



Unofficial Translation

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ANNOUNCEMENT

ERSE technical note: tariffs and prices for electricity for 2022 and parameters for the 2022-2025 regulatory period

Following the proposal for Tariffs and Prices for Electricity for 2022 disclosed by ERSE and pursuant to Article 248 of the Securities Code, REN - Redes Energéticas Nacionais, SGPS, S.A. (“REN”) discloses the technical note issued by ERSE regarding the tariffs and prices for electricity and other services for 2022 and parameters for the 2022-2025 regulatory period.

Lisbon, 15 October 2021

REN - REDES ENERGÉTICAS NACIONAIS, S.G.P.S., S.A.



1. FRAMEWORK

- Under the terms of the applicable regulation, ERSE submitted, on the date hereof, the proposal for electricity tariffs for 2022 and parameters for the 2022-2025 regulatory period, which will be subject to the Tariff Council opinion. This Tariff Council is composed by representatives of the consumers, of the regulated companies, and by the National Municipalities Association. The Tariff Council will present its non-binding opinion regarding the referred proposal up to 15 November 2021. After evaluation of the opinion expressed by the Tariff Council, ERSE will approve the final tariff values, which are to be published until 15 December 2021.
- Simultaneously, ERSE also disclosed a document containing the key elements of the mentioned proposal.
- Bearing in mind that the main economic and financial assumptions for the calculation of the electricity tariffs for 2022 and the parameters for the 2022-2025 regulatory period are relevant factors for the economic and financial evaluation of EDP's activity during the 2022-2025 period and pursuant to Article 248 of the Securities Code, ERSE provides and agrees on the public release of the following information relative to E-REDES and SU Eletricidade. All of it is included in the document 'Proposal of tariffs and prices for electricity and other services for 2022 and parameters for the 2022-2025 regulatory period.'

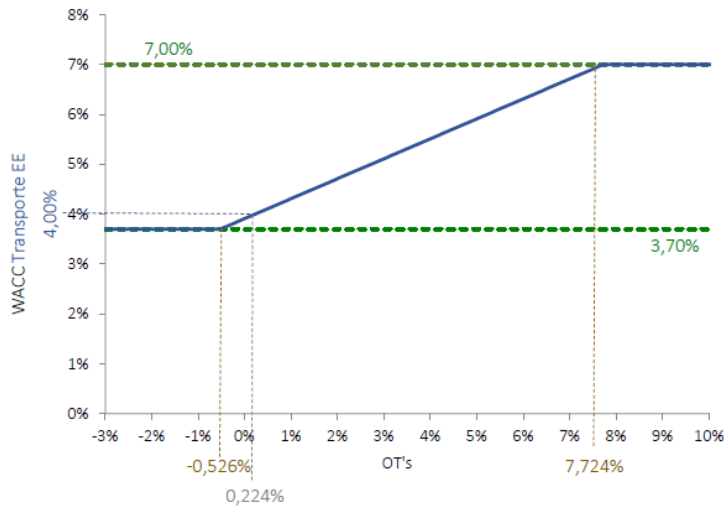


2. RATE OF RETURN

- The base rate of return (RoR) defined for 2022 is 4.00%;
- The RoR is indexed to the arithmetic average of the daily quotation of the Portuguese Republic 10-year sovereign bonds (OT's) for loans in euro (Source: Bank of Portugal);
- The starting point of the index is 0.224%. The value was obtained calculating the arithmetic average of the daily 10-year Portuguese Republic bond, in the 3rd quarter of 2021;
- For the purpose of calculation of the RoR of year t, the average of the daily quotations of the index from October year t-1 up to September of year t, will be considered. The average shall be filtered by eliminating the 1/12 of highest quotation and the 1/12 lowest quotation;
- There is a linear relation between the OT's yield and the RoR;
- A variation of 1% in the RoR is based on a variation in the OT's yield of 2.5%;
- The minimum RoR is set at 3.70%, based on an OT yield of -0.526%;
- The maximum RoR is set at 7.00%, based on an OT yield of 7.724%;
- For average OT yields below -0.526%, the RoR is set at 3.70%;
- For average OT yields above 7.724%, the RoR is set at 7.00%.

The assets valued at reference costs benefit from a premium of 0.75pp, i.e., a cost of capital of 4.75%.

The following figure represents the indexation methodology of the base RoR for REN's electricity's regulated activities.



Source: ERSE, Banco de Portugal, Refinitiv Eikon

3. EFFICIENCY FACTORS

The efficiency factor applicable to REN in 2023, 2024 and 2025 is set at 1.5% for the activities of Global System Management and Energy Transportation.