

Press Release

REN – Rede Eléctrica Nacional and REN Gasodutos are certified by ERSE's decision as transmission system operators, after confirmation of compliance with legal requirements

ERSE has decided on July 31st, to make effective its own decision of certification of REN - Rede Eléctrica Nacional, S.A., as the transmission system operator (TSO) of the national electricity transmission network (RNT) and of REN Gasodutos, S.A., as the transmission system operator of the national natural gas transmission network (RNTGN), in the regime of full ownership unbundling, after verification of full compliance, by the operators, of the 11 certification conditions set by ERSE on September 9, 2014.

As the national regulatory authority for electricity and gas sectors, ERSE has the duty to supervise the effectiveness of the independence and full legal and ownership unbundling of TSOs from the activities of generation and supply, namely evaluating possible conflicts of interest of its shareholders and administrative and supervisory board members.

ERSE's Certification Decision, on September 9, 2014, established 11 certification conditions, to be fulfilled within the period of 8 months, targeted to overcome the issues of non-compliance of TSOs with the guarantees of independence.

The conditions set by ERSE's Certification Decision, which were fully met, consist of:

- i. Statutory restrictions to the exercise of rights by REN SGPS shareholders which also engage in electricity and natural gas generation or supply activities. This implied the review of REN SGPS statutes, approved in the April 17 General Assembly.
- ii. Reporting obligations to ERSE about new qualified shareholding positions and about voting rights exercise on REN SGPS general assemblies. REN informed, on May 7, that no new qualified position was established and described which voting rights were exercised in the April 17 General Assembly.
- iii. Withdrawal of EDP's voting rights in REN SGPS. EDP holds 5% of REN SGPS while controlling companies active in generation and supply of electricity and natural gas in Portugal and other EU countries. Therefore is prevented of exercising those voting rights, what was confirmed in the April 17 General Assembly in which EDP did not participate, though it keeps its financial rights of receiving dividends.

- iv. Voting rights exercise and board members appointment by Gestmin SGPS. Gestmin holds 5,9% of REN SGPS and was prevented of make use of those rights while controlling OZ Energia Gás, a company active in the supply of electricity and natural gas in Portugal. REN SGPS informed that OZ Energia Gás is no longer registered as a supplier which frees Gestmin for exercising its voting rights in REN SGPS and for appointing members of the board.
- v. REN Trading adopted measures to make clear its independence from REN - Rede Eléctrica Nacional and REN Gasodutos namely:
 - a. Reinforced the transparency of its governance, namely, preventing that the members of the board and the supervisory body integrate any social body of REN - Rede Eléctrica Nacional and REN Gasodutos or have any employment relationship with those companies.
 - b. It cannot share information systems and equipments, facilities or security access systems with either REN - Rede Eléctrica Nacional or REN Gasodutos, nor use the same consultants or external contractors to provide those services.
 - c. It cannot use shared services with REN - Rede Eléctrica Nacional or REN Gasodutos, namely legal or accountant, nor use the same consultants or external contractors to provide those services, not including using common services of a mere administrative nature with no decision or discretionary powers;
 - d. It cannot prolong its activity of electricity generation and supply after the end of the current long term power purchase agreements (CAE);
 - e. Any change to the present circumstances with respect to REN Trading, should it be relevant to the certification process, must be reported to ERSE;
- vi. Appointment of board members by Parpública. Parpública was prevented from appointing board members of REN SGPS while holding shares in companies active in generation and supply of electricity and natural gas in Portugal. REN informed that Parpública no longer appoints members in REN SGPS administrative or supervisory boards since the April 17 General Assembly.
- vii. Appointment of board members by Fidelidade – Companhia de Seguros. Fidelidade was prevented from appointing board members of REN SGPS while holding shares in companies active in generation and supply of electricity and natural gas in Portugal. REN informed that Fidelidade alienated those shares and ceased having any shareholding in companies active in generation and supply of electricity and natural gas.
- viii. Statutory restrictions to the appointment of board members: REN SGPS reviewed its statutes making explicit the legal requirements of the certification as transmission system operator concerning the appointment of board members.
- ix. Member of the supervisory bodies of REN - Rede Eléctrica Nacional and REN Gasodutos which exercises the same functions in companies active in generation or supply of electricity and

natural gas: REN informed that the given member of the supervisory bodies was replaced, complying with the requirement of non accumulation of functions.

While competent authority for the certification of TSOs, ERSE evaluated the compliance with the conditions set by ERSE's Certification Decision and analyzed other facts that occurred during the intermediate period.

With its Decision of July 31, ERSE recognizes that the requirements for making effective the certification of electricity and natural gas TSOs are met, according to the regime of full ownership unbundling, in the terms expressed in the ERSE's Certification Decision of September 9, 2014.

Today, ERSE communicated its Decision to the Portuguese Government towards the approval and designation of the transmission system operators. The forthcoming designation shall be notified by the Portuguese Government to the European Commission and shall be published in the *Official Journal of the European Union*.

With the conclusion of the process for the certification of the electricity and natural gas transmission system operators, ERSE shall keep supervising the full compliance of these operators with the legal and ownership unbundling certification requirements, according to the national legislation and European directives.

Lisboa, August 4, 2015