sum of investments of the Company and its subsidiaries, in order to maintain a balanced proportion that is less subject to loss.

Regarding investments related to Bank Deposit Certificates or backed by debentures, the Company and its subsidiaries operate only with financial institutions whose risk rating is at least A by Fitch Ratings (or equivalent to Moody's or Standard & Poor's). The following are the amounts of financial investments segregated by risk classification:

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Classification of the financial institution				
AAA	478,185	585,662	1,195,363	1,569,050
AA	272,126	318,326	387,914	427,595
To the	-	-	-	50
	<u>750,311</u>	<u>903,988</u>	<u>1,583,277</u>	<u>1,996,695</u>

The Risk Management Policy also money to be paid into a Restricted Investment Fund with a portfolio of assets tied to LFTs (floating-rate bonds) issued by the Brazilian Government, or Repurchase and resale agreements backed by Federal Government Bonds, considered a highly-liquid security with an extremely low risk (Notes 5.2 and 6).

Management understands that the contracted financial investments do not expose the Company and its subsidiaries to significant credit risks that might generate material losses in the future.

• Indemnifiable financial assets

The balance refers to the amounts receivable as indemnity from the Concession Grantor and arises from the investments made in the infrastructure of the concessionaire that will not be recovered by the service provision granted up to the concession termination. The concession agreement entitles the Company to indemnity for the infrastructure assets not yet amortized, provided that authorized by ANEEL, and determined in inspection branch procedures.

• Concession assets - Transmission

The transmission subsidiaries maintain Transmission Service Agreements with the National Electricity System Operator - ONS, regulating the provision of their services linked to basic network users, with a bank guarantee clause that ensures payments are received and mitigates the risk of default.

• Sectorial financial assets

Sectorial financial assets refer to the difference between costs estimated by ANEEL and included in the tariff at the beginning of the tariff period, compared to those that are actually incurred during the tariff period. Annually, ANEEL reviews the tariffs of distribution subsidiaries and include such assets in them. Additionally, the concession agreement also guarantees that the distribution subsidiaries will be indemnified for the outstanding balances of possible shortage of refund for the tariff as a result of termination, for any reason, of the concession.

34.2.5 Regulatory risks

Subsidiaries' activities are regulated and inspected by regulatory agencies (ANEEL, ARSESP, ARSP-ES etc.) and other bodies related to the sector (MME, CCEE, ONS etc). Grupo EDP - Energias do Brasil is committed to comply with all the regulations issued, therefore, any change in the regulatory environment may affect its activities.

The mitigation of regulatory risks is made by monitoring scenarios involving the parties interested in the Company's business. Grupo EDP - Energias do Brasil is engaged in the discussion of themes of its interest, and discloses studies, theses and experiences to opinion leaders.

34.2.6 Capital management

The purpose of the Grupo EDP - Energias do Brasil's capital management is to safeguard business continuity of the Group in order to offer returns to shareholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce such cost and maintain a proper financial liquidity to the Group's companies.

In order to maintain or adjust its capital structure and financial liquidity, Grupo EDP - Energias do Brasil may review its dividend payment policy, return capital to shareholders, issue new shares, make new financing, renegotiate the existing debts or sell assets.

Regarding the capital structure, the Company monitors the index represented by "Consolidated Net Debt" divided by "Consolidated EBITDA", whose maximum limit is up to 3.5 times.



		Consolidated	
	Note	06/30/2019	12/31/2018
Total loans and debentures	23 and 24	7,776,606	7,458,797
(-) Cash and cash equivalents	5	(2,325,380)	(2,203,392)
(-) Securities	6	(164,236)	(174,463)
(-) Pledges linked to debt		(704,892)	(685,442)
Net debt		4,582,098	4,395,500
Total shareholders' equity		10,044,747	9,674,581
Total capital		14,626,845	14,070,081
Leverage ratio – %		31.33	31.24

35 Contractual commitments and guarantees

35.1 Contractual commitments

As of June 30, 2019, the Company and its subsidiaries have contractual commitments not recognized in the financial statements, presented by maturity.

The contractual commitments of the Company and its subsidiaries referred to in the table above are at present value and essentially reflect agreements and commitments necessary to the normal course of the operating activities of the Company and its subsidiaries, including those contractual commitments beyond the end date of concession, restated at the respective projected rates and adjusted to present value at the rate representing the average cost of capital (WACC) of EDP Group.

	Parent Company					12/31/2018
	July 2019– June 2020	July 2020– June 2022	July 2022– June 2024	As from 2025	Total	Total
Liabilities with operating leases (*)	278	428			706	22,590
Liabilities for purchases						
Materials and services	21,162	18,299	2,600	22	42,083	62,053
Interest Falling Due Loans, Financing and Debentures	42,050	41,850	4,013	237	88,150	106,174
	63,490	60,577	6,613	259	130,939	190,817

	Consolidated					12/31/2018
	July 2019– June 2020	July 2020– June 2022	July 2022– June 2024	As from 2025	Total	Total
Liabilities with operating leases (*)	1,955	1,787	1		3,743	71,841
Liabilities for purchases						
Purchase of energy	4,594,990	8,138,929	6,593,359	21,320,304	40,647,582	45,475,698
Energy connection and transportation charges	424,536	1,160,055	1,119,105	2,170,352	4,874,048	5,129,086
Materials and services	2,247,028	1,512,821	124,775	31,425	3,916,049	4,709,831
Risk premium - GSF			393	20,548	20,941	20,942
Interest Falling Due Loans, Financing and Debentures	479,438	596,333	305,657	149,372	1,530,800	1,659,469
	7,747,947	11,409,925	8,143,290	23,692,001	50,993,163	57,066,867

(*) The contractual commitments mentioned in the table above include leases and rentals that were not included in the scope of CPC 06 (R2) and, therefore, are not recorded in the interim accounting information.

Contractual commitments mentioned in the chart below reflect the same contractual commitments shown above, however, they are adjusted at respective rates on base date June 30, 2019, that is, without projection of correction indices, and are not adjusted at present value.

	Parent Company					12/31/2018
	July 2019– June 2020	July 2020– June 2022	July 2022– June 2024	As from 2025	Total	Total
Liabilities with operating leases	235	353			588	23,339
Liabilities for purchases						
Materials and services	18,738	15,068	2,341	21	36,168	63,321
Interest Falling Due Loans, Financing and Debentures	42,050	48,699	5,597	369	96,715	116,716
	61,023	64,120	7,938	390	133,471	203,376

	Consolidated					12/31/2018
	July 2019– June 2020	July 2020– June 2022	July 2022– June 2024	As from 2025	Total	Total
Liabilities with operating leases	1,660	1,459	1		3,120	79,182
Liabilities for purchases						
Purchase of energy	4,517,995	9,575,072	9,253,996	42,627,294	65,974,357	67,061,372
Energy connection and transportation charges	424,536	1,388,354	1,585,548	3,666,038	7,064,476	6,430,224
Materials and services	1,924,510	1,227,002	113,833	32,297	3,297,642	4,803,222
Risk premium - GSF			612	54,847	55,459	55,459
Interest Falling Due Loans, Financing and Debentures	506,968	685,668	402,344	267,906	1,862,886	2,097,125
	7,375,669	12,877,555	11,356,334	46,648,382	78,257,940	80,526,584

35.2 Guarantees

		Parent Company	
		Maximum guaranteed limit	
Guarantees	Type of guarantee	06/30/2019	12/31/2018
Life insurance	Shareholder's co-signature	299,272	325,648
Lawsuits	(i) Blocked Deposit, (ii) Bank Guarantee and (iii) Insurance bond	1,264,795	1,070,555
Suppliers	Corporate guarantee	24,732	
Other	Insurance bond	282,545	205,713
		1,871,344	1,601,916



Type of guarantee	Description	Consolidated Maximum guaranteed limit	
		06/30/2019	12/31/2018
Life insurance	(i) Shareholder's guarantee	299,273	325,648
Lawsuits	(i) Bank Guarantee, (ii) Insurance bond, (iii) Blocked Deposit.	1,271,443	1,076,075
Lease contract	Receivables	30,295	26,867
Suppliers	Corporate guarantee	382	24,769
Construction performance bond	Insurance bond	206,180	200,299
Other	(i) Blocked Deposit, (ii) Bank Guarantee, (iii) Guarantees in receivables and (iv) Insurance bond.	75,864	80,642
		<u>1,883,437</u>	<u>1,734,300</u>

The amounts regarding guarantee for Energy purchase (Note 23) and Loans, financing and debt charges (Note 24) are presented in their respective notes.

36 Segment reporting

A business segment is an identifiable component of the Group engaged in providing an individual product or service of a group of related products and services, and that is subject to risks and benefits that may be distinguished from other business segments.

The operating segment information is shown consistently with the internal report supplied to the main operating decision maker. The main operating decision maker, in charge of allocating funds and evaluating performance of operating segments is the Company's Executive Board, in charge of the strategic decision-making of Grupo EDP - Energias do Brasil.

Grupo EDP - Energias do Brasil develops a set of power supply activities, with special emphasis on the generation, distribution, transmission and sales of electrical power.

Based on internal reports, the Executive Board is responsible for evaluating the performance of several segments and deciding on the allocation of funds to each of the identified business segments.

36.1 Segment characterization

The amounts reported for each business segment are the result of the consolidation of subsidiaries and business units within each segment and the cancellation of intra-segment transactions.

The column "Holding company" refers to the parent company, and origin of this income is substantially related to the evaluation of investment in subsidiaries, associated companies and jointly-controlled subsidiaries by the equity accounting method, as required by the accounting practices had been adopted in Brazil.

36.1.1 Statement of income

	Six-month periods ended June 30							
	2019							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Elimination	Total
Income	3,786,557	1,441,755	1,162,842	829,783	1,847	25,051	(675,268)	6,572,567
Cost of production for electricity services								
Electricity services cost	(2,491,635)	(379,585)	(1,136,680)				673,949	(3,333,951)
Cost of production for electricity		(287,948)				(3,853)	1,319	(290,482)
Cost of operation	(381,561)	(215,188)	(3,297)	(1,320)		(7,586)		(608,952)
Cost of service rendered to third-parties	(291,820)		(240)	(744,919)		(7,240)		(1,044,219)
	(3,165,016)	(882,721)	(1,140,217)	(746,239)	-	(18,679)	675,268	(5,277,604)
Gross profit	621,541	559,034	22,625	83,544	1,847	6,372	-	1,294,963
Operating expenses and income								
Selling expenses	(58,111)		28			(1,686)		(59,769)
General and administrative expenses	(134,692)	(33,541)	(7,398)	(5,123)	(41,116)	(7,588)	(23,138)	(252,596)
Other operating income and expenses	(55,399)	(1,226)	(548)	18	14,504	(82)		(42,733)
	(248,202)	(34,767)	(7,918)	(5,105)	(26,612)	(9,356)	(23,138)	(355,098)
Income (loss) from ownership interest		17,328			504,674		(505,995)	16,007
Income (loss) before financial income (loss) and taxes	373,339	541,595	14,707	78,439	479,909	(2,984)	(529,133)	955,872
Financial result								
Financial income	276,135	51,413	2,925	530	40,489	2,385	(9,432)	364,445
Financial expenses	(372,012)	(170,402)	(2,071)	(9,012)	(36,888)	(4,407)	9,432	(585,360)
	(95,877)	(118,989)	854	(8,482)	3,601	(2,022)	-	(220,915)
Income (loss) before income taxes	277,462	422,606	15,561	69,957	483,510	(5,006)	(529,133)	734,957
Income taxes								
Income tax and social contribution - current	(83,077)	(75,799)	(5,872)			(2,395)		(167,143)
Deferred income tax and social contribution	11,629	(7,135)	228	(23,872)	1,085	1,684	7,867	(8,514)
	(71,448)	(82,934)	(5,644)	(23,872)	1,085	(711)	7,867	(175,657)
Net income (loss) for the year	206,014	339,672	9,917	46,085	484,595	(5,717)	(521,266)	559,300
Attributable to controlling shareholders	206,014	266,063	9,917	44,989	484,595	(5,717)	(521,266)	484,595
Attributable to non-controlling shareholders		73,609		1,096				74,705



	Six-month periods ended June 30							
	2018							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Elimination	Total
Income	3,606,015	1,558,950	1,704,988	70,018	2,746	27,300	(562,755)	6,407,262
Cost of production for electricity services								
Electricity services cost	(2,440,823)	(274,273)	(1,610,877)				560,101	(3,765,872)
Cost of production for electricity		(408,433)				(4,559)	1,155	(411,837)
Cost of operation	(348,472)	(214,272)	(2,963)			(4,928)	124	(570,511)
Cost of service rendered to third-parties	(251,940)	-		(65,503)		(17,545)		(334,988)
	(3,041,235)	(896,978)	(1,613,840)	(65,503)	-	(27,032)	561,380	(5,083,208)
Gross profit	564,780	661,972	91,148	4,515	2,746	268	(1,375)	1,324,054
Operating expenses and income								
Selling expenses	(49,418)		674			(1)		(48,745)
General and administrative expenses	(126,882)	(43,670)	(5,521)	(3,516)	(71,310)	(7,924)	(22,788)	(281,611)
Gains on disposal of investment								-
Other operating income and expenses	(62,086)	1,316	(154)		(1,069)	344	2,157	(59,492)
	(238,386)	(42,354)	(5,001)	(3,516)	(72,379)	(7,581)	(20,631)	(389,848)
Income (loss) from ownership interest		(4,355)			478,465		(481,120)	(7,010)
Income (loss) before financial income (loss) and taxes	326,394	615,263	86,147	999	408,832	(7,313)	(503,126)	927,196
Financial result								
Financial income	137,807	71,622	5,683	263	104,776	1,407	(12,532)	309,026
Financial expenses	(194,361)	(247,352)	(638)	(198)	(51,068)	(3,797)	12,690	(484,724)
	(56,554)	(175,730)	5,045	65	53,708	(2,390)	158	(175,698)
Income (loss) before income taxes	269,840	439,533	91,192	1,064	462,540	(9,703)	(502,968)	751,498
Income taxes								
Income tax and social contribution - current	(74,343)	(82,884)	(29,839)		-	(1,026)		(188,092)
Deferred income tax and social contribution	(13,950)	(28,223)	(1,083)	(418)	(20,748)	2,508	6,632	(55,282)
	(88,293)	(111,107)	(30,922)	(418)	(20,748)	1,482	6,632	(243,374)
Net income (loss) for the year	181,547	328,426	60,270	646	441,792	(8,221)	(496,336)	508,124
Attributable to controlling shareholders	181,547	262,099	60,270	641	441,792	(8,221)	(496,336)	441,792
Attributable to non-controlling shareholders		66,327		5				66,332

36.1.2 Balance sheet

	06/30/2019							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Eliminations	Total
Current assets	2,932,789	1,418,439	400,179	842,429	1,872,847	147,016	(317,942)	7,295,757
Non-current assets	5,973,595	6,652,678	36,270	1,353,406	8,372,494	141,308	(5,390,144)	17,139,607
Current liabilities	2,503,890	1,463,459	243,244	568,850	570,298	39,471	(317,942)	5,071,270
Non-current liabilities	4,277,346	2,610,765	15,416	1,484,723	738,681	166,819	25,597	9,319,347
Total shareholders' equity and non-controlling interests	2,125,148	3,996,893	177,789	142,262	8,936,362	82,034	(5,415,741)	10,044,747
	12/31/2018							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Eliminations	Total
Current assets	2,715,663	1,492,466	474,650	1,254,543	1,282,485	87,817	(289,894)	7,017,730
Non-current assets	5,137,221	7,006,913	35,501	441,324	8,587,356	134,437	(5,588,411)	15,754,341
Current liabilities	2,340,431	1,474,790	323,273	60,460	615,529	43,242	(289,894)	4,567,831
Non-current liabilities	3,390,011	2,855,799	19,006	1,578,971	730,605	121,362	(166,095)	8,529,659
Total shareholders' equity and non-controlling interests	2,122,442	4,168,790	167,872	56,436	8,523,707	57,650	(5,422,316)	9,674,581

37 Statements of cash flow

37.1 Financing activities

In compliance with CPC 03 (R2) – Statement of Cash Flows, the changes in assets and liabilities derived from financing activities, including adjustments to reconcile income are as follows:

Parent Company						
2019						
Note	Balance at December 31, 2018	Cash effect	Non-cash effect			Balance at June 30, 2019
			Inflation adjustment and	Mark-to-Market/Adjustment to	Additions / write-offs	
(Increase) decrease in financing assets						
Securities and loans receivable	251,647	(1,923)		(1,033)	(109,317)	139,374
	251,647	(1,923)	-	(1,033)	(109,317)	139,374
Increase (decrease) in financing liabilities						
Dividends	13	378,795	(4)		37,187	415,978
Debentures	23	548,878	(22,496)	13,163	23,522	563,067
Treasury shares	28.4	(4,738)	(16,520)		(626)	(21,884)
Leases and rentals	14.8	-	(1,801)	439	8,666	7,571
		922,935	(40,821)	13,602	68,749	964,732
Changes related to financing activities (Financing liabilities (-) Financing assets)		671,288	(38,898)	13,602	178,066	825,358



Parent Company							
2018							
	Balance at December 31, 2017	Cash effect	adjustment and exchange-	Non-cash effect Market/Adjus tment to present value	Additions / write-offs		Balance at June 30, 2018
(Increase) decrease in financing assets							
Pledges linked to loans, financing and debentures	255				10		265
Securities and loans receivable	367,782	(697)		(1,002)	41,248		407,331
	368,037	(697)	-	(1,002)	41,258		407,596
Increase (decrease) in financing liabilities							
Dividends	149,933				210,902		360,835
Debentures	864,473	(36,647)	9,459		38,254		875,539
Treasury shares	(5,393)	1,144	-		(489)		(4,738)
	1,009,013	(35,503)	9,459	-	248,667		1,231,636
Changes related to financing activities (Financing liabilities (-) Financing assets)	640,976	(34,806)	9,459	1,002	207,409		824,040
Consolidated							
2019							
Note	Balance at December 31, 2018	Cash effect	adjustment and exchange-	Non-cash effect Market/Adjus tment to present value	Additions / write-offs	Other	Balance at June 30, 2019
(Increase) decrease in financing assets							
Pledges linked to loans, financing and debentures	685,442	(1,011)	20,461				704,892
Securities and loans receivable	22,809				2,150		24,959
	708,251	(1,011)	20,461	-	2,150	-	729,851
Increase (decrease) in financing liabilities							
Dividends	13 422,169	(102,033)			124,291	8,033	452,460
Debentures	23 4,903,545	478,757	13,528		234,083		5,629,913
Loans, financing and debt charges	24 2,555,252	(516,004)	11,523	1,555	94,367		2,146,693
Treasury shares	28.4 (4,738)	(16,520)			(626)		(21,884)
Leases and rentals	14.8 -	(11,619)	4,310	2,699	78,900		74,290
Non-controlling shareholders							
Advance for future capital increase – AFAC	1,350				(1,350)		-
Capital	28.1 4,634,511	(20,879)			69,084		4,682,716
Capital increase/decrease by non-controlling shareholders	-	4,879			(4,879)		-
	12,512,089	(183,419)	29,361	4,254	593,870	8,033	12,964,188
Changes related to financing activities (Financing liabilities (-) Financing assets)	11,803,838	(182,408)	8,900	4,254	591,720	8,033	12,234,337
Consolidated							
2018							
	Balance at December 31, 2017	Cash effect	adjustment and exchange-	Non-cash effect Market/Adjus tment to present value	Additions / write-offs	Other	Balance at June 30, 2018
(Increase) decrease in financing assets							
Pledges linked to loans, financing and debentures	13,182	(2,942)	129		8,743		19,112
Securities and loans receivable	21,064				857		21,921
	34,246	(2,942)	129	-	9,600	-	41,033
Increase (decrease) in financing liabilities							
Dividends	231,850	(74,969)			228,934	7,208	393,023
Debentures	3,562,421	89,565	10,367		149,778		3,812,131
Loans, financing and debt charges	2,495,258	(285,210)	9,690	2,746	102,618		2,325,102
Treasury shares	(5,393)	1,144			(489)		(4,738)
Advance for future capital increase – AFAC	850				500		1,350
Capital	4,682,716	1,300			(1,300)		4,682,716
Advances for future capital increase by non-controlling shareholders	-	500			(500)		-
	10,967,702	(267,670)	20,057	2,746	479,541	7,208	11,209,584
Changes related to financing activities (Financing liabilities (-) Financing assets)	10,933,456	(264,728)	19,928	2,746	469,941	7,208	11,168,551



37.2 Non-cash transactions

In accordance with CPC 03 (R2) - Statement of cash flows, investing and financing transactions not required the use of cash or cash equivalents should not be included in the statement of cash flows.

All investing and financing activities that did not involve cash and, consequently, are not included in any caption of the statement of cash flows are shown below:

	Parent Company		Consolidated	
	2019	2018	2019	2018
Formation of dividends and interest on own capital receivable	155,176	199,028		
Formation of dividends and interest on own capital payable	37,191	210,902	237,132	213,051
Capitalization of interest on loans and debentures to property, plant and equipment, intangible assets and concession assets.			82,089	4,218
Capitalization in Intangible Assets, in Indemnifiable Intangible asset and Concession assets relating to contingencies			174	(11)
Provision for costs of environmental permit in property, plant and equipment and concession assets			210,804	501
Formation (reversal) of contingent consideration			2,160	
Capital increase through payment of advance for future capital incre			1,350	850
Capital increase in subsidiary with credits of dividends		2,447		
Capital increase in subsidiary through payment of advance for future capital increase	114,270	66,260	36,000	34,200
Capital decrease of subsidiary			8,035	
Formation of leases and rentals in Property, plant and equipment	8,666		81,494	
Total	315,303	478,637	659,238	252,809

38 Subsequent events

38.1 EDP Transmissão MA I (Lot 07) - Installation License

On July 16, the Company obtained Installation License No. 1079105/2019 from Lot 07, seven months in advance of ANEEL's schedule.

38.2 EDP Transmissão SP - MG (Lot 18) - Previous License

On October 16, 2019 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) issued the Preliminary Permit 610/2019 related to the transmission line of the subsidiary EDP Transmissão SP-MG.

38.3 Issuance of Promissory Notes - EDP São Paulo

On July 19, 2019, the first issuance of commercial promissory notes, in sole series, of EDP São Paulo subsidiary was carried out in the total amount of R\$ 300,000 with Banco Itaú. The maturity of such notes will be in 60 months, with prepayment option from the twelfth month of issue.

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João Manuel Veríssimo Marques da Cruz
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Luiz Otavio Assis Henriques
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Carlos Emanuel Baptista Andrade
Director Vice-President of Strategy and Business Development

ACCOUNTING

André Luis Nunes de Mello Almeida
Chief Accounting, Tax and Asset Management Officer (Corporate)

Laercio Gomes Proença Junior
Accountant - CRC 1SP216218/O-6

COMMENTS ON EDP ENERGIAS DO BRASIL'S PERFORMANCE

The information next concerns the second quarter and first half of 2019, compared with the same periods in 2018.

1. SIGNIFICANT EVENTS IN THE QUARTER

Exclusion of the ICMS from the PIS/COFINS taxable base - EDP Espírito Santo

On April 03, EDP Espírito Santo saw the Regional Federal Court of Appeals of the 2nd Region hand down a final and unappealable ruling in connection with a lawsuit that recognized the right to not include own ICMS in the taxable base for PIS and COFINS, and to recover previously paid amounts. The recoverable amount is R\$ 743.1 million¹ and has been recognized in the income tax, social contributions and other taxes; at the same time, the Company recognized sectoral financial liabilities.

Dismissal of the request for a Public Shares Offering on EDP – Energias de Portugal, S.A.

On April 30, a meeting of the Board of Directors of the Portugal Securities and Exchange Commission resolved to deny the request for registration of a public acquisition offer announced preliminarily by China Three Gorges (Europe) S.A. for EDP Energias de Portugal.

Acquisition of transmission lines in Santa Catarina/Rio Grande do Sul

On May 28, EDP executed a purchase agreement with CEE Power and Brafer for the acquisition of lot Q of the 1st phase of transmission auction 13/2015, held in April 2016. The lot comprises 2 substations and 142 km of power lines divided into two stretches.

Shares Repurchase Program

On June 19, the Board of Directors of EDP approved the Company Shares Repurchase Program to address the distribution of shares under the current Stock Compensation Policy. 1,500,000 shares were purchased at market prices between June 24 and July 05.

EDP Transmissão MA I (Lot 07) – financing contract and installation license

June 28 saw execution of the Financing Contract between EDP Transmissão MA I and Banco do Nordeste do Brasil S.A. (BNB), to enable a R\$ 252 million credit line. The cost of the issue is IPCA + 2.54² and IPCA + 2.16%³, considering the non-default bonus³. The Installation License was granted on July 16.

EDP Transmissão SP- MG (Lot 18) – Preliminary License

The Preliminary License was secured on July 16.

2. CONSOLIDATED

2.1 CONSOLIDATED RESULT

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Trading + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ³
	2Q19	2Q19	2Q19	2Q19	2Q19	2Q19	2Q19	2Q19
Net Revenue¹	286,214	400,215	1,684,211	620,390	33,323	1,060	(349,401)	2,676,012
Infrastructure Construction Revenue	-	-	129,192	-	473,217	-	-	602,409
Transmission Construction Margin	-	-	-	-	3,415	-	-	3,415
Non-Manageable Expenditures	(92,661)	(230,047)	(1,216,576)	(600,696)	-	-	350,102	(1,789,878)
Gross Margin	193,553	170,168	467,635	19,694	36,738	1,060	701	889,549
Manageable Expenditures	(56,605)	(78,229)	(449,656)	(18,268)	(476,206)	(7,080)	(12,294)	(1,098,338)
PMTO	(19,797)	(27,870)	(245,951)	(16,638)	(2,904)	(2,513)	(720)	(316,393)
Gain and Loss on the Deactivation and Asset Sale	-	125	(17,524)	-	-	-	-	(17,399)
EBITDA	173,756	142,423	204,160	3,056	30,419	(1,453)	3,396	555,757
Depreciation and Amortization	(36,808)	(50,484)	(56,989)	(1,630)	(85)	(4,567)	(11,574)	(162,137)
Result of Statutory Participation	11,134	-	-	-	-	192,792	(188,941)	14,985
Net Financial Result	(34,794)	(33,034)	(45,288)	(167)	(4,469)	1,646	165	(115,941)
Net Income Before Minority Interests	83,839	48,397	69,881	(738)	19,309	188,960	(196,535)	213,113
Minority Interests	(23,394)	-	-	-	(759)	-	-	(24,153)
Net Income	60,445	48,397	69,881	(738)	18,550	188,960	(196,535)	188,960

¹ Amounts referring to the period from January 2012 to March 2019

² The rate disregards costs associated with accessory obligations.

³ Non-delinquent customers of Banco do Nordeste, which manages the FNE, earn a bonus in the form of a 15% discount on the fixed-rate tranche of the Long-Term Rate (TLP) for non-delinquent financings.

Items in R\$ Thousand or %	Hydro Generation ²	Thermal Generation	Distribution	Trading + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ²
	2Q18	2Q18	2Q18	2Q18	2Q18	2Q18	2Q18	2Q18
Net Revenue¹	312,312	500,962	1,777,553	981,628	3,196	1,023	(320,558)	3,256,116
Infrastructure Construction Revenue	-	-	147,043	-	50,608	-	-	197,651
Transmission Construction Margin	-	-	-	-	(293)	-	-	(293)
Non-Manageable Expenditures	(70,301)	(301,211)	(1,333,414)	(914,732)	-	-	321,253	(2,298,405)
Gross Margin	242,011	199,751	444,139	66,896	2,903	1,023	695	957,418
Manageable Expenditures	(60,836)	(67,751)	(454,291)	(22,236)	(52,458)	(35,816)	(11,841)	(705,229)
PMTO	(22,033)	(27,298)	(233,505)	(20,750)	(1,850)	(32,274)	1,346	(336,364)
Gain and Loss on the Deactivation and Asset Sale	(140)	3	(22,827)	-	-	-	(1,796)	(24,760)
EBITDA	219,838	172,456	187,807	46,146	1,053	(31,251)	245	596,294
Depreciation and Amortization	(38,663)	(40,456)	(50,916)	(1,486)	-	(3,542)	(11,391)	(146,454)
Result of Statutory Participation	(5,412)	-	-	-	-	225,931	(228,447)	(7,928)
Net Financial Result	(69,492)	(31,809)	(29,902)	(570)	-	57,660	96	(74,017)
Net Income Before Minority Interests	75,753	77,769	71,824	27,950	553	227,676	(235,667)	245,858
Minority Interests	(18,183)	-	-	-	1	-	-	(18,182)
Net Income	57,570	77,769	71,824	27,950	554	227,676	(235,667)	227,676

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Trading + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ²
	Var	Var	Var	Var	Var	Var	Var	Var
Net Revenue¹	-8.4%	-20.1%	-5.3%	-36.8%	942.6%	3.6%	9.0%	-17.8%
Infrastructure Construction Revenue	n.a.	n.a.	-12.1%	n.a.	835.1%	n.a.	n.a.	204.8%
Transmission Construction Margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Non-manageable Expenditures	31.8%	-23.6%	-8.8%	-34.3%	n.a.	n.a.	9.0%	-22.1%
Gross Margin	-20.0%	-14.8%	5.3%	-70.6%	1165.5%	3.6%	0.9%	-7.1%
Manageable Expenditures	-7.0%	15.5%	-1.0%	-17.8%	807.8%	-80.2%	3.8%	55.7%
PMTO	-10.1%	2.1%	5.3%	-19.8%	57.0%	-92.2%	n.a.	-5.9%
Gain and Loss on the Deactivation and Asset Sale	-100.0%	4066.7%	-23.2%	n.a.	n.a.	n.a.	-100.0%	-29.7%
EBITDA	-21.0%	-17.4%	8.7%	-93.4%	2788.8%	-95.4%	1286.1%	-6.8%
Depreciation and Amortization	-4.8%	24.8%	11.9%	9.7%	n.a.	28.9%	1.6%	10.7%
Result of Statutory Participation	n.a.	n.a.	n.a.	n.a.	n.a.	-14.7%	-17.3%	n.a.
Net Financial Result	-49.9%	3.9%	51.5%	-70.7%	n.a.	-97.1%	71.9%	56.6%
Net Income Before Minority Interests	10.7%	-37.8%	-2.7%	n.a.	3391.7%	-17.0%	-16.6%	-13.3%
Net Income	5.0%	-37.8%	-2.7%	n.a.	3248.4%	-17.0%	-16.6%	-17.0%

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Comerc. + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ¹
	6M19	6M19	6M19	6M19	6M19	6M19	6M19	6M19
Net Revenue¹	676,675	765,080	3,495,152	1,186,527	52,456	1,847	(673,902)	5,503,835
Infrastructure Construction Revenue	-	-	291,405	-	744,919	-	-	1,036,324
Transmission Construction Margin	-	-	-	-	32,408	-	-	32,408
Non-Manageable Expenditures	(209,531)	(458,002)	(2,491,635)	(1,140,533)	-	-	675,268	(3,624,433)
Gross Margin	467,144	307,078	1,003,517	45,994	84,864	1,847	1,366	1,911,810
Manageable Expenditures	(112,610)	(137,345)	(921,583)	(33,677)	(751,344)	(26,612)	(25,098)	(2,008,269)
PMTO	(39,586)	(41,360)	(475,404)	(30,878)	(6,257)	(17,595)	(1,950)	(613,030)
Gain and Loss on the Deactivation and Asset Sale	2	238	(37,629)	-	-	-	-	(37,389)
EBITDA	427,560	265,956	490,484	15,116	78,607	(15,748)	(584)	1,261,391
Depreciation and Amortization	(73,026)	(96,223)	(117,145)	(2,799)	1	(9,017)	(23,317)	(321,526)
Result of Statutory Participation	17,328	-	-	-	-	504,674	(505,995)	16,007
Net Financial Result	(68,094)	(50,895)	(95,877)	(1,412)	-	3,601	(8,238)	(220,915)
Net Income Before Minority Interests	238,458	101,214	206,014	4,752	46,085	484,595	(521,818)	559,300
Minority Interests	(73,609)	-	-	-	(1,096)	-	-	(74,705)
Net Income	164,849	101,214	206,014	4,752	44,989	484,595	(521,818)	484,595

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Comerc. + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ³
	6M18	6M18	6M18	6M18	6M18	6M18	6M18	6M18
Net Revenue¹	636,097	922,853	3,354,372	1,731,122	4,974	2,746	(561,589)	6,090,575
Infrastructure Construction Revenue	-	-	251,643	-	65,503	-	-	317,146
Transmission Construction Margin	-	-	-	-	(459)	-	-	(459)
Non-Manageable Expenditures	(117,269)	(565,437)	(2,440,823)	(1,615,436)	-	-	561,256	(4,177,709)
Gross Margin	518,828	357,416	913,549	115,686	4,515	2,746	(333)	1,912,407
Manageable Expenditures	(121,748)	(134,878)	(838,798)	(37,439)	(69,019)	(72,379)	(21,086)	(1,295,347)
PMTO	(44,277)	(54,028)	(450,891)	(34,808)	(3,516)	(49,073)	1,702	(634,891)
Gain and Loss on the Deactivation and Asset Sale	(138)	-	(36,629)	344	-	-	-	(36,423)
EBITDA	474,413	303,388	426,029	81,222	999	(46,327)	1,369	1,241,093
Depreciation and Amortization	(77,333)	(80,850)	(99,635)	(2,975)	-	(23,306)	(22,788)	(306,887)
Result of Statutory Participation	(4,355)	-	-	-	-	478,465	(481,120)	(7,010)
Net Financial Result	(111,257)	(64,473)	(56,554)	2,569	-	53,708	309	(175,698)
Net Income Before Minority Interests	206,289	122,137	181,547	51,532	646	441,792	(495,819)	508,124
Minority Interests	(66,327)	-	-	-	(5)	-	-	(66,332)
Net Income	139,962	122,137	181,547	51,532	641	441,792	(495,819)	441,792

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Comerc. + EDP GRID	Transmission	Holding	Others ² / Eliminations	Consolidated ³
	Var	Var	Var	Var	Var	Var	Var	Var
Net Revenue¹	6.4%	-17.1%	4.2%	-31.5%	n.a.	-32.7%	20.0%	-9.6%
Infrastructure Construction Revenue	n.a.	n.a.	15.8%	n.a.	1037.2%	n.a.	n.a.	226.8%
Transmission Construction Margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Non-manageable Expenditures	78.7%	-19.0%	2.1%	-29.4%	n.a.	n.a.	20.3%	-13.2%
Gross Margin	-10.0%	-14.1%	9.8%	-60.2%	n.a.	-32.7%	n.a.	0.0%
Manageable Expenditures	-7.5%	1.8%	9.9%	-10.0%	988.6%	-63.2%	19.0%	55.0%
PMTO	-10.6%	-23.4%	5.4%	-11.3%	78.0%	-64.1%	-214.6%	-3.4%
Gain and Loss on the Deactivation and Asset Sale	n.a.	n.a.	2.7%	-100.0%	n.a.	n.a.	n.a.	2.7%
EBITDA	-9.9%	-12.3%	15.1%	-81.4%	7768.6%	-66.0%	-142.7%	1.6%
Depreciation and Amortization	-5.6%	19.0%	17.6%	-5.9%	n.a.	-61.3%	2.3%	4.8%
Result of Statutory Participation	n.a.	n.a.	n.a.	n.a.	n.a.	5.5%	5.2%	n.a.
Net Financial Result	-38.8%	-21.1%	69.5%	n.a.	n.a.	-93.3%	n.a.	25.7%
Net Income Before Minority Interests	15.6%	-17.1%	13.5%	-90.8%	7033.9%	9.7%	5.2%	10.1%
Minority interests	11.0%	n.a.	n.a.	n.a.	21820.0%	n.a.	n.a.	12.6%
Net Income	17.8%	-17.1%	13.5%	-90.8%	6918.6%	9.7%	5.2%	9.7%

¹ Excludes construction revenues. ² considering Venture and Varejista. ³ considering group intercompany elimination.

2.1.1 NON-RECURRING EVENTS

Non-recurring events which impact analysis of the Company's results are discussed under EBITDA. Accounting changes made in the period are discussed in Attachment X.

2.1.2 REVENUES AND GROSS MARGIN

Items in R\$ Thousand or %	Consolidated					
	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	2,679,427	3,255,823	-17.7%	5,536,243	6,090,116	-9.1%
Non-Manageable Expenditures	(1,789,878)	(2,298,405)	-22.1%	(3,624,433)	(4,177,709)	-13.2%
Energy Purchased to Resell	(1,460,738)	(1,833,395)	-20.3%	(2,883,254)	(3,235,579)	-10.9%
Charges for Usage of Basic Network	(223,089)	(266,973)	-16.4%	(447,293)	(527,694)	-15.2%
Others	(106,051)	(198,037)	-46.4%	(293,886)	(414,436)	-29.1%
Gross Margin	889,549	957,418	-7.1%	1,911,810	1,912,407	0.0%

Notae Gross Margin excludes Construction Revenues.

Consolidated Net Revenue was down 17.7% in the quarter and 9.1% in the first half, due to:

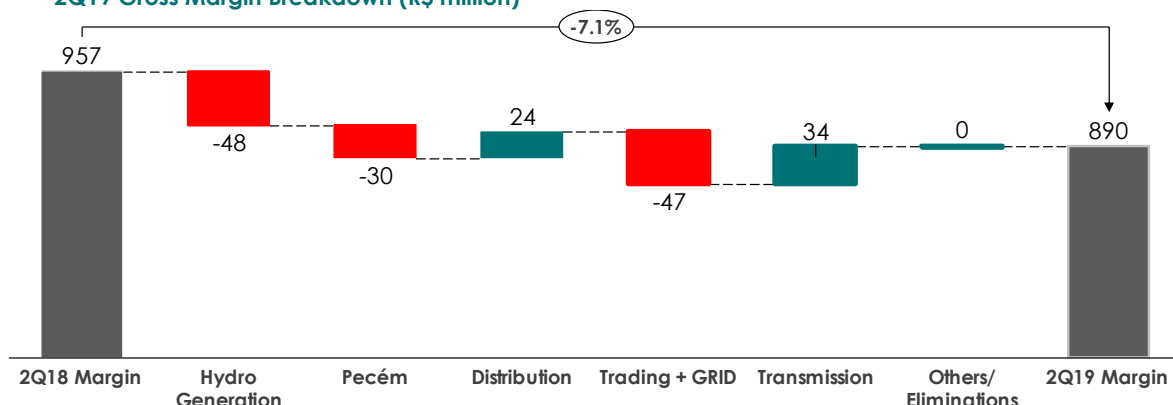
- Hydro:** negative effect associated with the period's lower PLD (Price for Settlement of Differences) compared with the previous year, in addition to the sale of EDP PCH, Costa Rica and Santa Fé;
- Pecém:** effect of reduced dispatching because of the changed energy scenario, partly offset by revenues from ancillary services (dispatching outside order of merit), in addition to the positive effect in the first half of 2018 from the booking ADOMP in the amount of R\$ 73.4 million⁴;
- Distribution:** lower recognition of VNR due to reduced inflation and over-contracting effects; and
- Trading:** reduced volume of energy sold and lower market liquidity.

Non-manageable expenditures were down 22.1% in the quarter and 13.2% in the first half, due to:

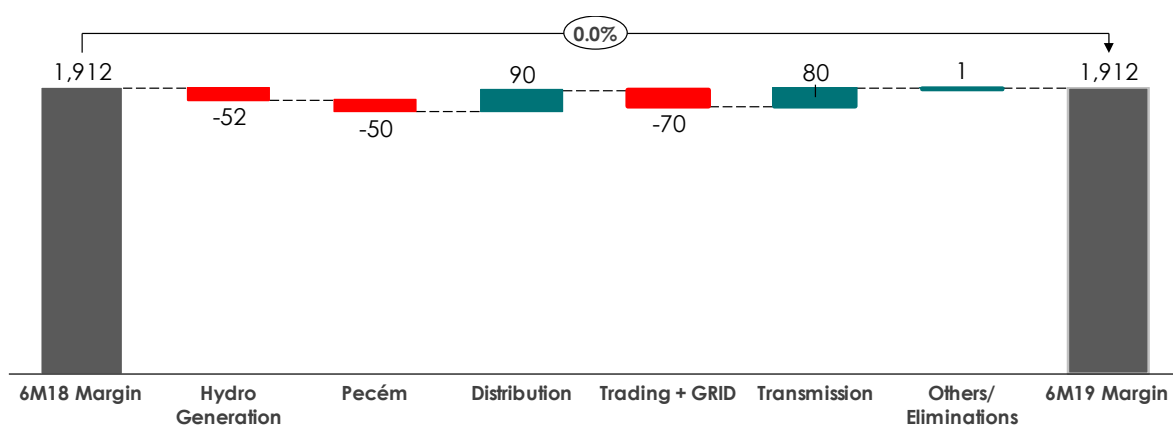
- Pecém:** reduced cost of energy purchased for inventories replenishment and acquisition of raw materials due to lower dispatching;
- Distribution:** reduced cost of energy purchased for resale and power grid charges; and
- Trading:** lower volume of energy purchased and lower short-term market liquidity.

⁴ 1Q18 value of R\$ 10.8 million and 2Q18 value of R\$ 62.6 million, net of PIS/COFINS

2Q19 Gross Margin Breakdown (R\$ million)



6M19 Gross Margin Breakdown (R\$ million)



Note: Gross Margin for the Transmission segment relates to Revenue from the Indemnifiable Financial Asset.

Gross Margin was R\$ 889.6 million in the quarter and R\$ 1.9 billion in the first half, reflecting the effects discussed above.

2.1.3 MANAGEABLE EXPENDITURES

The Company is proceeding with its Zero-Base Budget ("OBZ") program, begun in 2015, reporting a trajectory of expenditure control and management, underlining its commitment to maintain overheads below inflation. In this sense, recurring PMTO was R\$ 281.6 million in the quarter and R\$ 539.1 million in the first half, growth of 3.3% and 1.5%, respectively.

	2Q19	2Q18	Var	6M19	6M18	Var
PMTO	(271,560)	(291,525)	-6.8%	(533,448)	(560,974)	-4.9%
IFRS 16 Accountability (Rental)	(5,270)	-	n.a.	(10,807)	-	n.a.
New Businesses ¹	7,622	13,853	-45.0%	15,155	19,637	-22.8%
Sale of SHPPs effects	(14,388)	-	n.a.	(14,388)	-	n.a.
PMTO sale of SHPP	-	4,132	n.a.	-	7,556	n.a.
Costs with Associated Revenue	1,983	1,051	88.7%	4,405	2,647	66.4%
Other	(281,613)	(272,489)	3.3%	(539,083)	(531,134)	1.5%

¹ B2C, Solar, Transmissão, EDP Varejista and EDP Ventures.

Items in R\$ Thousand or %	Consolidated (Excluding Provisions)					
	2Q19	2Q18	Var	6M19	6M18	Var
Personnel	(128,810)	(121,647)	5.9%	(252,527)	(237,992)	6.1%
Material	(14,257)	(14,908)	-4.4%	(24,761)	(26,744)	-7.4%
Third-Party Services	(118,212)	(121,353)	-2.6%	(221,453)	(231,002)	-4.1%
Provision	(44,833)	(44,839)	0.0%	(79,582)	(73,917)	7.7%
Other	(10,281)	(33,617)	-69.4%	(34,707)	(65,236)	-46.8%
PMTO	(316,393)	(336,364)	-5.9%	(613,030)	(634,891)	-3.4%
PMTO (Excluding Provisions)	(271,560)	(291,525)	-6.8%	(533,448)	(560,974)	-4.9%
Gain/Loss on the Deactivation/Asset Sale	(17,399)	(24,760)	-29.7%	(37,389)	(36,423)	2.7%
Infrastructure Construction Costs	(602,409)	(197,651)	204.8%	(1,036,324)	(317,146)	226.8%
Depreciation and Amortization	(162,137)	(146,454)	10.7%	(321,526)	(306,887)	4.8%
Manageable Expenditures	(1,098,338)	(705,229)	55.7%	(2,008,269)	(1,295,347)	55.0%

The main items impacting PMTO in the quarter were:

- (i) Personnel – up 5.9% (+R\$ 7.2 million), due to the annual salary adjustment, the insourcing of distribution company staff, and transportation costs transferred from the Others line to Personnel;
- (ii) Others – down 69.4% (-R\$ 23.3 million), reflecting the revised sale of EDP PCH and Santa Fé and incremental physical guarantee of EDP PCH, generating a refund for the company post sale.

The main items impacting PMTO in the first half, in addition to the foregoing, were:

- (i) Personnel – up 6.1% (+R\$ 14.5 million), from increased health care plan expenditures and increased overtime, particularly in the distribution companies, due to the increase in average temperatures in the period;
- (ii) Third-Party Services – down 4.1% (-R\$ 9.5 million), reflecting lower expenditures on software purchases and consultancy, in addition to the booking of the previous quarter's PIS/COFINS credit from Pecém;
- (iii) Others – down 46.8% (-R\$ 30.5 million), reflecting the revised sale of EDP PCH and Santa Fé and incremental physical guarantee of EDP PCH, generating a refund for the Company post sale.

The **Provisions** account remained stable, as the increase in the PECLD line was offset by the reduction in the civil, fiscal and labor lawsuits provisions line. In the first half, the provisions line was up 7.7%, reflecting the increased PECLD explained in the distribution section.

The R\$ 7.4 million decrease in the **Gains and losses from deactivation and disposal of assets** line was due to the reduced level of meter and reconnector replacement at EDP ES. In the first half, the line was up 2.7%, due to grid efficiency investments.

The **Depreciation and Amortization** line was up R\$ 15.7 million, due to the effects of IFRS 16, in addition to increased service depreciation in Pecém because of a change in the machinery booking classification.

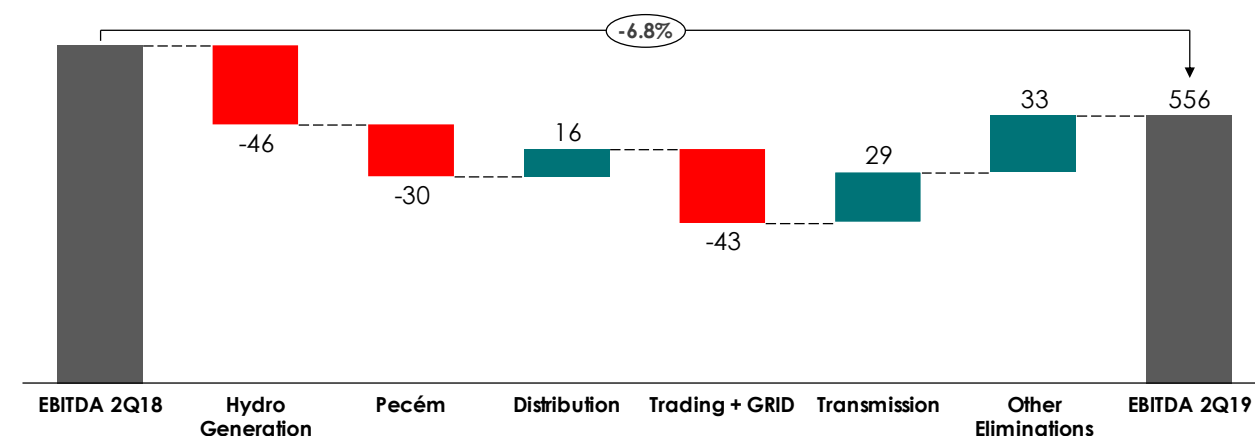
2.1.4. RESULTS FROM MINORITY STAKES

Items in R\$ Thousand or %	2Q19	2Q18	Var	6M19	6M18	Var
Santo Antônio do Jari (50.0%) ¹	11,102	4,882	127.4%	22,189	9,216	140.8%
Cachoeira Caldeirão (50.0%) ¹	(2,676)	(2,544)	5.2%	(3,857)	(3,496)	10.3%
São Manoel (33.3%) ¹	(10,402)	(7,750)	34.2%	(14,113)	(10,075)	40.1%
Celesc (23.56%) ¹	17,120	-	n.a.	13,109	-	n.a.
Others ²	(159)	(2,515)	-93.7%	(1,321)	(2,652)	-50.2%
Minority Interests Result	14,985	(7,928)	n.a.	16,007	(7,010)	n.a.

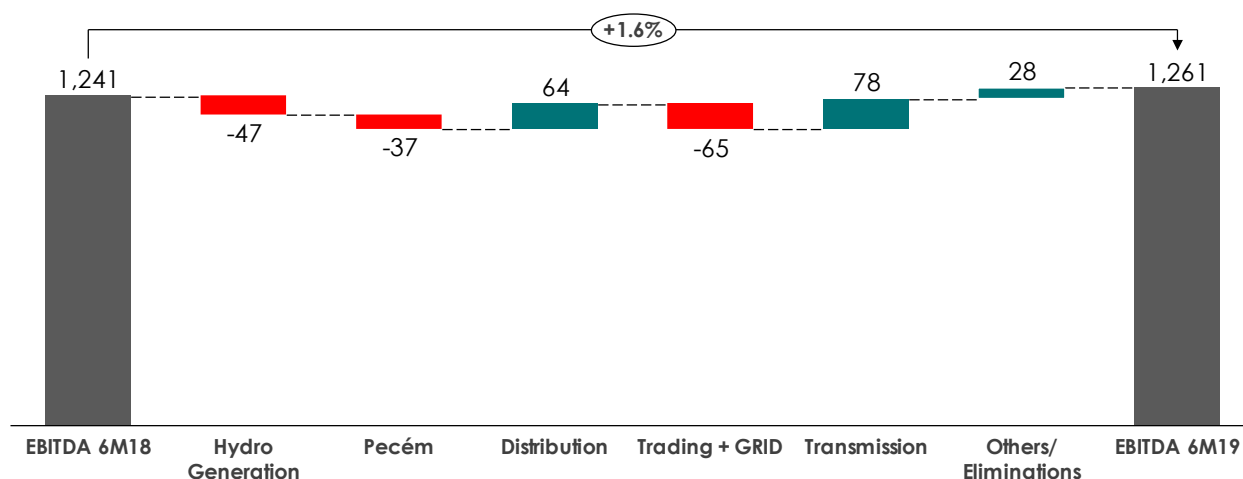
¹ Considers stake in assets; ² Considers equity income from Pecém TM, Pecém OM and Mabe.

2.1.5 EBITDA

2Q19 EBITDA Breakdown (R\$ million)



6M19 EBITDA Breakdown (R\$ million)



Note: Booking of the Transmission segment's results is in line with ICPC 01, IFRIC12

Items in R\$ Thousand or %	2Q19	2Q18	Var	6M19	6M18	Var
EBITDA	555,757	596,294	-6.8%	1,261,391	1,241,093	1.6%
Update of Indemnifiable Financial Assets (VNR)	(11,856)	(35,929)	-67.0%	(28,714)	(44,663)	-35.7%
Transmission EBITDA (IFRS)	(30,419)	(1,053)	2788.8%	(78,607)	(999)	7768.6%
Transmission RAP ¹ (IFRS)	5,573	-	n.a.	11,483	-	n.a.
Sale of PCH + Santa Fé and Costa Rica	-	(32,440)	n.a.	-	(63,945)	n.a.
Reimbursement do to the revision of FID ¹	-	(62,557)	n.a.	-	(73,421)	n.a.
Adjusted EBITDA	519,055	464,315	11.8%	1,165,553	1,058,065	10.2%
Minority Interests Result	14,985	(7,928)	-289.0%	16,007	(7,010)	n.a.
EBITDA in Accordance with CVM 527 Instruction	570,742	588,366	-3.0%	1,277,398	1,234,083	3.5%

¹Generation Uptime factor

Adjusted EBITDA was R\$ 519.1 million in the quarter and R\$ 1.2 billion in the first half, up 11.8% and 10.2%, respectively. Pursuant to CVM Instruction 527, EBITDA adjusted for minority stakes' equity income was R\$ 570.7 million in the quarter, down 3.0%, and R\$ 1.3 billion in the first half, up 3.5%.

2.1.6. FINANCIAL RESULT

Financial Results (R\$ Thousand)	Consolidated					
	2Q19	2Q18	Var	6M19	6M18	Var
Financial Revenue	269,364	194,921	38.2%	364,445	309,026	17.9%
Interest and Monetary Variation	289,922	93,777	209.2%	406,366	211,468	92.2%
Hedge and Swap Operations	(490)	30,582	n.a.	-	30,582	-100.0%
Gain with Investment Acquisition	-	63,694	n.a.	-	63,694	n.a.
Variações em moeda estrangeira	813	112	625.9%	1,167	589	98.1%
Adjustments to Present Value	(139)	8,555	n.a.	1,234	9,647	-87.2%
(-) Capitalized Interests	(14,568)	(383)	3703.7%	(32,128)	(383)	8288.5%
(-) Taxes on Financial Income	(6,972)	(5,953)	17.1%	(13,711)	(12,437)	10.2%
Other Financial Revenues	798	4,537	-82.4%	1,517	5,866	-74.1%
Financial Expenditures	(385,305)	(268,938)	43.3%	(585,360)	(484,724)	20.8%
Debt Charges	(141,730)	(163,809)	-13.5%	(274,136)	(303,019)	-9.5%
Interest and Monetary Variations	(236,536)	(96,697)	144.6%	(296,386)	(159,607)	85.7%
Variations in Foreign Currency	-	(1,281)	n.a.	-	(1,690)	n.a.
Swap and Hedge Operations	-	(290)	n.a.	-	(313)	n.a.
Adjustments to Present Value	(154)	(760)	-79.7%	(313)	(3,343)	-90.6%
(-) Capitalized Interests	33	-	n.a.	33	-	n.a.
Other Financial Expenditures	(6,918)	(6,101)	13.4%	(14,558)	(16,752)	-13.1%
Total	(115,941)	(74,017)	56.6%	(220,915)	(175,698)	25.7%

Financial Revenue was up 38.2% in the quarter and 17.9% in the first half, due to:

- An increase in the interest and monetary variation line, reflecting an increase in tax-related interest and penalties associated with the non-inclusion of ICMS in the PIS and COFINS taxable base. The line was also affected by an increase in return from financial investments arising from the higher cash balance; and
- A reduction in the gains from investment acquisitions line due to the positive effect booked in 2Q18, associated with gains from the purchase of a stake in Celesc.

Financial Expense was up 43.3% in the quarter and 20.8% in the first half, due to:

- An increase in the debt charges line arising from funds raised for the funding of transmission lines, partly offset by capitalized interest; and

- (ii) An increase in the interest and monetary variations line, due mainly to the sectoral financial assets/liabilities line, arising from the results of booking of the exclusion of ICMS from the PIS/COFINS taxable base.

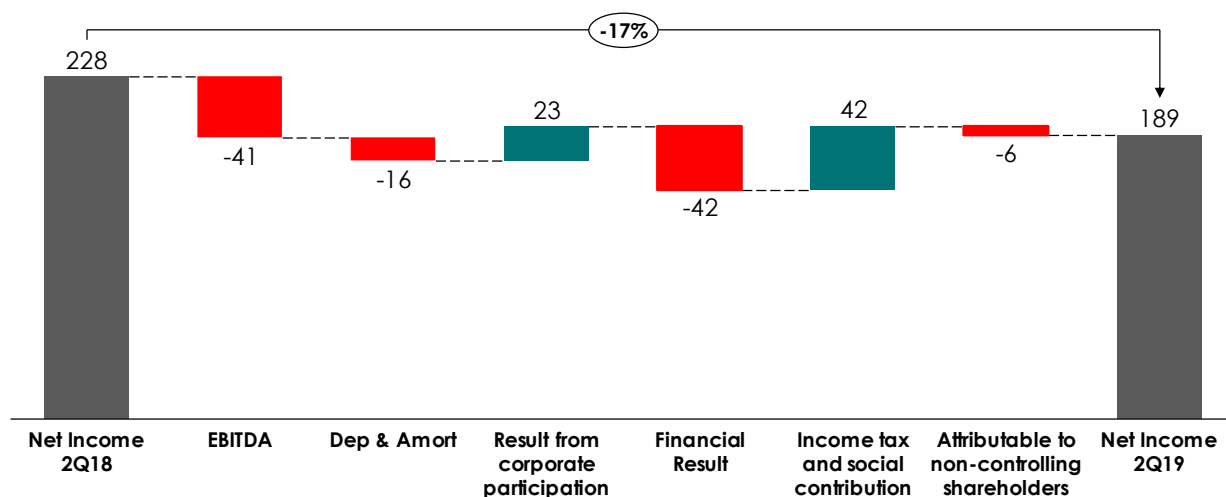
2.1.7. INCOME TAX AND SOCIAL CONTRIBUTION (IR/CS)

	2Q19	2Q18	Var	6M19	6M18	Var
Income Before Taxes on Profit	292,664	367,895	-20.4%	734,957	751,498	-2.2%
Tax Rate	34%	34%		34%	34%	
IR/CS	(99,506)	(125,084)	-20.4%	(249,885)	(255,509)	-2.2%
Additions/Eliminations						
Unrecognized Deferred Taxes	(3,251)	(15,323)	-78.8%	(10,442)	(30,744)	-66.0%
Adjustment to Prior Years	-	1,627	-100.0%	30,690	1,980	1450.0%
Adjustment Presumed Income	(1,432)	2,039	-170.2%	(2,357)	3,925	-160.1%
Results from Corporate Participation	5,094	(2,695)	-289.0%	5,442	(2,383)	-328.4%
SUDAM/SUDENE (Tax Benefits)	20,682	18,962	9.1%	54,229	43,161	25.6%
Others	(1,138)	(1,563)	-27.2%	(3,334)	(3,804)	-12.4%
Total	(79,551)	(122,037)	-34.8%	(175,657)	(243,374)	-27.8%
Effective Tax Rate	27.2%	33.2%	-6.0%	23.9%	32.4%	-8.5%

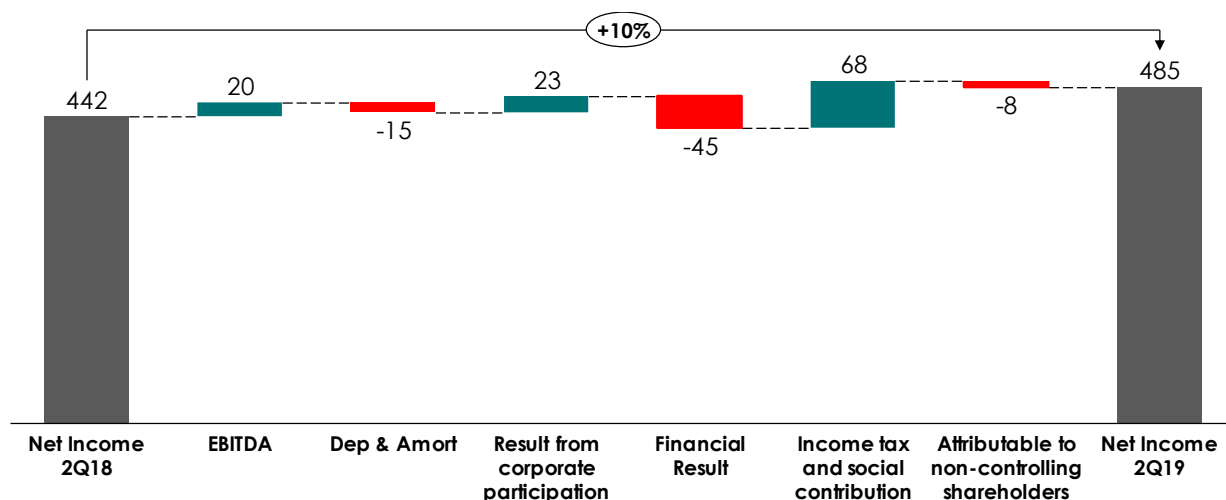
IR/CS was R\$ 79.6 million in the quarter and R\$ 175.7 million in the first half, down 34.8% and 27.8%, respectively. In addition to income, the effects of additions and eliminations reduced the taxable base because of the following effects: i) deferred taxes not recognized at the Holding company; ii) adjustments from previous fiscal years; and iii) SUDAM and SUDENE tax breaks.

2.1.8. Net Income

2Q19 Net Income Breakdown (R\$ million)



6M19 Net Income Breakdown (R\$ million)



Net Income was R\$189.0 million in the quarter, down 17.0%, and R\$ 484.6 million in the first half, up 9.7%.

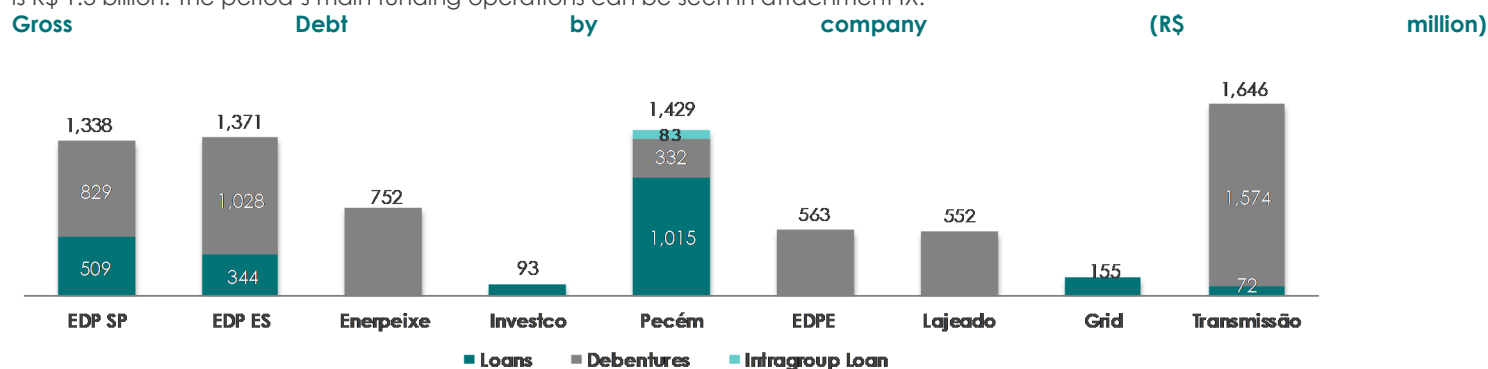
Items in R\$ Thousand or %	2Q19	2Q18	Var	6M19	6M18	Var
Income	188,960	227,676	-17.0%	484,595	441,792	9.7%
Update of Indemnifiable Financial Assets (VNR)	(7,825)	(23,713)	-67.0%	(18,951)	(29,478)	-35.7%
Transmission EBITDA (IFRS)	(20,077)	(695)	n.a.	(51,881)	(659)	n.a.
Transmission RAP (In Operation)	3,678	-	n.a.	7,579	-	n.a.
Sale of PCH + Santa Fé and Costa Rica	-	(21,410)	n.a.	-	(42,204)	n.a.
Reimbursement due to the revision of FID	-	(41,288)	n.a.	-	(48,458)	n.a.
Adjusted Net Income	164,736	140,570	17.2%	421,342	320,994	31.3%

Net income adjusted for the effects mentioned in the EBITDA section was R\$ 164.7 million in the quarter, an increase of 17.2% and R\$ 421.3 million in the first half, up 31.3%.

2.2. DEBT

2.2.1. GROSS DEBT

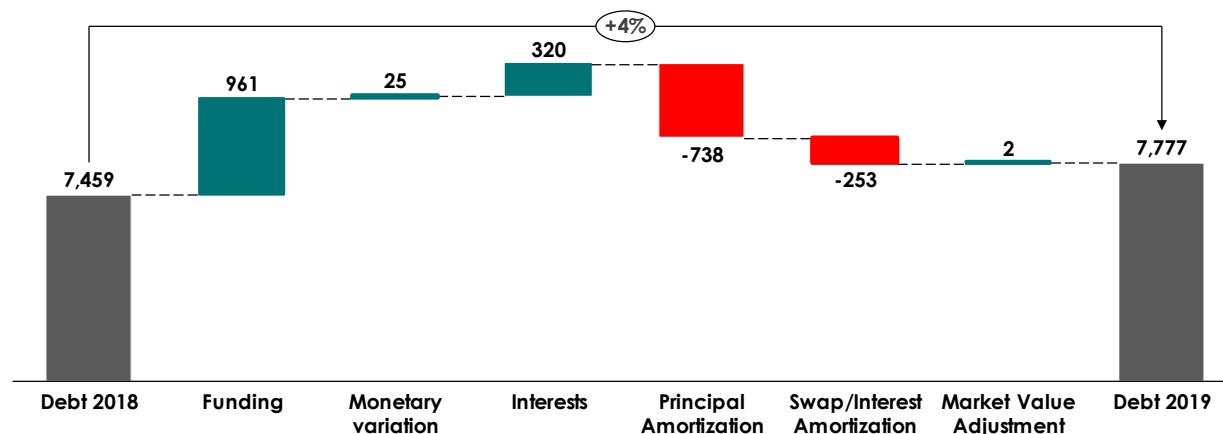
The Company reached the end of the period with R\$ 7.8 billion in Gross Debt. This excludes the debts on unconsolidated assets, which is R\$ 1.3 billion. The period's main funding operations can be seen in attachment IX.



Note: does not include intra-group intercompany eliminations in the amount of R\$ 123.2 million (Investco preferred shares categorized as debt and group intercompany loans).

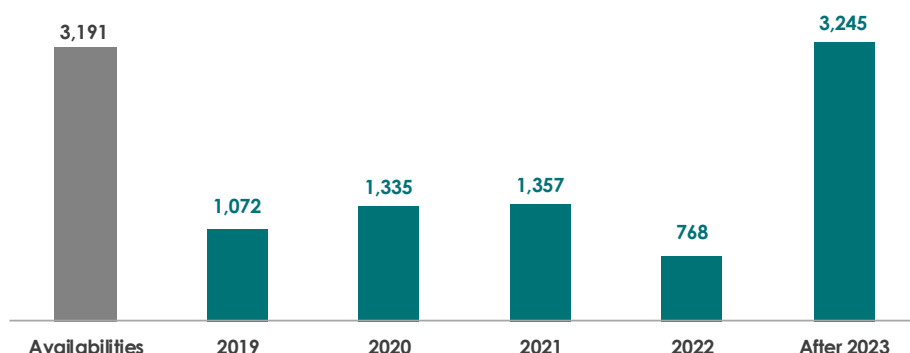
Amortization of Principal and Interest shown in the chart next concern: (i) BNDES, FINEM line, for the distribution companies and Pecém; (ii) Bridge Loan for the Santa Catarina transmission line; (iii) 5th, 7th, 8th and 9th Debentures issues of EDP SP; (iv) 3rd, 5th, 6th and 7th Debenture Issues of EDP ES; (v) EDP SP Bill of Exchange; and (vi) EDP ES Bill of Exchange.

Consolidated Gross Debt Breakdown (2019 in R\$ million)



Note: Funding includes transaction costs incurred with debenture issues.

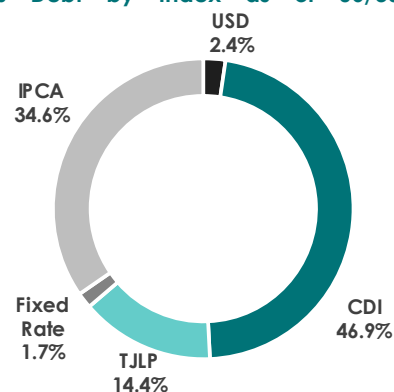
Debt Maturity Profile ¹ (R\$ million)



Note: Amounts take into account principal + charges + results from hedge operations

The average cost of debt in the period was 8.9% p.a., versus 8.6% as of year-end 2018, considering the capitalized interest and charges incurred on the debt. The change in average cost reflects the IPCA increase (from 3.7% p.a. in Dec/2018 to 4.7% p.a. in May/2019). Average debt maturity was 3.4 years. Considering the debts of the companies where the Company has a stake, average maturity would be 4.1 years and average cost would remain unchanged.

Gross Debt by Index as of 06/30/2019

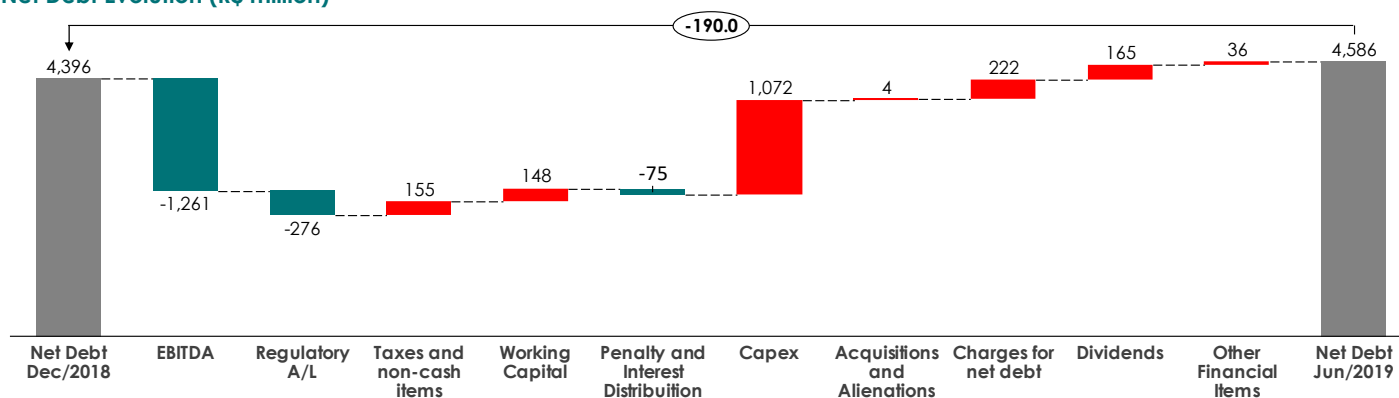


Note: Loans denominated in foreign currency are hedged against USD FX risk. Therefore, the CDI would be 49.3% without changes to other indices.

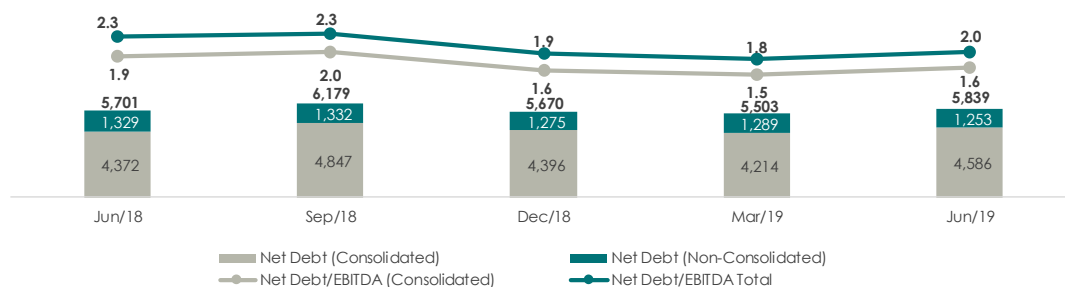
2.2.2 OPERATING CASH FLOW, NET DEBT AND LEVERAGE

Considering operating cash generation and cash outlays in the period, in addition to the pledge associated with the Transmission debt, Net Debt was R\$ 4.6 billion up 4.3% from the balance as of year-end 2018.

Net Debt Evolution (R\$ million)



Net Debt-to-EBITDA of the consolidated assets was 1.6X and 2.0X, considering the proportional stake in Jari, Cachoeira Caldeirão and São Manoel. Ex- non-recurring effects of the past 12 months, Net Debt-to-EBITDA would be 2.0X.



Note: Considers EDP's proportional stake in unconsolidated projects. Cash considers cash, securities and the security deposit associated with funding for the Santa Catarina Transmission Line.

2.3. VARIATION IN FIXED ASSETS

Fixed Assets were up R\$ 396.8 million and R\$ 723.6 million in the quarter and the first half, respectively, due to the advancing Transmission construction works.

Total						
Capex (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Distribution	129,192	147,043	-12.1%	291,405	251,643	15.8%
EDP São Paulo	70,334	66,366	6.0%	136,634	121,455	12.5%
EDP Espírito Santo	58,858	80,677	-27.0%	154,771	130,188	18.9%
Generation	5,534	16,133	-65.7%	25,074	26,479	-5.3%
Enerpeixe	730	1,836	-60.2%	1,560	2,269	-31.2%
Energest	250	307	-18.6%	728	539	35.1%
EDP PCH	-	1,270	-100.0%	-	4,344	-100.0%
Lajeado / Investco	946	894	5.8%	1,323	2,421	-45.4%
Pecém	3,608	11,816	-69.5%	21,463	16,681	28.7%
Costa Rica	-	-	n.a.	-	44	-100.0%
Santa Fé	-	10	-100.0%	-	181	-100.0%
Transmission	473,217	50,609	835.1%	744,919	65,504	1037.2%
Others	3,654	1,005	263.6%	7,992	2,149	271.9%
Total	611,597	214,790	184.7%	1,069,390	345,774	209.3%

In the Distribution segment, investments were R\$ 129.2 million⁵ in the quarter, down 12.1%, due to reduced investment in EDP ES. In EDP SP, the increase in investments reflects the execution of projects focusing on reducing non-technical losses. In the first half, investments were R\$ 291.4 million, up 15.8%.

EDP São Paulo						
Capex - Distribution (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Total Capex Net of Special Obligations	73,600	68,260	7.8%	147,875	126,172	17.2%
(+) Special Obligations	465	506	-8.1%	1,344	871	54.3%
Gross Value	74,065	68,766	7.7%	149,219	127,043	17.5%
(-) Interest Capitalization	(3,731)	(2,399)	55.5%	(12,584)	(5,587)	125.2%
Value net of Interest Cap.	70,334	66,367	6.0%	136,634	121,455	12.5%

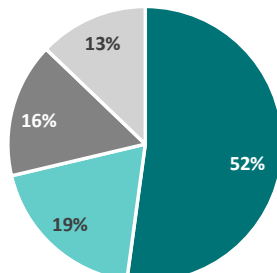
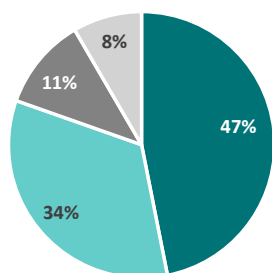
EDP Espírito Santo						
Capex - Distribution (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Total Capex Net of Special Obligations	78,048	83,337	-6.3%	169,397	140,624	20.5%
(+) Special Obligations	628	719	-12.7%	1,329	1,492	-10.9%
Gross Value	79,377	84,056	-5.6%	170,726	142,116	20.1%
(-) Interest Capitalization	(20,519)	(3,379)	507.3%	(15,956)	(11,928)	33.8%
Value net of Interest Cap.	58,857	80,677	-27.0%	154,771	130,188	18.9%
Distribution	129,192	147,043	-12.1%	291,405	251,643	15.8%

The distribution companies investments the first half were allocated as follows:

⁵ Net of special obligations and excess-demand revenues.

EDP SP

EDP ES



- Expansion
- Improvement in Network
- Telecom, IT and Others
- Loss Reduction

The change in Generation concerns maintenance (major overhaul) investments made in Pecém over the course of the first half of 2018. The change in Transmission reflects advancing construction works, in particular, work on lots 11 and 21. In other segments (Holding, Services and Grid), investments in new energy efficiency projects are noteworthy.

The Company's investments including unconsolidated assets were R\$ 618.4 million, up 161.9%.

Capex (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Distribution	129,192	147,043	-12.1%	291,405	251,643	15.8%
Generation	12,389	37,485	-66.9%	34,077	85,310	-60.1%
Generation Others	5,534	16,133	-65.7%	25,074	26,479	-5.3%
Santo Antonio do Jari HPP ¹	78	45	72.3%	217	294	-26.1%
Cachoeira Caldeirão HPP ¹	564	371	52.0%	963	864	11.4%
São Manoel HPP ¹	6,214	20,936	-70.3%	7,824	57,673	-86.4%
Transmission	473,217	50,609	835.1%	744,919	65,504	1037.2%
Others	3,654	1,005	263.6%	7,992	2,149	271.9%
Total	618,452	236,142	161.9%	1,078,393	404,606	166.5%

¹ Considers EDP participation.

3. PERFORMANCE BY BUSINESS SEGMENT

3.1. DISTRIBUTION

3.1.1. RESULT

Items in R\$ Thousand or %	EDP São Paulo			EDP Espírito Santo			Consolidated		
	2Q19	2Q18	Var	2Q19	2Q18	Var	2Q19	2Q18	Var
Net Operating Revenue	907,839	1,002,874	-9.5%	776,372	774,679	0.2%	1,684,211	1,777,553	-5.3%
Non-Manageable Expenditures	(674,804)	(772,690)	-12.7%	(541,772)	(560,724)	-3.4%	(1,216,576)	(1,333,414)	-8.8%
Energy Purchased to Resell	(563,092)	(628,398)	-10.4%	(467,352)	(475,827)	-1.8%	(1,030,444)	(1,104,225)	-6.7%
Charges for Usage of Basic Network	(111,472)	(143,992)	-22.6%	(74,231)	(84,601)	-12.3%	(185,703)	(228,593)	-18.8%
Other	(240)	(300)	-20.0%	(189)	(296)	-36.1%	(429)	(596)	-28.0%
Gross Margin	233,035	230,184	1.2%	234,600	213,955	9.6%	467,635	444,139	5.3%
Manageable Expenditures	(237,256)	(218,600)	8.5%	(212,400)	(235,691)	-9.9%	(449,656)	(454,291)	-1.0%
PMTO	(129,303)	(117,763)	9.8%	(116,648)	(115,742)	0.8%	(245,951)	(233,505)	5.3%
Personnel	(46,930)	(42,239)	11.1%	(41,062)	(34,329)	19.6%	(87,992)	(76,568)	14.9%
Material	(5,300)	(4,723)	12.2%	(3,258)	(3,422)	-4.8%	(8,558)	(8,145)	5.1%
Third-Party Services	(41,852)	(39,819)	5.1%	(45,432)	(42,074)	8.0%	(87,284)	(81,893)	6.6%
Provision	(24,732)	(17,476)	41.5%	(20,073)	(26,568)	-24.4%	(44,805)	(44,044)	1.7%
Other	(10,489)	(13,506)	-22.3%	(6,823)	(9,349)	-27.0%	(17,312)	(22,855)	-24.3%
Gain and Loss on the Deactivation and Asset Sale	(8,504)	(9,223)	-7.8%	(9,020)	(13,604)	-33.7%	(17,524)	(22,827)	-23.2%
EBITDA	95,228	103,198	-7.7%	108,932	84,609	28.7%	204,160	187,807	8.7%
EBITDA Margin	10.5%	10.3%	0.2%	14.0%	10.9%	3.1%	12.1%	10.6%	1.6%

Items in R\$ Thousand or %	EDP São Paulo			EDP Espírito Santo			Consolidated		
	6M19	6M18	Var	6M19	6M18	Var	6M19	6M18	Var
Net Operating Revenue	1,858,414	1,869,360	-0.6%	1,636,738	1,485,012	10.2%	3,495,152	3,354,372	4.2%
Non-Manageable Expenditures	(1,356,497)	(1,389,577)	-2.4%	(1,135,138)	(1,051,246)	8.0%	(2,491,635)	(2,440,823)	2.1%
Energy Purchased to Resell	(1,133,026)	(1,105,400)	2.5%	(985,134)	(883,205)	11.5%	(2,118,160)	(1,988,605)	6.5%
Charges for Usage of Basic Network	(222,984)	(283,606)	-21.4%	(149,623)	(167,547)	-10.7%	(372,607)	(451,153)	-17.4%
Other	(487)	(571)	-14.7%	(381)	(494)	-22.9%	(868)	(1,065)	-18.5%
Gross Margin	501,917	479,783	4.6%	501,600	433,766	15.6%	1,003,517	913,549	9.8%
Manageable Expenditures	(462,623)	(417,403)	10.8%	(458,960)	(421,395)	8.9%	(921,583)	(838,798)	9.9%
PMTO	(249,927)	(230,401)	8.5%	(225,477)	(220,490)	2.3%	(475,404)	(450,891)	5.4%
Personnel	(94,000)	(85,151)	10.4%	(78,041)	(68,911)	13.2%	(172,041)	(154,062)	11.7%
Material	(9,607)	(7,790)	23.3%	(7,198)	(6,308)	14.1%	(16,805)	(14,098)	19.2%
Third-Party Services	(83,000)	(79,692)	4.2%	(90,766)	(86,294)	5.2%	(173,766)	(165,986)	4.7%
Provision	(39,027)	(31,772)	22.8%	(36,854)	(43,103)	-14.5%	(75,881)	(74,875)	1.3%
Other	(24,293)	(25,996)	-6.6%	(12,618)	(15,874)	-20.5%	(868)	(1,065)	-18.5%
Gain and Loss on the Deactivation and Asset Sale	(18,872)	(16,138)	16.9%	(18,757)	(20,491)	-8.5%	(37,629)	(36,629)	2.7%
EBITDA	233,118	233,244	-0.1%	257,366	192,785	33.5%	490,484	426,029	15.1%
EBITDA Margin	12.5%	12.5%	0.1%	15.7%	13.0%	2.7%	14.0%	12.7%	1.3%

Note: Gross Margin excludes Construction Revenues.

Net Revenue except for Construction Revenues was R\$ 1.7 billion in the quarter, down 5.3%. Despite the higher volume and tariffs in both distribution companies, the result endured the effects of lower recognized VNR, reflecting the difference in IPCA adjustment between periods, in addition to the over-contracting gains in 2Q18. In the first half, Net Revenue was R\$ 3.5 billion (+4.2%), reflecting increased volume in the distribution companies, in addition to the period's tariff effect.

The distributed volume of energy was up 2.5% in the quarter and 3.8% in the first half, according to the market report available at: 2Q19 Market Report. Average tariff was up 13.9% for EDP SP and 13.0% for EDP ES, due to the tariff adjustments in 2Q18.

Average Tariff (R\$/MWh)						
	EDP São Paulo			EDP Espírito Santo		
	2Q19	2Q18	Var	2Q19	2Q18	Var
Residential	558.40	484.37	15.3%	551.50	476.79	15.7%
Industrial	523.31	469.19	11.5%	546.52	477.89	14.4%
Commercial	555.45	489.64	13.4%	568.83	504.67	12.7%
Rural	430.53	359.19	19.9%	368.31	332.52	10.8%
Others	536.46	474.98	12.9%	438.09	392.75	11.5%
Total	535.98	470.5	13.9%	511.1	452.2	13.0%

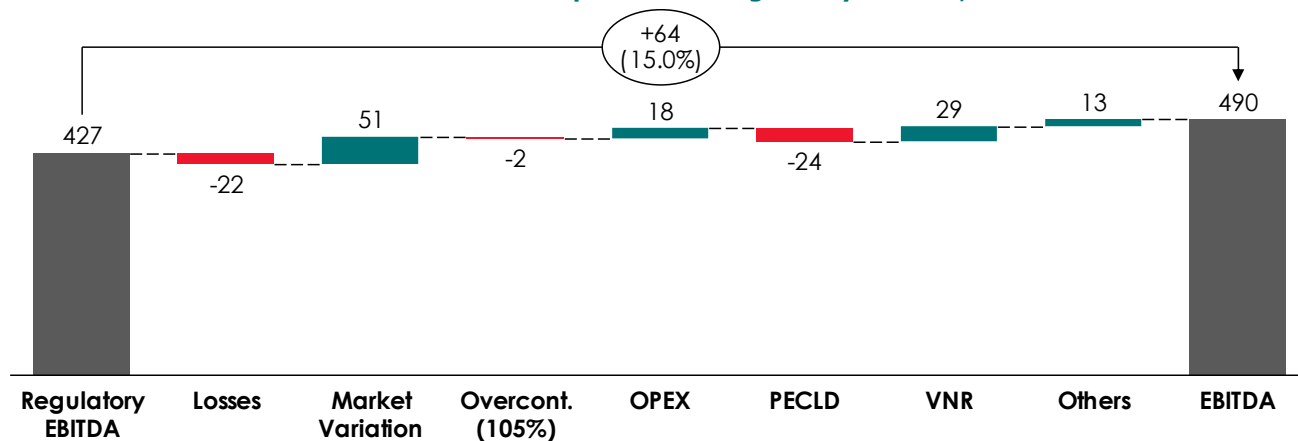
Non-manageable expenditures were R\$ 1.2 billion, down 8.8% due to the lower cost of electric energy purchased for resale, reflecting the lower average purchasing price at distribution companies (EDP SP R\$ 187.5/MWh and EDP ES R\$ 196.3/MWh), due to the improved energy scenario and reduced dispatching from thermal plants, in addition to lower grid usage charges. In the first half, expenditures were R\$ 2.5 billion, under impact from 1Q19's expenditures. Gross Margin was R\$ 467.6 million in the quarter and R\$ 1.0 billion in the first half, due to the effects mentioned before, plus:

R\$ Million	EDP São Paulo			EDP Espírito Santo			Total Distribution		
	2Q19	2Q18	Var	2Q19	2Q18	Var	2Q19	2Q18	Var
Non-Indemnified Financial Asset	3.2	14.0	(10.8)	8.6	22.0	(13.3)	11.9	35.9	(24.1)
Losses	(4.2)	(4.9)	0.7	(3.5)	(5.0)	1.4	(7.7)	(9.8)	2.1
Overcontracting	(2.2)	1.3	(3.5)	-	4.9	(4.9)	(2.2)	6.2	(8.4)
Market	(4.6)	-	(4.6)	15.9	-	15.9	11.2	-	11.2
Tariff Effect	24.4	-	24.4	6.0	-	6.0	30.5	-	30.5
Other Revenues	17.1	15.2	1.9	8.9	8.4	0.5	26.0	23.6	2.4
Other Effects	(5.3)	-	(5.3)	15.0	-	15.0	9.7	-	9.7
Total	28.4	25.6	2.9	50.9	30.3	20.6	79.3	55.8	23.5

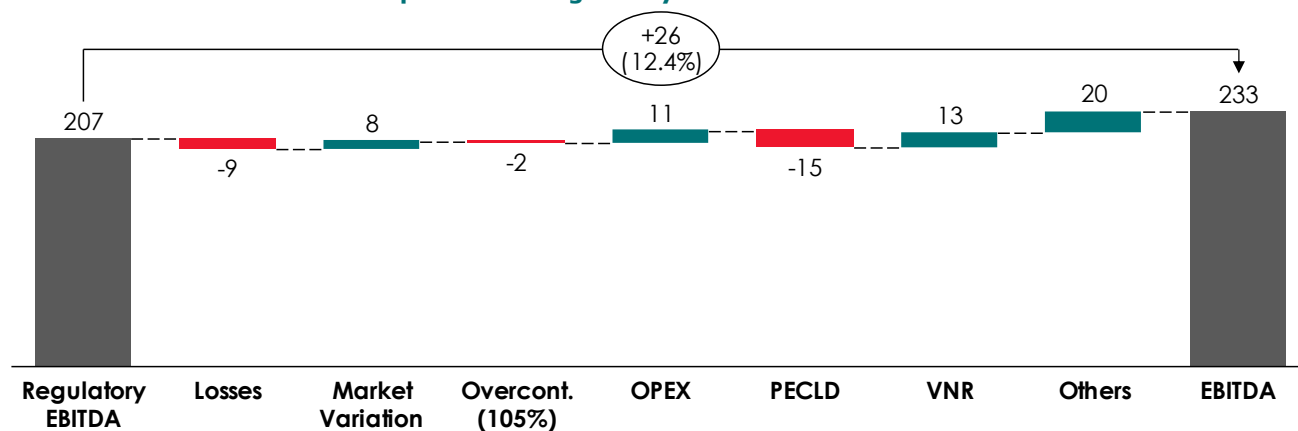
R\$ Million	EDP São Paulo			EDP Espírito Santo			Total Distribution		
	6M19	6M18	Var	6M19	6M18	Var	6M19	6M18	Var
Non-Indemnified Financial Asset	13.0	16.5	(3.5)	15.7	28.1	(12.4)	28.7	44.6	(15.9)
Losses	(9.2)	(8.8)	(0.4)	(12.3)	(10.7)	(1.6)	(21.5)	(19.6)	(2.0)
Overcontracting	(1.6)	1.3	(2.9)	-	9.2	(9.2)	(1.6)	10.4	(12.0)
Market	7.7	-	7.7	43.8	-	43.8	51.4	-	51.4
Tariff Effect	59.5	-	59.5	23.6	-	23.6	83.1	-	83.1
Other Revenues	33.1	31.4	1.6	16.9	16.4	0.6	50.0	47.8	2.2
Other Effects	(39.9)	-	(39.9)	22.9	-	22.9	(17.0)	-	(17.0)
Total	62.5	40.3	22.2	110.6	42.9	67.7	173.1	83.2	89.9

The quarter's manageable expenditures were R\$ 449.7 million down 1.0%, due to reduced replacement of meters and reconnectors, particularly at EDP ES. In the first half, expenditures were up 9.9%, due mainly to an increase in the personnel account reflecting team rebuilding (insourcing) and the annual wage adjustment.

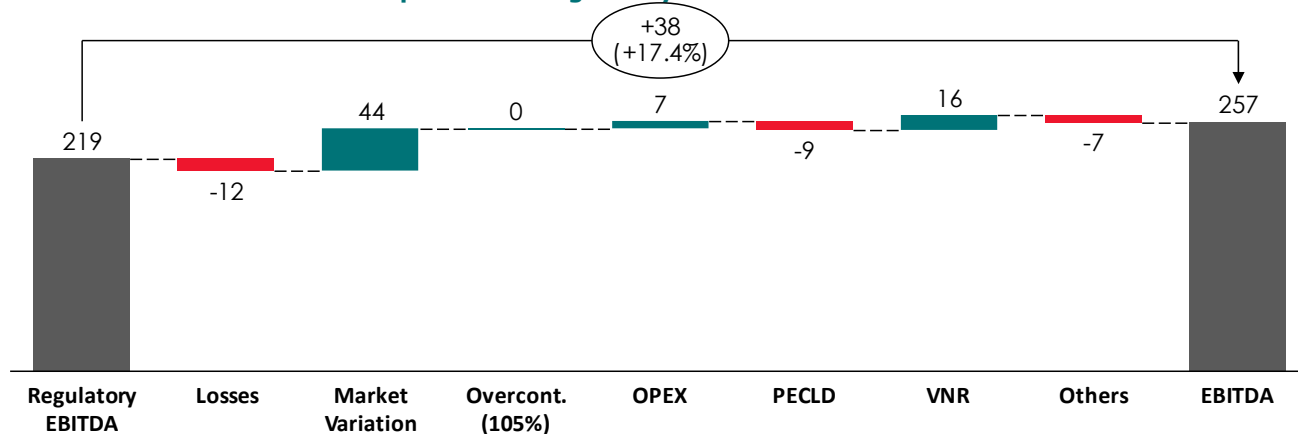
Consolidated EBITDA of the Distribution Companies' vs. Regulatory EBITDA, 2019 – 6M19



EBITDA of the Distribution Companies vs. Regulatory EBITDA 2019 – EDP SP – 6M19



EBITDA of the Distribution Companies vs. Regulatory EBITDA 2019 – EDP ES – 6M19



3.1.2 CONSOLIDATED ENERGY BALANCE

Out of the total Required Energy, 58.1% were allocated to EDP SP and 41.9% to EDP ES.

	EDP São Paulo	EDP Espírito Santo	EDP Distribution
Itaipu + Proinfa	608,891	388,102	996,993
Auction	2,189,807	1,657,111	3,846,917
Others ¹	3,039	116,438	119,477
Energy in Transit	1,835,025	1,047,930	2,882,955
Total Required Energy	4,636,762	3,209,581	7,846,343
Transmission Losses (+)	55,278	28,349	83,627
Losses from Itaipu (+)	33,509	21,115	54,624
Short Term Sales (-)	-126,652	-51,419	-178,071
Short Term Adjustments (-)	-3,668	1,267	-2,401
Total Losses	219,107	99,616	318,723
MCSD New Energy Assignment (+)	38,185	-28,939	9,246
MVE (Surplus Commercialization Mechanism)	243,032	155,626	398,658
Total Sales	281,217	126,686	407,904
Required Energy	4,136,439	2,983,278	7,119,717
Wholesale Supply	11,951	51,326	63,277
Retail Supply	1,993,439	1,541,599	3,535,037
Losses and Differences	296,024	342,423	638,447
Energy in Transit	1,835,025	1,047,930	2,882,955
Total Energy Distributed	4,136,439	2,983,278	7,119,717

¹ Bilateral agreements and short-term purchases. Note: the energy balance considers metered energy.

3.1.3 LOSSES

Accumulated Losses in the Last 12 Months (GWh or %)	EDP São Paulo						EDP Espírito Santo					
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	ANEEL	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	ANEEL
Input of Energy in Grid (A)	16,547	16,585	16,595	16,680	16,696	-	11,309	11,519	11,655	11,886	12,116	-
Technical (B)	923	927	928	936	938	-	892	885	878	899	925	-
Non-technical (C)	479	472	472	438	444	-	528	537	513	557	585	-
Total (B+C)	1,402	1,399	1,400	1,374	1,382	-	1,420	1,422	1,391	1,455	1,510	-
Technical (B/A)	5.58%	5.59%	5.59%	5.61%	5.62%	4.59%	7.89%	7.69%	7.53%	7.56%	7.63%	7.14%
Non-technical (C/A)	2.89%	2.85%	2.84%	2.63%	2.66%	3.02%	4.67%	4.66%	4.40%	4.68%	4.83%	4.61%
Total (B+C/A)	8.47%	8.43%	8.43%	8.24%	8.28%	7.61%	12.56%	12.35%	11.94%	12.24%	12.46%	11.75%
Low Tension Accumulated Losses in the Last 12 Months (GWh or %)	EDP São Paulo						EDP Espírito Santo					
	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	ANEEL	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	ANEEL
Low Tension Demand (D)	5,548	5,551	5,577	5,634	5,644	-	4,433	4,535	4,604	4,723	4,847	-
Low Tension Commercial Losses (C/D)	8.63%	8.51%	8.46%	7.78%	7.88%	8.87%	11.91%	11.84%	11.15%	11.78%	12.07%	11.45%
Total (C/D)	8.63%	8.51%	8.46%	7.78%	7.88%	8.87%	11.91%	11.84%	11.15%	11.78%	12.07%	11.45%

Total losses at EDP SP were down 0.19 p.p. YoY; as for technical losses, the system's load has been stabilized. Expansion work conducted over the course of 2018 contributed to the stabilization of losses and ensuring demand was met, leading to improved quality indicators.

Non-technical low-voltage losses were down 0.75 p.p. YoY, due to intensified investments in the loss combat program and meters and telemetering modernization. The Company invested R\$ 13.0 million in the period and completed more than 16 thousand inspections, in the process recovering R\$ 6.3 million in revenues.

At EDP ES, total losses were down 0.10 p.p. YoY reflecting increased load fed into the system because of the period's high temperatures.

Non-technical low-voltage losses were up 0.16 p.p. YoY, due to the impacts mentioned before, despite the intensified loss-combat program. Investments in the program were R\$ 18.3 million in the period, with more than 17 thousand inspections conducted, enabling the recovery of R\$ 11.3 million in revenues.

3.1.4. QUALITY INDICATORS

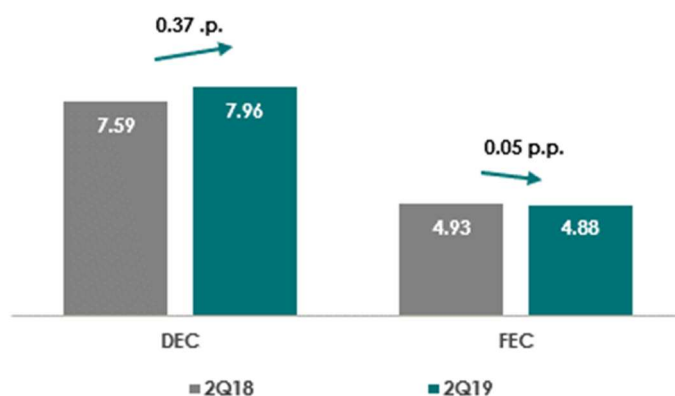
EDP ES's service quality indicators remained within ANEEL standards. At EDP SP, the high rainfall experienced in the early months of the year impacted DEC, which was slightly above regulatory levels. The Company expects normalization by the end of the year.

Despite the massive impact of weather-related factors, indicators were kept at these levels because of steps taken, including:

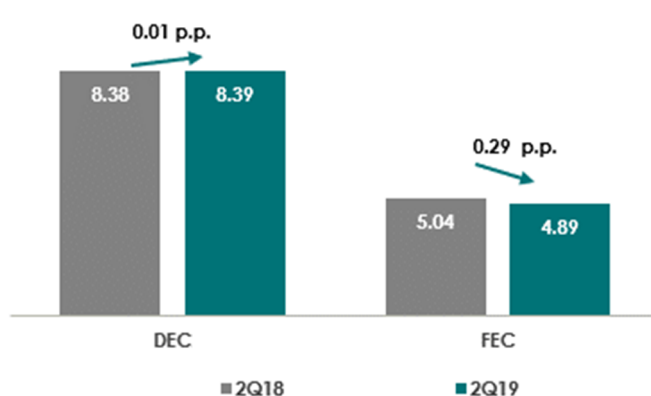
- Structuring the "DEC Down Project" which led, over the course of the quarter, to 90 new actions intended to ensure the positive trend in continuity indicators;
- Investment in structural construction works for predictive and preventive maintenance, where such funds are strategically allocated and prioritized based on the market's conditions and the system's performance.

- Hiring of new teams and purchase of new vehicles for service and maintenance actions.

EDP SP



EDP ES



Note: Previous DEC and FEC
 ANEEL Annual Regulatory Target for 2018
 EDP São Paulo: DEC 7.68 / FEC: 6.04
 EDP Espírito Santo: DEC: 9.55 / FEC: 6.85

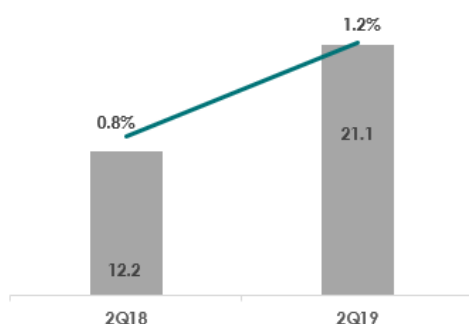
3.1.5. PECLD – ESTIMATED LOSSES FROM DELINQUENCY AND DEFAULT

PECLD was R\$ 35.8 million in the quarter and R\$ 58.1 million in the first half, up R\$ 11.2 million and R\$ 8.7 million, respectively, according to the Estimated Losses and Delinquency and Default (PECLD) methodology as defined by IFRS 9.

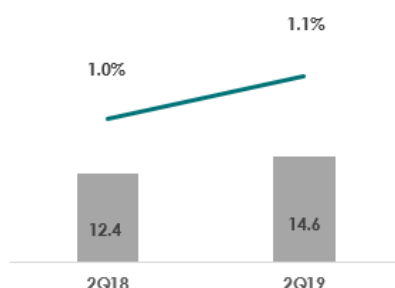
The increase is the result of the creation of a new expected losses table for Irregular Consumption, with provision percentages higher than applicable to Regular Consumption (see Explanatory Notes 7.6). As a result, a specific provisioning table came into effect in 2019, whereas in 2018 Irregular Consumption billings were provisioned under the general expected losses table.

Estimated PECLD								
Consumers	EDP São Paulo				EDP Espírito Santo			
	Non-regular Consumption		Regular Consumption		Non-regular Consumption		Regular Consumption	
	Low Voltage	High Voltage	Low Voltage	High Voltage	Low Voltage	High Voltage	Low Voltage	High Voltage
Residential	29.86%	n/a	0.92%	0.00%	26.55%	n/a	1.16%	0.00%
Industrial	23.18%	79.62%	1.39%	0.49%	32.82%	1.50%	1.23%	0.19%
Commercial, Services and Others	11.27%	n/a	0.66%	0.46%	7.65%	n/a	0.63%	0.45%
Rural	26.80%	n/a	0.38%	0.00%	10.51%	n/a	1.47%	0.34%
Public Authority	n/a	n/a	0.04%	0.04%	n/a	n/a	0.00%	0.00%
Public Illumination	n/a	n/a	0.00%	0.00%	n/a	n/a	0.08%	0.03%
Public Service	n/a	n/a	0.01%	0.02%	n/a	n/a	0.15%	0.03%

EDP SP



EDP ES



■ PECLD - R\$/Million — PECLD/Revenue

3.1.6. REGULATORY ASSETS AND LIABILITIES

As of June 30, the balance of regulatory assets was R\$ 43.4 million, due to:

- (i) Purchase of energy: reduction due to realized CCEAR energy costs lower than the cost of energy recognized under the tariff readjustment, particularly in the energy availability category, impacted by low thermal dispatching. In addition, the cost of power purchasing agreements is lower than the certified coverage tariff, leading to a reduction in the sectoral asset component;
- (ii) Cost of energy from Itaipu: difference in US Dollar exchange rate between periods;
- (iii) Charges (ESS/EER): constitution of regulatory liability, as the cost of ESS/ERR was below projections in relation with the respective tariff covers for the period under analysis. A portion of the liability is already covered by the October 2018 tariffs adjustment, and another portion will be covered in the 2019 tariff review.
- (iv) Over-contracting: the change is due to the distribution companies' participation in the MVE, a mechanism under which energy was decontracted for the Feb-Dec 2019 period; and
- (v) Other: the change includes the balances of Excess Demand and Sectoral Charges Neutrality.

	EDP Consolidated						
	Dec-18	Appropriation	Amortization	Update	Others	Jun-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	911,732	17,694	(386,442)	26,735	-	569,719	(342,013)
Charges	(179,049)	(51,506)	91,934	(4,709)	-	(143,330)	35,719
Overcontracting (100% to 105%)	(105,179)	39,633	41,170	(3,586)	-	(27,962)	77,217
Others	(311,923)	(90,641)	62,109	(14,557)	-	(355,012)	(43,089)
Total	315,581	(84,820)	(191,229)	3,883	-	43,415	(272,166)

	EDP São Paulo						
	Dec-18	Appropriation	Amortization	Update	Others	Jun-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	513,127	(4,384)	(209,353)	16,449	-	315,839	(197,288)
Charges	(86,523)	(25,913)	39,160	(2,252)	-	(75,528)	10,995
Overcontracting (100% to 105%)	3,973	10,289	(5,579)	(113)	-	8,570	4,597
Others	(228,736)	(24,670)	36,271	(10,730)	-	(227,865)	871
Total	201,841	(44,678)	(139,501)	3,354	-	21,016	(180,825)

	EDP Espírito Santo						
	Dec-18	Appropriation	Amortization	Update	Others	Jun-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	398,605	22,078	(177,089)	10,286	-	253,880	(144,725)
Charges	(92,526)	(25,593)	52,774	(2,457)	-	(67,802)	24,724
Overcontracting (100% to 105%)	(109,152)	29,344	46,749	(3,473)	-	(36,532)	72,620
Others	(83,187)	(65,971)	25,838	(3,827)	-	(127,147)	(43,960)
Total	113,740	(40,142)	(51,728)	529	-	22,399	(91,341)

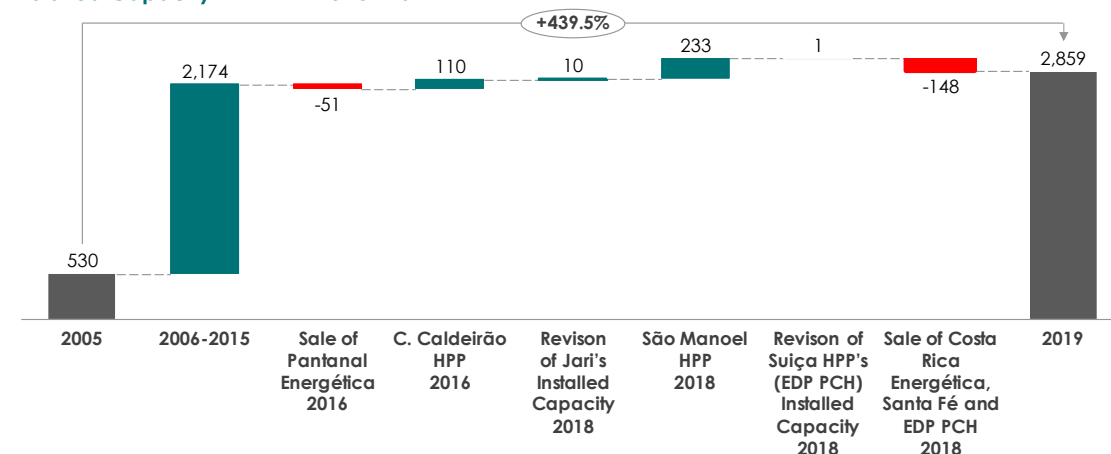
¹ Adjusted balance of R\$ 743 million, associated with PIS/Cofins on financial assets (of which R\$ 564.7 million in principal and R\$178.3 million in financial restatement)

3.2. GENERATION

3.2.1 INSTALLED CAPACITY

The company has 2.9 GW in installed capacity and physical guarantee of 1.9 aGW.

Installed Capacity in MW – Pro forma



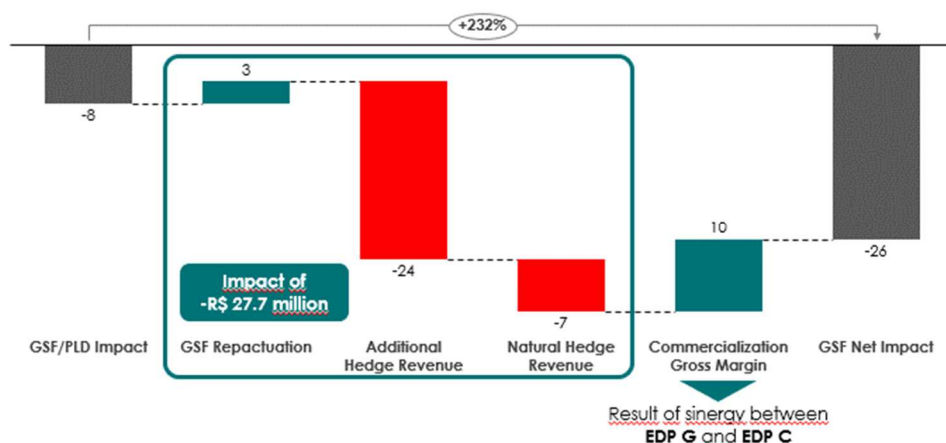
Note: Considers the proportional share of Jari, Cachoeira Caldeirão and São Manoel.

Installed capacity does not use the percentage stakes in the Lajeado and Enerpeixe HPPs according to the consolidation criteria.

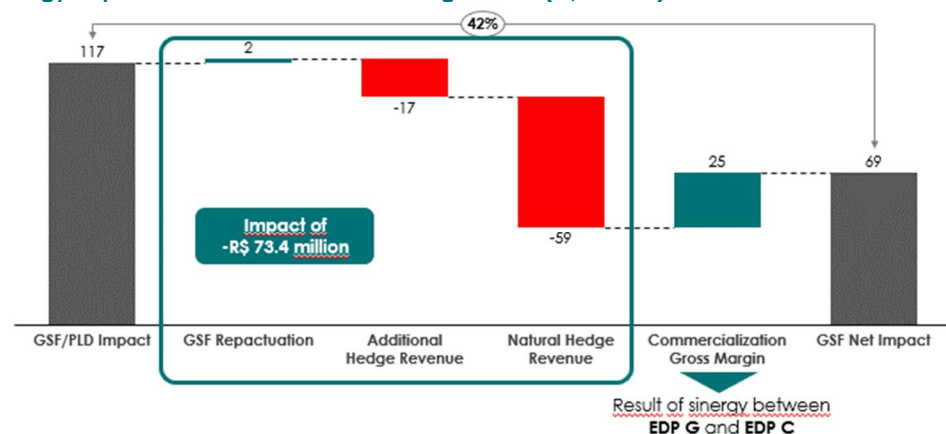
3.2.2 INTEGRATED ENERGY MANAGEMENT

The Trading Company served as a management instrument for the Company's energy portfolio, operating in concert with generation companies in energy purchase and sale transactions. The energy-allocation strategy considers the annual seasonalization of both sale agreements and physical guarantee. In the quarter, physical guarantee seasonalization was below sales agreements, with increased allocation to the second half, when low GSF values are expected. This mitigates the risk associated with higher PLD values.

Energy Impact on Generation and Trading – 2Q19 (R\$ million)



Energy Impact on Generation and Trading – 6M19 (R\$ million)



3.2.3 HYDROELECTRIC GENERATION (CONSOLIDATED PROJECTS)

Items in R\$ Thousand or %	Hydro Generation					
	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	286,214	312,312	-8.4%	676,675	636,097	6.4%
Non-Manageable Expenditures	(92,661)	(70,301)	31.8%	(209,531)	(117,269)	78.7%
Energy Purchased to Resell	(71,234)	(48,139)	48.0%	(166,706)	(73,122)	128.0%
Charges for Usage of Basic Network	(21,254)	(22,023)	-3.5%	(42,492)	(43,883)	-3.2%
Other	(173)	(139)	24.5%	(333)	(264)	26.1%
Gross Margin	193,553	242,011	-20.0%	467,144	518,828	-10.0%
Manageable Expenditures	(56,605)	(60,836)	-7.0%	(112,610)	(121,748)	-7.5%
PMTO	(19,797)	(22,033)	-10.1%	(39,586)	(44,277)	-10.6%
Personnel	(11,389)	(10,204)	11.6%	(21,953)	(21,753)	0.9%
Material	(753)	(1,688)	-55.4%	(1,176)	(2,334)	-49.6%
Third-Party Services	(7,169)	(7,642)	-6.2%	(13,250)	(15,807)	-16.2%
Provision	903	(381)	n.a.	(634)	1,318	n.a.
Other	(1,389)	(2,118)	-34.4%	(2,573)	(5,701)	-54.9%
Gains and Losses on Disposal of Property	-	(140)	-100.0%	2	(138)	n.a.
EBITDA	173,756	219,838	-21.0%	427,560	474,413	-9.9%
EBITDA Margin	61%	70%	-13.8%	63%	75%	-15.3%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	2Q19	2Q18	Var	2Q19	2Q18	Var
Lajeado	874,271	713,072	22.6%	195.3	178.5	9.4%
Investco	8,711	8,328	4.6%	199.1	183.4	8.6%
Enerpeixe	447,126	477,410	-6.3%	175.2	178.3	-1.8%
Energest	416,240	420,158	-0.9%	204.5	181.0	13.0%
PCH	-	102,401	n.a.	-	248.3	n.a.
Santa Fé	-	34,100	n.a.	-	237.1	n.a.
Costa Rica	-	26,203	n.a.	-	110.4	n.a.
Total HPPs	1,746,348	1,781,672	-2.0%	192.4	183.2	5.0%

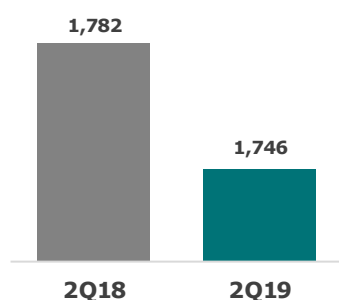
Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	6M19	6M18	Var	6M19	6M18	Var
Lajeado	2,071,060	3,396,820	-39.0%	183.6	76.1	141.0%
Investco	16,946	34,793	-51.3%	194.7	88.0	121.3%
Enerpeixe	1,159,947	3,285,832	-64.7%	140.0	50.5	177.4%
Energest	708,795	1,317,466	-46.2%	200.7	94.1	113.2%
PCH	-	441,109	n.a.	0.0	118.8	n.a.
Santa Fé	-	140,160	n.a.	0.0	120.0	n.a.
Costa Rica	-	70,888	n.a.	0.0	109.2	n.a.
Total HPPs	3,956,747	8,687,068	-54.5%	173.9	72.4	140.3%

¹ Total Tariff of the hydro plants does not consider intragroup exclusions and concerns the average tariff for the quarter and year.

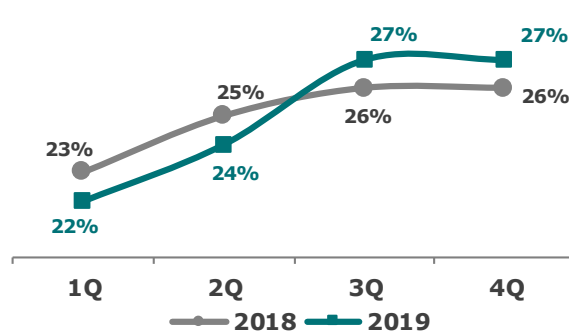
Net Revenue was R\$ 286.2 million in the quarter, due to the Company's chosen seasonal weighting strategy, with more energy allocated to the second half of the year, compared with the previous year. In addition, the quarter's revenues reflect the average PLD of R\$ 131.4/MWh (SE/CO sub-market) versus R\$ 302.7/MWh in the same period in 2018. This was minimized by the weighted average GSF 89.7%, greater than in the previous period. The volume of energy sold was down 2.0% due to the sale of EDP PCH, Santa Fé and Costa Rica in 2018. Excluding the effects of the divested plants, the volume of energy would have been up 7.9% in the quarter.

In the first half, Net Revenue was R\$ 676.7 million, due mainly to 1Q19 results, when, in addition to an increase in the volume of energy sold, there was secondary energy from a weighted average GSF of 148.5% and average PLD of R\$ 290.1/MWh.

Consolidated Sales of Hydroelectric Generation (GWh)

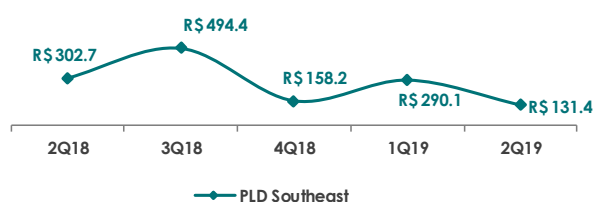


Seasonal Weighting of Hydro Sales Agreements (%)

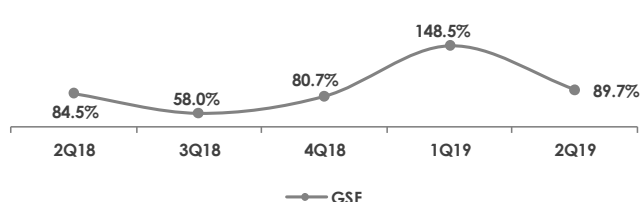


Non-manageable expenditures were up 31.8% in the quarter and 78.7% in the first half, due to the YoY PLD change and the greater volume of energy purchased for hedging purposes, particularly at Energest. In addition, there were reduced refunds for GSF renegotiations due to secondary energy in 1Q19. Gross Margin was down 20.0% in the quarter and 10.0% in the first half.

PLD Evolution (MWh)



GSF Evolution ⁶ (%)



⁶ Weighted average calculations

EDP has in place a portfolio-protection strategy hedge based on the de-contracting and/or purchase of energy to mitigate GSF risks and the oscillation of PLD. In 2019, the Company is maintaining decontracted energy at around 20%.

3.2.4 UNCONSOLIDATED PROJECTS

3.2.4.1 SANTO ANTÔNIO DO JARI HPP

Consolidated Jari						
Income Statement (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	32,394	30,430	6.5%	64,847	61,793	4.9%
Non-Manageable Expenditures	(4,125)	(3,689)	11.8%	(7,386)	(8,932)	-17.3%
Gross Margin	28,269	26,741	5.7%	57,461	52,861	8.7%
Manageable Expenditures	(7,607)	(8,275)	-8.1%	(15,456)	(17,026)	-9.2%
EBITDA	26,912	25,138	7.1%	54,464	49,414	10.2%
EBITDA Margin	83.1%	82.6%	0.5 p.p.	84.0%	80.0%	4.0 p.p.
Net Financial Result	(6,091)	(8,599)	-29.2%	(12,903)	(16,929)	-23.8%
Net Income	12,782	6,560	94.9%	25,550	12,574	103.2%

Note: Amounts correspond to EDP Energias do Brasil's 50% stake in Jari.

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	2Q19	2Q18	Var	2Q19	2Q18	Var
Jari (50%)	223,996	224,859	-0.4%	164.4	154.2	6.6%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	6M19	6M18	Var	6M19	6M18	Var
Jari (50%)	455,851	457,432	-0.3%	161.3	153.6	5.1%

Net Revenue was up 6.5%, reflecting the 6.6% increase in the energy sale tariff because of the contracts' annual adjustment. Non-manageable expenditures were up 11.8% because of the increased expenditures with energy purchased for resale. Gross Margin was up 5.7% and reached R\$ 28.3 million.

EBITDA was R\$ 26.9 million, up 7.1%. The financial result indicates expenses of R\$ 6.0 million, down 29.2%, because of the settlement of debentures in September 2018.

In the first half, Net Revenue was R\$ 64.8 million, reflecting the 5.1% increase in the energy sale tariff. Non-manageable expenditures were down 17.3%, due to reduced expenditures with short-term energy purchases to replenish inventories in 1Q19. Gross Margin was up 8.7%, and financial result was expenditures of R\$ 12.9 million, down 23.8%.

3.2.4.2 CACHOEIRA CALDEIRÃO HPP

Cachoeira Caldeirão						
Income Statement (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	16,427	15,794	4.0%	34,372	31,961	7.5%
Non-Manageable Expenditures	(3,094)	(3,127)	-1.1%	(5,946)	(6,355)	-6.4%
Gross Margin	13,333	12,667	5.3%	28,426	25,607	11.0%
Manageable Expenditures	(7,812)	(7,474)	4.5%	(15,125)	(15,061)	0.4%
EBITDA	11,231	11,222	0.1%	24,510	22,642	8.3%
EBITDA Margin	68.4%	71.1%	-2.7 p.p.	71.3%	70.8%	0.5 p.p.
Net Financial Result	(9,555)	(9,028)	5.8%	(19,216)	(18,028)	6.6%
Net Income	(2,663)	(2,530)	5.3%	(3,830)	(4,937)	-22.4%

Note: Amounts correspond to EDP Energias do Brasil's 50% stake in Cachoeira Caldeirão.

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	2Q19	2Q18	Var	2Q19	2Q18	Var
Cachoeira Caldeirão (50%)	137,863	138,246	-0.3%	137.4	130.1	5.6%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	6M19	6M18	Var	6M19	6M18	Var
Cachoeira Caldeirão (50%)	281,428	282,070	-0.2%	136.1	130.1	4.7%

Net Revenue was up 4.0% in the quarter, reflecting a 5.6% increase in average tariffs because of the contracts' annual adjustment. Non-manageable expenditures were down 1.1% because of reduced energy grid usage charges. Gross margin was R\$ 13.3 million, up 5.3%. EBITDA was R\$ 11.2 million, and stable in the period.

In the first half, Net Revenue was up 7.5%, Non-manageable expenditures were down 6.4% due to a reduction in the electric energy purchased for resale entry, leading to an 11.0% increase in Gross Margin, which reached R\$ 28.4 million. EBITDA was R\$ 24.5 million (+8.3%).

3.2.4.3 São Manoel HPP

São Manoel						
Income Statement (R\$ Thousand)	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	34,780	24,626	41.2%	67,538	47,774	41.4%
Non-Manageable Expenditures	(21,084)	(9,138)	130.7%	(28,837)	(14,110)	104.4%
Gross Margin	13,697	15,488	-11.6%	38,701	33,665	15.0%
Manageable Expenditures	(13,857)	(12,797)	8.3%	(27,768)	(23,533)	18.0%
EBITDA	11,092	12,941	-14.3%	32,928	29,621	11.2%
EBITDA Margin	31.9%	52.5%	-39.3%	48.8%	62.0%	-21.4%
Net Financial Result	(15,594)	(14,434)	8.0%	(32,309)	(25,386)	27.3%
Net Income	(10,402)	(7,750)	34.2%	(14,114)	(10,075)	40.1%

Note: Amounts correspond to EDP Energias do Brasil's 33.3% stake in São Manoel.

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	2Q19	2Q18	Var	2Q19	2Q18	Var
São Manoel (33.3%)	309,905	256,817	20.7%	127.1	111.2	14.3%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	6M19	6M18	Var	6M19	6M18	Var
São Manoel (33.3%)	574,056	448,514	28.0%	122.1	121.4	0.6%

Net Revenue was R\$ 34.8 million in the quarter, up 41.2%, reflecting the increased volume of energy sold due to the Plant's staggered entry into operation and completed on April 26, 2018, the same date on which the CCEAR agreement became effective.

Gross margin was R\$ 13.7 million in the quarter, down 11.6% due to higher non-manageable expenditures associated with increased expenditures with energy purchased for resale.

EBITDA was down 14.3%, at R\$ 11.1 million in the quarter and an increase of 11.2% in the first half, totaling R\$ 32.9 million. Financial result had a negative impact of R\$ 1.2 million in the quarter and R\$ 7.0 million in the first half, reflecting the Debenture contracted in September 2018 and the UBP increase in 2018.

In the first half, Net Revenue was R\$ 67.5 million, up 41.4% due to the plant's entry into operation, as already mentioned. Non-Manageable Expenses increased R\$ 38.7 million due to the increase in energy purchased for resale, particularly in the 1Q19. EBITDA was R\$ 32.9 million, +11.2%.

3.2.5 THERMAL GENERATION

Items in R\$ Thousand or %	Thermal Generation					
	2Q19	2Q18	Var	6M19	6M18	Var
Net Operating Revenue	400,215	500,962	-20.1%	765,080	922,853	-17.1%
Non-Manageable Expenditures	(230,047)	(301,211)	-23.6%	(458,002)	(565,437)	-19.0%
Energy Purchased to Resell	(107,502)	(87,109)	23.4%	(132,303)	(120,213)	10.1%
Charges for Usage of Basic Network	(18,836)	(18,462)	2.0%	(37,499)	(36,791)	1.9%
Other	(103,709)	(195,640)	-47.0%	(288,200)	(408,433)	-29.4%
Gross Margin	170,168	199,751	-14.8%	307,078	357,416	-14.1%
Manageable Expenditures	(78,229)	(67,751)	15.5%	(137,345)	(134,878)	1.8%
PMTO	(27,870)	(27,298)	2.1%	(41,360)	(54,028)	-23.4%
Personnel	(10,680)	(10,193)	4.8%	(22,352)	(20,266)	10.3%
Material	(4,289)	(3,307)	29.7%	(5,429)	(6,770)	-19.8%
Third-Party Services	(9,474)	(9,397)	0.8%	(9,169)	(18,396)	-50.2%
Provision	(863)	(19)	4442.1%	(834)	18	n.a.
Other	(2,564)	(4,382)	-41.5%	(3,576)	(8,614)	-58.5%
Gains and Losses on Disposal of Property	125	3	4066.7%	238	-	n.a.
EBITDA	142,423	172,456	-17.4%	265,956	303,388	-12.3%
EBITDA Margin	36%	34%	3.4%	35%	33%	5.7%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	2Q19	2Q18	Var	2Q19	2Q18	Var
Pecém	1,343,160	1,343,160	0.0%	175.6	279.8	-37.2%

Net Revenue was R\$ 400.2 million in the quarter, down 20.1%, due to the booking of R\$ 62.6 million in 2Q18 following the revising down of the Unavailability Factor - FID⁷ from 90.14% to 83.75%. Reduced dispatching from the ONS because of the changed energy scenario contributed to the reduction of variable revenues, partly mitigated by revenues from ancillary services (R\$ 116.6 million).

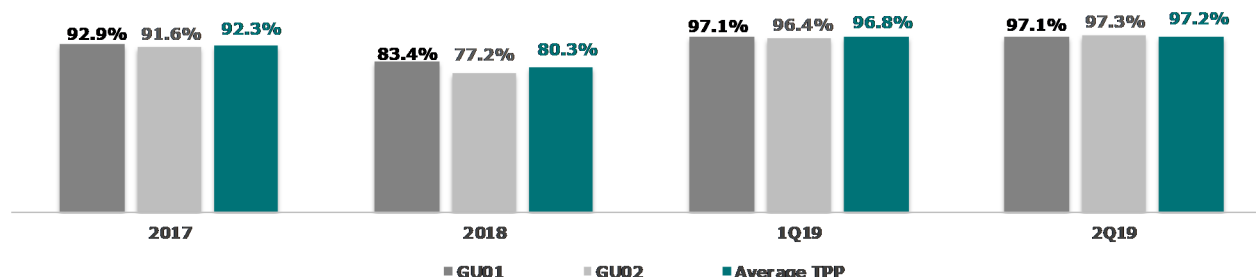
The 23.6% reduction in non-manageable expenditures reflects lower expenditures with the purchase of energy for inventory replenishment, reduced coal consumption, and the lower price of the input between quarters. Manageable expenditures were up 15.5%, reflecting the increase of service fixedness, which led to greater depreciation. EBITDA was R\$ 142.4 million, down 17.4%. The recurring EBITDA, disregarding the impact of the FID reimbursement in 1Q18, grew by 29.6%.

⁷ Pursuant to ANEEL Official Letter No. 252/2016 – SRG/ANEEL

In the first half, Net Revenue was R\$ 765.1 million, down 17.1%, due to the R\$ 74.9 million associated with the recalculation of FID, as mentioned before, in addition to reduced dispatching from the ONS. Non-manageable expenditures were down 19.0%, due to reduced spending on raw-materials purchases. EBITDA was R\$ 266.0 million, down 12.3%. The recurring EBITDA grew 15.7%.

UPTIME

Pecém's uptime was 97.2%, higher than the 83.75% benchmark. In 2019, FID⁸ is above 100%, and will not cause a deficit for the year.



3.3 EDP COMERCIALIZAÇÃO AND SERVICES

Items in R\$ Thousand or %	EDP Comercialização			EDP GRID			Total Comercialização + GRID		
	2Q19	2Q18	Var	2Q19	2Q18	Var	2Q19	2Q18	Var
Net Operating Revenue	608,348	966,772	-37.1%	12,042	14,856	-18.9%	620,390	981,628	-36.8%
Non-Manageable Expenditures	(598,726)	(912,386)	-34.4%	(1,970)	(2,346)	-16.0%	(600,696)	(914,732)	-34.3%
Energy Purchased to Resell	(594,513)	(908,262)	-34.5%	-	-	n.a.	(594,513)	(908,262)	-34.5%
Charges for Usage of Basic Network	(3,724)	(3,653)	1.9%	-	-	n.a.	(3,724)	(3,653)	1.9%
Others	(489)	(471)	3.8%	(1,970)	(2,346)	-16.0%	(2,459)	(2,817)	-12.7%
Gross Margin	9,622	54,386	-82.3%	10,072	12,510	-19.5%	19,694	66,896	-70.6%
Manageable Expenditures	(5,175)	(3,411)	51.7%	(13,093)	(18,825)	-30.4%	(18,268)	(22,236)	-17.8%
PMTO	(4,939)	(3,231)	52.9%	(11,699)	(17,519)	-33.2%	(16,638)	(20,750)	-19.8%
Personnel	(3,159)	(2,401)	31.6%	(4,940)	(3,888)	27.1%	(8,099)	(6,289)	28.8%
Material	(37)	(16)	131.3%	(542)	(1,673)	-67.6%	(579)	(1,689)	-65.7%
Third-Party Services	(1,236)	(1,016)	21.7%	(4,301)	(7,978)	-46.1%	(5,537)	(8,994)	-38.4%
Provision	(148)	701	n.a.	(1,513)	2	-75750.0%	(1,661)	703	n.a.
Others	(359)	(499)	-28.1%	(403)	(2,346)	-82.8%	(762)	(2,845)	-73.2%
Gain and Loss on the Deactivation and Asset Sale	-	-	n.a.	-	-	n.a.	-	-	n.a.
EBITDA	4,683	51,155	-90.8%	(1,627)	(5,009)	-67.5%	3,056	46,146	-93.4%
EBITDA Margin	0.8%	5.3%	-85.5%	-13.5%	-33.7%	-59.9%	0.5%	4.7%	-89.5%

Items in R\$ Thousand or %	EDP Comercialização			EDP GRID			Total Comercialização + GRID		
	6M19	6M18	Var	6M19	6M18	Var	6M19	6M18	Var
Net Operating Revenue	1,161,476	1,703,822	-31.8%	25,051	27,300	-8.2%	1,186,527	1,731,122	-31.5%
Non-Manageable Expenditures	(1,136,680)	(1,610,877)	-29.4%	(3,853)	(4,559)	-15.5%	(1,140,533)	(1,615,436)	-29.4%
Energy Purchased to Resell	(1,127,315)	(1,602,347)	-29.6%	-	-	n.a.	(1,127,315)	(1,602,347)	-29.6%
Charges for Usage of Basic Network	(7,414)	(7,260)	2.1%	-	-	n.a.	(7,414)	(7,260)	2.1%
Others	(1,951)	(1,270)	53.6%	(3,853)	(4,559)	-15.5%	(5,804)	(5,829)	-0.4%
Gross Margin	24,796	92,945	-73.3%	21,198	22,741	-6.8%	45,994	115,686	-60.2%
Manageable Expenditures	(9,896)	(7,385)	34.0%	(23,781)	(30,054)	-20.9%	(33,677)	(37,439)	-10.0%
PMTO	(9,451)	(7,022)	34.6%	(21,427)	(27,786)	-22.9%	(30,878)	(34,808)	-11.3%
Personnel	(5,731)	(4,940)	16.0%	(9,500)	(7,506)	26.6%	(15,231)	(12,446)	22.4%
Material	(72)	(36)	100.0%	(1,067)	(3,134)	-66.0%	(1,139)	(3,170)	-64.1%
Third-Party Services	(2,518)	(1,837)	37.1%	(8,318)	(10,439)	-20.3%	(10,836)	(12,276)	-11.7%
Provision	(511)	561	n.a.	(1,762)	(1)	n.a.	(2,273)	560	n.a.
Others	(619)	(770)	-19.6%	(780)	(6,706)	-88.4%	(1,399)	(7,476)	-81.3%
Gain and Loss on the Deactivation and Asset Sale	-	-	n.a.	-	344	-100.0%	-	344	-100.0%
EBITDA	15,345	85,923	-82.1%	(229)	(4,701)	-95.1%	15,116	81,222	-81.4%
EBITDA Margin	1.3%	5.0%	-73.8%	-0.9%	-17.2%	-94.7%	1.3%	4.7%	-72.8%

Note: EDP GRID includes EDP GRID and EDP Soluções.

	Volume (MWh)			Volume (MWh)		
	2Q19	2Q18	Var	6M19	6M18	Var
Related Parties	193,418	387,327	-50.1%	461,308	660,151	-30.1%
Others	2,836,512	4,009,553	-29.3%	5,440,842	7,822,293	-30.4%
Total Commercialization	3,029,929	4,396,880	-31.1%	5,902,150	8,482,444	-30.4%
Average Tariff (R\$/MWh)	229.9	246.5	-6.7%	225.5	226.3	-0.3%

8 Moving average of the past 60 months' uptime, calculated annually in July for the subsequent calendar year.

EDP COMERCIALIZAÇÃO:

EDP Comercialização's Net Revenue was R\$ 608.3 million in the quarter and R\$ 1.2 billion in the first half, down 37.1% and 31.8%, respectively, due to the smaller volume of energy traded, as discussed in the Market Report.

Non-manageable expenditures were down 34.4% and 29.4%, in the quarter and first half, respectively, due to the reduced volume of energy purchased for resale, reflecting lower volatility in the short-term market. Gross Margin was down 82.3% in the quarter and 73.3% in the first half.

Manageable expenditures were up R\$ 1.8 million in the quarter, because of the seasonal salary adjustment and provisions following a reversal in 2Q18. EBITDA was R\$ 4.7 million in the quarter and R\$ 15.3 million in the first half, down 90.8% and 82.1%, respectively.

EDP GRID:

Net Revenue was R\$ 12.0 million in the quarter and R\$ 25.1 million in the first half, down 18.9% and 8.2%, respectively, reflecting changes in the scope of projects - with a greater number of financially smaller projects - and nature of them. The projects currently under construction concern solar complexes for leasing (rental and services), whose revenues will be booked after completion. Gross Margin was down 19.5% and 6.8% in the quarter and first half, respectively, influenced by lower revenues in the period.

The 30.4% decrease in manageable expenses in the quarter, reflects the same impacts discussed in connection with revenues. Because the projects currently under construction are assets for lease, they are being capitalized and do not impact the period's expenditures. EBITDA was -R\$ 1.6 million in the quarter, a +R\$ 3.4 million change from 2Q18, and -R\$ 0.2 million, +R\$ 4.5 million from 1H18.

3.4. TRANSMISSION

Items in R\$ thousand or %	Consolidated Transmission					
	2Q19	2Q18	Var	6M19	6M18	Var
Total Revenue	509,955	53,511	853.0%	829,783	70,018	n.a.
Construction Revenue	473,217	50,608	835.1%	744,919	65,503	n.a.
Construction Margin	3,415	(293)	n.a.	32,408	(459)	n.a.
Net Operating Revenue	33,323	3,196	942.6%	52,456	4,974	954.6%
Non-Manageable Expenditures	-	-	n.a.	-	-	n.a.
Gross Margin	36,738	2,903	n.a.	84,864	4,515	n.a.
Manageable Expenditures	(476,206)	(52,458)	n.a.	(751,344)	(69,019)	n.a.
PMTO	(2,904)	(1,850)	57.0%	(6,257)	(3,516)	78.0%
Personnel	(1,396)	(1,643)	-15.0%	(2,720)	(2,844)	-4.4%
Material	(37)	(9)	311.1%	(51)	(9)	466.7%
Third-Party Services	(1,276)	(137)	831.4%	(3,281)	(497)	560.2%
Provision	(54)	-	n.a.	18	-	n.a.
Other	(141)	(61)	131.1%	(223)	(166)	34.3%
Construction Cost	(473,217)	(50,608)	n.a.	(744,919)	(65,503)	n.a.
EBITDA	33,834	1,053	n.a.	78,607	999	n.a.
EBITDA Margin	92.1%	36.3%	153.9%	92.6%	22.1%	318.6%

Transmission Net Revenue - 2Q19						
	Transmissão	Transmissão MAI	Transmissão MAII	Transmissão Aliança SC	Transmissão SP-MG	Total
Construction Revenue	206	6,437	35,752	256,304	229,943	528,642
Update of Concession Assets	6,637	1,924	1,765	13,642	7,691	31,659
Operation and Maintenance Revenue (O&M)	1,770	-	-	-	-	1,770
PIS/COFINS	(815)	(774)	(3,470)	(24,970)	(21,981)	(52,010)
R&D	(52)	-	-	-	-	(52)
Other Charges	(54)	-	-	-	-	(54)
Total	7,692	7,587	34,047	244,976	215,653	509,955

For accounting purposes, the results are the product of the booking of construction costs and revenues based on the progress of construction works. It is worth emphasizing that revenue has a margin over the amounts invested (costs) and yield on the investment calculated based on its WACC. During the construction phase, expenses are capitalized, except for corporate expenditures.

Lot 24 became operational in December 2018 with a RAP in the quarter of R\$ 5.6 million and R\$ 11.5 million in the first half.

Other lots, with the exception of lot Q, which was purchased in the secondary market in May 2018, are in their construction phase, and ahead of schedule given the dates of entry into operation as defined in the bidding documents.

Manageable expenditures are concentrated in the "Infrastructure Construction Cost" line, reflecting the progress of projects underway. In the first half, R\$ 744.9 million have been invested in land surveys, engineering projects and construction works. To date, R\$ 1.1 billion have been invested in the transmission projects.

Capex (R\$ Thousand)						
Transmission Lines (LoI)	2Q19	2Q18	Var	6M19	6M18	Var
Transmissão	156	23,031	-99.3%	7,415	31,121	-76.2%
MAI Transmission MAI	5,808	739	685.9%	37,737	2,402	1471.1%
MAII Transmission	30,820	4,006	669.3%	54,148	4,486	1107.0%
Aliança SC Transmission	232,037	15,473	1399.6%	334,361	16,264	1955.8%
SP-MG Transmission	204,396	7,359	2677.5%	311,258	11,230	2671.7%
Total	473,217	50,608	835.1%	744,919	65,503	1037.2%

4. SUSTAINABILITY PERFORMANCE

EDP's commitment to sustainable development is illustrated by transparent communication with all stakeholders and the internalization of best environmental, social and economic management practices. The Company has for thirteen years been listed in B3's Corporate Sustainability (SE) Stock Index, substantiating the robustness of the Group's sustainability strategy and reinforcing the alignment with the United Nations' Sustainable Development Goals (SDG). The Company also aims to align its commitments to IIRC guidelines, extending the EDP Purpose – Our Energy for Better and Better Care – to all of our stakeholders.

4.1. PERFORMANCE RELATIVE TO SUSTAINABLE DEVELOPMENT COMMITMENTS

The Company's performance relative to its [commitments to Sustainability](#) and in line with the 2020 vision is as follows:

4.1.1. The Environment



In June, EDP Smart took another step forward fostering clean energy generation with the unveiling in the state of Minas Gerais of the largest solar power complex ever implemented by EDP with a capacity of 8.33 MWp.

The complex has over 25 thousand photovoltaic modules using tracking technology – the structure shifts in line with the angle of sun's rays, ensuring maximum radiation absorption. The site will avoid emissions of 227,655 CO₂eq tons over 25 years of operations, equivalent to planting more than 418 thousand trees.

As to "The Environment", EDP's commitment also is to guarantee the most efficient use of natural resources possible and best environmental practices as a key element of the Company's operations. In the period, EDP reinforced its contribution to the 100% environmental asset certification goal by 2020 by earning the ISO 14.001 certificate for all of EDP SP's substations, thereby substantiating its initiatives in the area at a practical level.

4.1.2. People



One of EDP's commitments concerns keeping employee engagement levels above 75% until 2020. The latest Organizational Climate survey found 84% internal engagement, substantiating the effects of the internalization of the Principles of EDP Culture for the purposes of creating a more collaborative and integrated workplace.

The first EDP Culture principle concerns safety and the value of each employee to the Organization. As such, we set a new record for the absence of accidents at three of the Group's plants. At the Peixe Angical HPP, records show 10 years with no accidents involving inhouse employees; the achievement exceeds that of the Luis Eduardo Magalhães HPP's 9 years. The Cachoeira Caldeirão HPP, completed in 2016 with 3 years without accidents involving direct employees, and is the third plant to secure positive results.

4.1.3. Society



Within the sustainable development arena, EDP Brasil is committed to investing R\$ 50.0 million by 2020 in fostering social out-reach businesses and sustainable lifestyle initiatives. The EDP Institute invested R\$ 5.0 million in socio-environmental projects in the first half of 2019.

In April, EDP was recognized as the top-ranking Latin American company in Social Responsibility by the Latin Trade Index Americas Sustainability Awards, a recognition launched by the Inter-American Development Bank (IABD) in partnership with Latin Trade. According to the study upon which the award was based, the selected companies' actions contributed in various ways to Latin America's development.

As a means to contribute to sustainable lifestyles, EDP once again hosted the EDP Community Cup, a soccer championship involving men's and women's categories that, in addition to encouraging the sport in participating communities, also benefits the winning communities by revitalizing public spaces for community fraternization.

4.1.4. Knowledge



In its permanent commitment to boosting an innovative ecosystem, EDP was among the most innovative companies in Brazil according to the Valor Inovação Award, gaining 37 positions in the overall ranking, and was in the 2nd place in the utilities sector. The Company is committed to investing R\$ 100 million in innovative projects by 2020, expending R\$ 24.4 million in R&D projects in the quarter.

4.2 SUSTAINABILITY INDICATORS

As part of its commitment to transparency, the Company provides its main tracked socio-environmental indicators, relating with the principal themes under the Annual Sustainability Report (link):

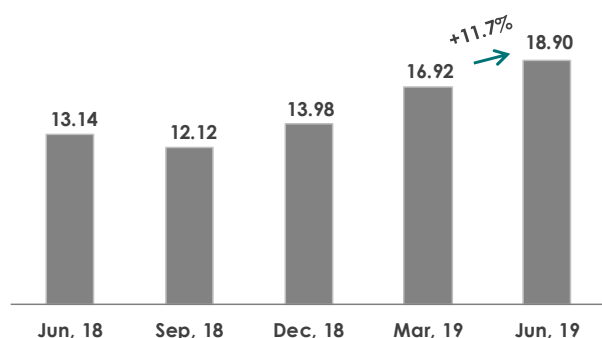
Indicator ¹	Unit	1Q18	1Q19
Water consumption	m ³	5,854,326	3,686,053
Energy savings at clients	MWh	19,417	2,593
Hazardous waste	Ton	858	1,273
Non-hazardous waste	Ton	81,912	45,562
Direct CO2 emissions (scope 1)	Ton CO2e	2,580,511	1,724,430
Indirect CO2 emissions (scope 2)	Ton CO2e	97,503	98,947
NOX emission	Ton	2,369	1,406
SO2 emissions	Ton	6,918	4,852
Particulate materials emissions	Ton	842	577
Frequency rate – Own employees	Rate	0.87	0
Frequency rate – Third-party employees	Rate	1.32	0.69
Severity rate – Own employees	Rate	59	0
Severity rate – Third-party employees	Rate	695	28
Supplier Performance Index (IDF)	Index	80	89 ²
Private Social Investment	R\$ thousand	3,106.65	5,860.80

¹ The above indicators do not include the Sto Antonio do Jari, Cachoeira Caldeirão and São Manoel HPPs quarterly quantas. ² Concerns the latest Supplier Evaluation Report (1Q 2019). 2Q19 results will be fully compiled by late July.

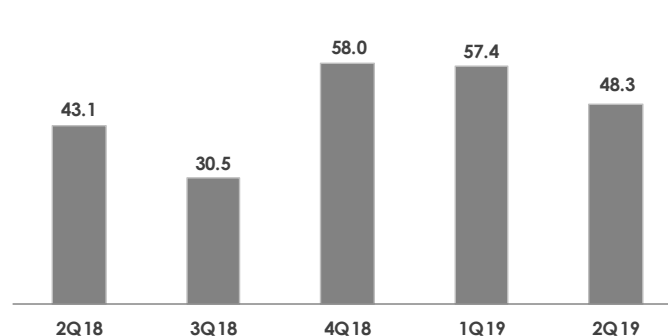
5. CAPITAL MARKETS

5.1. SHARE PERFORMANCE

On June 30, the Company's market capitalization was R\$ 11.5 billion, with shares (ENBR3) trading at R\$ 18.90, representing 11.7% appreciation in the quarter, exceeding the performance of Ibovespa (+5.8%) and IEE (+11.1%). In the first half, the Company's shares were up 35.2%, whereas Ibovespa and IEE appreciated by 14.9% and 29.6%, respectively. EDP's shares were traded in all days the stock market was open for business, totaling 164.2 million shares in the quarter and 367.5 million shares in the first half. The daily average was 2.6 million and 3.0 million de shares the quarter and in the first half, respectively. Financial volume was R\$ 6.4 billion YTD 2019, with R\$ 52.8 million average daily volume.

Share Price Evolution¹ (R\$)

Average Daily Volume (R\$ million)



¹ Considering adjustments for proceeds up to 06/31/2019

5.2. CAPITAL STOCK

On June 30, the Company's capital stock was fully represented by 606,850,394 common nominative shares. Of the total, 294,338,725 shares made up the free float pursuant to the Novo Mercado Listing Regulations of B3, and 1,665,736 shares were held as treasury shares within the context of the Company's Stock-Based Compensation Policy.



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Report on the review of quarterly information - ITR

To the Shareholders, Board of Directors and Management of
EDP Energias do Brasil S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim accounting information of EDP Energias do Brasil S.A. ("Company"), contained in the Quarterly Financial Information - ITR Form for the quarter ended June 30, 2019, which comprise the statements of financial position as of June 30, 2019 and related statements of income and other comprehensive income for the three and six-month periods then ended, and changes in shareholders' equity and cash flows for the six-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of these interim accounting information in accordance with Technical Pronouncement CPC 21(R1) Interim Financial Information and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Information - ITR. Our responsibility is to express a conclusion on these interim accounting information based on our review.

Scope of the review

Our review was conducted in accordance with the Brazilian and International Standards on Review Engagements of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim accounting information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim accounting information included in the Quarterly Information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Financial Information - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.



Other matter

Statements of value added

The individual and consolidated interim accounting information related to the statements of value added for the six-month period ended June 30, 2019, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim accounting information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim accounting information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

São Paulo, July 24, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Rosane Palharim
Accountant CRC 1SP220280/O-9