



# 1Q17 RESULTS

São Paulo, May 12, 2017.

## HIGHLIGHTS OF THE PERIOD, AND SUBSEQUENT EVENTS

- Signature of the contract for sale of the Alto Sertão II wind power complex for base value R\$ 600.0 million. (Subsequent event)
- Capital increase in progress: R\$ 96 million subscribed by controlling stockholders so far.
- Administrative expenses 69% lower year-on-year in 1Q17 – a direct result of the restructuring of the organization.
- Announcement by Terraform Global on the agreement for sale of all its Class A shares for US\$ 5.10 per share. At present, Renova owns 20.3 million Class A shares.
- MCSD compensation mechanism: Decontracting of 10.2 MW placed in the 2012 A–5 LEN auction, from April to December 2017; application for permanent cancellation of two PPAs: under the 2012 and 2013 A–5 LEN Auctions (in aggregate, installed capacity of 374.4 MW).
- 1Q17 Net operational revenue: R\$ 152.3 million; adjusted Ebitda: R\$ 18.8 mn; net loss of R\$ 95.7 mn reported for the quarter.

## CONFERENCE CALL ON 1Q RESULTS

May 15, 2017  
3 p.m. BRT – 2 p.m. EDT

Conference password: Renova Energia  
Connection – Brazil: +55 11 2188 0155  
(Replay +55 11 2188 0400)  
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Presentation slides and audio will be available at  
<http://ri.renovaenergia.com.br>

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## DATA AT MAY 11, 2017:

RNEW11 = R\$ 6.09/Unit

## MARKET VALUE

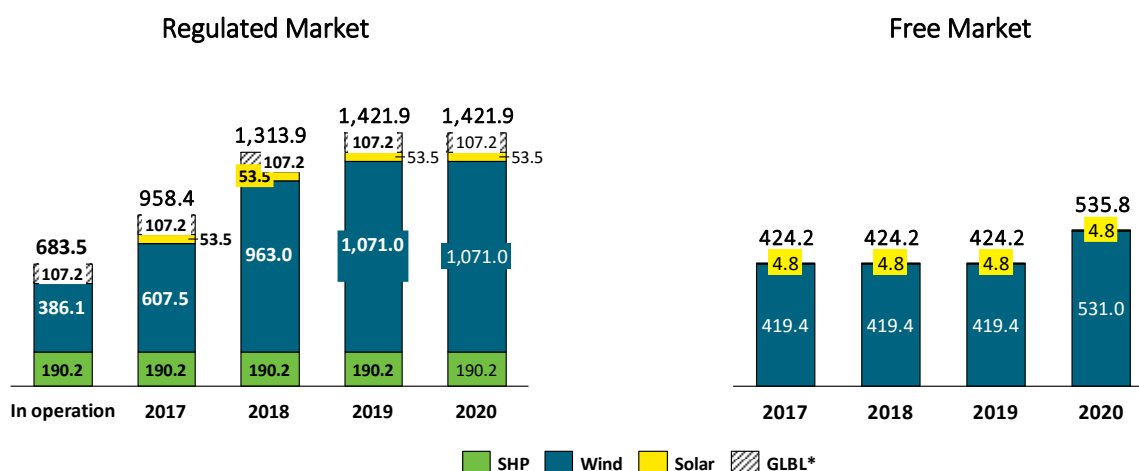
RNEW11 = R\$ 732.5 million

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## 1 – ABOUT RENOVA ENERGIA

Renova Energia S.A. is a renewable-source electricity power generator, focusing on generation by wind farms, Small Hydro Plants (PCHs) and solar energy. It has been prospecting, developing and implementing projects to generate power from renewable sources for 15 years – having invested to build a highly qualified multidisciplinary team of experienced electricity sector professionals over this period.

### CONTRACTED CAPACITY (MW)



\* Takes into account Renova's 11.66% holding in TerraForm Global, based on installed capacity in operation at March 31, 2017.

## 2. CONTRACTED PROJECTS – RENOVA’S PORTFOLIO

Parques	Fonte	Complexo	Capacidade Instalada (MW)	Energia Vendida (MW médio)	Número de parques	Início do PPA
TerraForm Global <sup>1</sup>	Eólico/Solar		107,2			
LER 2010	Eólico	Alto Sertão II	167,7	78,0	6	out-14
LEN A-3 2011	Eólico	Alto Sertão II	218,4	103,6	9	jan-16
LEN A-5 2012	Eólico	Alto Sertão III - Fase A	18,9	10,2	1	jan-17
LER 2013	Eólico	Alto Sertão III - Fase A	159,0	73,7	9	set-15
LEN A-5 2013	Eólico	Umburanas	355,5	178,0	17	mai-18
LEN A-5 2014	Eólico	Umburanas	108,0	49,4	5	jan-19
LER 2014	Eólico	Alto Sertão	43,5	20,9	3	out-17
LER 2014	Solar	Alto Sertão	53,5	10,9	4	out-17
ESPRa	PCH	-	41,8	18,7	3	2008
Brasil PCH <sup>2</sup>	PCH	-	148,4	95,8	13	2008/2009
<b>TOTAL REGULADO</b>	-	-	<b>1.421,8</b>	<b>639,3</b>	<b>70</b>	-
Light I	Eólico	Alto Sertão III - Fase A	200,7	100,2	12	set-15/jan-16
Light II	Eólico	Alto Sertão III - Fase B	199,8	100,2	12	set-16/jan-20
Mercado Livre I	Eólico	Alto Sertão III - Fase A	21,6	11,0	2	jan-16
Mercado Livre II	Eólico	Alto Sertão III - Fase B	98,1	50,0	8	jan-17
Mercado Livre III	Eólico	Alto Sertão III - Fase A	32,4	15,0	2	set-15
Híbrido	Solar	Alto Sertão	4,8	1,0	1	2016
<b>TOTAL LIVRE</b>	-	-	<b>557,4</b>	<b>277,4</b>	<b>37</b>	-
<b>TOTAL</b>	-	-	<b>1.979,2</b>	<b>916,7</b>	<b>107</b>	-

<sup>1</sup> Takes into account Renova’s 11.66% holding in TerraForm Global, based on installed capacity in operation March 31, 2017.

<sup>3</sup> This figure is for Renova’s 51% interest.

## MESSAGE FROM MANAGEMENT

In this first quarter of 2017, Renova's results are beginning to reflect the measures taken in 2016 to ensure sustainability of the company in the long term. We see these results as largely due to our strategy: based on adjustment of the capital structure, revision of the business plan, execution of the projects in progress, and restructuring of internal processes and teams.

### Adjustment of the capital structure

In 2017 Renova has continued this process, begun last year, with two principal lines of action:

- 1) Capital increase: On December 23, 2016, Renova began a process of capital increase for up to R\$ 300.0 million, at issue price of R\$ 2.00 per share, and R\$ 6.00 per Unit. So far the Company has received R\$ 96 million from the controlling stockholders under which R\$ 62 million have been received this year.
- 2) Sale of the Alto Sertão II complex: On April 18, Renova signed the agreement to sell the 15 wind farms (with 386 MW) of the Alto Sertão II Complex to AES Tietê, for R\$ 600 million. Completion of the transaction is subject to certain conditions precedent which include approval by government bodies and creditors.

The sale of Alto Sertão II, as well as allowing reduction of the Company's debt at the holding company level, will be of fundamental importance for completion of the works of the Alto Sertão III complex, and the Hybrid Project, which are both at an advanced stage of completion (87%). The Company is at an advanced stage of discussion with the principal creditors of the project and expects to resume the works in the short term.

### Revision of the business plan

In 2016 Renova began the revision of its business plan. It canceled the Jacobina ('Zeus') project (676 MW) and opted not to participate in the 2015 LER auction project (30 MW), postponed the start of operation of 67% of the Light II PPA until 2020, and temporarily de-contracted the PPA signed under the 2011 LEN auction, through the Surpluses and Deficits Compensation Mechanism (MCSD). In 2017 Renova intends to maintain this line of action, optimizing its portfolio of contracts by adhering to new processes of the MCSD, as follows:

- 1) MCSD for the 2011 LEN contract (Alto Sertão II Complex): De-contracting of 100.2 MW average of the 2011 LEN PPA, for the period January through December 2017, and replacing the revenue that would be received under that contract by the revenue under the Light I contract.
- 2) MCSD 'A0' – for the 2012 LEN contract (Alto Sertão III Complex): De-contracting of 10.2 MW average of the 2012 LEN PPA, for the period April through December 2017, thus reducing the penalty payment arising from delay in delivery of the wind farms of the Alto Sertão III complex.
- 3) MCSD 'A4+' – for the 2012 LEN contract (Alto Sertão III Complex): On May 8, 2017 the Company requested permanent cancellation of 10.2 MW average under the 2012 LEN PPA (Alto Sertão III Complex), as from January 2018 until the termination of the contract. The aims are: to increase the revenue from the Alto Sertão III project; and to reduce Renova's trading risk, by replacement of the 2012 LEN contract with a PPA made in the Free Market.

- 4) MCS D 'A4+' – for the 2013 LEN contract (Umburanas Complex): In addition to the cancellation of the 2012 LEN contract, also on May 8, 2017 the Company requested permanent cancellation of 178.0 MW average under the 2013 LEN contract (Umburanas Complex), from January 2018 to termination of the contract. This aims to reduce the need for capex in the medium term, and mitigate the financial and regulatory risks arising from the delay in the delivery of the wind farms.

The preliminary result of the MCS D 'A4+' processes for permanent cancellation of the 2012 and 2013 LEN contracts is due to be published by the CCEE on May 19, 2017.

#### **Restructuring of internal processes, and teams**

Due to the re-scaling of teams and the review of internal processes, Renova's SG&A expenses were 72% lower in 1Q17, and total expenses were 67% lower. With a leaner team (141 employees) focused only on essential activities, the Company is now correctly scaled for its present portfolio of assets.

The actions reported above confirm the commitment of Renova's management and stockholders to re-establishing the Company's financial stability and ensuring it remains sustainable for the long term. The steps taken for liquidity, the solution for the Alto Sertão III project, and the optimization of the portfolio are an important step in the direction of a new path to success for the Company.

#### 4. HIGHLIGHTS IN DETAIL:

##### 4.1. Capital increase

On December 23, 2016, Renova's Board of Directors approved a capital increase in the amount of up to R\$ 300.0 million, at issue price of R\$ 2.00 per share, and R\$ 6.00 per Unit. The period for exercise of first refusal rights ended on April 26, 2017, and the process of subscription and paying-up should be finalized by early in June.

Reiterating the controlling stockholders' commitment, Cemig GT, Light Energia and RR Participações have so far subscribed R\$ 96.0 million – of which R\$ 50.0 million was subscribed and paid by Cemig GT and Light in December 2016, and a further R\$ 46.0 million in March and April of 2017. Of this additional amount, R\$ 18 million was provided by Cemig GT, R\$ 18.0 million by Light Energia, and R\$ 10.0 million by RR Participações.

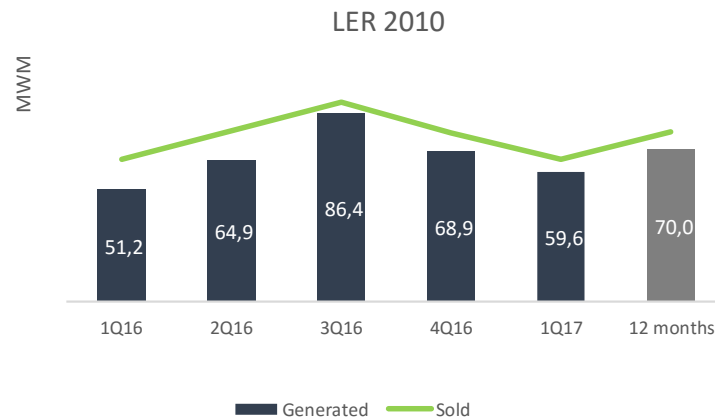
Further to the amount subscribed by the controlling stockholders, the minority stockholders have subscribed a further R\$ 16.2 million. Based on the shares subscribed at time of writing, the stockholding structure after ratification of the issue would be as follows:

RENOVA ENERGIA	ON		PN		Total	
<b>Controlling block</b>	<b>277,251,670</b>	<b>84.1%</b>	-	<b>0.0%</b>	<b>277,251,670</b>	<b>66.5%</b>
RR Participações	54,461,797	16.5%	-	0.0%	54,461,797	13.1%
Light Energia	71,636,173	21.7%	-	0.0%	71,636,173	17.2%
Cemig GT	151,153,700	45.9%	-	0.0%	151,153,700	36.3%
<b>Other shareholders</b>	<b>52,365,474</b>	<b>15.9%</b>	<b>87,298,409</b>	<b>100.0%</b>	<b>139,663,883</b>	<b>33.5%</b>
RR Participações*	1,745,682	0.5%	313,600	0.4%	2,059,282	0.5%
RR Casa de Invest e Part	7,557,075	2.3%	900,000	1.1%	8,457,075	2.0%
BNDESPAR	9,311,425	2.8%	18,622,850	22.7%	27,934,275	6.7%
InfraBrasil	11,651,467	3.5%	23,302,933	28.5%	34,954,400	8.4%
FIP Caixa Ambiental	5,470,293	1.7%	10,940,586	13.4%	16,410,879	3.9%
Others	16,629,532	5.0%	33,218,440	40.6%	49,847,972	12.0%
<b>Total</b>	<b>329,617,144</b>	<b>100.0%</b>	<b>87,298,409</b>	<b>100.0%</b>	<b>416,915,553</b>	<b>100.0%</b>

##### 4.2. Generation output of Alto Sertão II

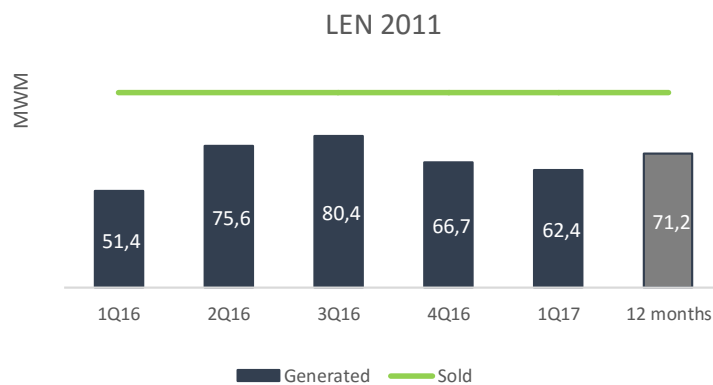
###### Assets of the 2010 Reserve ('LER') Auction

In 1Q17, the six wind farms that contracted supply of 78.0 MW average at the 2010 LER auction generated an average power level of 59.6 MW. This was 8.5% lower than the seasonalized level of volume sold; average generation over the last 12 months was 70.0 MW, 10.3% below the level of volume sold. The lower levels of generation than the volumes sold were due to wind levels lower than the long-term average for the region – and, principally, due to the restrictions on transmission lines for outflow of the supply generated. Renova expects to generate the total volume sold at the auction within the four-year period.



### Assets of the 2011 LEN Auction

In 1Q17, the nine wind farms that contracted supply of 103.6 MW average at the 2011 LER auction generated an average power level of 62.4 MW, and an average level over the last 12 months of 71.2MW – which was 31.2% below the seasonalized level of volume sold.



Generation by these plants was lower due to wind levels lower than the long-term average, and – principally – due to the restrictions on transmission lines for outflow of the power produced. Since one of the substations of Chesf (the São Francisco River electricity utility), to connect the wind farms of the region, has not yet been completed, the facilities are periodically disconnected so as not to overburden the system. According to Aneel's Monitoring Timetable for Transmission Facilities (SIGET), the transmission line that will connect these wind farms is scheduled to be delivered in May 2017. As soon as the substation is ready, we believe there will likely be no more problems related to transmission outages.

In 2017, to improve Renova's balance of supply and demand, reducing its exposure to the spot market and, above all, increase the cash flow of the Alto Sertão II project, by substituting the Regulated Market revenue with the revenue from the Light I contract (price 21% higher), Renova decontracted 100.2 MW average, which had been contracted at the A-3 LEN auction of 2011.

#### **4.5. Contract for sale of Alto Sertão II**

In line with the Company's strategy of adapting its structure, on April 18, 2017 Renova announced to the market the signature of its contract with AES Tietê to sell the assets constituting the Alto Sertão II complex.

Under the contract, AES undertook to acquire 100% of the shares of Nova Energia Holding S.A., the company that controls the 15 special-purpose companies comprising the Alto Sertão II Complex, for R\$ 600.0 million ('the Transaction').

The total value of the Transaction has the potential to reach R\$ 700.0 million under an earn-out clause – with half of the extra amount, that is to say, up to R\$ 50 million (fifty million Reais), being retained in an escrow account with release conditional upon performance of the Alto Sertão II Complex as measured after a period of five years from the date of completion of the Transaction.

The figure of R\$ 650 million for the total value of the acquisition, mentioned in the Material Announcement published on January 13, 2017, was a reference to the amount of R\$ 600.0 million to be paid for the acquisition, plus the amount retained in escrow of R\$ 50 million referred to in the previous paragraph.

Completion of the Transaction is subject to certain conditions precedent stated in the power purchase agreement, including approval by government bodies and creditors.

The sale of Alto Sertão II is fully in line with the Company's strategy, which aims to adapt the present capital structure to ensure sustainability of the business in the long term. The sale will enable Renova to reduce its liabilities to creditors and also use part of the funds to accelerate completion of the Alto Sertão III complex.

## 5. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
Gross operational revenue	167,638	104,799	60.0%
(-) Taxes – PIS, Cofins and ICMS	(15,293)	(8,741)	75.0%
<b>Net operational revenue</b>	<b>152,345</b>	<b>96,058</b>	<b>58.6%</b>
Non-manageable costs	(4,362)	(3,976)	9.7%
Manageable costs	(119,421)	(99,557)	20.0%
Depreciation	(2,533)	(26,035)	-90.3%
<b>Gross profit</b>	<b>26,029</b>	<b>(33,510)</b>	<b>-177.7%</b>
Administrative expenses	(9,731)	(29,160)	-66.6%
Administrative depreciation	(565)	(789)	-28.4%
Financial revenue (expenses)	(127,245)	(88,180)	44.3%
Equity method gains in non-consolidated investees, net	27,962	9,924	181.8%
Amortization of goodwill	(9,075)	(9,075)	0.0%
Other revenues	-	20,373	-100.0%
Loss on investment	-	(382,911)	-100.0%
Income tax and Social Contribution tax	(3,073)	(38,254)	-92.0%
<b>Net loss</b>	<b>(95,698)</b>	<b>(551,582)</b>	<b>-82.7%</b>
<i>Net margin</i>	<i>-62.8%</i>	<i>-574.2%</i>	<i>511.4 p.p.</i>

## 5.1. Consolidated net operational revenue

Renova reports net operational revenue in 1Q17 of R\$ 152.3 million, 58.6% higher than in 1Q16.

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
Net revenue – Wind power	32,260	21,958	46.9%
Net revenue – SHPs	9,537	11,102	-14.1%
Net revenue – Solar power	-	81	-100.0%
Net revenue – Other	-	773	-100.0%
Net revenue – Power trading	110,548	62,144	77.9%
<b>Net operational revenue</b>	<b>152,345</b>	<b>96,058</b>	<b>58.6%</b>

The increase of 58.6% year-on-year in net revenue in 1Q17 arises from a combination of the following factors:

- Revenue from the wind farms 46.9% higher, due to volume of generation by the LER 2010 plants 16.5% higher in 1Q17 than 1Q16.
- Net revenue from the Small Hydroelectric Plants 14.1% lower year-on-year due to the non-recurring gain of R\$ 7.0 million in 1Q16 arising from the renegotiation of hydrological factors.
- Revenue from trading in power supply 85.6% higher YoY, due to higher volumes sold in the Free Market in the quarter, due to the start of 1/3 of the Light II contract in September 2016, and the whole of the Mercado Livre I contract in January 2017;

## 5.2. Consolidated costs

Costs of production of electricity are separated into manageable, and non-manageable, costs.

**Non-manageable** costs are: (i) The tariff for use of the distribution system (TUSD) – for the use of the distribution system of *Coelba*, the concession holder to which the small hydro plants are connected, and the tariff for use of the transmission system (TUST), for the transmission lines and substations of the wind farms; and (ii) the inspection charge made by Aneel. These costs are related to the small hydro plants and the wind plants that are in operation.

Non-manageable costs in 1Q17 totaled R\$ 4.4mn, or 9.7% more than in 1Q16. The increase is due to the annual adjustment of the TUST tariffs, and regulatory charges, which takes place in the third quarter of the year.

**Manageable costs:** (i) Operation and maintenance of the wind farms and SHPs, and (ii) Purchase of electricity.

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
Outsourced services	11,842	4,453	165.9%
Rentals and leasing	1,156	919	25.8%
Insurance	495	436	13.5%
Material for use and consumption	163	2,303	-92.9%
Electricity purchased for resale	104,876	91,103	15.1%
Penalty payment re reimbursement	365	343	6.4%
Renegotiation of hydrological risk	463	-	-
Other	61	-	-
<b>Total (*)</b>	<b>119,421</b>	<b>99,557</b>	<b>20.0%</b>

Manageable costs in 1Q17 totaled R\$ 119.4 mn, or 20.0% more than in 1Q16, mainly due to the following:

- Expense on purchase of supply R\$ 13.8 mn higher in the quarter, to cover the needs of the Free Market contracts: 1/3 of Light II, which began in September 2016; Mercado Livre I, which started in January 2017; and Mercado Livre III, which started in September 2015; As a result of joining the MSCD compensation mechanism, the Light I contract is being covered by the generation from the 2011 LEN assets.
- Cost of outsourced services R\$ 7.4 million higher, due mainly to non-recurring maintenance work on the Colino II plant of Espra.
- The *Other costs* line R\$ 1.3 million lower, mainly reflecting the line *Material for use and consumption* 92.9% lower.

### 5.3. Consolidated administrative expenses

Administrative expenses in 1Q17, at R\$ 9.7 million, were 66.6% lower than in 1Q16, reflecting the Company's initiatives to adapt its organizational structures and optimize processes. Details of variations:

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
Personnel and management	1,957	11,426	-82.9%
Outsourced services	2,461	6,061	-59.4%
Rentals and leasing	557	1,132	-50.8%
Travel	360	852	-57.7%
Insurance	46	25	84.0%
Telephony and IT	1,686	1,158	45.6%
Material for use and consumption	128	335	-61.8%
Other	(499)	3,234	-115.4%
<b>SG&amp;A subtotal (*)</b>	<b>6,696</b>	<b>24,223</b>	<b>-72.4%</b>
Projects discontinued	-	2,117	-100.0%
Penalty payment re reimbursement	3,035	2,820	7.6%
<b>Total (*)</b>	<b>9,731</b>	<b>29,160</b>	<b>-66.6%</b>

- Personnel and management: This expense was 82.9% lower than in 1Q16 due to the organizational restructuring, added to the effect of reversal of provisions totaling R\$ 5.4 million, made in 1Q17, for the bonuses for the year 2016. Excluding the non-recurring bonus reversal effect the reduction would have been 41.2%.
  - In this quarter, due to the stoppage of the works on Alto Sertão III, the expenses on personnel (R\$ 0.6 million) related to that complex were no longer capitalized.
- Outsourced services: 59.4% lower than in 1Q16 – mainly due to less contracting of consultants, and review of internal processes.
- Penalty payment on reimbursement: penalty payment of R\$ 3.0mn due to late operational start-up of the 2013 LER wind farms.
- Other expenses: Reversal of R\$ 0.5 million in this quarter, mainly reflecting receipt of the insurance payment for the Alto Sertão I project (sold in 2015).

## 5.5 Consolidated financial revenue (expenses)

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
<b>Financial revenues</b>	<b>2,579</b>	<b>4,086</b>	<b>-36.9%</b>
Revenue from cash investments	2,853	4,202	-32.1%
Other financial revenues	(274)	(116)	136.2%
<b>Financial expenses</b>	<b>(129,824)</b>	<b>(92,266)</b>	<b>40.7%</b>
Costs of debt	(82,438)	(84,324)	-2.2%
Other financial expenses	(47,386)	(7,942)	496.7%
<b>Net financial revenues (expenses)</b>	<b>(127,245)</b>	<b>(88,180)</b>	<b>44.3%</b>

Renova reports Net financial expenses of R\$ 127.2 mn in 1Q17.

Financial revenues were 36.9% lower than in 1Q16, mainly reflecting a lower cash position in the period.

Financial expenses were 40.7% higher than in 1Q16, mainly due to: (i) higher costs of bank guarantees (ii) costs arising from pre-delivery of power supply; and (iii) accounting of the financing of Alto Sertão III in the Profit and loss account, since with the stoppage of the works on the complex these costs will not be capitalized until the works are resumed.

## 5.6 – Brasil PCH

Consolidated net revenue of Brasil PCH in 1Q17 was R\$ 98.1 million, 7.4% higher than in 1Q16, mainly reflecting the adjustment of invoicing levels by the IGP-M inflation index, in June of each year.

In the first quarter there was a reversal of provision of R\$ 11.2 million, relating to amounts of expected gains through the bilateral contract signed by Brasil PCH, since in the present scenario it becomes a contract for purchase of supply lower than the current spot market price.

Consolidated net profit in the quarter was R\$ 56.7 million. The result included the reversal of provision, and the reduction of financial expenses, with the amortization of the financing from Petros, which was effected in February and March, and also the reduction in the monetary updating indices of the contracts.

Renova (through Chipley) is entitled to 51% of the profit of Brasil PCH. This table shows the consolidated result:

Brasil PCH (100%)			
R\$ '000	1Q17	1Q16	Change
Net revenue	98,137	91,347	7.4%
Depreciation	(8,509)	(8,586)	-0.9%
Other costs	(12,044)	(12,051)	-0.1%
General and administrative expenses	(2,792)	(4,747)	-41.2%
Gain/loss on onerous contract	11,220	-	n.m
Financial revenue (expenses)	(25,448)	(43,186)	-41.1%
Income tax and Social Contribution tax	(3,841)	(3,319)	15.7%
<b>Net profit</b>	<b>56,723</b>	<b>19,458</b>	<b>191.5%</b>

This table gives the resulting figures, in Renova, for the acquisition of Brasil PCH:

Renova	1Q17
Equity in earnings of unconsolidated investees, net	27,962
Amortization of goodwill	(9,075)
<b>Result</b>	<b>18,887</b>

## 5.7 – TerraForm Global

In September 2015 Renova received 20,327,499 shares in TerraForm Global (11.66% of the total share capital at March 31, 2017) as part payment for the sale of the assets of the 2009 LER wind farms.

In 1Q17 Renova posted a gain in relation to the investment in TerraForm Global, of R\$ 47.5 mn, due to the 21.5% increase in the stock price of that company's shares (from US\$ 3.95 at the end of 4Q16, to US\$ 4.80 at the end of 1Q17). This is recorded in Other comprehensive income, in Stockholders' equity.

On March 7, 2017, Brookfield announced to the market that it had completed an agreement for acquisition of 100% of the shares of TerraForm Global. Under this agreement, Brookfield offers to buy all the shares in circulation, for US\$ 5.10 per share, which is a premium of 50% on the closing price of September 16, 2016 – the last trading day before the Board of TerraForm Global announced initiatives to maximize value for stockholders. We expect the transaction to be completed in the second half of 2017; it is subject to certain conditions precedent.

## 5.8. Income tax, Social Contribution tax and net profit

Renova's revenues from generation are taxed by the Presumed Profit method of tax reporting. In this regime:

- The amount on which Income tax is calculated is: 8% of gross revenue from generation of electricity; and 100% of financial revenues. The rates applied are: the regular rate of 15% up to a certain income threshold, plus an additional 10% for the part of the amount that is above the threshold.
- The basis for calculation of the Social Contribution tax is: 12% of gross revenues arising from electricity generation,

and 100% of financial revenues – to both, the rate applied is 9%.

The total of income tax and the Social Contribution tax in 1Q17 was R\$ 3.1 mn, which compares to an expense of R\$ 38.2 mn in 1Q17. The higher amount in the prior year (1Q16) reflects a provision made in that quarter for deferred tax related to the exchange of the wind farms of the Salvador project (2009 LER) for shares in TerraForm Global.

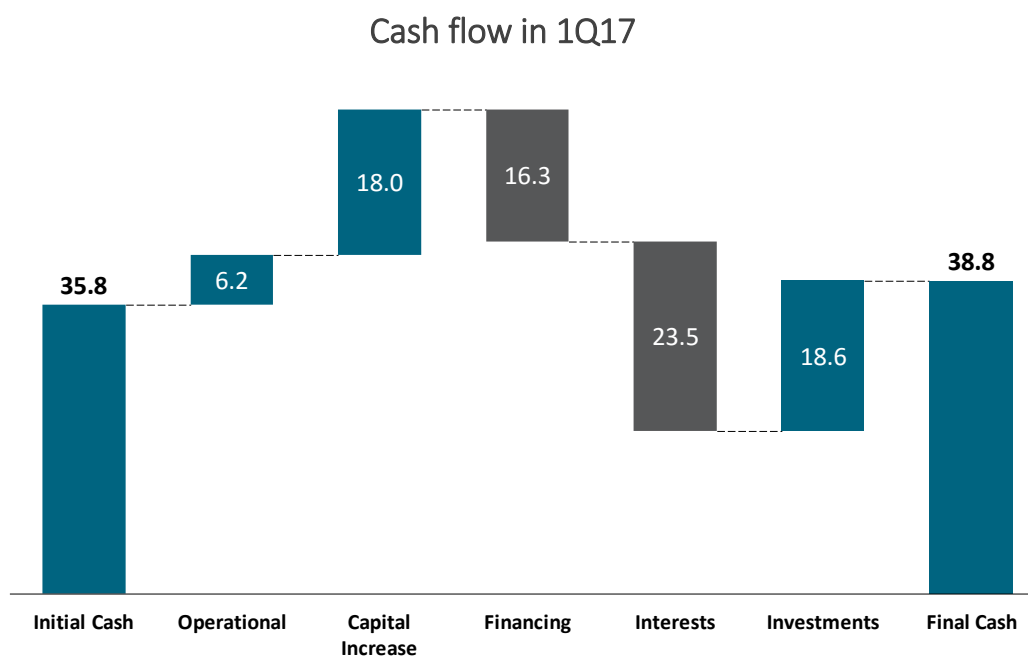
Renova reports a net loss of R\$ 95.7 mn for 1Q17, which compares with a net loss of R\$ 551.6 mn in 1Q16. The loss in 1Q17 is mainly due to the Company's higher financial expenses.

## 5.9. Ebitda

Renova Energia S.A.			
R\$ '000	1Q17	1Q16	Change
<b>Net profit (loss)</b>	<b>(95,698)</b>	<b>(551,582)</b>	<b>-82.7%</b>
(+) Income tax and Social Contribution tax	3,073	38,254	-92.0%
(+) Depreciation and amortization	12,173	35,899	-66.1%
(+) Financial expenses	129,824	92,266	40.7%
(-) Financial revenues	(2,579)	(4,086)	-36.9%
<b>Ebitda</b>	<b>46,793</b>	<b>(389,249)</b>	<b>-112.0%</b>
<i>Ebitda margin</i>	<i>30,7%</i>	<i>-405,2%</i>	<i>435.9 p.p.</i>
(+) Loss on investment	-	382,911	n.m
(+) Equity method gains (losses)	(27,962)	(9,924)	181.8%
(+) Other revenues	-	(20,373)	-100.0%
<b>Adjusted EBITDA</b>	<b>18,831</b>	<b>(36,635)</b>	<b>-151.4%</b>
<i>Adjusted Ebitda margin</i>	<i>12.4%</i>	<i>-38.1%</i>	<i>50.5 p.p.</i>

The Company's Ebitda in 1Q17 was R\$ 46.8 mn positive; adjusted Ebitda was R\$ 18.8 mn positive. This mainly reflected higher Ebitda in the trading company, and the successful reduction of expenses in the quarter.

## 6. CASH FLOW



\* In the cash flow statements, cash investments are classified as investing activities.

In the first quarter of 2017 Renova's cash position increased by R\$ 3.0 mn from December 31, 2016. The main factors are:

- cash generation by operations: R\$ 6.2 mn, net of payment of interest;
- R\$ 18.0 million from the capital increase in progress, announced on December 23, 2016;
- negative cash flow of R\$ 16.3 mn on amortization of loans and financings;
- R\$ 23.5 million in payments of interest on loans, financings and debentures;
- in *investments*, R\$ 18.6 million on redemption of deposits related to the transaction with Terraform Global.

## 7. COMMENTS ON THE MAIN FINANCIAL AND ECONOMIC INDICATORS

Balance Sheet							
Amounts in R\$ thousands							
Consolidated Assets				Consolidated Liabilities			
	3/31/2017	12/31/2016	12/31/2015		3/31/2017	12/31/2016	12/31/2015
<b>Current Assets</b>	<b>1,841,324</b>	<b>135,860</b>	<b>550,630</b>	<b>Current Liabilities</b>	<b>3,511,504</b>	<b>3,346,901</b>	<b>1,497,006</b>
Cash and cash equiv.	25,238	35,786	66,147	Loans and Financing	1,103,425	2,045,371	709,938
Investments	-	-	11,744	Debentures	517,679	670,173	52,646
Clients	44,736	49,138	26,655	Suppliers	547,077	546,911	570,006
Other	39,728	50,936	248,733	Others	58,401	84,446	49,672
Assets for Sale	1,731,622	-	197,351	Liabilities associated with assets for sale	1,284,922	-	114,744
<b>Long-term Assets</b>	<b>4,134,145</b>	<b>5,765,276</b>	<b>5,472,831</b>	<b>Long-term Liabilities</b>	<b>538,608</b>	<b>598,637</b>	<b>1,898,539</b>
Loans and Financing	14,717	87,836	20,514	Loans and Financing	89,946	93,338	955,307
Others	1,868	7,709	4,661	Debentures	-	-	654,365
Investments	1,008,271	947,027	1,159,551	Suppliers	8,497	27,703	31,471
Fixed Assets in Use	182,681	1,807,479	1,731,842	Other	440,165	477,596	257,396
Fixed Assets in Progress	2,926,608	2,915,225	2,556,263	<b>Shareholder's Equity</b>	<b>1,925,357</b>	<b>1,955,598</b>	<b>2,627,916</b>
				Capital Stock	2,874,255	2,856,255	2,526,253
				Capital Reserve	55,379	55,379	55,246
				Profit Reserve	-	-	46,417
				Accumulated conversion adjustments	146,476	99,019	-
				Retained Losses	-	1,055,055	-
<b>Ativo Total</b>	<b>5,975,469</b>	<b>5,901,136</b>	<b>6,023,461</b>	<b>Passivo Total</b>	<b>5,975,469</b>	<b>5,901,136</b>	<b>6,023,461</b>

Under IFRS 5 / CPC 31, assets that have a high probability of sale, where management is engaged for that outcome and the sale is likely to be concluded in less than a year, are to be classified as assets held for sale. Thus, in the reporting for 1Q17 all the lines of assets and liabilities relating to Alto Sertão II were classified, within current assets, in a single line – Assets held for sale – reflecting the transaction with AES Tietê.

### 7.1. Main changes in assets

On March 31, 2017, the total cash position (cash and cash equivalents + cash investments) was R\$ 25.2 mn. The reduction, of R\$ 10.5 million, in relation to December 31, 2016 mainly reflected the fixed costs of the Holding company and the Trading company, partially offset by the inflow of R\$ 18.0 million from the controlling stockholders

### 7.2. Main changes in liabilities

The total of loans, financings and debentures in current liabilities at the end of 1Q17 was R\$ 1.621 billion. Since the end of 2016, the portion of the debt that was previously accounted in Non-current liabilities was reclassified to current liabilities, under the accounting rule relating to non-compliance with the debt coverage index, since the Company did not succeed in obtaining all the necessary waivers by December 31, 2016. The Company is in negotiations to obtain a waiver for this contractual clause, and expects to have the situation regularized in the next half-year, at which point it would reclassify part of this amount to Non-current. Up to the date of publication of results, Renova has not received any application for early maturity from its debenture holders or creditors.

Stockholders' equity at the end of the year was R\$ 1.925 billion; the main variation from the end of 4Q16 (R\$ 30.0 million) was the combination of accumulated losses in 1Q17 and the positive result in Other comprehensive income.

### 7.3 Financings

At the end of 2016 the total of short and long-term loans, financings and debentures was R\$ 2.860 billion<sup>1</sup>, as follows:

Contract	Rate	R\$ '000
BNDES – Renova Eólica	TJLP + 2.45%	698,834
BNDES – Renova Eólica	TJLP + 2.60%	258,575
BNDES – Renova Eólica (social subcredit)	TJLP	4,876
BNDES – Bridge I Diamantina Eólica	TJLP + 8.00	179,843
BNDES – Bridge I Diamantina Eólica	TJLP + 2.5%	429,548
BNDES – Bridge I Diamantina Eólica	TJLP + 7.34%	199,823
BNB <sup>2</sup> – Espra	9.5% p.a.	82,847
Finep – Itaparica wind farm	3.5 % p.a.	13,671
Debentures – 3rd issue – holding company	143% of CDI	525,078
Debentures – 1st issue – Renova Eólica	IPCA + 7.60% p.a.	179,268
Other short-term loans	100% of CDI rate + (4.3% to 8.7% p.a.).	287,814
<b>Total indebtedness</b>		<b>2,860,177</b>
Funding transaction costs	-	14,368
<b>Debt net of costs</b>		<b>2,845,809</b>
Cash + cash equivalents		25,238
<b>Net debt<sup>3</sup></b>		<b>2,820,571</b>

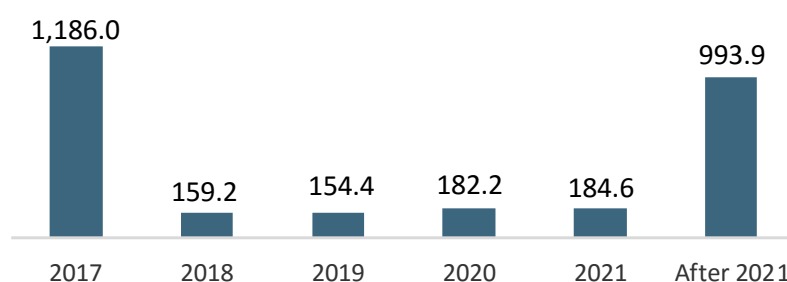
<sup>1</sup> The total represents the amount accounted, plus the interest generated, without considering the funding costs of the transactions.

<sup>2</sup> The financings have interest rates of 9.5% p.a. (able to be reduced to 8.08% by a 15% non-default bonus).

<sup>3</sup> Cash and cash equivalents plus cash investments.

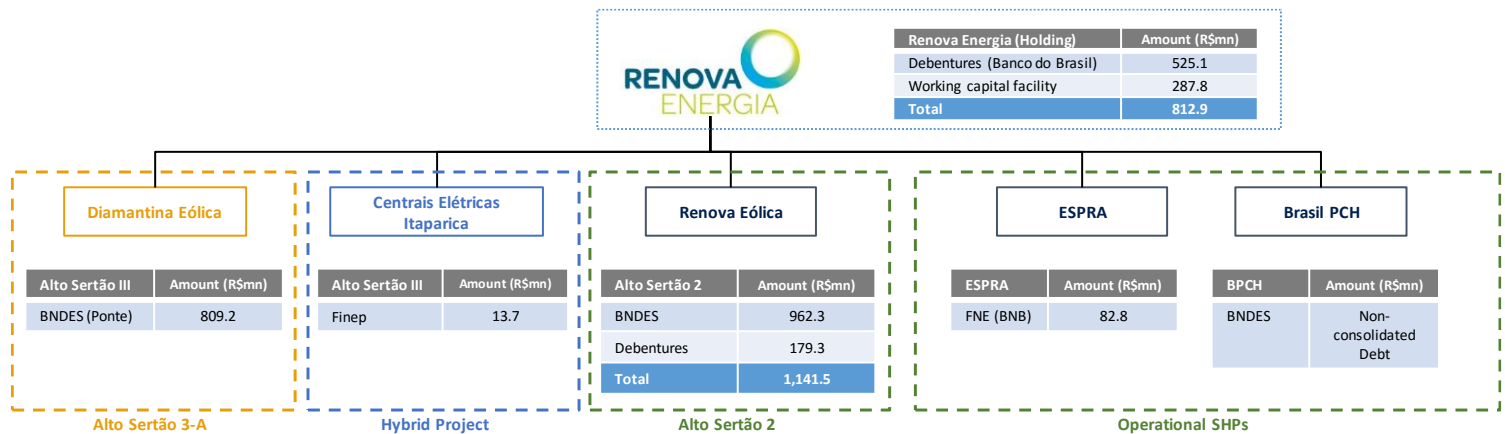
<sup>4</sup> Based on the average rate for short-term loans

#### Maturities Timetable (R\$ mn)

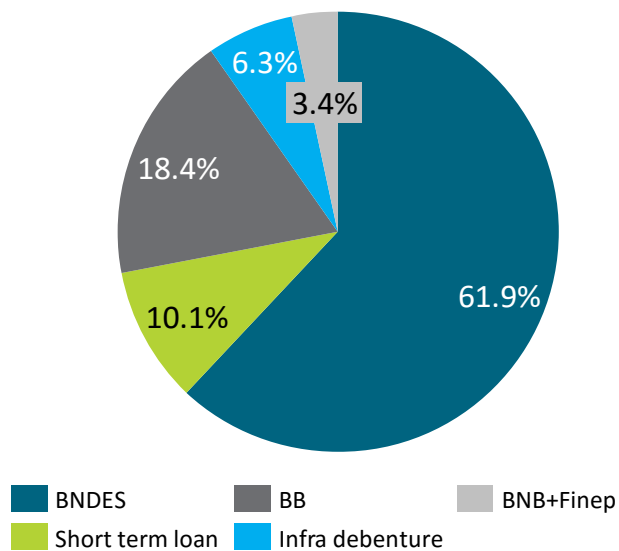


The timetable shown above represents the normalized debt timetable, without taking into account the reclassification to short-term. It is important to note that the greater part of the financial debt in Current liabilities is the bridge loan from the Brazilian Development Bank (BNDES) for Alto Sertão III, which will be settled when the long-term financing from the BNDES is disbursed.

## Financial debt by layer of stockholdings



## Financial debt by institution



## 8. STOCK PRICE: RNEW11 ON THE BM&FBOVESPA

These charts compare the stock price of RNEW11, the Bovespa index and the Brazilian electricity index, in the last 12 months.



With the tools of the Company's website, and its constant relationship with stockholders and potential investors at public events and at events organized by investment banks, Renova's Investor Relations team seeks to operate with transparency in relation to the market, updating its investors on its positioning, projects under development, and outlook.

The Company's information and publications can be accessed on the website ([www.renovaenergia.com.br](http://www.renovaenergia.com.br)), where news items of the sector that could affect the Company's business plan are also highlighted.

## 9. STOCKHOLDING STRUCTURE

Share capital of Renova at March 31, 2017:

RENOVA ENERGIA	Ações ON		Ações PN		Total de Ações	
<b>Bloco de Controle</b>	<b>229.251.670</b>	<b>82,2%</b>	-	<b>0,0%</b>	<b>229.251.670</b>	<b>63,5%</b>
RR Participações	49.461.797	17,7%	-	0,0%	49.461.797	13,7%
Light Energia	56.567.803	20,3%	-	0,0%	56.567.803	15,7%
Cemig GT	123.222.070	44,2%	-	0,0%	123.222.070	34,2%
<b>Outros Acionistas</b>	<b>49.664.580</b>	<b>17,8%</b>	<b>81.899.063</b>	<b>100,0%</b>	<b>131.563.643</b>	<b>36,5%</b>
RR Participações*	1.745.682	0,6%	313.600	0,4%	2.059.282	0,6%
RR Casa de Invest e Part	7.557.075	2,7%	900.000	1,1%	8.457.075	2,3%
BNDESPAR	9.311.425	3,3%	18.622.850	22,7%	27.934.275	7,7%
InfraBrasil	11.651.467	4,2%	23.302.933	28,5%	34.954.400	9,7%
FIP Caixa Ambiental	5.470.293	2,0%	10.940.586	13,4%	16.410.879	4,5%
Outros	13.928.638	5,0%	27.819.094	33,9%	41.747.732	11,6%
<b>Total</b>	<b>278.916.250</b>	<b>100,0%</b>	<b>81.899.063</b>	<b>100,0%</b>	<b>360.815.313</b>	<b>100,0%</b>

\* Shares outside the controlling block.

For calculation of *market capitalization* the total number of shares of Renova is divided by three (due to its trading in *Units* – one common share and two preferred shares) and multiplied by the price of the security RNEW11 on the date in question.

## 10. GLOSSARY

<b>A–3 or A–5 Auctions</b>	‘New-build’ auctions, to contract supply starting respectively 3 and 5 years ahead.
<b>Alto Sertão I</b>	14 wind farms owned by Renova in the interior of Bahia State, with installed capacity of 294.4 MW, which contracted electricity sales in the 2009 Reserve Energy auction (LER).
<b>Alto Sertão II</b>	15 Renova wind farms in the interior of Brazilian State of Bahia, with installed capacity of 386.1 MW, which contracted electricity sales in the Reserve Energy (LER) Auction of 2010 and the A–3 Auction of 2011.
<b>Alto Sertão III</b>	44 Renova wind farms in the interior of Brazilian State of Bahia, which sold supply in the 2012 (A–5) LEN Auction, in the 2013 LER auction, and in the Free Market, with total installed capacity of 736.8MW.
<b>Alto Sertão III Phase A</b>	23 Renova wind farms in the interior of the Brazilian State of Bahia with installed capacity of 411.0MW, which sold power supply in the 2012 (A–5) LEN auction, the 2013 LER auction, and in the Free Market.
<b>Aneel</b>	The Brazilian electricity regulator ( <i>Agência Nacional de Eletricidade</i> ).
<b>CCEE</b>	The Electricity Trading Exchange: Brazil’s Wholesale Electricity Market ( <i>Câmara de Comercialização de Energia Elétrica</i> ).
<b>Espra</b>	The company Energética Serra da Prata S.A., indirect subsidiary of Renova, and holder and operator of Renova’s three Small Hydroelectric Plants.
<b>ICB</b>	Cost-Benefit Index ( <i>Índice Custo Benefício</i> ) calculated by Aneel for new-build auctions.
<b>ICSD</b>	Debt servicing coverage index ( <i>Índice de Cobertura do Serviço da Dívida</i> ).
<b>LEN</b>	‘New-build’ auction, held to contract supply to be provided by facilities yet to be built ( <i>Leilão de Energia Nova – ‘New Electricity Auction’</i> ).
<b>LER</b>	‘Reserve Capacity’ auction ( <i>Leilão de Energia de Reserva – ‘Reserve Energy Auction’</i> ).
<b>Free Market</b>	Contracting environment in which prices for electricity supply are freely negotiated between the consumer and the generating agent or trader.
<b>Mercado Livre I</b>	A Renova wind farm with installed capacity of 21.6MW, in the interior of the State of Bahia, which has placed power supply in the Free Market.
<b>Mercado Livre II</b>	A group of eight Renova wind farms in the interior of Bahia, with installed capacity of 101.4MW, which has placed power supply in the Free Market.
<b>Mercado Livre III</b>	A Renova wind farm with installed capacity of 32.4MW, in the interior of Bahia State, which has placed power supply in the Free Market.

<b>MRE</b>	Electricity Reallocation Mechanism ( <i>Mecanismo de Realocação de Energia</i> ).
<b>O&amp;M</b>	Operation and maintenance
<b>P50</b>	An estimate of average electricity output for which the possibility of its being exceeded in the long term is estimated at 50%. Regarded as an average estimate for electricity production.
<b>P90</b>	An estimate of average electricity output for which the possibility of its being exceeded in the long term is estimated at 50%. Regarded as a conservative estimate for electricity production.
<b>PPA</b>	<i>Power Purchase Agreement</i> – contract to buy power supply.
<b>Proinfa</b>	The Program to Encourage Alternative Sources of Electric Power ( <i>Programa de Incentivos às Fontes Alternativas de Energia</i> ).
<b>Regulated Market</b>	Contracting environment in which prices are laid down by the regulator, Aneel.
<b>SHPs</b>	Small Hydroelectric Plants ( <i>Pequenas Centrais Hidrelétricas</i> – PCHs).
<b>SPC</b>	Special-purpose company (Sociedade de Propósito Específico or ‘SPE’).
<b>Spot Price</b>	The Spot Market Price ( <i>Preço de Liquidação das Diferenças</i> – ‘Differences Settlement Price’), published weekly by the CCEE.

In compliance with Instruction 381/03 of the Brazilian Securities Commission (CVM), we report that in the period ended March 31, 2017 the external auditors, Deloitte Touche Tohmatsu Auditores Independentes, which provide services to the Company and its subsidiaries and jointly-held subsidiary, did not carry out any services not related to the external auditing that represented more than 5% of the annually contracted fees.



# **Individual and Consolidated Interim Financial Information**

As at March 31, 2017

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## BALANCE SHEETS

As at March 31, 2017

In thousands of Brazilian reais - R\$

		Consolidated		Parent	
ASSETS	Note	03/31/2017	12/31/2016	03/31/2017	12/31/2016
CURRENT ASSETS					
Cash and cash equivalents	6	25,238	35,786	7,749	7,993
Trade receivables	7	44,736	49,138	341	341
Recoverable taxes	8	10,259	9,453	1,910	1,862
Prepaid expenses		798	2,073	505	467
Collaterals and restricted deposits	9	23,498	33,510	23,498	33,510
Related parties	24	-	-	18,544	18,004
Dividends receivable	11.4	-	-	620	620
Advances to suppliers		3,088	3,005	2,838	1,725
Other receivables		2,085	2,895	1,908	1,892
		109,702	135,860	57,913	66,414
Assets classified as held for sale	27	1,731,622	-	441,855	-
Total current assets		1,841,324	135,860	499,768	66,414
NONCURRENT ASSETS					
Accounts receivable - CCEE	16	-	2,500	-	-
Related parties	24	-	-	246,883	309,448
Collaterals and restricted deposits	9	14,717	87,836	-	-
Deferred taxes	10	1,728	5,069	-	-
Other receivables		140	140	115	115
Investments	11	1,008,271	947,027	2,257,876	2,606,684
Property, plant and equipment	12	182,681	1,807,479	22,957	24,505
Construction in progress	12	2,926,608	2,915,225	270,605	258,862
Total noncurrent assets		4,134,145	5,765,276	2,798,436	3,199,614
TOTAL ASSETS		5,975,469	5,901,136	3,298,204	3,266,028

The accompanying notes are an integral part of these interim financial information.

## BALANCE SHEETS

As at March 31, 2017

In thousands of Brazilian reais - R\$

LIABILITIES AND EQUITY	Note	Consolidated		Parent	
		03/31/2017	12/31/2016	03/31/2017	12/31/2016
CURRENT LIABILITIES					
Trade payables	13	547,077	546,911	84,127	87,984
Borrowings and financing	14	1,103,425	2,045,371	270,512	252,508
Debentures	14	517,679	670,173	517,679	496,577
Taxes payable	15	12,365	20,698	9,047	9,282
Payroll and related taxes		5,163	8,372	5,163	8,372
Accounts payable - CCEE/Eletrabras/Distributors	16	38,565	51,149	-	-
Provision for social and environmental costs	18	1,014	2,540	-	-
Other payables		1,294	1,687	1,285	1,281
		2,226,582	3,346,901	887,813	856,004
Liabilities directly associated with assets classified as held for sale	27	1,284,922	-	-	-
Total current liabilities		3,511,504	3,346,901	887,813	856,004
NONCURRENT LIABILITIES					
Trade payables	13	8,497	27,703	-	-
Borrowings and financing	14	89,946	93,338	2,091	3,192
Deferred taxes	10	121,415	121,583	121,415	121,415
Accounts payable - CCEE/Eletrabras/Distributors	16	522	46,391	-	-
Related parties	24	77,043	73,722	276,013	270,295
Provision for investments loss	11	-	-	84,055	58,064
Provision for social and environmental costs	18	-	5,387	-	-
Provision for civil, tax and labor taxes	17	1,460	1,460	1,460	1,460
Advances from customer	24.3	239,725	229,053	-	-
Total noncurrent liabilities		538,608	598,637	485,034	454,426
EQUITY					
Capital	19	2,916,012	2,898,012	2,916,012	2,898,012
(-) Costs on issuance of shares		(41,757)	(41,757)	(41,757)	(41,757)
Capital reserve		55,379	55,379	55,379	55,379
Accumulated losses		(1,150,753)	(1,055,055)	(1,150,753)	(1,055,055)
Other comprehensive income		146,476	99,019	146,476	99,019
Total equity		1,925,357	1,955,598	1,925,357	1,955,598
TOTAL LIABILITIES AND EQUITY					
		5,975,469	5,901,136	3,298,204	3,266,028

The accompanying notes are an integral part of these interim financial information.

## STATEMENTS OF PROFIT AND LOSS

As at March 31, 2017

In thousands of Brazilian reais - R\$

	Note	Consolidated		Parent	
		03/31/2017	03/31/2016	03/31/2017	03/31/2016
NET REVENUE	20	152,345	96,058	-	854
COST OF SERVICES					
Depreciation	12, 21	(2,533)	(26,035)	(1,151)	(1,311)
Operating costs		(119,421)	(99,557)	-	-
Charges on use of distribution system		(4,362)	(3,976)	-	-
Total	21	(126,316)	(129,568)	(1,151)	(1,311)
GROSS PROFIT (LOSS)		26,029	(33,510)	(1,151)	(457)
INCOME (EXPENSES)					
General and administrative		(7,691)	(29,207)	(5,019)	(27,232)
Depreciation and amortization	12, 21	(565)	(789)	(564)	(670)
Other expenses		(2,040)	47	1,902	3,567
	21	(10,296)	(29,949)	(3,681)	(24,335)
Share of profit (loss) of subsidiaries	11.3	18,887	849	(47,004)	(75,456)
Investment loss	11.3.1.2	-	(382,911)	-	(382,911)
Other income		-	20,373	-	20,373
Total		8,591	(391,638)	(50,685)	(462,329)
PROFIT (LOSS) BEFORE FINANCE INCOME (COSTS)		34,620	(425,148)	(51,836)	(462,786)
FINANCE INCOME (COSTS)					
Finance income		2,579	4,086	981	2,466
Finance costs		(129,824)	(92,266)	(44,843)	(55,401)
Total	22	(127,245)	(88,180)	(43,862)	(52,935)
LOSS BEFORE					
INCOME TAX AND SOCIAL CONTRIBUTION		(92,625)	(513,328)	(95,698)	(515,721)
Income tax and social contribution - current		(3,133)	(3,417)	-	-
Income tax and social contribution - deferred	10.1	60	(34,837)	-	(35,861)
Total	23	(3,073)	(38,254)	-	(35,861)
LOSS FOR THE PERIOD		(95,698)	(551,582)	(95,698)	(551,582)

The accompanying notes are an integral part of these interim financial information.

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

As at March 31, 2017

In thousands of Brazilian reais - R\$

	Note	Consolidated		Parent	
		03/31/2017	03/31/2016	03/31/2017	03/31/2016
Loss for the period		(95,698)	(551,582)	(95,698)	(551,582)
Items that will be subsequently reclassified to profit or loss :					
Available assets for sale	11.3.1	47,457	271,509	47,457	271,509
Impairment of available assets for sale	11.3.1.1	-	(271,509)	-	(271,509)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(48,241)</b>	<b>(551,582)</b>	<b>(48,241)</b>	<b>(551,582)</b>

The accompanying notes are an integral part of these interim financial information.

## STATEMENTS OF CHANGES IN EQUITY

As at March 31, 2017

In thousands of Brazilian reais - R\$

		Capital		Capital Reserve		Profits Reserve			Other comprehensive income	Total consolidated and parent's equity	
	Note	Paid-in	Cost on issuance of shares	Reserve of benefits to employees settled with equity instruments	Goodwill	Legal reserve	Retained earnings	Special reserve of dividends not distributed	Accumulated losses	Available assets for sale	
BALANCES AT DECEMBER 31, 2015		2,568,010	(41,757)	55,245	1	2,321	33,072	11,024	-	-	2,627,916
Capital increase - issuance of shares	19.b	200,000	-	-	-	-	-	-	-	-	200,000
Recognition of share-based payment	24.5.1	-	-	58	-	-	-	-	-	-	58
Loss for the year		-	-	-	-	-	-	-	(551,582)	-	(551,582)
Other comprehensive income:											
Available assets for sale	11.3.1	-	-	-	-	-	-	-	-	271,509	271,509
Impairment of available assets for sale	11.3.1.1	-	-	-	-	-	-	-	-	(271,509)	(271,509)
BALANCES AT MARCH 31, 2016		2,768,010	(41,757)	55,303	1	2,321	33,072	11,024	(551,582)	-	2,276,392
BALANCES AT DECEMBER 31, 2016		2,898,012	(41,757)	55,378	1	-	-	-	(1,055,055)	99,019	1,955,598
Capital increase - issuance of shares	19.b	18,000	-	-	-	-	-	-	-	-	18,000
Loss for the year		-	-	-	-	-	-	-	(95,698)	-	(95,698)
Other comprehensive income:											
Available assets for sale	11.3.1	-	-	-	-	-	-	-	-	47,457	47,457
BALANCES AT MARCH 31, 2017		2,916,012	(41,757)	55,378	1	-	-	-	(1,150,753)	146,476	1,925,357

The accompanying notes are an integral part of these interim financial information.

## STATEMENT OF CASH FLOWS

As at March 31, 2017

In thousands of Brazilian reais - R\$

		Consolidated		Parent	
	Note	03/31/2017	03/31/2016	03/31/2017	03/31/2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period		(95,698)	(551,582)	(95,698)	(551,582)
Adjustments to reconcile loss (profit) for the period to cash used in operating activities:					
Depreciation	12, 21	3,098	26,824	1,715	1,981
Residual value of fixed assets disposed of	12	1,079	2,140	12	2,140
Interest on short-term investments and collaterals	22	(2,853)	(4,202)	(998)	(2,613)
Net interest on related parties	24	13,993	2,975	4,949	1,285
Interest on debentures, borrowings and financing	14.4, 22	76,351	59,633	38,200	29,522
Recognition of costs on debentures, borrowings and financing	14.4	386	496	240	259
Recognition and provision CCEE/Eletrabras/Distributors	16.1	3,672	37,437	-	-
Fine on reimbursement	16.1, 21	3,400	-	-	-
Deferred taxes	10.1	(130)	33,623	-	35,861
Restatement and provision for social and environmental costs	18.1	136	54	-	-
Provision for civil, tax and labor taxes		-	7	-	7
Accrued bonuses (reversal)		(3,734)	2,086	(3,734)	2,086
Expense on share-based payment	24.5.1	-	58	-	58
Investment loss	11.3.1.1	-	382,911	-	382,911
Recognition of dividends of investee	11.4	-	(20,373)	-	(20,373)
Share of profit (loss) of subsidiaries	11.3	(18,887)	(849)	47,004	75,456
(Increase) decrease in operating assets:					
Trade receivables		(9,205)	(19,937)	-	(69)
Recoverable taxes		(2,298)	(993)	(48)	(509)
Prepaid expenses		316	(105)	(38)	(174)
Advances to suppliers		(2,212)	(1,932)	(1,113)	(1,937)
Other receivables		240	275	(16)	290
Increase (decrease) in operating liabilities:					
Trade payables		40,994	(18,231)	(11,349)	(9,423)
Taxes payable		2,479	3,429	(1,224)	(58)
Payroll and accrued vacation		525	(4,546)	525	(4,546)
Accounts payable - CCEE/Eletrabras/Distributors	16.1	(6,905)	(697)	-	-
Provision for social and environmental costs	18.1	-	(21)	-	-
Other payables		(393)	(954)	4	(1,486)
Payment of income tax and social contribution		(3,248)	(1,567)	-	-
Payment of interest on borrowings and financing	14.4	(23,478)	(27,819)	(21)	(4,350)
Dividends received	11.4	5,100	20,373	-	20,873
Net cash used in operating activities		(17,272)	(81,487)	(21,590)	(44,391)
CASH FLOWS FROM INVESTING ACTIVITIES					
Resources for future capital increase	11.3.2	-	-	143	(27,790)
Short-term investments		-	(27,598)	-	2,613
Collaterals and restricted deposits		25,107	40,526	11,010	40,526
Purchase of property, plant and equipment	12, 28	(6,161)	(162,981)	(4,430)	(179,724)
Payment of property, plant and equipment purchased in prior periods		(305)	(121,974)	-	-
Related parties		-	-	(4,721)	9,119
Net cash (used in) provided by investing activities		18,641	(272,027)	2,002	(155,256)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of shares	19.b	18,000	200,000	18,000	200,000
Debentures, borrowings and financing	14.4, 28	-	347,843	-	183,880
Debentures, borrowings and financing repaid	14.4	(16,332)	(73,763)	(414)	(59,949)
Related parties		-	-	1,758	(14,537)
Net cash provided by financing activities		1,668	474,080	19,344	309,394
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		3,037	120,566	(244)	109,747
Cash and cash equivalents at beginning of the period	6	35,786	66,824	7,993	20,369
Cash and cash equivalents at end of the period	6	38,823	187,390	7,749	130,116
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
		3,037	120,566	(244)	109,747

The accompanying notes are an integral part of these interim financial information.

## STATEMENTS OF VALUE ADDED

As at March 31, 2017

In thousands of Brazilian reais - R\$

		Consolidated		Parent	
	Note	03/31/2017	03/31/2016	03/31/2017	03/31/2016
REVENUE					
Electric power sales	20	167,638	104,799	-	991
Revenue from construction of own assets		1,832	23,452	1,831	6,700
INPUTS ACQUIRED FROM THIRD PARTIES					
Cost of sales		(123,793)	(103,566)	-	-
Materials, power, outside services and other		(10,115)	(16,640)	(3,800)	(11,178)
Investments loss	11.3.1.1	-	(382,911)	-	(382,911)
Gross value added		35,562	(374,866)	(1,969)	(386,398)
Depreciation	12, 21	(3,098)	(26,824)	(1,715)	(1,981)
NET WEALTH CREATED		32,464	(401,690)	(3,684)	(388,379)
WEALTH RECEIVED IN TRANSFER					
Share of profit (loss) of subsidiaries	11.3	18,887	849	(47,004)	(75,456)
Other income	11.4	-	20,373	-	20,373
Finance income		2,854	5,154	998	2,466
TOTAL WEALTH TO BE DISTRIBUTED		54,205	(375,314)	(49,690)	(440,996)
DISTRIBUTION OF WEALTH					
Personnel:					
Payroll and related taxes		(2,379)	8,732	(2,568)	8,732
Management fees	24.4	3,073	2,283	3,073	2,283
Benefits		981	2,172	684	2,172
FGTS		576	2,212	420	2,212
Taxes and contributions:					
Federal		20,085	49,530	1,010	38,534
Municipal		-	45	-	45
Lessers and lessors:					
Interest		109,560	104,941	43,418	52,179
Rentals		637	1,218	459	1,207
Other		17,370	5,135	(488)	3,222
Retained loss for the period		(95,698)	(551,582)	(95,698)	(551,582)
TOTAL WEALTH DISTRIBUTED		54,205	(375,314)	(49,690)	(440,996)

The accompanying notes are an integral part of these interim financial information.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

As at March 31, 2017

In thousands of Brazilian reais - R\$

### 1. General information

Renova Energia S.A. (“Renova” or “Company” or “Parent”) is a publicly-held company enrolled with CNPJ under no. 08.534.605/0001-74, with shares traded at BM&FBOVESPA (“BOVESPA”) under the Corporate Governance Level 2. Headquartered at Av. Roque Petroni Júnior, 999, 4º andar, City of São Paulo, State of São Paulo, the Company is primarily engaged in the development, implementation and operation of projects for generation of energy from renewable sources – wind, small hydroelectric plants (PCHs) and solar, and in the sale of power and related activities. The Company’s corporate purposes are the generation and sale of power of all types, manufacturing of fuel from natural and renewable sources, provision of logistics supporting services to companies or environmental advisory companies, provision of advisory services for power solutions relating to the generation, sale, transmission and other businesses involving alternative power sources, provision of engineering, construction and logistics services, and development of studies and projects related to the power generation plants of all types and systems, as well as the implementation, operation, maintenance and development, manufacturing and sale of parts and equipment for power generation, transmission and distribution, operation in the electric power generation market through solar power generation equipment, including, but not limited to, sale of solar power and equipment for generation, transmission and distribution of solar power, processing of polysilicon, ingots, wafers, cells, panels, modules and inverters, sale, lease, rental or other type for provision of power generation assets, and investment in other companies’ capital.

As at March 31, 2017, the Company holds equity interests in the following direct and indirect subsidiaries which are in the operating and preoperating stages and under construction (“Renova Group”):

		Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
PCH	Consolidation				
Enerbras Centrais Elétricas S.A. (Holding)	(a) Full	100.00	-	100.00	-
Energética Serra da Prata S.A.	(b) Full in Enerbras	-	99.99	-	99.99
Renova PCH LTDA.	(c) Full	99.00	-	99.00	-
Chipey SP Participações S.A. (Holding)	(d) Full	100.00	-	100.00	-

		Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Wind Farms	Consolidation				
Nova Energia Holding S.A. (Holding)*	(e) Full	99.99	-	99.99	-
Renova Eólica Participações S.A. (Holding)*	(e) Full in Salvador Eólica	-	100.00	-	100.00
Centrais Eólicas da Prata S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas dos Araçás S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Morrão S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Seraíma S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Tanque S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Ventos do Nordeste S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99

- CONTINUED -

- CONTINUATION -

Wind Farms	Consolidation	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Centrais Eólicas Ametista S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Borgo S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Caetité S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Dourados S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Espigão S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Maron S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Pelourinho S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Pilões S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Serra do Espinhaço S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Alto Sertão Participações S.A. (Holding)	(e) Full	99.99	-	99.99	-
Diamantina Eólica Participações S.A. (Holding)	(e) Full in Alto Sertão	-	99.99	-	99.99
Centrais Eólicas São Salvador S.A.	(h) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Abil S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Acácia S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Angico S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Folha da Serra S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jabuticaba S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jacarandá do Serrado S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Taboquinha S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Tabua S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Vaqueta S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Unha d'Anta S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Cedro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Vellozia S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Angelim S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Facheiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Sabiu S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Barbatimão S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Juazeiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jataí S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Imburana Macho S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Amescla S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Umbuzeiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Pau d'Água S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Manineiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Bela Vista XIV S.A.	(e) Full	99.00	-	99.00	-
Ventos de São Cristóvão Energias Renováveis S.A.	(k) Full in Bela Vista XIV	-	99.00	-	99.00
Centrais Eólicas Botuquara S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Anísio Teixeira S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Cabeça de Frade S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Canjoão S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Carrancudo S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Conquista S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Coxilha Alta S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Ipê Amarelo S.A.	(j) Full	99.00	-	99.00	-

- CONTINUED -

- CONTINUATION -

Wind Farms	Consolidation	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Centrais Eólicas Jequitiba S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Macambira S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Tamboril S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Tingui S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Alcacuz S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Calandra S.A.	(j) Full	99.99	-	99.99	-
Centrais Eólicas Cansanção S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Embiruçu S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Ico S.A.	(j) Full	99.99	-	99.99	-
Centrais Eólicas Imburana de Cabão S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Lençóis S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Putumaju S.A.	(j) Full	99.00	-	99.00	-
Centrais Elétricas Itaparica S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Bela Vista XV LTDA.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã IV LTDA.	(m) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã V LTDA.	(m) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã VII LTDA.	(m) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã XV LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã XX LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 1 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 2 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 3 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 4 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 5 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 6 S.A.	(l) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 7 LTDA.	(n) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 8 LTDA.	(n) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 9 LTDA.	(n) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 10 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 11 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 12 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 13 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 14 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 15 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 16 LTDA.	(k) Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 18 LTDA.	(k) Full	99.00	-	99.00	-
Parque Eólico Iansã LTDA	(k) Full	99.99	-	99.99	-

Holding	Consolidation	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Renovapar S.A.	(p) Full	100.00	-	100.00	-
Espra Holding S.A.	(p) Full	99.00	-	99.00	-
Bahia Holding S.A.	(p) Full	99.00	-	99.00	-
CMNPAR Fifty Four Participações S.A.	(p) Full	99.99	-	99.99	-

Power Sale	Consolidation	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Renova Comercializadora de Energia S.A.	(o) Full	100.00	-	100.00	-

- CONTINUED -

- CONTINUATION -

PCH	Shared control (not consolidated)	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Brasil PCH S.A.	(q) Indirect by Chipley	-	51.00	-	51.00

Holding	Significant influence	Equity interest - %			
		03/31/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
TerraForm Global, Inc.	(r) Direct	11.66	-	11.64	-

(\*) On January 2017, the balances of these investments had been transferred to the assets and liabilities classified as held for sale, on the current assets and liabilities of the Company (see note 27).

- (a) Enerbras Centrais Elétricas S.A. (“Enerbras”), a direct subsidiary, is a privately-held company, headquartered in the State of Bahia, exclusively engaged in holding equity interest in Energética Serra da Prata S.A. (“Espra”).
- (b) Energética Serra da Prata S.A. (“Espra”), an indirect subsidiary, is a privately-held company, exclusively engaged in the generation and sale of electric power from Serra da Prata Hydroelectric Complex, which are comprised of PCHs Cachoeira da Lixa, Colino I and Colino II, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with Centrais Elétricas Brasileiras (“Eletrobras”), in the context of the Alternative Electric Power Source Incentive Program (PROINFA). Espra started operations in 2008.
- (c) Renova PCH Ltda. (“Renova PCH”), a direct subsidiary, is mainly engaged in the construction, implementation, operation, maintenance and generation of water source power. The company is in the preoperating stage.
- (d) Chipley SP Participações S.A. (“Chipley”) is a privately-held company, mainly engaged in holding equity interests in other businesses, as partner or shareholder, which may include participating in consortia, and operating, directly or indirectly, as the case may be, electric power services, encompassing generation systems and other related services.
- (e) Privately-held companies, headquartered in São Paulo and in Bahia, which are mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in the wind power generation.
- (f) Privately-held companies which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with CCEE, in the context of the Reserve Auction – 2010 (“LER 2010”), see note 1.1.
- (g) Privately-held companies which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with those distributors which declared demand in the New Power Auction – 2011 (“LEN 2011(A-3)”), see note 1.1.
- (h) Centrais Eólicas São Salvador S.A. (“São Salvador”), direct subsidiary, is a privately-held company specifically engaged in the design, implementation, development and operation of São Salvador wind farm, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with those distributors which declared demand in the New Power Auction – 2012 (“LEN 2012 (A-5)”). The wind farm is under implementation.
- (i) Privately-held companies, which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with CCEE, in the context of the Reserve Auction – 2013 (“LER 2013”). The wind farm is under implementation.

- (j) Direct and indirect subsidiaries, whose purpose is to project, implement, operate and exploit specific Wind farms, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted in the free market. The wind farms are in the phase of implementation.
- (k) Direct subsidiaries which are mainly engaged in the construction, implementation, operation, maintenance and generation of wind power. These companies are under implementation.
- (l) Direct subsidiaries, whose purpose is to project, implement, operate and exploit specific wind farms, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with distributors who declared demand in the New Power Auction – 2013 (“LEN 2013 (A-5)”). These companies are in the phase of implementation.
- (m) Direct subsidiaries, whose purpose is to project, implement, operate and exploit electric power generation plants from wind farms and solar power, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with CCEE, under the Power Reserve Auction – 2014 (“LER 2014”). These wind farms are in the phase of implementation.
- (n) Direct subsidiaries, whose purpose is to project, implement, operate and exploit electric power generation plants from wind farms and solar power, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with distributors who declared demand in the New Power Auction – 2014 (“LEN 2014 (A-5)”). These companies are in the phase of implementation.
- (o) Renova Comercializadora de Energia S.A. (“Renova Comercializadora”), a direct, wholly-owned subsidiary, which is mainly engaged in the sale of power of all types.
- (p) Directs subsidiaries, mainly engaged in holding equity interests in other companies which operate, directly or indirectly, in the generation and sale of power of all types.
- (q) Brasil PCH S.A. (“Brasil PCH”) is a privately-held company, mainly engaged in holding equity interests in other businesses, as partner or shareholder, which may include conducting activities related to the management, construction, planning, operation, maintenance and development of renewable electric power generation projects through PCHs.
- (r) TerraForm Global, Inc. (“TerraForm” or “TerraForm Global”) is a globally diversified company guided towards increased payment of dividends, established to hold and operate clean energy generation assets in emerging markets with strong growth. In view of the variation in the total quantity of shares of TerraForm Global, there was an alteration to the equity interest percentage of Renova without changing the number of shares owned by the Company, see note 1.2.a.

## 1.1 Commercial operation of wind farms under LER 2013 and LEN 2012 (A-5)

LER 2013 – The Reserve Auction Contracts establish that the wind farms should enter into commercial operation on September 1, 2015, nevertheless, these are delayed and are estimated to enter into operation between the second half of 2017 and the first trimester of 2018. According to the contract, the effective payment of the fixed revenue is conditioned to the startup of commercial operation of the wind farms, with the financial resources associated to this payment to be withheld at CONER (reserve energy account), which amounts are considered at the time of the calculation of the differences between the generated power and the contracted power (see note 16).

LEN 2012 (A-5) – The New Energy Contracts establish that the wind farm should enter into commercial operation in January 2017, nevertheless it is delayed and estimated to enter into operation in the first quarter of 2018. In order to comply with the contractual obligations, the Company purchases energy from related parties (see note 24.3.c). For the period from April to December 2017 the Company decommissioned a total volume of 10.2 MWm (see note 24.3.d)

## 1.2 Operation with TerraForm Global

### a) Description of operations

On July 15 the Company signed contracts of divestment and exchange of certain assets, as well as other agreements (“Operation”) with TerraForm and associated companies, as follows:

(i) Purchase and sale contracts of shares for the divestment of assets of the Espra project (3 PCHs with installed production capacity of 41,8 MW) in the amount of R\$136,000, through cash payment. The divestment deal of this Project to TerraForm Global was cancelled, in accordance with the relevant fact published on April 1, 2016. Due to this cancellation, on April 1, 2016 TerraForm Global paid to the Company a fine of R\$35,790;

(ii) Purchase and sale contract of shares for the divestment of assets of the Bahia project, corresponding to five wind farms that commercialize energy in LER 2009, with 99.2 MW of installed capacity for the contractual value of R\$451,000, through cash payment; and

(iii) Contract for the exchange of shares for exchanging shares of parents of the Company holding assets of the Salvador project, corresponding to nine wind parks that commercialize energy in LER 2009, with 195.2 MW of installed capacity, for the contractual value of R\$1,026,000, for 20,327,499 Class A shares of TerraForm Global, whereby the price per share of the public offering of shares (IPO) of TerraForm Global (i.e. US\$15.00 per share) was used as a basis for this exchange.

On September 18, 2015 the Company signed the deal of the operation with TerraForm Global, with the conclusion of the divestment/exchange of the Bahia and Salvador projects. The date of accounting recognition of the divestment was considered for the purpose of measuring the fair value of the exchange of the Salvador project, which comprises the fair value of the 20,327,499 (twenty million, three hundred and twenty-seven thousand, four hundred and ninety-nine) shares of TerraForm in the amount of R\$716,259 plus the fair value of the sales option of 7,000,000 (seven million) shares and in the amount of R\$128,767.

### b) Collateral, guarantees and respective provisions related to the operation

As determined by contract, part of the amounts received by the Company, from the divestment of assets of the Bahia project, and part of the shares of TerraForm Global, received by Renova in exchange for the assets of the Salvador project, has been deposited in an escrow accounts, subject to commitments for the fulfillment of certain contractual obligations. On March, 2017 the parties agreed to release the amount of R\$3,338, from the R\$8,511 provisioned referring the guarantee for the repairing of the parks, and the remaining R\$5,173 acknowledged as loss for the period on 2015 (R\$3,234) and 2016 (R\$1,939).

The Company is in negotiation with TerraForm Global for the release of the guarantee for the amount of generated power, demonstrated below:

Description	Project	Institution	Value	Maturity
			R\$ thousands (*)	
Guarantee for the amount of generated power <sup>(i)</sup>	Bahia	J.P. Morgan	23,469	1/31/2017

(\*) Updated value in March 31, 2017.

Description	Project	Institution	Number of shares	Maturity
Guarantee for the amount of generated power <sup>(i)</sup>	Salvador	Citibank	792,495	1/31/2017

(i) See note 11.

Based on an analysis by Company Management, the expected and provisioned amount of the effect on income in relation to the guarantees, at the amount of R\$10,000, on 2015.

The management expects the values concerning the guarantees to be released until the end of the second trimester of 2017.

#### c) Sale option contract with SunEdison (TerraForm Parent)

On September 18, 2015 a contract was signed with a sales option for Renova and a purchase option for SunEdison, by means of which, as at March 31, 2016 the Company had the option of divesting to SunEdison up to 7 million shares of TerraForm Global received by Renova for the closing of the exchange of assets of the Salvador project, previously described, and SunEdison had the option of acquiring from Renova, up to 7 million shares of TerraForm. The effective price at the time of the sales or purchase option shall be of R\$50.48 or US\$15.00. On April 1, 2016, the Company notified SunEdison and TerraForm Global in relation to its intention of exercising the sale option of 7 million shares which, as per the contract, SunEdison will have up to 60 days for settling this transaction. On April 21, 2016, SunEdison filed for judicial reorganization in the United States (Chapter 11), and up until the date of issue of the present financial statements, SunEdison had not settled this transaction. See note 17.2 for further details.

#### d) Asset Management Agreement

On September 18, 2015 the Company signed a contract for rendering asset management services with TerraForm to manage the assets divested in the Operation (Bahia Eólica and Salvador Eólica) for the period of 12 months. For these services Renova received the total amount of R\$3,639 and became responsible for the daily management of operations, contract management, financial management, accounting and others included in the contract. On September 18, 2016 the contract was ended. During the first trimester of 2016, recognized revenue was of R\$910 (see note 20).

### 1.3 Sale of the wind power complex Alto Sertão II (LER 2010 and LEN 2011 (A-3))

On January 20, 2017 the Company accepted the binding offer from AES Tietê Energia S.A. ("AES") for the divestment of the wind power complex Alto Sertão II, comprising 15 wind farms that sold energy under LER 2010 and LEN 2011 (A-3). On April 18, 2017 a contract for the purchase of the shares of Eólico Alto Sertão II was signed (vide note 29.1). The accomplishment of the potential divestment will still depend on conditions precedent, among which the prior approval of the creditors of the wind power complex Alto Sertão II and of the Administrative Council for Economic Defense ("CADE").

## 1.4 Going concern

On the quarter ended in March 31, 2017, the Company suffered in loss for the year of R\$95,698 and the current liabilities exceeded the current assets in the amount of R\$388,045 (parent) and R\$1,670,180 (consolidated). Furthermore, the Company has presented negative cash flow. The main reasons for this scenario are: i) operations for the purchase of energy to honor commitments related to the delay in entering into operation of selected wind farms; ii) relevant investments that are being allocated to the construction of the Alto Sertão III wind farms; iii) delay in the release of long-term financing by BNDES; and iv) not having attained certain indicators of the covenants and not having obtained the concurrence of the creditors until March 31, 2017 led to the reclassification of certain long-term financing to current; and v) losses from the Terraform operation as described under note 1.2.

In view of this scenario, the Company has been carrying out various actions with the purpose of rebalancing its liquidity and cash generating structure. Listed below are the actions and plans of the Company:

- (1) On April 18, 2017 the Company signed the contract for the sale of LER 2010 and LEN 201 (A-3) wind farms, for the amount of R\$600,000, as per note 29.1. Once this operation is achieved, the debt related to the Wind farms of Complexo Alto Sertão II, which as at March 31, 2017 amount to R\$1,134,759, will be transferred in the transaction with AES Tietê, and the Company will receive approximately R\$480,000 net of contractual and other guarantees.
- (2) Relevant restructuring of administrative expenses and reduction of the administrative and operational structure of the Company;
- (3) The shareholders of the control block are committed with financial support in order for the Company to reestablish its liquidity. Among the measures already implemented are: i) as described under note 19.b and 29.2, fund allocation by the shareholders in the amount of R\$392,199 (R\$62,197, on 2017 and R\$330,002 on 2016); and ii) according to notes 24.3, since December 2015 the shareholder CEMIG GT has been advancing funds totaling R\$272,000 related to the energy purchase and sales contract, of which R\$60,000 in December 2015 and R\$212,000 in 2016. Also, on February 26, 2016 the shareholders signed the Shareholder Support Agreement, whereby the shareholders of the control block are obliged to provide funds for the Company should there be insufficient funds available for the payment of the Debenture interest remuneration with Banco do Brasil on the respective dates of payment;
- (4) Contracting long-term financing with BNDES – the Company is negotiating a long-term financing, in the amount of approximately R\$900,000 which will substitute the bridge-loan registered under current liabilities up until March 31, 2017 in the amount of R\$800,579 (principal and debt service charges), and the remainder shall be used for concluding the works related to the Alto Sertão II – Phase A project. Once the long-term financing is obtained, part of the current liability will be reclassified to the noncurrent. Up to date, the amount of R\$2.1 billion has already been invested at Alto Sertão III–Phase A, corresponding to 87%<sup>(\*)</sup> of the physical completion of the works, notwithstanding the release of the long-term financing by BNDES;
- (5) Deferment of certain projects for the balancing the cash flow of the Company, such as the postponement of 2/3 of the Light II Project and cancelation of the PPA Cemig Project.
- (6) Request for the concurrence of the creditors, to permit the reclassification of the debt in the amount of R\$500,000 to noncurrent liabilities.

As an alternative for the viability of new resources, there is the possibility of optimizing the portfolio, disposing of projects and/or operational assets, as well as the entry of new shareholders.

Management understands that with the successful outcome of the above mentioned measures, it will be possible to resume the economic, financial and liquidity balance of the Company.

(\*) Information not reviewed by independent auditors.

## **2. Significant Accounting Policies**

### **2.1 Statement of compliance**

The consolidated interim financial information have been prepared in accordance with technical pronouncement CPC 21 (R1) – Interim financial statements and with international standard IAS 34 - “*Interim Financial Reporting*” issued by the “*International Accounting Standards Board - IASB*” – identified as “consolidated”.

The individual interim financial information of the Parent company was prepared in accordance with technical pronouncement CPC 21 (R1), identified as “Parent Company”. In the case of the Company, these practices differ from the IFRS, in relation to individual interim financial information, only with reference to the capitalization of interest incurred by the parent company, in relation to the assets under construction of its subsidiaries. For the purpose of IFRS, this capitalization is only permitted in the consolidated financial information.

These Interim Financial Statements were prepared according to the principles, practices and criteria consistent with those adopted in the preparation of the Annual Financial Statements as at December 31, 2016. Accordingly, these Interim Financial Statements should be read jointly with the mentioned Annual Financial Statements, approved by the Board of Administration of the Company on March 22, 2017.

Management declares that all the relevant financial information of the interim financial information, and only these, are being evidenced and correspond to the information used by Management during its administration of the business.

### **2.2 Approval of the Interim Financial Information**

The individual and consolidated interim financial information, which are expressed in thousands of reais and rounded to the nearest thousand, unless other stated, were approved for filing with CVM by the Annual Shareholders Meeting, as authorized by the Board of Directors, on May 12, 2017.

### **2.3 New accounting standards and alterations of the interpretation of standards**

For the Accounting Pronouncements and Interpretations that were applicable on December 31, 2016 and those that entered into effect as at January 1, 2017, there have been no significant changes nor relevant impacts for this Interim Financial Information with regard to those disclosed on note 2 to the financial statements of December 31, 2016.

### **2.4 Basis of consolidation and investments in subsidiaries**

The interim financial information of the subsidiaries referred to in note 1 were consolidated.

### 3. Authorizations

#### 3.1. Regulated market (ACR)

<u>PCH</u>	<u>Ref. Contract</u>	<u>ANEEL Resolution</u>	<u>Resolution date</u>	<u>Authorized year</u>	<u>Installed production capacity*</u>
Cachoeira da Lixa	PROINFA	697	12/24/2003	30 years	14.80 MW
Colino 2	PROINFA	695	12/24/2003	30 years	16.00 MW
Colino 1	PROINFA	703	12/24/2003	30 years	11.00 MW

<u>Wind Farms</u>	<u>Ref. Contract</u>	<u>MME Ordinance</u>	<u>Ordinance date</u>	<u>Authorized year</u>	<u>Installed production capacity*</u>
Centrais Eólicas da Prata S.A.	LER 05/2010	177	03/25/2011	35 years	21.84 MW
Centrais Eólicas dos Araçás S.A.	LER 05/2010	241	04/07/2011	35 years	31.86 MW
Centrais Eólicas Morrão S.A.	LER 05/2010	268	04/20/2011	35 years	30.24 MW
Centrais Eólicas Serafina S.A.	LER 05/2010	332	05/27/2011	35 years	30.24 MW
Centrais Eólicas Tanque S.A.	LER 05/2010	330	05/26/2011	35 years	30.00 MW
Centrais Eólicas Ventos do Nordeste S.A.	LER 05/2010	161	03/18/2011	35 years	23.52 MW
Centrais Eólicas Ametista S.A.	LEN 02/2011 (A-3)	135	03/14/2012	35 years	28.56 MW
Centrais Eólicas Borgo S.A.	LEN 02/2011 (A-3)	222	04/13/2012	35 years	20.16 MW
Centrais Eólicas Caetité S.A.	LEN 02/2011 (A-3)	167	03/21/2012	35 years	30.24 MW
Centrais Eólicas Dourados S.A.	LEN 02/2011 (A-3)	130	03/13/2012	35 years	28.56 MW
Centrais Eólicas Espigão S.A.	LEN 02/2011 (A-3)	172	03/22/2012	35 years	10.08 MW
Centrais Eólicas Maron S.A.	LEN 02/2011 (A-3)	107	03/08/2012	35 years	30.24 MW
Centrais Eólicas Pelourinho S.A.	LEN 02/2011 (A-3)	168	03/21/2012	35 years	21.84 MW
Centrais Eólicas Pilões S.A.	LEN 02/2011 (A-3)	128	03/13/2012	35 years	30.24 MW
Centrais Eólicas Serra do Espinhaço S.A.	LEN 02/2011 (A-3)	171	03/22/2012	35 years	18.48 MW
Centrais Eólicas São Salvador S.A.	LEN 06/2012 (A-5)	162	05/22/2013	35 years	18.90 MW <sup>(1)</sup>
Centrais Eólicas Abil S.A.	LER 05/2013	109	03/19/2014	35 years	23.70 MW
Centrais Eólicas Acácia S.A.	LER 05/2013	123	03/24/2014	35 years	16.20 MW
Centrais Eólicas Angico S.A.	LER 05/2013	111	03/19/2014	35 years	8.10 MW
Centrais Eólicas Folha da Serra S.A.	LER 05/2013	115	03/19/2014	35 years	21.00 MW
Centrais Eólicas Jabuticaba S.A.	LER 05/2013	113	03/19/2014	35 years	9.00 MW
Centrais Eólicas Jacaranda do Serrado S.A.	LER 05/2013	116	03/19/2014	35 years	21.00 MW
Centrais Eólicas Taboquinha S.A.	LER 05/2013	114	03/19/2014	35 years	21.60 MW
Centrais Eólicas Tabua S.A.	LER 05/2013	110	03/19/2014	35 years	15.00 MW
Centrais Eólicas Vaqueta S.A.	LER 05/2013	132	03/28/2014	35 years	23.40 MW
Centrais Eólicas Umburanas 1 S.A. (Umburanas 1)	LEN 10/2013 (A-5)	390	01/08/2014	35 years	27.00 MW
Centrais Eólicas Umburanas 1 S.A. (Umburanas 2)	LEN 10/2013 (A-5)	397	08/04/2014	35 years	27.00 MW
Centrais Eólicas Umburanas 1 S.A. (Umburanas 3)	LEN 10/2013 (A-5)	398	08/04/2014	35 years	18.90 MW
Centrais Eólicas Umburanas 2 S.A. (Umburanas 4)	LEN 10/2013 (A-5)	388	01/08/2014	35 years	18.90 MW
Centrais Eólicas Umburanas 2 S.A. (Umburanas 5)	LEN 10/2013 (A-5)	389	08/04/2014	35 years	18.90 MW
Centrais Eólicas Umburanas 2 S.A. (Umburanas 6)	LEN 10/2013 (A-5)	415	08/12/2014	35 years	21.60 MW
Centrais Eólicas Umburanas 3 S.A. (Umburanas 7)	LEN 10/2013 (A-5)	550	11/27/2013	35 years	24.30 MW
Centrais Eólicas Umburanas 3 S.A. (Umburanas 8)	LEN 10/2013 (A-5)	551	11/27/2013	35 years	24.30 MW
Centrais Eólicas Umburanas 3 S.A. (Umburanas 9)	LEN 10/2013 (A-5)	400	08/04/2014	35 years	18.00 MW
Centrais Eólicas Umburanas 4 S.A. (Umburanas 10)	LEN 10/2013 (A-5)	399	08/04/2014	35 years	21.00 MW
Centrais Eólicas Umburanas 4 S.A. (Umburanas 11)	LEN 10/2013 (A-5)	407	08/08/2014	35 years	15.00 MW
Centrais Eólicas Umburanas 4 S.A. (Umburanas 12)	LEN 10/2013 (A-5)	433	08/21/2014	35 years	22.80 MW
Centrais Eólicas Umburanas 5 S.A. (Umburanas 13)	LEN 10/2013 (A-5)	434	08/21/2014	35 years	18.90 MW
Centrais Eólicas Umburanas 5 S.A. (Umburanas 14)	LEN 10/2013 (A-5)	435	08/21/2014	35 years	24.90 MW
Centrais Eólicas Umburanas 5 S.A. (Umburanas 15)	LEN 10/2013 (A-5)	436	08/21/2014	35 years	18.90 MW
Centrais Eólicas Umburanas 6 S.A. (Umburanas 16)	LEN 10/2013 (A-5)	437	08/21/2014	35 years	27.00 MW
Centrais Eólicas Umburanas 6 S.A. (Umburanas 18)	LEN 10/2013 (A-5)	438	08/21/2014	35 years	8.10 MW
Centrais Eólicas Umburanas 7 Ltda. (Umburanas 17)	LEN 6/2014 (A-5)	382	07/03/2015	35 years	24.30 MW
Centrais Eólicas Umburanas 7 Ltda. (Umburanas 19)	LEN 6/2014 (A-5)	343	08/04/2015	35 years	25.80 MW
Centrais Eólicas Umburanas 7 Ltda. (Umburanas 21)	LEN 6/2014 (A-5)	342	08/04/2015	35 years	24.30 MW
Centrais Eólicas Umburanas 8 Ltda. (Umburanas 23)	LEN 6/2014 (A-5)	341	08/04/2015	35 years	16.50 MW
Centrais Eólicas Umburanas 8 Ltda. (Umburanas 25)	LEN 6/2014 (A-5)	340	08/04/2015	35 years	17.10 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Mulungu)	LER 08/2014	241	06/01/2015	35 years	14.70 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Quina)	LER 08/2014	242	06/01/2015	35 years	10.80 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Pau Santo)	LER 08/2014	285	06/25/2015	35 years	18.00 MW

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<u>UFV Photovoltaic Plan</u>	<u>Ref. Contract</u>	<u>MME Ordinance</u>	<u>Ordinance date</u>	<u>Authorized year</u>	<u>Installed production capacity*</u>
Centrais Eólicas Itapuã IV Ltda. (UFV Caetité I)	LER 08/2014	246	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã IV Ltda. (UFV Caetité II)	LER 08/2014	245	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã V Ltda. (UFV Caetité IV)	LER 08/2014	244	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã V Ltda. (UFV Caetité V)	LER 08/2014	243	06/01/2015	35 years	10.50 MW

Note (1): Installed production capacity changed by Dispatch 1814, from July 7, 2016.

(\*) Information not reviewed by independent auditors.

### 3.2. Free-trading market (ACL)

<u>Wind Farms</u>	<u>Ref. Contract</u>	<u>MME Ordinance</u>	<u>Ordinance date</u>	<u>Authorized year</u>	<u>Installed production capacity*</u>
Centrais Eólicas Amescla S.A.	ACL (Light I)	5099	03/26/2015	30 years	13.5 MW
Centrais Eólicas Angelim S.A.	ACL (Light I)	5092	03/26/2015	30 years	21.6 MW
Centrais Eólicas Barbatimão S.A.	ACL (Light I)	5093	03/26/2015	30 years	16.2 MW
Centrais Eólicas Facheio S.A.	ACL (Light I)	5098	03/26/2015	30 years	16.5 MW
Centrais Eólicas Imburana Macho S.A.	ACL (Light I)	5085	03/26/2015	30 years	16.2 MW
Centrais Eólicas Jataí S.A.	ACL (Light I)	5081	03/26/2015	30 years	16.2 MW
Centrais Eólicas Juazeiro S.A.	ACL (Light I)	5088	03/26/2015	30 years	18.9 MW
Centrais Eólicas Sabiu S.A.	ACL (Light I)	5084	03/26/2015	30 years	13.5 MW
Centrais Eólicas Umbuzeiro S.A.	ACL (Light I)	5091	03/26/2015	30 years	21.6 MW
Centrais Eólicas Unha d'Anta S.A.	ACL (Light I)	5096	03/26/2015	30 years	13.5 MW
Centrais Eólicas Vellozia S.A.	ACL (Light I)	5087	03/26/2015	30 years	21.6 MW
Centrais Eólicas Cedro S.A.	ACL (Light I)	5496	10/01/2015	30 years	12 MW
Centrais Elétricas Itaparica S.A.	ACL (Mercado livre I)	5124	04/01/2015	30 years	8.1 MW
Centrais Elétricas Itaparica S.A.	ACL (Mercado livre I)	5128	04/01/2015	30 years	13.5 MW
Centrais Eólicas Manineiro S.A.	ACL (Mercado livre III)	5125	04/01/2015	30 years	14.4 MW
Centrais Eólicas Pau D'Água S.A.	ACL (Mercado livre III)	5126	04/01/2015	30 years	18 MW
Centrais Eólicas Anísio Teixeira S.A.	ACL (Light II)	5094	03/26/2015	30 years	13.5 MW
Centrais Eólicas Cabeça de Frade S.A.	ACL (Light II)	5090	03/26/2015	30 years	5.7 MW
Centrais Eólicas Botuquara Ltda.	ACL (Light II)	5101	03/26/2015	30 years	21.6 MW
Centrais Eólicas Canjoão S.A.	ACL (Light II)	5086	03/26/2015	30 years	6 MW
Centrais Eólicas Carrancudo S.A.	ACL (Light II)	5089	03/26/2015	30 years	18.9 MW
Centrais Eólicas Conquista Ltda.	ACL (Light II)	5102	03/26/2015	30 years	24.3 MW
Centrais Eólicas Coxilha Alta Ltda.	ACL (Light II)	5170	04/27/2015	30 years	19.2 MW
Centrais Eólicas Ipê Amarelo S.A.	ACL (Light II)	5097	03/26/2015	30 years	18 MW
Centrais Eólicas Jequitibá S.A.	ACL (Light II)	5100	03/26/2015	30 years	8.1 MW
Centrais Eólicas Macambira S.A.	ACL (Light II)	5083	03/26/2015	30 years	21.6 MW
Centrais Eólicas Tamboril S.A.	ACL (Light II)	5095	03/26/2015	30 years	27 MW
Centrais Eólicas Tingui S.A.	ACL (Light II)	5082	03/26/2015	30 years	18.9 MW
Centrais Eólicas Alcaçuz S.A.	ACL (Mercado livre II)	5118	04/01/2015	30 years	18.9 MW
Centrais Eólicas Calíandra S.A.	ACL (Mercado livre II)	5119	04/01/2015	30 years	5.4 MW
Centrais Eólicas Embiruçu S.A.	ACL (Mercado livre II)	5121	04/01/2015	30 years	6 MW
Centrais Eólicas Ico S.A.	ACL (Mercado livre II)	5122	04/01/2015	30 years	10.8 MW
Centrais Eólicas Imburana de Cabão S.A.	ACL (Mercado livre II)	5123	04/01/2015	30 years	20.1 MW
Centrais Eólicas Lençóis Ltda.	ACL (Mercado livre II)	5171	04/27/2015	30 years	10.8 MW
Centrais Eólicas Putumaju S.A.	ACL (Mercado livre II)	5127	04/01/2015	30 years	14.7 MW
Centrais Eólicas Cansanção S.A.	ACL (Mercado livre II)	5120	04/01/2015	30 years	14.7 MW

(\*) Information not reviewed by independent auditors.

## 4. Power Sale

### 4.1. Regulated market (ACR)

Group company	Ref. Contract	Buyer	Amounts				Effective Term			
			Original contract amount	Annual power contracted (MWh)	Historical price MWh (R\$)	Adjusted price MWh (R\$)	Initial	Final	Inflation adjustment index	Tariff adjustment month
Small hydroelectric plants :										
Cachoeira da Lixa	PROINFA	Eletrobras	168,009	65,174	121.35	251.44	may/08	apr/28	IGP-M	june
Colino1	PROINFA	Eletrobras	149,297	57,903	121.35	251.44	sep/08	aug/28	IGP-M	june
Colino2	PROINFA	Eletrobras	213,370	41,084	121.35	251.44	jul/08	jun/28	IGP-M	june
Wind power generation										
Centrais Eólicas da Prata S.A.	LER 05/2010	CCEE	214,701	88,476	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas dos Araçás S.A.	LER 05/2010	CCEE	295,480	121,764	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas Morrão S.A.	LER 05/2010	CCEE	312,486	128,772	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas Serafina S.A.	LER 05/2010	CCEE	325,241	134,028	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas Tanque S.A.	LER 05/2010	CCEE	295,480	121,764	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas Ventos do Nordeste S.A.	LER 05/2010	CCEE	214,701	88,476	121.25	184.63	nov/14	oct/33	IPCA	september
Centrais Eólicas Ametista S.A.	LEN 02/2011	Distributors	245,424	121,764	101.53	145.30	jan/16	dec/35	IPCA	january
Centrais Eólicas Borgo S.A.	LEN 02/2011	Distributors	169,917	84,972	100.73	144.15	jan/16	dec/35	IPCA	january
Centrais Eólicas Caetité S.A.	LEN 02/2011	Distributors	250,919	125,268	100.90	144.39	jan/16	dec/35	IPCA	january
Centrais Eólicas Dourados S.A.	LEN 02/2011	Distributors	231,549	115,632	100.87	144.35	jan/16	dec/35	IPCA	january
Centrais Eólicas Espigão S.A.	LEN 02/2011	Distributors	86,976	42,924	102.07	146.07	jan/16	dec/35	IPCA	january
Centrais Eólicas Maron S.A.	LEN 02/2011	Distributors	243,154	120,888	101.32	145.00	jan/16	dec/35	IPCA	january
Centrais Eólicas Pelourinho S.A.	LEN 02/2011	Distributors	207,730	103,368	101.23	144.87	jan/16	dec/35	IPCA	january
Centrais Eólicas Pãoes S.A.	LEN 02/2011	Distributors	228,018	114,756	100.09	143.24	jan/16	dec/35	IPCA	january
Centrais Eólicas Serra do Espinhaço S.A.	LEN 02/2011	Distributors	154,294	77,964	99.69	142.66	jan/16	dec/35	IPCA	january
Centrais Eólicas São Salvador S.A.	LEN 06/2012	Distributors	161,069	89,352	90.07	119.40	jan/17	dec/36	IPCA	january
Centrais Eólicas Abil S.A.	LER 05/2013	CCEE	202,880	96,360	105.20	133.74	sep/15	aug/35	IPCA	september
Centrais Eólicas Acácia S.A.	LER 05/2013	CCEE	137,544	60,444	113.70	144.54	sep/15	aug/35	IPCA	september
Centrais Eólicas Angico S.A.	LER 05/2013	CCEE	76,101	34,164	111.30	141.49	sep/15	aug/35	IPCA	september
Centrais Eólicas Folha de Serra S.A.	LER 05/2013	CCEE	176,183	84,972	103.60	131.71	sep/15	aug/35	IPCA	september
Centrais Eólicas Jabuticaba S.A.	LER 05/2013	CCEE	82,350	39,420	104.38	132.70	sep/15	aug/35	IPCA	september
Centrais Eólicas Jacaranda do Cerrado S.A.	LER 05/2013	CCEE	173,200	83,220	103.99	132.20	sep/15	aug/35	IPCA	september
Centrais Eólicas Taboquinha S.A.	LER 05/2013	CCEE	187,680	88,476	105.99	134.74	sep/15	aug/35	IPCA	september
Centrais Eólicas Tabua S.A.	LER 05/2013	CCEE	135,964	64,824	104.80	133.23	sep/15	aug/35	IPCA	september
Centrais Eólicas Vaqueta S.A.	LER 05/2013	CCEE	198,004	93,732	105.55	134.18	sep/15	aug/35	IPCA	september
CRNV&M (Umburanas 1) (*)	LEN 10/2013	Distributors	291,353	123,516	119.83	149.99	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 2) (*)	LEN 10/2013	Distributors	287,149	121,764	119.80	149.95	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 3) (*)	LEN 10/2013	Distributors	204,343	85,848	120.92	151.35	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 4) (*)	LEN 10/2013	Distributors	203,161	84,972	121.46	152.03	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 5) (*)	LEN 10/2013	Distributors	195,008	81,468	121.60	152.21	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 6) (*)	LEN 10/2013	Distributors	234,353	98,988	121.32	150.54	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 7) (*)	LEN 10/2013	Distributors	236,789	98,988	121.52	152.10	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 8) (*)	LEN 10/2013	Distributors	257,430	109,500	119.43	149.50	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 9) (*)	LEN 10/2013	Distributors	180,849	75,336	121.95	152.64	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 10) (*)	LEN 10/2013	Distributors	214,971	91,104	119.87	150.03	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 11) (*)	LEN 10/2013	Distributors	150,043	63,072	120.85	151.27	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 12) (*)	LEN 10/2013	Distributors	242,407	102,492	120.15	150.39	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 13) (*)	LEN 10/2013	Distributors	206,806	87,600	119.93	150.11	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 14) (*)	LEN 10/2013	Distributors	248,911	104,244	121.30	151.83	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 15) (*)	LEN 10/2013	Distributors	196,797	82,344	121.41	151.97	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 16) (*)	LEN 10/2013	Distributors	266,301	111,252	121.60	152.20	may/18	dec/37	IPCA	january
CRNV&M (Umburanas 18) (*)	LEN 10/2013	Distributors	87,373	36,792	120.64	151.00	may/18	dec/37	IPCA	january
Renova Energia S.A. (Mulungu)	LER 10/2014	CCEE	158,288	56,940	138.90	164.29	oct/17	sep/37	IPCA	november
Renova Energia S.A. (Pau Santo)	LER 10/2014	CCEE	224,038	80,592	138.90	164.29	oct/17	sep/37	IPCA	november
Renova Energia S.A. (Quina)	LER 10/2014	CCEE	126,630	45,552	138.90	164.29	oct/17	sep/37	IPCA	november
CRNV&M 2 (Umburanas 17) (*)	LEN 06/2014	Distributors	278,931	99,864	139.56	165.45	jan/19	dec/38	IPCA	july
CRNV&M 2 (Umburanas 19) (*)	LEN 06/2014	Distributors	289,608	103,368	139.99	165.96	jan/19	dec/38	IPCA	july
CRNV&M 2 (Umburanas 21) (*)	LEN 06/2014	Distributors	252,252	90,228	139.69	165.61	jan/19	dec/38	IPCA	july
CRNV&M 2 (Umburanas 23) (*)	LEN 06/2014	Distributors	172,351	62,196	138.46	164.14	jan/19	dec/38	IPCA	july
CRNV&M 2 (Umburanas 25) (*)	LEN 06/2014	Distributors	183,770	65,700	139.76	165.69	jan/19	dec/38	IPCA	july
UFV Photovoltaic Plan										
Renova Energia S.A. (Caetité I)	LER 10/2014	CCEE	251,049	56,940	220.30	260.56	oct/17	sep/37	IPCA	november
Renova Energia S.A. (Caetité II)	LER 10/2014	CCEE	251,049	56,940	220.30	260.56	oct/17	sep/37	IPCA	november
Renova Energia S.A. (Caetité IV)	LER 10/2014	CCEE	251,049	56,940	220.30	260.56	oct/17	sep/37	IPCA	november
Renova Energia S.A. (Caetité V)	LER 10/2014	CCEE	88,833	20,148	220.30	260.56	oct/17	sep/37	IPCA	november

(\*) The price includes ICB (Benefit Cost Index) and CEC (Short-term Economic Cost).

## 4.2. Free market (ACL)

The Company has contracts on the open market totaling, with the parks in construction, 277.4 MW(\*) average of contracted energy, as demonstrated below:

Plants	Source	Power Sold (MW medium*)
Light I	Windpower	100.2
Light II	Windpower	100.2
Mercado Livre I	Windpower	11.0
Mercado Livre II	Windpower	50.0
Mercado Livre III	Windpower	15.0
Hybrid	Solar	1.0
		<u>277.4</u>

(\*) Information not reviewed by independent auditors.

The free market contract signed with CEMIG (PPA CEMIG Project) was cancelled as per the relevant fact disclosed on June 14, 2016. The Company is reassessing the optimization of this project, with an installed capacity of 676.2 MW.

The Company also has short-term sales contracts on the free market up until the year 2021. In total 136 MWA of energy was traded.

## 5. Segment reporting

The Company has four reportable segments representing its strategic business units, besides the performance of its administrative activities. Such strategic business units offer different renewable power sources and are administered separately as they require different technologies, developments and operating characteristics. The operations on each one of the Company's reportable segments can be summarized as follows:

- PCH – This segment is responsible for the development, implementation and operation of water source power generation projects. This segment includes the development of studies on inventories and basic projects and power generation.
- Wind – This segment is responsible for the development, implementation and operation of wind source power generation projects. It includes wind measurement, leased land, implementation and power generation. The Alto Sertão II wind farms are in an operational phase. Once these assets have been classified as held-for-sale, depreciation was ceased for comparability of the quarters ended March 31, 2017 and 2016.
- Solar – This segment is responsible for the development, implementation and operation of the solar source power generation projects. It includes measurements, development of solar projects for generation in high scale and distributed generation, as well as the sale of goods and services.
- Sale – This segment is responsible for the power sale of all types and management of the electric energy purchase and sale contracts of the Company, receiving also the energy generated by the Alto Sertão II wind farms and selling in accordance with the contractual obligation.

As at March 31, 2017 and 2016, segment reporting for result, and March 31, 2017 and December 31, 2016 for total assets and liabilities are broken down as follows:

03/31/2017						
	PCH	Wind	Solar	Sale	Administrative	Consolidated
Net revenue	9,537	32,260	-	110,548	-	152,345
Non-manageable costs	(171)	(4,191)	-	-	-	(4,362)
<b>Gross margin</b>	<b>9,366</b>	<b>28,069</b>	<b>-</b>	<b>110,548</b>	<b>-</b>	<b>147,983</b>
Manageable costs	(6,825)	(32,418)	-	(86,469)	(3,440)	(129,152)
Equity Income	18,887	-	-	-	-	18,887
Depreciation	(1,382)	-	-	-	(1,716)	(3,098)
Finance income	712	997	-	(111)	981	2,579
Finance costs	(1,692)	(73,905)	-	(14,334)	(39,893)	(129,824)
Income tax and social contribution	(872)	(2,201)	-	-	-	(3,073)
<b>(Loss) net profit</b>	<b>18,194</b>	<b>(79,458)</b>	<b>-</b>	<b>9,634</b>	<b>(44,068)</b>	<b>(95,698)</b>
Total assets	902,132	4,420,235	471	51,807	600,824	5,975,469
Total liabilities	113,955	2,841,439	-	270,945	823,773	4,050,112
03/31/2016						
	PCH	Wind	Solar	Sale	Administrative	Consolidated
Net revenue	11,102	21,958	81	62,144	773	96,058
Non-manageable costs	(70)	(3,906)	-	-	-	(3,976)
<b>Gross margin</b>	<b>11,032</b>	<b>18,052</b>	<b>81</b>	<b>62,144</b>	<b>773</b>	<b>92,082</b>
Manageable costs	(3,486)	(36,090)	-	(65,475)	(23,666)	(128,717)
Equity Income	849	-	-	-	-	849
Loss of Investment	-	-	-	-	(382,911)	(382,911)
Other Income	-	-	-	-	20,373	20,373
Depreciation	(5,083)	(19,759)	-	-	(1,982)	(26,824)
Finance income	742	616	-	262	2,466	4,086
Finance costs	(1,823)	(33,237)	-	(3,090)	(54,116)	(92,266)
Income tax and social contribution	(747)	(1,645)	-	-	(35,862)	(38,254)
<b>Net profit (loss)</b>	<b>1,484</b>	<b>(72,063)</b>	<b>81</b>	<b>(6,159)</b>	<b>(474,925)</b>	<b>(551,582)</b>
Total assets	900,466	4,610,951	481	37,024	352,214	5,901,136
Total liabilities	114,942	2,529,455	-	319,070	982,071	3,945,538

## 6. Cash and cash equivalents

Note	Consolidated		Parent	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
Cash	64	15	52	4
Banks checking account	18,346	8,329	350	767
Short-term investments	20,413	27,442	7,347	7,222
	<b>38,823</b>	<b>35,786</b>	<b>7,749</b>	<b>7,993</b>
Transfer to assets held for sale:				
Cash and cash equivalents	27.2	(13,585)	-	-
	<b>25,238</b>	<b>35,786</b>	<b>7,749</b>	<b>7,993</b>

The Company has short-term and highly liquid investments which can be immediately converted into a known cash amount and are subject to an insignificant risk of change in value were classified as cash equivalents. These financial investments refer to fixed-income instruments under repurchase agreements yielding rates ranging from 50% to 100,13% of CDI.

## 7. Trade receivables

Note	Consolidated		Parent	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
Eletrobras - ESPRA	6,581	4,161	-	-
Câmara de Comercialização de Energia Elétrica - LER 2010 and LEN 2011 (A-3)	18,265	15,900	-	-
Distributors - LEN 2012 (A-5)	1,826	-	-	-
Free trading market - Renova Comercializadora	30,349	28,736	-	-
Others	1,322	341	341	341
	<b>58,343</b>	<b>49,138</b>	<b>341</b>	<b>341</b>
Transfer to assets held for sale	27.2	(13,607)	-	-
Total	<b>44,736</b>	<b>49,138</b>	<b>341</b>	<b>341</b>

As at March 31, 2017, balances are substantially comprised of receivables, with average collection period of 30 days for which losses on performance are not expected.

## 8. Recoverable taxes

Note	Consolidated		Parent	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
Withholding Income Tax IRPJ	3,882	5,535	468	1,654
Corporate Income Tax (IRPJ)	3,570	1,041	1,343	109
COFINS (tax on revenue)	3,337	2,128	-	-
IRRF on short-term investments	134	125	63	63
Social Contribution on Net Profit (CSLL)	71	138	31	31
PIS (tax on revenue)	752	481	-	-
Other recoverable taxes	5	5	5	5
	<b>11,751</b>	<b>9,453</b>	<b>1,910</b>	<b>1,862</b>
Transfer to assets held for sale	27.2	(1,492)	-	-
Total	<b>10,259</b>	<b>9,453</b>	<b>1,910</b>	<b>1,862</b>

## 9. Collaterals and restricted deposits

Note	Consolidated		Parent	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
Collaterals and restricted deposits	99,092	121,346	23,498	33,510
Transfer to assets held for sale	27.2	(60,877)	-	-
Total	<b>38,215</b>	<b>121,346</b>	<b>23,498</b>	<b>33,510</b>
Stated as:				
Current	23,498	33,510	23,498	33,510
Noncurrent	14,717	87,836	-	-
Total	<b>38,215</b>	<b>121,346</b>	<b>23,498</b>	<b>33,510</b>

As at March 31, 2017, collaterals and restricted deposits are broken down as shown below:

Company	Collateral	Institution	Contractual Subject	Consolidated		Parent	
				03/31/2017	12/31/2016	03/31/2017	12/31/2016
Renova	Other	-	Property lease/other items	-	2,230	-	2,230
Renova	Guarantee	J P Morgan	Related to assets divestment <sup>(i) (ii)</sup>	23,498	31,280	23,498	31,280
			<b>Total current</b>	<b>23,498</b>	<b>33,510</b>	<b>23,498</b>	<b>33,510</b>
Espra	Guarantee	BNB	BNB Financing	14,717	16,608	-	-
Renova Eólica	Guarantee	Itaú	BNDES Financing	50,034	60,429	-	-
Renova Eólica	Guarantee	Itaú	Debentures	10,843	10,799	-	-
			Transfer to assets held for sale (note 27.2)	(60,877)	-	-	-
			<b>Total noncurrent</b>	<b>14,717</b>	<b>87,836</b>	<b>-</b>	<b>-</b>

The balances refer to short-term fixed-income instruments, with a rate ranging from 98,49% to 105,96% CDI linked to financing agreements with BNDES and Banco do Nordeste do Brasil (“BNB”) and to the issuance of Infrastructure Debentures, that can only be changed with prior authorization from the creditors, and related to assets divestment (see note 1.2b), as follows:

(i) Guarantee related to the estimated average production of energy – guarantee used to assure an average estimate of production of energy adopted by the parties in the operation contracts. The operation contract with TerraForm

determines that the average estimated future production of energy by the parks will be the object of analysis and confirmation by independent consultants based on the “P-50” model and possible differences with the energy informed in the contract, of 861,998 MWh per year, will be adjusted considering an effect of up to R\$40,000, considering the contractual terms (see note 1.2b).

(i) Refers to repairs to the wind farms: in accordance with the contract related to the Operation with TerraForm, Renova is responsible for certain repairs of the wind farms (“remediation Items”). As at December 31, 2016, the balance in a blocked account amounted to R\$8,084 as well as 313,333 TerraForm shares, which were released in March 2017 (note 1.2.b) and, therefore, do not incorporate the balance as at March 31, 2017.

## 10. Deferred taxes

Note	Consolidated				Parent	
	Assets		Liabilities		Liabilities	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016	03/31/2017	12/31/2016
PIS deferred	504	490	18	16	-	-
COFINS deferred	2,326	2,259	84	75	-	-
IRPJ deferred	1,657	1,607	89,331	89,326	89,276	89,276
CSLL deferred	731	713	32,169	32,166	32,139	32,139
Total	<b>5,218</b>	<b>5,069</b>	<b>121,602</b>	<b>121,583</b>	<b>121,415</b>	<b>121,415</b>
Transfer to assets held for sale	27.2	(3,490)	-	(187)	-	-
	<b>1,728</b>	<b>5,069</b>	<b>121,415</b>	<b>121,583</b>	<b>121,415</b>	<b>121,415</b>

Consolidated deferred taxes were recorded based on the differences between generated and effectively invoiced power (note 16). These deferred taxes were calculated using the rates based on the deemed income.

Additionally, deferred taxes were recorded in the Parent company in relation to the exchange of Salvador Project shares for TerraForm shares (see note 1.2).

### 10.1. Changes, net (assets and liabilities) in deferred taxes

	Consolidated			Parent
	IRPJ/CSLL	PIS/COFINS	Total	IRPJ/CSLL
Balance at December 31, 2015	(184,000)	1,822	(182,178)	(185,537)
Cancellation of assets divestments	(765)	(907)	(1,672)	-
Changes, net	(34,837)	1,214	(33,623)	(35,861)
Balance at March 31, 2016	<b>(219,602)</b>	<b>2,129</b>	<b>(217,473)</b>	<b>(221,398)</b>
Balance at December 31, 2016	(119,172)	2,658	(116,514)	(121,415)
Changes, net	60	70	130	-
Transfer to assets held for sale	(1,512)	(1,791)	(3,303)	-
Balance at March 31, 2017	<b>(120,624)</b>	<b>937</b>	<b>(119,687)</b>	<b>(121,415)</b>

## 11. Investments

### 11.1. Breakdown of investments

Investments in subsidiaries, investees and jointly controlled entities are as follows:

Company	Consolidated		Parent	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
<b>PCH</b>				
Enerbras Centrais Elétricas S.A. (Holding)	-	-	110,929	110,924
Renova PCH LTDA.	-	-	(31)	(4)
Chipley SP Participações S.A. (Holding)	-	-	734,073	714,821
Brasil PCH S.A.	699,153	685,366	-	-
<b>Wind farms</b>				
Nova Energia Holding S.A.	-	-	-	394,159
Alto Sertão Participações S.A. (Holding)	-	-	767,839	790,182
Centrais Eólicas Carrancudo S.A.	-	-	5,721	6,184
Centrais Eólicas Botuquara S.A.	-	-	7,035	7,181
Centrais Eólicas Alacuz S.A.	-	-	7,716	8,141
Centrais Eólicas Tamboril S.A.	-	-	6,933	7,442
Centrais Eólicas Conquista S.A.	-	-	8,038	5,590
Centrais Eólicas Coxilha Alta S.A.	-	-	6,588	6,697
Centrais Eólicas Tingui S.A.	-	-	6,218	6,713
Centrais Eólicas Cansanção S.A.	-	-	5,005	5,247
Centrais Eólicas Macambira S.A.	-	-	5,776	6,205
Centrais Eólicas Imburana de Cabão S.A.	-	-	6,679	7,032
Centrais Eólicas Ipê Amarelo S.A.	-	-	5,042	5,491
Centrais Eólicas Putumaju S.A.	-	-	4,298	4,640
Centrais Eólicas Lençóis S.A.	-	-	4,019	1,000
Centrais Eólicas Anísio Teixeira S.A.	-	-	4,997	2,181
Centrais Eólicas Ico S.A.	-	-	4,077	4,390
Centrais Eólicas Jequitiba S.A.	-	-	3,046	3,203
Centrais Eólicas Calíandra S.A.	-	-	3,723	3,860
Centrais Eólicas Canjoão S.A.	-	-	2,188	2,293
Centrais Eólicas Cabeça de Frade S.A.	-	-	2,364	2,397
Centrais Eólicas Embiruçu S.A.	-	-	2,783	2,819
Centrais Eólicas Itapuã V LTDA.	-	-	198	198
Centrais Eólicas Bela Vista XIV S.A.	-	-	207,664	207,666
Centrais Eólicas Umburanas 1 S.A.	-	-	2,048	2,048
Centrais Eólicas Umburanas 2 S.A.	-	-	224	225
Centrais Eólicas Umburanas 3 S.A.	-	-	323	322
Centrais Eólicas Umburanas 4 S.A.	-	-	194	194
Centrais Eólicas Umburanas 5 S.A.	-	-	231	232
Centrais Eólicas Umburanas 6 S.A.	-	-	140	141
Centrais Eólicas Umburanas 7 S.A.	-	-	213	213
Centrais Eólicas Umburanas 8 S.A.	-	-	93	94
Centrais Elétricas Itaparica S.A.	-	-	22,343	24,898
Other investments <sup>(*)</sup>	-	-	(18)	(20)
Renovapar S.A.	-	-	(1)	(2)
<b>Power sale</b>				
Renova Comercializadora de Energia S.A.	-	-	(84,005)	(58,038)
<b>Others</b>				
TerraForm Global, Inc.	309,118	261,661	309,118	261,661
<b>Total</b>	<b>1,008,271</b>	<b>947,027</b>	<b>2,173,821</b>	<b>2,548,620</b>
Shown as:				
Assets				
Investments	1,008,271	947,027	2,257,876	2,606,684
Liabilities				
Provision for investments loss	-	-	(84,055)	(58,064)
<b>Total</b>	<b>1,008,271</b>	<b>947,027</b>	<b>2,173,821</b>	<b>2,548,620</b>

(\*) Other companies listed in Note 1

## 11.2. Information on investees

The main information on subsidiaries and jointly controlled entities is broken down as follows:

Company	03/31/2017					12/31/2016					
	Total number of shares	Equity interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the period	Total number of shares	Equity interest Renova (%)	Capital	Equity	Proposed dividends	Profit (loss) for the year
<b>PCH</b>											
Enerbras Centrais Elétricas S.A. (Holding)	5,170,101	100.00	101,955	110,929	5	5,170,101	100.00	101,955	110,924	(1,896)	(1,092)
Renova PCH LTDA.	31,875	99.00	32	(31)	(27)	31,875	99.00	32	(4)	-	(252)
Chipley SP Participações S.A. (Holding)	739,944,343	99.99	739,944	734,073	19,252	739,944,343	99.99	739,944	714,821	-	(4,362)
<b>Wind farms</b>											
Nova Energia Holding S.A.	598,361,724	99.99	498,454	-	(19,050)	598,361,724	99.99	498,454	394,159	-	(106,093)
Alto Sertão Participações S.A. (Holding)	1,065,591,845	99.99	1,065,592	767,839	(22,343)	1,065,591,845	99.99	1,065,592	790,182	-	(266,600)
Centrais Eólicas Carrancudo S.A.	100	99.00	-	5,721	(463)	100	99.00	-	6,184	-	(1,388)
Centrais Eólicas Botuquara S.A.	21,197	99.00	21	7,035	(146)	21,197	99.00	21	7,181	-	(255)
Centrais Eólicas Alcacuz S.A.	100	99.00	-	7,716	(425)	100	99.00	-	8,141	-	(1,270)
Centrais Eólicas Tamboril S.A.	100	99.00	-	6,933	(509)	100	99.00	-	7,442	-	(1,242)
Centrais Eólicas Conquista S.A.	100	99.00	-	8,038	2,448	100	99.00	-	5,590	-	(2,876)
Centrais Eólicas Coxilha Alta S.A.	100	99.00	-	6,588	(109)	100	99.00	-	6,697	-	(213)
Centrais Eólicas Tingui S.A.	100	99.00	-	6,218	(495)	100	99.00	-	6,713	-	(1,471)
Centrais Eólicas Cansação S.A.	100	99.00	-	5,005	(99)	100	99.00	-	5,247	-	(178)
Centrais Eólicas Macambira S.A.	10,000	99.00	10	5,776	(429)	10,000	99.00	10	6,205	-	(1,112)
Centrais Eólicas Imburana de Cabão S.A.	100	99.00	-	6,679	(353)	100	99.00	-	7,032	-	(882)
Centrais Eólicas Ipê Amarelo S.A.	100	99.00	-	5,042	(449)	100	99.00	-	5,491	-	(1,361)
Centrais Eólicas Putumaju S.A.	10,000	99.00	10	4,298	(342)	10,000	99.00	10	4,640	-	(1,007)
Centrais Eólicas Lençóis S.A.	100	99.00	-	4,019	3,019	100	99.00	-	1,000	-	(3,246)
Centrais Eólicas Anísio Teixeira S.A.	100	99.00	-	4,997	2,816	100	99.00	-	2,181	-	(3,090)
Centrais Eólicas Ico S.A.	10,000	99.99	10	4,077	(313)	10,000	99.99	10	4,390	-	(1,057)

- CONTINUED -

- CONTINUATION-

Company	03/31/2017					12/31/2016					
	Total number of shares	Equity interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the period	Total number of shares	Equity interest Renova (%)	Capital	Equity	Proposed dividends	Profit (loss) for the year
<b>Wind Farms</b>											
Centrais Eólicas Jequitiba S.A.	100	99.00	-	3,046	(157)	100	99.00	-	3,203	-	(480)
Centrais Eólicas Caliandra S.A.	10,000	99.99	10	3,723	(137)	10,000	99.99	10	3,860	-	(468)
Centrais Eólicas Canjoão S.A.	100	99.00	-	2,188	(105)	100	99.00	-	2,293	-	(357)
Centrais Eólicas Cabeça de Frade S.A.	-	99.00	-	2,364	(33)	-	99.00	-	2,397	-	(136)
Centrais Eólicas Embiruçu S.A.	100	99.00	-	2,783	(36)	100	99.00	-	2,819	-	(126)
Centrais Eólicas Itapuã V LTDA.	100	99.00	-	198	-	100	99.00	-	198	-	(72)
Centrais Eólicas Bela Vista XIV S.A.	249,938,073	100.00	249,938	207,664	(2)	249,938,073	99.00	249,938	207,666	-	(44,018)
Centrais Eólicas Umburanas 1 S.A.	-	99.00	-	2,048	-	-	99.00	-	2,048	-	(10)
Centrais Eólicas Umburanas 2 S.A.	-	99.00	-	224	(1)	-	99.00	-	225	-	(4)
Centrais Eólicas Umburanas 3 S.A.	-	99.00	-	323	1	-	99.00	-	322	-	(5)
Centrais Eólicas Umburanas 4 S.A.	-	99.00	-	194	-	-	99.00	-	194	-	(4)
Centrais Eólicas Umburanas 5 S.A.	-	99.00	-	231	(1)	-	99.00	-	232	-	(4)
Centrais Eólicas Umburanas 6 S.A.	-	99.00	-	140	(1)	-	99.00	-	141	-	(3)
Centrais Eólicas Umburanas 7 S.A.	-	99.00	-	213	-	-	99.00	-	213	-	(5)
Centrais Eólicas Umburanas 8 S.A.	-	99.00	-	93	(1)	-	99.00	-	94	-	(8)
Centrais Elétricas Itaparica S.A.	51,130	99.00	51	22,343	(2,555)	51,130	99.00	51	24,898	-	(2,375)
Renovapar S.A.	100	100.00	-	(1)	1	100	100.00	-	(2)	-	(2)
Other investments (*)	-	-	-	(18)	2	-	-	-	(20)	-	(209)
<b>Sale</b>											
Renova Comercializadora de Energia S.A.	58,377	100.00	58	(84,005)	(25,967)	58,377	100.00	58	(58,038)	-	(52,887)

(\*) Other companies listed in Note 1.

## 11.3. Changes in investments

### 11.3.1. Consolidated

Company	12/31/2016	Share of profit (loss)			Fair value adjustment(**)	03/31/2017
		Profit	Amortization of appreciation	Dividends		
<b>PCH</b>						
Chipley / Brasil PCH S.A.	685,366	27,962	(9,075)	(5,100)	-	699,153
<b>Others</b>						
Terraform Global Inc	261,661	-	-	-	47,457	309,118
<b>Total</b>	<u>947,027</u>	<u>27,962</u>	<u>(9,075)</u>	<u>(5,100)</u>	<u>47,457</u>	<u>1,008,271</u>

Company	12/31/2015	Share of profit (loss)			Fair value adjustment (**)	03/31/2016
		Profit	Amortization of appreciation			
<b>PCH</b>						
Chipley / Brasil PCH S.A.		715,879	9,924	(9,075)	-	716,728
<b>Others</b>						
Terraform Global Inc		443,672	-	-	(271,509)	172,163
<b>Total</b>	<u>1,159,551</u>	<u>9,924</u>	<u>(9,075)</u>	<u>(271,509)</u>	<u>(271,509)</u>	<u>888,891</u>

(\*\*) In 2017, the positive adjustment of R\$47,457, from the first trimester, was realized under other comprehensive incomes. In 2016, the negative adjustments on fair value occurred (R\$271,509) was recognized under profit or loss for the period.

#### 11.3.1.1. Investments loss

##### Stock option – TerraForm

On September 18, 2016 sales option agreement was signed in which, as of March 31, 2016, the Company had the option of divesting to SunEdison up to 7,000,000 (seven million) shares of TerraForm Global received by the Company from the first phase of the operation mentioned in Note 1.2. The sales price of the shares was determined at R\$50.48 (fifty reais and forty-eight cents) or US\$15.00 (fifteen dollars) converted at the rate of that date, at the choice of SunEdison. The contract also establishes the purchase option of SunEdison for the same 7,000,000 (seven million) shares under the same characteristics mentioned above.

As at March 31, 2016 the Company priced the option considering the *Black-Scholes* mathematical model and the credit risk and recognized a negative variation in this option of R\$111.402 under property or loss for the period. On April 21, 2016 SunEdison filed for judicial reorganization (*Chapter 11*) and on June 1, 2016 the deadline for the payment of the option by SunEdison expired. On June 1, 2016 the Company recognized under profit or loss the amount of R\$62,995 as loss in relation to the extinction of the option and filed an arbitration process requesting, among other claims, indemnity for loss, as per Note 19.2.

### Offer to acquire shares

In March 2017 Brookfield Asset Management entered into an agreement for the acquisition of TerraForm Global Inc. and made an offer for the acquisition of the minority shares in the amount of US\$5.10 per share.

### Impairment – Terraform Investment

The Company has classified the investments in shares of TerraForm(GLBL) as available assets for sale and recognized the balances in other permanent investments, in accordance with article 170 from Law 6.404/76.

After the negative volatility in the share quotations of TerraForm (GLBL), the Company evaluated and concluded as at March 31, 2016 for registering an impairment of the investment. With the continued negative fluctuation of the shares, the Company recognized a loss, in the amount of R\$271,509, under profit or loss for the period of 2016, according to the accounting policies of the Company:

<i>Impairment</i> of available assets for sale	(271,509)
Variation of fair value considering the credit risk	<u>(111,402)</u>
Investment loss as at March 31, 2016	<u><u>(382,911)</u></u>

### **11.3.1.2. Shared control investment – Brasil PCH S.A.**

The Company measures its investments in equity interests in joint ventures using the equity method of accounting In accordance with IFRS 11 / CPC 19 (R2). On February 14, 2014, Chipley acquired a 51% equity interest in Brasil PCH S.A. and, as a result of the Shareholders Agreement, obtained the shared control of this venture.

Brasil PCH holds 13 small hydroelectric plants (PCHs), with an installed capacity of 291 MW and average guaranteed power of 194 MW. All PCHs have long-term agreements (20 years) for the sale of electric power in the context of PROINFA - Incentive Program for Alternative Energy Sources (physical information and information relating to power capacity measures not reviewed by the independent auditors).

As required by CPC 45 (IFRS 12), the interim financial information of Brasil PCH (jointly controlled entity) are as follows:

# BALANCE SHEET AS AT MARCH 31, 2017 (CONSOLIDATED)

<u>ASSETS</u>	<u>03/31/2017</u>	<u>12/31/2016</u>	<u>EQUITY AND LIABILITIES</u>	<u>03/31/2017</u>	<u>12/31/2016</u>
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	121,983	138,158	Borrowings and financing	216,729	209,390
Other	51,711	51,652	Other	124,101	134,386
Total current assets	173,694	189,810	Total current liabilities	340,830	343,776
<u>NONCURRENT ASSETS</u>			<u>NONCURRENT LIABILITIES</u>		
Property, plant and equipment	1,105,590	1,113,461	Borrowings and financing	714,543	781,659
Other	60,900	60,504	Other	72,301	82,552
Total noncurrent assets	1,166,490	1,173,965	Total noncurrent liabilities	786,844	864,211
			EQUITY	212,510	155,788
TOTAL ASSETS	1,340,184	1,363,775	TOTAL LIABILITIES AND EQUITY	1,340,184	1,363,775

# INCOME STATEMENT FOR THE QUARTER ENDED AT MARCH 31, 2017 (CONSOLIDATED)

	<u>03/31/2017</u>	<u>03/31/2016</u>
NET REVENUE	98,137	91,347
Costs of depreciation	(8,509)	(8,586)
Other cost	(12,044)	(12,051)
General and administrative expenses	(2,792)	(4,747)
Reversal of onerous contract loss	11,220	-
Finance results	(25,448)	(43,186)
Expenses with income taxes and social contribution	(3,841)	(3,319)
PROFIT FOR THE PERIOD	56,723	19,458

## 11.3.2. Parent

Company	12/31/2016	Additions	Transfer to assets held for sale	Proposed dividends	Share of profit (loss) of subsidiaries	Fair value adjustment	Others	03/31/2017
<b>PCH</b>								
Enerbras Centrais Elétricas S.A. (Holding)	110,924	-	-	-	5	-	-	110,929
Renova PCH LTDA.	(4)	-	-	-	(27)	-	-	(31)
Chipley SP Participações S.A. (Holding)	714,821	-	-	-	19,252	-	-	734,073
<b>Wind farms</b>								
Nova Energia Holding S.A.	394,159	35,056	(410,165)	-	(19,050)	-	-	-
Alto Sertão Participações S.A. (Holding)	790,182	-	-	-	(22,343)	-	-	767,839
Centrais Eólicas Carrancudo S.A.	6,184	-	-	-	(463)	-	-	5,721
Centrais Eólicas Botuquara S.A.	7,181	-	-	-	(146)	-	-	7,035
Centrais Eólicas Alcacuz S.A.	8,141	-	-	-	(425)	-	-	7,716
Centrais Eólicas Tamboril S.A.	7,442	-	-	-	(509)	-	-	6,933
Centrais Eólicas Conquista S.A.	5,590	-	-	-	2,448	-	-	8,038
Centrais Eólicas Coxilha Alta S.A.	6,697	-	-	-	(109)	-	-	6,588
Centrais Eólicas Tingui S.A.	6,713	-	-	-	(495)	-	-	6,218
Centrais Eólicas Cansanção S.A.	5,247	-	-	-	(99)	-	(143)	5,005
Centrais Eólicas Macambira S.A.	6,205	-	-	-	(429)	-	-	5,776
Centrais Eólicas Imburana de Cabão S.A.	7,032	-	-	-	(353)	-	-	6,679
Centrais Eólicas Ipê Amarelo S.A.	5,491	-	-	-	(449)	-	-	5,042
Centrais Eólicas Putumaju S.A.	4,640	-	-	-	(342)	-	-	4,298
Centrais Eólicas Lençóis S.A.	1,000	-	-	-	3,019	-	-	4,019
Centrais Eólicas Anísio Teixeira S.A.	2,181	-	-	-	2,816	-	-	4,997
Centrais Eólicas Ico S.A.	4,390	-	-	-	(313)	-	-	4,077
Centrais Eólicas Jequitiba S.A.	3,203	-	-	-	(157)	-	-	3,046
Centrais Eólicas Calianira S.A.	3,860	-	-	-	(137)	-	-	3,723
Centrais Eólicas Canjoão S.A.	2,293	-	-	-	(105)	-	-	2,188
Centrais Eólicas Cabeça de Frade S.A.	2,397	-	-	-	(33)	-	-	2,364
Centrais Eólicas Embiruçu S.A.	2,819	-	-	-	(36)	-	-	2,783
Centrais Eólicas Itapuã VLTDA.	198	-	-	-	-	-	-	198
Centrais Eólicas Bela Vista XIV S.A.	207,666	-	-	-	(2)	-	-	207,664
Centrais Eólicas Umburanas 1 S.A.	2,048	-	-	-	-	-	-	2,048
Centrais Eólicas Umburanas 2 S.A.	225	-	-	-	(1)	-	-	224
Centrais Eólicas Umburanas 3 S.A.	322	-	-	-	1	-	-	323
Centrais Eólicas Umburanas 4 S.A.	194	-	-	-	-	-	-	194
Centrais Eólicas Umburanas 5 S.A.	232	-	-	-	(1)	-	-	231
Centrais Eólicas Umburanas 6 S.A.	141	-	-	-	(1)	-	-	140
Centrais Eólicas Umburanas 7 S.A.	213	-	-	-	-	-	-	213
Centrais Eólicas Umburanas 8 S.A.	94	-	-	-	(1)	-	-	93
Centrais Elétricas Itaparica S.A.	24,898	-	-	-	(2,555)	-	-	22,343
Renovapar S.A.	(2)	-	-	-	1	-	-	(1)
Other Investment (*)	(20)	-	-	-	2	-	-	(18)
<b>Sale</b>								
Renova Comercializadora de Energia S.A.	(58,038)	-	-	-	(25,967)	-	-	(84,005)
<b>Other</b>								
TerraForm Global, Inc.	261,661	-	-	-	-	47,457	-	309,118
<b>Total</b>	<b>2,548,620</b>	<b>35,056</b>	<b>(410,165)</b>	<b>-</b>	<b>(47,004)</b>	<b>47,457</b>	<b>(143)</b>	<b>2,173,821</b>

(\*) Other companies listed in Note 1

- CONTINUED -

- CONTINUATION -

Company	12/31/2015	AFCI(**)	Cancellation of assets divestments	Share of profit (loss) of subsidiaries	Fair value adjustment	03/31/2016
<b>PCH</b>						
Enerbras Centrais Elétricas S.A. (Holding)	2,470	-	111,442	1,138	-	115,050
Renova PCH LTDA.	248	4	-	(4)	-	248
Chipley SP Participações S.A. (Holding)	719,183	-	-	920	-	720,103
<b>Wind farms</b>						
Nova Energia Holding S.A.	500,252	-	-	(36,894)	-	463,358
Alto Sertão Participações S.A. (Holding)	527,966	427	-	(6,644)	-	521,749
Centrais Eólicas Carrancudo S.A.	7,572	650	-	(4)	-	8,218
Centrais Eólicas Botuquara S.A.	8,100	522	-	(6)	-	8,616
Centrais Eólicas Alcacuz S.A.	9,411	714	-	(11)	-	10,114
Centrais Eólicas Tamboril S.A.	8,684	1,022	-	(6)	-	9,700
Centrais Eólicas Conquista S.A.	8,744	41	-	(3)	-	8,782
Centrais Eólicas Coxilha Alta S.A.	7,548	114	-	(6)	-	7,656
Centrais Eólicas Tingui S.A.	8,184	697	-	(11)	-	8,870
Centrais Eólicas Cansanção S.A.	5,545	2	-	(10)	-	5,537
Centrais Eólicas Macambira S.A.	7,317	510	-	(9)	-	7,818
Centrais Eólicas Imburana de Cabão S.A.	7,914	484	-	(9)	-	8,389
Centrais Eólicas Ipê Amarelo S.A.	6,852	193	-	(11)	-	7,034
Centrais Eólicas Putumaju S.A.	5,647	492	-	(14)	-	6,125
Centrais Eólicas Lençóis S.A.	4,871	18	-	(4)	-	4,885
Centrais Eólicas Anísio Teixeira S.A.	5,271	29	-	(5)	-	5,295
Centrais Eólicas Ico S.A.	5,447	209	-	(14)	-	5,642
Centrais Eólicas Jequitiba S.A.	3,683	28	-	(11)	-	3,700
Centrais Eólicas Calianira S.A.	4,328	85	-	(16)	-	4,397
Centrais Eólicas Canjoão S.A.	2,650	129	-	(9)	-	2,770
Centrais Eólicas Cabeça de Frade S.A.	2,533	132	-	(5)	-	2,660
Centrais Eólicas Emburuçu S.A.	2,945	104	-	(9)	-	3,040
Centrais Eólicas Itapuã V LTDA.	270	11	-	(9)	-	272
Centrais Eólicas Bela Vista XIV S.A.	251,684	12,105	-	(10)	-	263,779
Centrais Eólicas Umburanas 1 S.A.	2,058	341	-	(3)	-	2,396
Centrais Eólicas Umburanas 2 S.A.	229	276	-	(3)	-	502
Centrais Eólicas Umburanas 3 S.A.	327	214	-	(3)	-	538
Centrais Eólicas Umburanas 4 S.A.	198	84	-	(3)	-	279
Centrais Eólicas Umburanas 5 S.A.	236	53	-	(3)	-	286
Centrais Eólicas Umburanas 6 S.A.	144	25	-	(3)	-	166
Centrais Eólicas Umburanas 7 S.A.	218	42	-	(3)	-	257
Centrais Eólicas Umburanas 8 S.A.	102	18	-	(3)	-	117
Centrais Elétricas Itaparica S.A.	27,273	7,934	-	(185)	-	35,022
Renovapar S.A.	-	1	-	(1)	-	-
Other Investment (*)	182	80	-	(71)	-	191
<b>Sale</b>						
Renova Comercializadora de Energia S.A.	(5,151)	-	-	(33,499)	-	(38,650)
<b>Other</b>						
TerraForm Global, Inc.	443,672	-	-	-	(271,509)	172,163
<b>Total</b>	<b>2,594,807</b>	<b>27,790</b>	<b>111,442</b>	<b>(75,456)</b>	<b>(271,509)</b>	<b>2,387,074</b>

(\*) Other companies listed in Note 1

(\*\*) AFICs have features of irrevocability, irrevocability and irreversibility. Values are not fixed and will be capitalized.

## 11.4 Changes in dividends receivable

	Consolidated	Parent
Balance as at December 31, 2015	-	1,986
Proposed dividends	20,373	20,373
Dividends received	(20,373)	(20,873)
Balance as at March 31, 2016	-	1,486
Balance as at December 31, 2016	-	620
Proposed dividends	5,100	-
Dividends received	(5,100)	-
Balance as at March 31, 2017	-	620

Proposed dividends correspond to:

- b) Parent: Presents a total of R\$620 as dividends receivable from the subsidiary Enerbras (December 31, 2016, R\$1,896), plus R\$20,373 from TerraForm, recognized under profit or loss for the year at the time of the declaration of dividends by Terraform.
- c) Consolidated: contemplates proposed and received dividends of Terraform, in the amount of R\$5,100 (December 31, 2016, R\$25,500 plus proposed dividends from by Terraform, previously described).

## 12. Property, plant and equipment

### 12.1. Consolidated

		03/31/2017			12/31/2016		
	Annual depreciation rates %	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment							
Generation							
Land		595	-	595	595	-	595
Reservoirs, dams and watermain	3%	95,797	(19,355)	76,442	95,797	(18,880)	76,917
Buildings, civil works and improvements	3%	91,876	(13,801)	78,075	91,876	(13,485)	78,391
Machinery and equipment	4%	1,468,581	(139,128)	1,329,453	1,468,581	(138,541)	1,330,040
Furniture and fixtures	10%	142	(109)	33	142	(106)	36
IT equipment	20%	245	(241)	4	245	(240)	5
Measurement towers	20%	23,801	(15,703)	8,098	23,801	(14,871)	8,930
Measurement equipment	20%	3,739	(1,365)	2,374	3,739	(1,186)	2,553
Tower equipment	20%	2,372	(1,137)	1,235	2,372	(997)	1,375
Other	20%	16	(11)	5	16	(11)	5
Transmission and connection system							
Land		2,503	-	2,503	2,503	-	2,503
Buildings, civil works and improvements	3%	7,561	(518)	7,043	7,561	(518)	7,043
Machinery and equipment	4%	301,880	(20,735)	281,145	301,880	(20,735)	281,145
		1,999,108	(212,103)	1,787,005	1,999,108	(209,570)	1,789,538
Administration							
Machinery and equipment	10%	5,356	(1,603)	3,753	5,356	(1,469)	3,887
Improvements	10%	2,531	(455)	2,076	2,352	(431)	1,921
Furniture and fixtures	10%	5,895	(2,283)	3,612	5,895	(2,135)	3,760
Software	20%	3,310	(2,726)	584	3,310	(2,617)	693
IT equipment	20%	3,773	(2,530)	1,243	3,847	(2,442)	1,405
		20,865	(9,597)	11,268	20,760	(9,094)	11,666
Inventory							
Warehouse		6,450	-	6,450	6,275	-	6,275
Transfer to assets held for sale (Note 27.2)		(1,767,508)	145,466	(1,622,042)	-	-	-
Total property, plant and equipment		258,915	(76,234)	182,681	2,026,143	(218,664)	1,807,479
Construction in progress							
Generation							
Unapportioned		784,725	-	784,725	767,750	-	767,750
Studies and projects		10,440	-	10,440	10,440	-	10,440
Land		13,966	-	13,966	13,966	-	13,966
Buildings, civil works and improvements		274,820	-	274,820	274,866	-	274,866
Measurement towers		5,266	-	5,266	5,230	-	5,230
Wind generators		1,329,360	-	1,329,360	890,049	-	890,049
Substation equipment		393,791	-	393,791	387,674	-	387,674
Advances to suppliers		386,058	-	386,058	826,973	-	826,973
Impairment		(261,723)	-	(261,723)	(261,723)	-	(261,723)
Transfer to assets held for sale (Note 27.2)		(10,095)	-	(10,095)	-	-	-
Total construction in progress		2,926,608	-	2,926,608	2,915,225	-	2,915,225
Total property, plant and equipment		3,185,523	(76,234)	3,109,289	4,941,368	(218,664)	4,722,704

## 12.2. Changes in property, plant and equipment (consolidated)

	12/31/2016	Additions	Write-offs	Reclassifications	Transfer to assets held for sale	03/31/2017
Property, plant and equipment						
Cost						
Generation						
Plant						
Land	595	-	-	-	-	595
Reservoirs, dams and watermain	95,797	-	-	-	-	95,797
Buildings, civil works and improvements	91,876	-	-	-	(45,540)	46,336
Machinery and equipment	1,468,581	-	-	-	(1,403,550)	65,031
Furniture and fixtures	142	-	-	-	-	142
IT equipment	245	-	-	-	-	245
Measurement towers	23,801	-	-	-	-	23,801
Measurement equipment	3,739	-	-	-	-	3,739
Tower equipment	2,372	-	-	-	-	2,372
Other	16	-	-	-	-	16
Transmission and connection system						
Land	2,503	-	-	-	(2,503)	-
Buildings, civil works and improvements	7,561	-	-	-	(7,561)	-
Machinery and equipment	301,880	-	-	-	(301,880)	-
	1,999,108	-	-	-	(1,761,034)	238,074
Administration						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	2,352	179	-	-	-	2,531
Furniture and fixtures	5,895	-	-	-	(24)	5,871
Software	3,310	-	-	-	-	3,310
IT equipment	3,847	-	(74)	-	-	3,773
	20,760	179	(74)	-	(24)	20,841
Inventory	6,275	175	-	-	(6,450)	-
Warehouse	6,275	175	-	-	(6,450)	-
Total property, plant and equipment - cost	2,026,143	354	(74)	-	(1,767,508)	258,915
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and watermain	(18,880)	(475)	-	-	-	(19,355)
Buildings, civil works and improvements	(13,485)	(316)	-	-	2,848	(10,953)
Machinery and equipment	(138,541)	(587)	-	-	121,360	(17,768)
Furniture and fixtures	(106)	(3)	-	-	-	(109)
IT equipment	(240)	(1)	-	-	-	(241)
Measurement towers	(14,871)	(832)	-	-	-	(15,703)
Measurement equipment	(1,186)	(179)	-	-	-	(1,365)
Tower equipment	(997)	(140)	-	-	-	(1,137)
Other	(11)	-	-	-	-	(11)
Transmission and connection system	-	-	-	-	-	-
Buildings, civil works and improvements	(518)	-	-	-	518	-
Machinery and equipment	(20,735)	-	-	-	20,735	-
	(209,570)	(2,533)	-	-	145,461	(66,642)
Administration						
Machinery and equipment	(1,469)	(134)	-	-	-	(1,603)
Improvements	(431)	(24)	-	-	-	(455)
Furniture and fixtures	(2,135)	(148)	-	-	5	(2,278)
Software	(2,617)	(109)	-	-	-	(2,726)
IT equipment	(2,442)	(150)	62	-	-	(2,530)
	(9,094)	(565)	62	-	5	(9,592)
Total property, plant and equipment - depreciation	(218,664)	(3,098)	62	-	145,466	(76,234)
Total property, plant and equipment	1,807,479	(2,744)	(12)	-	(1,622,042)	182,681

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-CONTINUATION-

	12/31/2016	Additions	Write-offs	Reclassifications	Transfer to assets held for sale	03/31/2017
Construction in progress						
Generation						
Unapportioned	767,750	16,975	-	-	-	784,725
Studies and projects	10,440	-	-	-	-	10,440
Land	13,966	-	-	-	-	13,966
Buildings, civil works and improvements	274,866	-	-	(46)	-	274,820
Measurement towers	5,230	36	-	-	-	5,266
Wind generators	890,049	4,821	(1,067)	435,557	-	1,329,360
Substation equipment	387,674	759	-	5,358	-	393,791
Advances to suppliers	826,973	-	-	(440,915)	(10,095)	375,963
Impairment of property, plant and equipment assets	(261,723)	-	-	-	-	(261,723)
Total construction in progress	2,915,225	22,591	(1,067)	(46)	(10,095)	2,926,608
Total property, plant and equipment	4,288,105	19,847	(1,079)	(46) (*)	(1,632,137)	3,109,289

(\*) Effect of the conciliation of accounts payable in the period.

	12/31/2015	Additions	Write-offs	Reclassifications	Balance bound to assets divestments	03/31/2016
Property, plant and equipment						
Cost						
Generation						
Plant						
Land	-	-	-	-	595	595
Reservoirs, dams and watermain	-	-	-	-	95,797	95,797
Buildings, civil works and improvements	45,540	28	-	-	46,336	91,904
Machinery and equipment	1,403,844	10	-	-	65,015	1,468,869
Furniture and fixtures	-	-	-	-	142	142
IT equipment	-	-	-	-	245	245
Measurement towers	23,801	-	-	-	-	23,801
Measurement equipment	3,739	-	-	-	-	3,739
Tower equipment	2,318	84	-	-	-	2,402
Other	1	-	-	-	15	16
Transmission and connection system						
Land	2,503	-	-	-	-	2,503
Buildings, civil works and improvements	7,561	-	-	-	-	7,561
Machinery and equipment	301,880	-	-	-	-	301,880
	1,791,187	122	-	-	208,145	1,999,454
Administration						
Machinery and equipment	5,363	-	-	-	-	5,363
Improvements	2,304	8	-	-	-	2,312
Furniture and fixtures	7,616	-	(27)	-	-	7,589
Software	3,315	-	-	-	-	3,315
IT equipment	3,809	29	-	-	18	3,856
	22,407	37	(27)	-	18	22,435
Inventory						
Warehouse	3,635	732	-	-	21	4,388
	3,635	732	-	-	21	4,388
Total property, plant and equipment - cost	1,817,229	891	(27)	-	208,184	2,026,277
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and watermain	2	(2,021)	-	-	(15,213)	(17,232)
Buildings, civil works and improvements	(1,026)	(1,614)	-	-	(8,531)	(11,171)
Machinery and equipment	(55,024)	(18,451)	-	-	(13,775)	(87,250)
Furniture and fixtures	-	(19)	-	-	(78)	(97)
IT equipment	-	(17)	-	-	(222)	(239)
Measurement towers	(10,948)	(994)	-	-	-	(11,942)
Measurement equipment	(471)	(178)	-	-	-	(649)
Tower equipment	(438)	(139)	-	-	-	(577)
Other	(2)	-	-	-	(8)	(10)
Transmission and connection system						
Buildings, civil works and improvements	(255)	(57)	-	-	-	(312)
Machinery and equipment	(10,122)	(2,545)	-	-	-	(12,667)
	(78,284)	(26,035)	-	-	(37,827)	(142,146)
Administration						
Machinery and equipment	(939)	(134)	-	-	-	(1,073)
Improvements	(338)	(23)	-	-	-	(361)
Furniture and fixtures	(1,952)	(190)	4	-	-	(2,138)
Software	(2,102)	(151)	-	-	-	(2,253)
IT equipment	(1,772)	(291)	-	-	(18)	(2,081)
	(7,103)	(789)	4	-	(18)	(7,906)
Total property, plant and equipment - depreciation	(85,387)	(26,824)	4	-	(37,845)	(150,052)
Total property, plant and equipment	1,731,842	(25,933)	(23)	-	170,339	1,876,225

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- CONTINUATION -

	12/31/2015	Additions	Write-offs	Reclassifications	Balance bound to assets divestments	03/31/2016
Construction in progress						
Generation						
Unapportioned	517,602	90,264	-	1,240	-	609,106
Studies and projects	14,708	-	(2,117)	-	-	12,591
Land	13,888	-	-	(3)	-	13,885
Buildings, civil works and improvements	226,317	11,926	-	2,575	-	240,818
Measurement towers	11,635	37	-	-	-	11,672
Wind generators	518,281	65,037	-	39,388	-	622,706
Substation equipment	317,091	9,744	-	4,491	-	331,326
Advances to suppliers	936,741	126,778	-	(47,691)	-	1,015,828
Total construction in progress	2,556,263	303,786	(2,117)	-	-	2,857,932
Total property, plant and equipment	4,288,105	277,853	(2,140)	-	170,339	4,734,157

## 12.3. Parent

	Annual depreciation rates %	03/31/2017			12/31/2016		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment							
Generation							
Measurement towers	20%	23,801	(15,703)	8,098	23,801	(14,871)	8,930
Measurement equipment	20%	3,739	(1,365)	2,374	3,739	(1,186)	2,553
Tower equipment	20%	2,372	(1,137)	1,235	2,372	(997)	1,375
		29,912	(18,205)	11,707	29,912	(17,054)	12,858
Administration							
Machinery and equipment	10%	5,356	(1,603)	3,753	5,356	(1,469)	3,887
Improvements	10%	2,531	(455)	2,076	2,352	(431)	1,921
Furniture and fixtures	10%	5,872	(2,279)	3,593	5,872	(2,132)	3,740
Software	20%	3,310	(2,726)	584	3,310	(2,617)	693
IT equipment	20%	3,756	(2,512)	1,244	3,830	(2,424)	1,406
		20,825	(9,575)	11,250	20,720	(9,073)	11,647
Total property, plant and equipment		50,737	(27,780)	22,957	50,632	(26,127)	24,505
Construction in progress							
Generation							
Unapportioned		237,162	-	237,162	227,992	-	227,992
Studies and projects		10,441	-	10,441	10,440	-	10,440
Land		2,365	-	2,365	2,365	-	2,365
Advances to suppliers		20,637	-	20,637	18,065	-	18,065
Total construction in progress		270,605	-	270,605	258,862	-	258,862
Total property, plant and equipment		321,342	(27,780)	293,562	309,494	(26,127)	283,367

## 12.4. Changes in property, plant and equipment (parent)

	<u>12/31/2016</u>	<u>Additions</u>	<u>Write-offs</u>	<u>03/31/2017</u>
Property, plant and equipment				
Generation				
Measurement towers	23,801	-	-	23,801
Measurement equipment	3,739	-	-	3,739
Tower equipment	2,372	-	-	2,372
	<u>29,912</u>	<u>-</u>	<u>-</u>	<u>29,912</u>
Administration				
Machinery and equipment	5,356	-	-	5,356
Improvements	2,352	179	-	2,531
Furniture and fixtures	5,872	-	-	5,872
Software	3,310	-	-	3,310
IT equipment	3,830	-	(74)	3,756
	<u>20,720</u>	<u>179</u>	<u>(74)</u>	<u>20,825</u>
Total property, plant and equipment - cost	<u>50,632</u>	<u>179</u>	<u>(74)</u>	<u>50,737</u>
(-) Depreciation				
Generation				
Measurement towers	(14,871)	(832)	-	(15,703)
Measurement equipment	(1,186)	(179)	-	(1,365)
Tower equipment	(997)	(140)	-	(1,137)
	<u>(17,054)</u>	<u>(1,151)</u>	<u>-</u>	<u>(18,205)</u>
Administration				
Machinery and equipment	(1,469)	(134)	-	(1,603)
Improvements	(431)	(24)	-	(455)
Furniture and fixtures	(2,132)	(147)	-	(2,279)
Software	(2,617)	(109)	-	(2,726)
IT equipment	(2,424)	(150)	62	(2,512)
	<u>(9,073)</u>	<u>(564)</u>	<u>62</u>	<u>(9,575)</u>
Total property, plant and equipment - depreciation	<u>(26,127)</u>	<u>(1,715)</u>	<u>62</u>	<u>(27,780)</u>
Total property, plant and equipment	<u>24,505</u>	<u>(1,536)</u>	<u>(12)</u>	<u>22,957</u>
Construction in progress				
Generation				
Unapportioned	227,992	9,170	-	237,162
Studies and projects	10,440	1	-	10,441
Land	2,365	-	-	2,365
Advances to suppliers	18,065	2,572	-	20,637
Total construction in progress	<u>258,862</u>	<u>11,743</u>	<u>-</u>	<u>270,605</u>
Total property, plant and equipment	<u>283,367</u>	<u>10,207</u>	<u>(12)</u>	<u>293,562</u>

	<u>12/31/2015</u>	<u>Additions</u>	<u>Write-offs</u>	<u>03/31/2016</u>
Property, plant and equipment				
Generation				
Measurement towers	23,801	-	-	23,801
Measurement equipment	3,739	-	-	3,739
Tower equipment	2,318	54	-	2,372
	<u>29,858</u>	<u>54</u>	<u>-</u>	<u>29,912</u>
Administration				
Machinery and equipment	5,363	-	-	5,363
Improvements	2,303	8	-	2,311
Furniture and fixtures	7,593	-	(27)	7,566
Software	3,316	-	-	3,316
IT equipment	3,810	28	-	3,838
	<u>22,385</u>	<u>36</u>	<u>(27)</u>	<u>22,394</u>
Total property, plant and equipment - cost	<u>52,243</u>	<u>90</u>	<u>(27)</u>	<u>52,306</u>
(-) Depreciation				
Generation				
Measurement towers	(10,948)	(994)	-	(11,942)
Measurement equipment	(471)	(178)	-	(649)
Tower equipment	(438)	(139)	-	(577)
	<u>(11,857)</u>	<u>(1,311)</u>	<u>-</u>	<u>(13,168)</u>
Administration				
Machinery and equipment	(939)	(134)	-	(1,073)
Improvements	(338)	(23)	-	(361)
Furniture and fixtures	(1,951)	(190)	4	(2,137)
Software	(2,102)	(151)	-	(2,253)
IT equipment	(1,772)	(172)	-	(1,944)
	<u>(7,102)</u>	<u>(670)</u>	<u>4</u>	<u>(7,768)</u>
Total property, plant and equipment - depreciation	<u>(18,959)</u>	<u>(1,981)</u>	<u>4</u>	<u>(20,936)</u>
Total property, plant and equipment	<u>33,284</u>	<u>(1,891)</u>	<u>(23)</u>	<u>31,370</u>
Construction in progress				
Generation				
Unapportioned	197,317	60,172	-	257,489
Studies and projects	14,708	-	(2,117)	12,591
Land	2,361	-	-	2,361
Advances to suppliers	332,158	119,462	-	451,620
Total construction in progress	<u>546,544</u>	<u>179,634</u>	<u>(2,117)</u>	<u>724,061</u>
Total property, plant and equipment	<u>579,828</u>	<u>177,743</u>	<u>(2,140)</u>	<u>755,431</u>

## 12.5. Property, plant and equipment

ANEEL, in accordance with the Brazilian regulatory framework, defines the economic useful lives of the power generation assets, with periodical reviews on the estimates. The rates established by ANEEL are recognized as a reasonable estimate of the useful life of the assets. Accordingly, these rates were used as the basis for depreciation of property, plant and equipment.

## 12.6. Construction in progress

Property, plant and equipment in progress include investments in water projects, divided into inventories and basic projects already authorized by ANEEL. They also include investments in the wind projects of Alto Sertão III – Phase A and B and others which are under construction through the Company's subsidiaries. The investments include amounts to purchase wind power generators, civil works, substations and sundry costs.

As at March 31, 2017, the consolidated balance of advances to suppliers amounts to R\$375,963 (December 31, 2016, R\$826,973), comprised basically of the following: an advance under a substation equipment supply agreement entered into with ABB Ltda., Metalurgica Santa Rita and Sadesul, in the amount of R\$112,378, an advance to purchase wind power generators, in the amount of R\$263,585 with GE, Alstom and others.

Amounts to be apportioned refer mainly to project costs, with the implementation of plants and capitalized interest. As at March 31, 2017, there wasn't capitalized interest in the period (R\$17,810, March 31, 2016).

## 12.7. Project breakdown

As at March 31, 2017, consolidated property, plant and equipment in progress broken down as follows:

Projects	Consolidated
Alto Sertão III - Fase A	
ACL (Light I)	1,020,361
LER 2013	667,292
ACL (Mercado livre III)	171,252
LEN 2012 (A-5)	89,711
	<u>1,948,616</u>
Alto Sertão III - Fase B	
ACL (Light II)	202,278
ACL (Mercado livre II)	105,269
	<u>307,547</u>
Other	
PPA CEMIG*	333,020
ACL (Mercado livre I)	128,835
LEN 2013 (A-5)	56,739
LEN 2014 (A-5)	8,306
LER 2014	2,393
Other construction in progress	141,152
	<u>670,445</u>
<b>Total construction in progress</b>	<b><u>2,926,608</u></b>

(\*) The PPA CEMIG Project was cancelled in accordance with the relevant fact disclosed on June 14, 2016. The Company is reassessing the optimization of this project, where investments as at March 31, 2017 refer basically to the cost of acquisition of the project and advances to suppliers, which shall be reallocated to other projects of the Company.

## 12.8. Write-off of projects

The Company reviews its portfolio of basic projects and inventories on an annual basis. After reviewing its portfolio of development of small hydroelectric plant projects and wind farms, the Company opted to discontinue the projects on the year ended in December 31, 2016, in the total amount of R\$2,117 (see note 21).

## 12.9. Reduction of recoverable value (impairment) of fixed assets

The Company proceeded for the year ended in December 31, 2016 with the review of the recoverable value of its fixed assets using the method of value in use of the assets. The actual discount rate (calculated using the WACC methodology) used for calculating the present value of the cash flow of the projects was of 7.95% per year, which resulted in a loss of R\$261,723, in the wind farms Alto Sertão III – Phase A and Project PPA Cemig, which was registered under profit or loss on a specific line on the fourth trimester of 2016.

## 13. Trade payables

	Note	Consolidated		Parent	
		03/31/2017	12/31/2016	03/31/2017	12/31/2016
Trade payables		632,041	574,614	84,127	87,984
Transfer to liabilities directly related to assets held for sale	27.2	(76,467)	-	-	-
		<u>555,574</u>	<u>574,614</u>	<u>84,127</u>	<u>87,984</u>
Stated as:					
Current		547,077	546,911	84,127	87,984
Noncurrent		8,497	27,703	-	-
Total		<u>555,574</u>	<u>574,614</u>	<u>84,127</u>	<u>87,984</u>

As at March 31, 2017 and at December 31, 2016, the consolidated balance of trade payables mainly includes the amounts relating to the agreements for supply of equipment and materials contracted for the construction of plants under LEN 2012(A-5), LER 2013, LEN 2013 (A-5), LER 2014, LEN 2014 (A-5) and free trading market, among others, relating to wind power generators, substations and civil construction. Includes also amounts related to acquisition of projects, and negotiation with suppliers, segregated between current and noncurrent liabilities, according to contractually defined schedules, as well as finance incomes when applicable.

## 14. Borrowings, financing and debentures

### 14.1 Consolidated

		Consolidated								
		03/31/2017						12/31/2016		
		Current		Noncurrent			Current	Noncurrent		
		Finance charges	Principal	Total	Principal	Grand total	Finance charges	Principal	Total	Grand total
Debt cost										
<b>Local currency</b>										
FNE - Banco do Nordeste do Brasil S.A. - Espra <sup>(b)</sup>	9.5% p.a. (8.08% p.a.)*	-	6,470	6,470	76,377	82,847	-	6,470	6,470	84,464
Finep - CEOL Itaparica <sup>(c)</sup>	3.5% p.a.	21	1,998	2,019	11,652	13,671	22	1,998	2,020	14,172
BNDES - Renova Eólica <sup>(a)</sup>	TJLP + 2.45% p.a	2,517	696,317	698,834	-	698,834	2,552	705,984	708,536	708,536
BNDES - Renova Eólica <sup>(a)</sup>	TJLP + 2.60% p.a	1,823	256,752	258,575	-	258,575	1,170	260,809	261,979	261,979
BNDES - Renova Eólica (Tranche "P") <sup>(a)</sup>	TJLP	13	4,863	4,876	-	4,876	13	4,928	4,941	4,941
BNDES - Ponte I Diamantina Eólica (Tranche "A") <sup>(d)</sup>	TJLP + 8% p.a.	1,045	178,798	179,843	-	179,843	2,298	171,325	173,623	173,623
BNDES - Ponte I Diamantina Eólica (Tranche "B") <sup>(d)</sup>	TJLP + 2.5% p.a.	12,942	416,606	429,548	-	429,548	4,256	415,140	419,396	419,396
BNDES - Ponte I Diamantina Eólica (Tranche "C") <sup>(d)</sup>	TJ6 + 7.34% p.a.	13,973	185,850	199,823	-	199,823	21,710	185,850	207,560	207,560
Other short-term borrowings	100% CDI + 4% to 8.73% p.a.	32,192	253,531	285,723	2,091	287,814	17,442	249,644	267,086	270,278
<b>Subtotal borrowings and financing</b>		<b>64,526</b>	<b>2,001,185</b>	<b>2,065,711</b>	<b>90,120</b>	<b>2,155,831</b>	<b>49,463</b>	<b>2,002,148</b>	<b>2,051,611</b>	<b>2,144,949</b>
Borrowing costs		-	(5,957)	(5,957)	(174)	(6,131)	-	(6,240)	(6,240)	(6,240)
Transfer to liabilities directly related to assets held for sale (Note 27.2)		(4,353)	(951,976)	(956,329)	-	(956,329)	-	-	-	-
<b>TOTAL BORROWINGS AND FINANCING</b>		<b>60,173</b>	<b>1,043,252</b>	<b>1,103,425</b>	<b>89,946</b>	<b>1,193,371</b>	<b>49,463</b>	<b>1,995,908</b>	<b>2,045,371</b>	<b>2,138,709</b>
*15% timely payment bonus										
Debentures - 3 <sup>rd</sup> issuance - Renova Energia S.A. <sup>(c)</sup>	143% CDI	25,078	500,000	525,078	-	525,078	4,216	500,000	504,216	504,216
Debentures - 1 <sup>st</sup> issuance - Renova Eólica Participações S.A. <sup>(d)</sup>	IPCA + 7.60% p.a.	3,880	175,388	179,268	-	179,268	618	173,839	174,457	174,457
<b>Subtotal debentures</b>		<b>28,958</b>	<b>675,388</b>	<b>704,346</b>	<b>-</b>	<b>704,346</b>	<b>4,834</b>	<b>673,839</b>	<b>678,673</b>	<b>678,673</b>
Borrowing costs		-	(8,237)	(8,237)	-	(8,237)	-	(8,500)	(8,500)	(8,500)
Transfer to liabilities directly related to assets held for sale (Note 27.2)		(3,880)	(174,550)	(178,430)	-	(178,430)	-	-	-	-
<b>TOTAL DEBENTURES</b>		<b>25,078</b>	<b>492,601</b>	<b>517,679</b>	<b>-</b>	<b>517,679</b>	<b>4,834</b>	<b>665,339</b>	<b>670,173</b>	<b>670,173</b>

## 14.2 Parent

		Parent									
		03/31/2017					12/31/2016				
		Current			Noncurrent	Grand total	Current			Noncurrent	Grand total
Debt cost		Finance charges	Principal	Total	Principal		Finance charges	Principal	Total	Principal	
Other short-term borrowings	100% CDI + 4.3% to 8.7% p.a.	31,550	238,962	270,512	2,091	272,603	17,433	235,075	252,508	3,192	255,700
Debtures - 3 <sup>rd</sup> issuance - Renova Energia S.A. <sup>(c)</sup>	143% CDI	25,079	500,000	525,079	-	525,079	4,216	500,000	504,216	-	504,216
Borrowing costs		-	(7,400)	(7,400)	-	(7,400)	-	(7,639)	(7,639)	-	(7,639)
<b>TOTAL DEBENTURES</b>		<b>25,079</b>	<b>492,600</b>	<b>517,679</b>	<b>-</b>	<b>517,679</b>	<b>4,216</b>	<b>492,361</b>	<b>496,577</b>	<b>-</b>	<b>496,577</b>

## 14.3 Collaterals

As at March 31, 2017, the balance payable of borrowings, financing and debentures are collateralized as follows:

	BNDES (note 16.6.a)	BNB (note 16.6.b)	Debentures (note 16.6.c)	Total
Receivables	4,542,628	463,745	-	5,006,373
Pledge of shares	390,406	110,929	1,433,597	1,934,932
Mortgage/Sale of assets	1,265,607	159,725	-	1,425,332
Surety - money	50,034	14,717	10,843	75,594
<b>Total</b>	<b>6,248,675</b>	<b>749,116</b>	<b>1,444,440</b>	<b>8,442,231</b>

## 14.4 Changes

Changes in borrowings, financing and debentures are as follows:

	Consolidated			Parent		
	Principal	Finance charges	Total	Principal	Finance charges	Total
<b>Balances as at December 31, 2015</b>	<b>2,307,918</b>	<b>64,338</b>	<b>2,372,256</b>	<b>576,280</b>	<b>48,204</b>	<b>624,484</b>
Borrowings and financing	347,843	-	347,843	183,880	-	183,880
Accrued finance charges	-	59,633	59,633	-	29,522	29,522
Finance charges paid	-	(27,819)	(27,819)	-	(4,350)	(4,350)
Finance charges capitalized	-	17,810	17,810	-	-	-
Financing and debentures repayment	(73,763)	-	(73,763)	(59,949)	-	(59,949)
Finance charges added to the principal	18,109	(18,109)	-	-	-	-
Recognition of borrowing costs	496	-	496	259	-	259
Cancel of assets' sale	90,761	-	90,761	-	-	-
<b>Balances as at March 31, 2016</b>	<b>2,691,364</b>	<b>95,853</b>	<b>2,787,217</b>	<b>700,470</b>	<b>73,376</b>	<b>773,846</b>
<b>Balances as at December 31, 2016</b>	<b>2,754,585</b>	<b>54,297</b>	<b>2,808,882</b>	<b>730,628</b>	<b>21,649</b>	<b>752,277</b>
Accrued finance charges	-	76,351	76,351	-	38,200	38,200
Finance charges paid	-	(23,478)	(23,478)	-	(21)	(21)
Finance charges capitalized	(16,332)	-	(16,332)	(414)	-	(414)
Finance charges added to the principal	13,686	(13,686)	-	3,199	(3,199)	-
Recognition of borrowing costs	386	-	386	240	-	240
Transfer to liabilities directly related to assets held for sale	(1,126,526)	(8,233)	(1,134,759)	-	-	-
<b>Balances as at March 31, 2017</b>	<b>1,625,799</b>	<b>85,251</b>	<b>1,711,050</b>	<b>733,653</b>	<b>56,629</b>	<b>790,282</b>

## 14.5 Maturity of non-current amounts (principal and finance charges)

Maturities of the amounts classified in noncurrent liabilities are as follows:

Maturity year	03/31/2017	
	Consolidated	Parent
2018	9,277	2,091
2019	9,545	-
2020	10,019	-
2021	10,521	-
2022	11,052	-
2023 to 2027	39,706	-
Total	<b>90,120</b> (*)	<b>2,091</b> (*)

(\*) This amount does not include borrowings costs, financing or debentures.

## 16.6 Summary of agreements

### a. BNDES agreements (Long term)

Subsidiary Renova Eólica, with the intermediation of subsidiaries, its direct subsidiary Nova Energia and the Company obtained a financing in the amount of R\$1,044,100 (a direct agreement executed on June 4, 2014, in the amount of R\$734,020, and a transfer agreement entered into with Banco do Brasil, in the amount of R\$310,080), for the construction of the wind power complex Alto Sertão II.

The financing was divided into 16 tranches, from “A” to “P”, having the followings features: (a) tranches A, C, D, E, F, G, I, J, M and P have a use and grace period through December 15, 2015, with a repayment term of 192, in monthly consecutive installments, each one in the amount of the debt principal falling due, divided by the number of installments yet to fall due. The first installment will mature on January 15, 2016 and the last, on December 15, 2031; and (b) tranches B, H, K, L, N and O have a use and grace period through December 15, 2014, with a repayment term of 192, in monthly consecutive installments, each one in the amount of the debt principal falling due, divided by the number of installments yet to fall due. The first installment fell due on January 15, 2015 and the last will mature on December 15, 2030.

All agreements entered into with BNDES are collateralized by pledged shares, collateral assignment of receivables and emerging rights, financed assets, bank guarantee letter and reserve accounts equivalent to three months of debt service and three months of operation and maintenance. Under this transaction, the Debt Service Coverage Ratio (ICSD) = [(activity cash generation + closing cash balance from prior year)/debt service] must be greater than or equivalent to 1.3 calculated at the end of the year. As at March 31, 2017 the Company did not reach this index, having a portion of the balance of noncurrent liabilities reclassified to current liabilities, in accordance with the accounting standard. Nevertheless the creditors did not demand immediate liquidation.

When the sales operation mentioned under note 1.3. is achieved, the debt related to the Alto Sertão II wind farms, which as at March 31, 2017 amount to R\$956,329, shall be transferred to AES Tietê.

#### b. BNB agreement

Subsidiary Espira, with the intermediation of subsidiary Enerbras, obtained a financing with BNB on September 30, 2006, in the total amount of R\$120,096. The agreement matures on June 30, 2026.

This financing is collateralized by property mortgage of Serra da Prata Complex, pledged shares, pledged emerging rights of Authorization Resolutions, right to receive any and all amounts that, actually or potentially, are or may become payable by the Concession Grantor to Espira, all other tangible or intangible rights of the respective Authorization Resolutions and liquidity fund in reserve account (Note 9). The financing agreement with BNB does not include covenants requiring compliance with financial ratios subject to accelerated payment of the debt.

#### c. Simple, nonconvertible debentures

On December 15, 2014, a new debenture (3<sup>rd</sup> issuance) was issued in the amount of R\$500,000. The proceeds from this debenture were used to prepay the already existing debenture (2<sup>nd</sup> issuance) in the amount of R\$370,754, generating an additional cash for the Company in the amount of R\$129,246. The amortization will begin on December 15, 2018 with annual consecutive installments through December 15, 2024. Interest will be paid in semi-annual installments, with no grace period, in September and December of each year.

The 3<sup>rd</sup> issuance of debentures was made in accordance with CVM Instruction 476, as resolved by the Company's Board of Directors' meeting of December 17, 2014 ("RCA"). Debentures have no restructuring clause.

A statutory lien of 99.99% of the shares issued by Chipley, holder of 51% of equity interest of Brasil PCH is the guarantee of the debentures; fiduciary assignment of the flow of dividends derived from Chipley attributed to Renova, of the flow of dividends from Brasil PCH attributed to Chipley; fiduciary assignment of the flow of dividends derived from Nova Energia attributed to Renova from the flow of dividends derived from Renova Eólica due to equity interest in the companies integrating LER 2010 and LER 2011; divestment of 100% of the shares issued by Nova Energia, controlling company of Renova Eólica; pledge and/or statutory lien over 100% of the free shares issued by TerraForm Global owned by Renova always when representing, at least, 94% of the total amount of shares representing the capital of TerraForm Global owned by Renova, over the dividends of such shares and over the emerging rights of the sales option of 7,000,000 shares issued by TerraForm Global having SunEdison as counterparty.

This transaction sets forth that the ICSD (Debt Service Coverage Ratio = dividends received/debt service) must be greater than or equivalent to 1.0. The debt service is represented by the payment of principal and interest of the falling due series in each year of verification. The measurement of this index is annual and, as at March 31, 2017, the Company did not attain the index, having the noncurrent liability reclassified to the current, in accordance with the accounting standards. Nevertheless the creditors did not demand immediate liquidation.

#### d. BNDES (short-term)

On December 19, 2014, a short-term financing agreement was entered into between BNDES and Diamantina, in the total amount of R\$700,000, divided into two tranches: tranche "A", in the amount of R\$140,000, and tranche "B", in the amount of R\$560,000, for wind farms under LEN 2012 (A-5), LER 2013 and free trading market. On February 18, 2016, as 1<sup>st</sup> contract amendment between the parties, there was the relocation of part of the Sub-loan "B" with the creation of sub-loan "C" in the amount of R \$ 163,963. In accordance with addendums to the contract, the bridge loans will be settled on August 15, 2017 (see Note 29.3) or on the date the long-term financing with BNDES is released.

The loans are collateralized by the shares issued by Diamantina and the SPEs in which Diamantina holds shares. This agreement does not include covenants requiring compliance with financial ratios subject to accelerated payment of the debt.

e. FINEP

On December 19, 2013, subsidiary Centrais Elétricas Itaparica S.A. entered into a financing agreement with Financiadora de Estudos e Projetos - FINEP, in the amount of R\$107,960. The funds from this financing will be used to implement a hybrid and wind power generation and distribution plant. The financing has a grace period of 36 months, which covers the period from the agreement signature date and to the date of maturity of the amortization installment, payable in 85 installments, with the first one falling due on January 15, 2017 and the last on January 15, 2024. As at December 31, 2016 and March 31, 2017, the amount of R\$14,149 had been released.

This financing is collateralized by bank letters of guarantee in an amount equivalent to 50% of each release, plus finance charges, and the alienated assets (equipment).

The financing agreement doesn't require financial rates for the debt's accelerated payment.

f. Infrastructure debentures

On November 15, 2014, the 1<sup>st</sup> issuance of simple, non-convertible debentures, occurred, subject to collateral and an additional unsecured guarantee, in two series ("Debentures"), for public distribution, with restrict placement efforts, of the Company's indirect subsidiary, Renova Eólica, in the total amount of R\$146,000.

Debentures were issued as infrastructure debentures, considering the classification of the ventures as priority projects, under the ordinances issued by the Ministry of Mines and Energy (MME). The proceeds from these debentures were allocated to LER 2010 and LEN 2011 (A-3) in order to supplement the BNDES financing for acquisition of new assets.

The amortization began on June 15, 2016 with semi-annual, consecutive installments through December 15, 2025. The interest is payable in semi-annual installments, with no grace period, in September and December of each year.

Under this transaction, the Debt Service Coverage Ratio (ICSD) = [(activity cash generation + closing cash balance from prior year)/debt service] must be greater than or equivalent to 1.3 calculated at the end of the year. As at March 31, 2017, the Company did not attain the index, having the noncurrent liability reclassified to the current, in accordance with the accounting standards. Nevertheless, the creditors did not demand immediate liquidation.

When the sales operation mentioned under note 1.3. is achieved, the debt related to the Alto Sertão II wind farms, which as at March 31, 2017 amount to R\$178,430, shall be transferred to AES Tietê.

## 15. Taxes payable

	Note	Consolidated		Parent	
		03/31/2017	12/31/2016	03/31/2017	12/31/2016
IRPJ		3,635	4,586	1,166	1,165
COFINS		2,870	1,974	-	31
CSLL		2,026	2,442	561	561
INSS (third parties)		544	701	27	27
INSS		3,837	3,928	3,836	3,928
IRRF (payroll)		1,670	1,793	884	965
FGTS		1,579	1,662	1,579	1,662
ISS		1,248	1,401	61	71
PIS		598	424	-	5
PIS, COFINS and CSLL		725	767	401	426
IRRF		578	447	420	336
Other		619	573	112	105
		<u>19,929</u>	<u>20,698</u>	<u>9,047</u>	<u>9,282</u>
Transfer to liabilities directly related to assets held for sale	27.2	(7,564)	-	-	-
<b>TOTAL</b>		<b><u>12,365</u></b>	<b><u>20,698</u></b>	<b><u>9,047</u></b>	<b><u>9,282</u></b>

## 16. Accounts payable / receivable - CCEE/Eletrobras/Distributors (consolidated)

	Note	Consolidated			
		Assets		Liabilities	
		03/31/2017	12/31/2016	03/31/2017	12/31/2016
Current					
Eletrobras		-	-	25,395	25,293
CCEE		-	-	26,047	25,856
Distributors		-	-	2,498	-
		<u>-</u>	<u>-</u>	<u>53,940</u>	<u>51,149</u>
Transfer to liabilities directly related to assets held for sale	27.2	-	-	(15,375)	-
Total current		<u>-</u>	<u>-</u>	<u>38,565</u>	<u>51,149</u>
Noncurrent					
CCEE		2,776	2,500	11,339	11,422
Distributors		-	-	32,704	34,969
		<u>2,776</u>	<u>2,500</u>	<u>44,043</u>	<u>46,391</u>
Transfer to liabilities directly related to assets held for sale	27.2	(2,776)	-	(43,521)	-
Total noncurrent		<u>-</u>	<u>2,500</u>	<u>522</u>	<u>46,391</u>
Total		<u>-</u>	<u>2,500</u>	<u>39,087</u>	<u>97,540</u>

## Eletrobras

The Power Purchase and Sale Agreement, entered into the indirect parent company Espra and Eletrobrás, sets forth that the sales revenues in the context of the Eletrobrás is determined each year (from January to December). The financial adjustment portion resulting from this calculation will be offset in the monthly invoices of the next year.

As established in Provisional Measure 688, in December 2015 the government sanctioned Law 13203 which addresses the renegotiation of the hydrological risk of electric energy generation for the MRE participating agents, with effect as of 2015. The indirect subsidiary Espra adhered to the renegotiation of the hydrological risk related to PCHs Colino I and Cachoeira da Lixa, making the option for the full transfer of the hydrological risk (SP100) to the Consumer. In this product, the power generator fully transfers the hydrological risk inherent to the contracts through the payment of a risk premium of 11.27 R\$/MWh (base-date January 2017, annually adjusted by the IPCA) up until the end of contracts for trading energy or until the end of the concession, whichever the smaller. The recognition of such effects was the register of a prepaid expense as a counterentry to net revenue from sales and cost of sales of energy. The effects of the renegotiation under profit or loss for the year of 2016 are demonstrated below:

Increase on net income	R\$7,003
Increase on cost	(R\$2,484)
Effect, net as at December 31, 2016	<u>R\$ 4,519</u>

## CCEE and Distributors

The Reserve Power Agreements entered into the indirect subsidiaries under LER 2009, LER 2010, LER 2013 and CCEE and New Power Auction between LEN 2011(A-3) and distributors set forth that the differences between the power generated by plants and contracted power are calculated in each contractual year.

The reimbursement for negative deviations (below the tolerance level – 10%) of generation will be paid in 12 equal monthly installments over the next agreement, at 115% of the current sales price for the wind farms of LER 2010 and LER 2013 and the higher value between the PLD average and the unit fixed revenue for the wind farms of LEN 2011, as set forth of such agreement. The returns within the tolerance level – 10% of generation will be reimbursed in 12 installments after possible offset against the positive deviations as from the end of the first four-year period, counted from the startup in commercial operation. For LER 2013, the compensations within the tolerance range will be valued at 106% of the prevailing price of energy.

The reimbursement for positive deviations (above the tolerance level – 30%) of generation will be paid in 12 equal monthly installments over the next agreement, at 70% of the current sales price, as set forth of such agreement. The returns within the tolerance level – 30% of generation will be reimbursed in 12 installments after possible offset against the negative deviations as from the end of the first four-year period, counted from the startup in commercial operation.

## 16.1 Changes

Changes in the quarters are as follows:

### Changes in assets - 2017

	12/31/2016	Additions	Transfer to assets held for sale	03/31/2017
CCEE	2,500	276	(2,776)	-
<b>Total assets</b>	2,500	276	(2,776)	-

### Changes in liabilities - 2017

	12/31/2016	Provision/ Reversion	Fine on reimbursement	Amortization	Transfer to liabilities directly related to assets held for sale	03/31/2017
Eletrobras	25,293	799	-	(697)	-	25,395
CCEE	37,278	2,350	3,400	(5,642)	(23,694)	13,692
Distributors	34,969	799	-	(566)	(35,202)	-
<b>Total liabilities</b>	97,540	3,948	3,400	(6,905)	(58,896)	39,087
<b>Total, net - 2017</b>	(95,040)	(3,672)	(3,400)	6,905	56,120	(39,087)

### Changes in assets - 2016

	12/31/2015	Additions/ Reversion	03/31/2016
CCEE	4,245	(780)	3,465
<b>Total assets</b>	4,245	(780)	3,465

### Changes in liabilities - 2016

	12/31/2015	Cancel of assets' sale	Provision/ Reversion	Amortization	03/31/2016
Eletrobras	-	20,668	(700)	(697)	19,271
CCEE	7,079	-	7,396	-	14,475
Distributors	-	-	29,961	-	29,961
<b>Total liabilities</b>	7,079	20,668	36,657	(697)	63,707
<b>Total, net - 2016</b>	(2,834)	(20,668)	(37,437)	697	(60,242)

## 17. Provision for civil, tax and labor risks (parent and consolidated)

As at March 31, 2017, the individual and consolidated provision for civil, tax and labor risks amounted to R\$1,460. Changes of the quarter are broken down as shown below.

	Changes		
	12/31/2015	Update	03/31/2016
Provision for civil, tax and labor risks	710	7	717

The Company's and its subsidiaries' management, based on the opinion of their legal advisors with respect to the likelihood of favorable outcome from several claims, considers that the provisions recorded in the balance sheet are sufficient to cover probable losses.

The Company and its subsidiaries are parties to several contingencies amounting to approximately R\$160,212, out of which civil claims in the amount of R\$38,189, administrative in the amount of R\$113,253, and labor claims R\$8,770, which Management, based on the opinion of its legal counsel, assessed as possible loss and did not record any provisions for the quarter ended March 31, 2017.

### 17.1 Power Grid Charges - National Energy Policy Council Resolution (parent and consolidated)

CNPE Resolution 3, of March 6, 2013, defined new criteria for apportionment of the additional commissioning cost of thermal power plants. According to the new criteria, the Power Grid Charges (ESS), for purposes of power security, which was fully apportioned amongst free consumers and distributors, would be apportioned amongst all members of the National Interconnected System (SIN), including generators and sellers. The Brazilian Association of Independent Power Producers (APINE), of which the Company is a member, obtained the preliminary injunction to suspend the effects of article 2nd and 3rd of CNPE Resolution 3, which exempted the generators from the ESS payment in accordance with such Resolution.

The risk involved approximately R\$1,420. Based on Management's understanding and on the legal counsel's opinion, this risk was classified as possible loss and did not recognize a provision for the period ended in March 31, 2017.

### 17.2 Arbitration proceedings

As mentioned under notes 1.2.d the Company filed arbitration proceedings against Terraform, with the aim, among other claims, to receiving indemnity for the loss from the operation with SunEdison and Terraform.

On September 18, 2015 the sales option contract was signed in which, as at March 31, 2016, the Company had the option of divesting to SunEdison up to 7,000,000 (seven million) shares of TerraForm Global received by the Company in view of the closing of the first phase of the operation mentioned under note 1.2. The sales price of the shares was determined at R\$50.48 (fifty reais and forty-eight cents) or US\$15.00 (fifteen dollars) converted at the rate of the date, at the choice of SunEdison. The contract establishes also the purchase option by SunEdison of the same 7,000,000 (seven million shares) with the same characteristics mentioned above.

As at December 31, 2015 and at March 31, 2016, the Company priced the option considering the Black-Scholes mathematical model and the credit risk and recognized the negative adjustment of this option in the amount of R\$111,402 under loss for the period. On April 21, 2016, SunEdison filed for judicial reorganization (Chapter 11) and on June 1, 2016 the deadline for delivery of the payment of the option by SunEdison expired. The Company recognized

under profit or loss, on June 1, 2016 the amount of R\$62,995 as a loss for the extinction of the stock option and filed an arbitration process requesting, among other claims, indemnity for loss.

## 18. Provision for environmental costs (Consolidated)

	<u>03/31/2017</u>	<u>12/31/2016</u>
Current	3,044	2,540
Transfer to liabilities directly related to assets held for sale	(2,030)	-
Total	<u>1,014</u>	<u>2,540</u>
Noncurrent	5,019	5,387
Transfer to liabilities directly related to assets held for sale	(5,019)	-
Total	<u>-</u>	<u>5,387</u>

Considering that: (a) before the projects are placed into service, the Company obtains all the environmental permits and, consequently, has a present obligation to comply with all the obligations set out in such permits to be able to operate; (b) such obligation arises from past events (power plant construction); and (c) it is expected that there will be cash outflows capable of generating future economic benefits, the Company provides for socio-environmental costs in current and noncurrent liabilities, and capitalizes such costs in fixed assets over the projects' construction periods. After plant startup, such costs are recognized directly in profit or loss.

The provision is initially measured at fair value and, subsequently, adjusted to present value and upon change in the value or timeliness of the estimated cash flows, which are considered sufficient for the subsidiaries' future disbursements during the phase of construction and the operation of wind farms in operation.

### 18.1 Changes

	<u>Changes</u>							
	<u>12/31/2015</u>	<u>Payments</u>	<u>Update</u>	<u>03/31/2016</u>	<u>12/31/2016</u>	<u>Update</u>	Transfer to liabilities directly related to assets held for sale	<u>03/31/2017</u>
Provision for environmental costs	<u>7,094</u>	<u>(21)</u>	<u>54</u>	<u>7,127</u>	<u>7,927</u>	<u>136</u>	<u>(7,049)</u>	<u>1,014</u>

## 19. Equity and Compensation of shareholders

### a) Authorized capital

As prescribed by article 8 of the Bylaws, the Company is authorized to increase its capital, as approved by the Board of Directors, regardless of any amendment to the bylaws, through the issuance of common or preferred shares, up to the limit of R\$5,002,000.

### b) Capital

On February 2, 2016, the Board of Directors approved a capital increase in the amount of up to R\$731,248 through the issue of up to 81,587,997 new common shares and of up to 28,208,946 new preferred shares, all nominal, book-

entry and without par value, for the issue price per common or preferred share of R\$6.66 (six reais and sixty-six cents) and R\$19.98 (nineteen reais and ninety-eight cents) per unit. CEMIG GT and Light Energia subscribed and paid-in to the Company the amounts of R\$240,000 and R\$40,000, respectively. Other shareholders contributed in the amount of R\$2.

On June 21, 2016, according to the minutes of the Administrative Council meeting, the capital increase of the Company was finalized and approved of R\$280,002 through the issue of 42,042,384 nominal, book shares and without par value of which 42,042,219 common shares and 165 preferred shares, subscribed and paid-in, at the price of issue of R\$6.00 (six reais and sixty-six cents) per common and preferred share and of R\$19.98 (nineteen reais and ninety-eight cents) per unit.

On December 23, 2016, the Administrative Council approved a capital increase in the amount of up to R\$300,000 through the issue of up to 115,952,502 new common shares and of up to 34,047,498 new preferred shares, all nominal, registered and without par value, for the issue price per common or preferred share of R\$2.00 (two reais) and of R\$6.00 (six reais) per unit. The deadline for exercising the right of preference shall be April 26, 2017. Up to date, CEMIG-GT and Light Energia made capital contributions in the amounts of R\$55,863 and R\$12,137, respectively. In April 2017 Light Energia, RR Participações and the minority shareholders contributed the amount of R\$44,197 (vide note 29.2), R\$18,000, R\$10,000 and R\$16,197, respectively. The approval of the capital increase is foreseen to occur up until the beginning of the month of June, 2017. Accordingly the shareholding structure as at December 31, 2016 and March 31, 2017 has not been altered.

Hereinafter, we present a summary of the incurred contribution:

		Shareholders				
		<u>CEMIG GT</u>	<u>Light</u>	<u>RR Participações</u>	<u>Others</u>	<u>Total</u>
1 <sup>st</sup> Trimester of 2016	Homologated on June 21, 2016	200,000	-	-	-	200,000
2 <sup>nd</sup> Trimester of 2016	Homologated on June 21, 2016	40,000	40,000	-	2	80,002
4 <sup>th</sup> Trimester of 2016	To be homologated on June, 2017	37,863	12,137	-	-	50,000
1 <sup>st</sup> Trimester of 2017	To be homologated on June, 2017	18,000	-	-	-	18,000
Until April, 2017	To be homologated on June, 2017	-	18,000	10,000	16,197	44,197
Total		<u>295,863</u>	<u>70,137</u>	<u>10,000</u>	<u>16,199</u>	<u>392,199</u>

As at March 31, 2017, the Company's capital subscribed and paid-in capital was R\$2,916,012 (December 31, 2016, R\$2,898,012), distributed in accordance with the shareholder composition below:

RENOVA ENERGIA	Common		Preferred		Total shares	% of total capital
	Number	%	Number	%	Number	%
<b>Controlling block</b>	<b>229,251,670</b>	<b>82.19%</b>	<b>-</b>	<b>0.00%</b>	<b>229,251,670</b>	<b>63.54%</b>
RR Participações	49,461,797	17.73%	-	0.00%	49,461,797	13.71%
Light Energia	56,567,803	20.28%	-	0.00%	56,567,803	15.68%
Cemig GT	123,222,070	44.18%	-	0.00%	123,222,070	34.15%
<b>Other share holders</b>	<b>49,664,580</b>	<b>17.81%</b>	<b>81,899,063</b>	<b>100.00%</b>	<b>131,563,643</b>	<b>36.46%</b>
RR Participações*	1,745,682	0.63%	313,600	0.38%	2,059,282	0.57%
RR Casa de Investimentos e Participações	7,557,075	2.71%	900,000	1.10%	8,457,075	2.34%
BNDESPAR	9,311,425	3.34%	18,622,850	22.74%	27,934,275	7.74%
InfraBrasil	11,651,467	4.18%	23,302,933	28.45%	34,954,400	9.69%
FIP Caixa Ambiental	5,470,293	1.96%	10,940,586	13.36%	16,410,879	4.55%
Other	13,928,638	4.99%	27,819,094	33.97%	41,747,732	11.57%
<b>Total</b>	<b>278,916,250</b>	<b>100.00%</b>	<b>81,899,063</b>	<b>100.00%</b>	<b>360,815,313</b>	<b>100.00%</b>

\* Shares not included in the controlling block

Note: The controlling block considers shares subject to the Shareholders Agreement

#### c) Share issuance costs

The Company records all share issuance costs in a specific line item. These amounts refer to consulting and financial advisory fees relating to the capital increase operations, as shown below:

Event	Date	Costs on issuance of shares
		Parent and Controlatod
Initial Pulic Offering (IPO)	July 2010	13,686
New investor: Light Energia	September 2011	20,555
New investor: BNDESPAR	September 2012	1,871
New investor: CEMIG GT	September 2014	5,645
<b>Total</b>		<b>41,757</b>

#### d) Reserves

##### Capital reserve

The Company recorded in the capital reserve the effect of costs on share-based payment relating to its plants under LER 2009, LER 2010 and LEN 2011 (A-3) and other projects, as well as the awards paid relating to the successful IPO and also agreements entered into with its executive officers. These records both reflect the shares granted and the shares to be granted in the medium and short term. These accounting records are detailed in Note 26.5.

##### Profit reserve – legal reserve

Legal reserve is mandatory, up until the limits established by law, and has the purpose of assuring the integrity of the capital conditioned to its use for loss compensation or capital increase. For the year ended December 31, 2016 the Company registered legal reserve in the amount of R\$2,321, which has been used to compensate part of the loss of December 31, 2016.

### Profit reserve – retained earnings

The Company allocated to the Profit Reserve (retained earnings) account the remaining balance of net income for the year, in the amount of R\$33,072 observing the provision of Article 51 of its by-laws and article 194 of Law 6.404/76, that was used to compensate part of the loss of December 31, 2016.

### Profit reserve – special reserve of dividends not distributed

As provisioned under article 202 § 4 of Law 6.404/76, the Company recorded a special reserve for non-distributed dividends, in the amount of R\$11,024, in view of the financial situation of the Company, that was used to compensate part of the loss of December 31, 2016.

### **e) Dividends**

The shareholders are entitled to receive as mandatory dividends, in each year, 25% on net profit for the year, less or plus the following: (i) amount allocated to legal reserve; and (ii) amount allocated to reserve for contingencies and reversal of this reserve from prior years, as provisioned in the by-laws of the Company. Preferred shares will take part in the profit sharing in the same manner as common shares.

Minimum mandatory dividends were maintained under net equity in the reserve account of mandatory dividends not distributed. Subsequently, it was used to compensate part of the loss of December 31, 2016.

## **20. Net revenue**

	Consolidated				Parent
	03/31/2017	03/31/2016	03/31/2017	03/31/2016	03/31/2016
	MWh*	MWh*			
Power generation/supply					
Electric power supply - PCHs	28,996	16,403	9,898	11,479	-
Wind power supply	231,251	223,136	26,684	23,851	-
Subtotal			36,582	35,330	-
Other revenues					
Operations - Sale of electric power			131,056	68,478	-
Solar			-	81	81
Others revenues (Note 1.2d)			-	910	910
Deductions from revenue					
(-) Taxes from revenue (PIS/COFINS)			(15,293)	(8,695)	(91)
(-) Others deductions			-	(46)	(46)
			(15,293)	(8,741)	(137)
<b>Total</b>			<b>152,345</b>	<b>96,058</b>	<b>854</b>

(\*) Information not reviewed by independent auditors

## 21. Costs and expenses (income)

	Consolidated					
	03/31/2017			03/31/2016		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Tusd/Tust <sup>(1)</sup>	4,001	-	4,001	3,807	-	3,807
Inspection fee	361	-	361	169	-	169
	<u>4,362</u>	<u>-</u>	<u>4,362</u>	<u>3,976</u>	<u>-</u>	<u>3,976</u>
Personnel and management	-	1,957	1,957	-	11,426	11,426
Outside services	11,842	2,461	14,303	4,453	6,061	10,514
Rentals and leases	1,156	557	1,713	919	1,132	2,051
Travels	-	360	360	-	852	852
Depreciation	2,533	565	3,098	26,035	789	26,824
Discontinued projects <sup>(2)</sup>	-	-	-	-	2,117	2,117
Insurance	495	46	541	436	25	461
Telephony and IT	-	1,686	1,686	-	1,158	1,158
Materials and consumables	163	128	291	2,303	335	2,638
Fine on reimbursement	365	3,035	3,400	343	2,820	3,163
Purchase of energy <sup>(3)</sup>	104,876	-	104,876	91,103	-	91,103
Hydrological risk renegotiation	463	-	463	-	-	-
Taxes and Fees	-	426	426	-	1,424	1,424
Other	61	(925)	(864)	-	1,810	1,810
	<u>121,954</u>	<u>10,296</u>	<u>132,250</u>	<u>125,592</u>	<u>29,949</u>	<u>155,541</u>
Total	<u>126,316</u>	<u>10,296</u>	<u>136,612</u>	<u>129,568</u>	<u>29,949</u>	<u>159,517</u>

	Parent					
	03/31/2017			03/31/2016		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Personnel and management	-	862	862	-	11,426	11,426
Outside services	-	1,961	1,961	-	5,455	5,455
Rentals and leases	-	380	380	-	1,132	1,132
Travels	-	155	155	-	648	648
Depreciation	1,151	564	1,715	1,311	670	1,981
Discontinued projects <sup>(2)</sup>	-	-	-	-	2,117	2,117
Insurance	-	46	46	-	25	25
Telephony and IT	-	1,262	1,262	-	930	930
Materials and consumables	-	93	93	-	300	300
Taxes and Fees	-	260	260	-	539	539
Other	-	(1,902)	(1,902)	-	1,093	1,093
Total	<u>1,151</u>	<u>3,681</u>	<u>4,832</u>	<u>1,311</u>	<u>24,335</u>	<u>25,646</u>

(1) Tusd - distribution system use tariff and Tust - transmission system use tariff

(2) See note 12.8

(3) Purchase of energy for resale by Renova Comercializadora to honor commitments assumed in the energy sale contracts; and  
b) acquisition of energy by the wind farms LEN 2011 (A-3) and LEN 2012 (A-5) through CCEE.

## 22. Finance income (costs)

	Note	Consolidated		Parent	
		03/31/2017	03/31/2016	03/31/2017	03/31/2016
Finance income					
Income from short-term investments		2,853	4,202	998	2,613
Other finance income		-	109	-	-
(-) PIS/COFINS from finance income		(274)	(225)	(17)	(147)
Total finance income		2,579	4,086	981	2,466
Finance costs					
Accrued finance charges	14.4	(76,351)	(59,633)	(38,200)	(29,522)
Interest		(6,087)	(21,716)	(399)	(20,304)
Fine on debt		(18,321)	-	-	-
Interest - related parties	24	(13,993)	(2,975)	(4,949)	(1,285)
Tax on Financial Transactions (IOF)		(1,192)	(2,982)	(1,150)	(1,254)
Banking fees		(103)	(35)	(39)	(28)
Bank guarantee to debt		(13,082)	(2,774)	-	-
Other finance costs		(695)	(2,151)	(106)	(3,008)
Total finance costs		(129,824)	(92,266)	(44,843)	(55,401)
Total finance income (costs)		(127,245)	(88,180)	(43,862)	(52,935)

## 23. Income tax and social contribution

	Consolidated		Parent	
	03/31/2017	03/31/2016	03/31/2017	03/31/2016
(Loss) profit before income tax and social contribution	(92,625)	(513,328)	(95,698)	(515,721)
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	31,493	174,532	32,537	175,345
<u>Permanent deductions (additions)</u>				
Nondeductible expenses	(119)	(370)	(119)	(370)
Share of (loss) profit of subsidiaries	6,422	288	(15,981)	(25,655)
Effect on subsidiaries taxed under the deemed income	(274)	(3,378)	-	-
Effect of unrecognized deferred tax assets on:				
Temporary provisions	3,052	(165,166)	3,052	(165,166)
Tax loss carryforwards	(43,647)	(44,160)	(19,489)	(20,015)
Income tax and social contribution in (loss) profit	(3,073)	(38,254)	-	(35,861)

The Controlling Company didn't assessed taxable income in the period. As at March 31, 2017, the Controlling Company had tax losses and negative calculation basis for social contribution balance to compensate, as demonstrated below for which deferred taxes were not registered:

	Parent	
	03/31/2017	12/31/2016
Tax loss for the period	(57,321)	(206,053)
Prior periods' tax loss carryforwards	(276,264)	(172,104)
Total tax loss carryforwards	(333,585)	(378,157)

## 24. Related-party transactions

	Parent						
	Assets		Liabilities		Finance income (costs)		Expenses
	03/31/2017	12/31/2016	03/31/2017	12/31/2016	03/31/2017	03/31/2016	03/31/2017
<u>Intragroup loans</u>							
Energética Serra da Prata S.A.	-	-	35,308	34,827	(593)	(573)	-
Renova Comercializadora de Energia S.A.	-	-	206,415	216,543	(3,912)	(712)	-
Chipley SP Participações S.A.	-	-	34,290	18,925	(444)	-	-
Subtotal	-	-	276,013	270,295	(4,949)	(1,285)	-
<u>Apportionment of expenses</u>							
Energética Serra da Prata S.A.	-	105	-	-	-	-	16
Renova Comercializadora de Energia S.A.	21	642	-	-	-	-	(364)
LEN 2012 (A-5)	447	413	-	-	-	-	(34)
LER 2013	3,783	3,498	-	-	-	-	(285)
LER 2014	778	791	-	-	-	-	14
ACL (Mercado livre I)	592	558	-	-	-	-	(35)
ACL (Light I)	4,801	4,442	-	-	-	-	(359)
ACL (Mercado livre III)	778	720	-	-	-	-	(58)
ACL (Light II)	4,846	4,484	-	-	-	-	(363)
ACL (Mercado livre II)	2,498	2,351	-	-	-	-	(179)
Subtotal	18,544	18,004	-	-	-	-	(1,647)
<u>Other balances</u>							
Nova Energia <sup>(*)</sup>	-	25,489	-	-	-	-	-
<u>Advance for future capital increase(**)</u>							
Nova Energia Holding S.A.	-	41,256	-	-	-	-	-
Alto Sertão Participações S.A.	62,100	57,643	-	-	-	-	-
Centrais Eólicas Carrancudo S.A.	3,637	3,576	-	-	-	-	-
Centrais Eólicas Alcacuz S.A.	2,821	3,785	-	-	-	-	-
Centrais Eólicas Tamboril S.A.	5,556	5,471	-	-	-	-	-
Centrais Eólicas Tingui S.A.	4,531	4,470	-	-	-	-	-
Centrais Eólicas Macambira S.A.	3,047	2,969	-	-	-	-	-
Centrais Eólicas Imburana de Cabão S.A.	2,366	2,718	-	-	-	-	-
Centrais Eólicas Ipê Amarelo S.A.	3,735	3,666	-	-	-	-	-
Centrais Eólicas Putumaju S.A.	2,319	2,409	-	-	-	-	-
Centrais Eólicas Anísio Teixeira S.A.	536	531	-	-	-	-	-
Centrais Eólicas Ico S.A.	1,474	2,007	-	-	-	-	-
Centrais Eólicas Jequitiba S.A.	1,347	1,322	-	-	-	-	-
Centrais Eólicas Calianira S.A.	734	999	-	-	-	-	-
Centrais Eólicas Canjoão S.A.	705	686	-	-	-	-	-
Centrais Eólicas Cabeça de Frade S.A.	89	89	-	-	-	-	-
Centrais Eólicas Embiruçu S.A.	117	117	-	-	-	-	-
Centrais Eólicas Bela Vista XIV S.A.	124,042	124,042	-	-	-	-	-
Centrais Eólicas Umburanas 1 S.A.	3,265	3,265	-	-	-	-	-
Centrais Eólicas Umburanas 2 S.A.	543	541	-	-	-	-	-
Centrais Eólicas Umburanas 3 S.A.	257	245	-	-	-	-	-
Centrais Eólicas Umburanas 4 S.A.	149	149	-	-	-	-	-
Centrais Eólicas Umburanas 5 S.A.	111	108	-	-	-	-	-
Centrais Eólicas Umburanas 7 S.A.	122	121	-	-	-	-	-
Centrais Eólicas Umburanas 8 S.A.	53	53	-	-	-	-	-
Centrais Elétricas Itaparica S.A.	22,959	21,534	-	-	-	-	-
Outras participações (*)	268	187	-	-	-	-	-
Subtotal	246,883	283,959	-	-	-	-	-
Total	265,427	327,452	276,013	270,295	(4,949)	(1,285)	(1,647)

(\*) Balances of related party as a reflect of the Company's operation with its subsidiaries Nova Renova Holding S.A. under the Bylaws.

(\*\*) Advances for future capital increase made by the Company to their investees, without financial cost.

	Consolidated			
	Liabilities		Finance income (costs)	
	03/31/2017	12/31/2016	03/31/2017	03/31/2016
Renova Comercializadora de Energia S.A.				
Advances from Customers (24.3a)	239,725	229,053	(10,672)	(2,975)
Related-party transactions (24.3b)	77,043	73,722	(3,321)	-
	<u>316,768</u>	<u>302,775</u>	<u>(13,993)</u>	<u>(2,975)</u>

## 24.1 Mutual

Trade payable – loans entered into with the subsidiaries described in the table. These loans were performed to meet these companies' cash needs. The amount payable is subject to TJPL rate, plus interest varying between 0.25% and 0.5% p.a.

## 24.2 Apportionment of expenses

Refers to the reimbursement of expenses incurred in a centralized manner by Renova Energia which are apportioned and reimbursed by the subsidiaries. These expenses refer basically to personnel, rent and telephone expenses.

## 24.3 Sales and Asset Management Agreement

### a. Energy purchase and sales agreement with Light and CEMIG GT ("Light I" e "Light II")

On October 17, 2013 Renova Comercializadora and LIGHTCOM Comercializadora de Energia S.A. signed energy purchase and sales agreements (Contract Light I and Contract Light II) in which Renova Comercializadora shall deliver 33.4 MW average windpower for each contract totaling an average of 66.8 MW. On December 23, 2013 Renova Comercializadora and CEMIG GT signed an energy purchase and sales agreement in which Renova Comercializadora shall deliver for Lot I an average of 66.8 MW of wind power and for Lot II another 66.8 MW average of wind power, totaling average of 133.6 MW. In the sum of the two contracts there is a total supply of 200.4 MW average of contracted energy.

In the scope of the energy purchase and sale contract signed between Renova Comercializadora and CEMIG GT, on December 23, 2013, whereby Renova Comercializadora shall deliver 66.8 MW average of windpower, related to Lot II, two advances were made:

	1st Advance	2nd Advance	Total
Date of approval	May 11, 2016	September 8, 2016	-
Amount approved	R\$ 94,000	R\$ 118,000	R\$ 212,000
Update	155% of CDI	155% of CDI	-
Settlement	As at January 2020	As at May 2021	-
Balance as at March 31, 2017	R\$ 110,129	R\$ 129,596	R\$ 239,725

On January 27, 2017 the advanced payment of R\$10,000 was approved related to the energy purchase and sale contract signed between Renova Comercializadora de Energia S.A. and LightCom – Comercializadora de Energia S.A. ("LightCom") on December 17, 2013 in order to enable payment of the short-term financial obligations of the Company. On March 31, 2017, the advance was liquidated.

b. Debt confession with CEMIG –PPA CEMIG

On December 15, 2015 the Executive Board approved the anticipated payment of R\$60,000 related to the power purchase and sales agreement signed between Renova Comercializadora and CEMIG on March 25, 2014, on which Renova Comercializadora will deliver an average of wind power of 308 MW. The anticipated value will be updated for the effect of settlement, at a rate of 150% of the CDI disclosed by CETIP accumulated between the dates of the advance to the date of settlement. On June 10, 2016 this contract was cancelled and the anticipated payment was recognized by Renova Comercializadora as a debt, to be paid with a down-payment of R\$6,000 plus eleven monthly and consecutive installments, with maturity on February 10, 2018, updated at 150% of the CDI CETIP, from the base date of December 15, 2015 until the effective date of payment. Due to this dissolution, the balance previously classified under advances from clients was reclassified to related parties, which makes the amount of R\$77,043 for March 31, 2017(December 31, 2016, R\$73,722).

c. Energy purchase and sale with LEN 2011 (A-3), LEN 2012 (A-5) and Renova Comercializadora

In order to honor the commitments of the energy purchase and sales contracts from the parks that did not enter into commercial operation on the contracted dates, Renova Comercializadora used the coverage of the LEN 2011 (A-3) wind parks to acquire incentivized energy with settlement at CCEE. On the first trimester of 2017, the energy purchase operation by Renova Comercializadora from the LEN 2011 (A-3) wind farms was of 40,516.02MWh\* (R\$5,276). On that same period, the wind power park São Salvador (LEN 2012 (A-5)) bought 14,453.40 MWh\* (R\$1,803) from the LEN 2011 parks and 7,589MWh\* (R\$1,641) from Renova Comercializadora.

(\*) Information not reviewed by independent auditors.

d. Mechanism for Offsetting Surpluses and Deficits of New Energy (“MCSD”)

The Mechanism for Offsetting Surpluses and Deficits of New Energy (MCSD Energia Nova) was promoted by CCEE with the intention of decreasing the overcontracting of the distributors. The Company participated the MCSD on July 29 and August 19, 2016, respectively, decommissioning a total volume of 103.6 MWm of energy from the 12<sup>th</sup> auction of new energy (LEN 2011 (A-3)) from the period of July 2016 to December 2016. With this decommissioning the companies of LEN 2011 (A-3) invoiced the amount of R\$70,960 up until March 31, 2017 for Renova Comercializadora with the purpose of attending to the sales of energy of the projects that are in delay for beginning commercial operation (PPA Light, PPA Cemig, PPA Mercado Livre I and Mercado Livre III). Additionally, for 2017, the Company also participated in the MCSD on December 27, 2016, canceling a total volume of 100.2 MWm of energy from the LEN 2011 (A-3) wind farms for the period from January to December 2017.

The indirect subsidiary São Salvador took part in the MCSD on March 24, decommissioning a total volume of 10.2 MWm of energy from the 15<sup>th</sup> auction of new energy (LEN 2012 (A-5)) for the period from April 2017 to December 2017. Accordingly, São Salvador shall not need to purchase energy to supply the requirements of the contract.

e. Asset Management Agreement

On September 18, 2015, the Company signed an asset management agreement with TerraForm for the management of the shares transferred in the Operation (Bahia Eólica and Salvador Eólica) for a 12 month period. For this service Renova received the amount of R\$3,639 being responsible for the daily management of operations, contract management, financial management, accounting and others contained in the contract. In the first trimester of 2016, the Company received the amount of R\$910 (see Note 20).

## 24.4 Compensation of key management personnel

Key-management compensation for the years ended March 31, 2017 and 2016, as required by CVM Resolution 560, of December 31, 2008 reached the amount of R\$3,073 and R\$2,282, respectively, amounts comprising only short-term benefits.

### Compensation of the Statutory Board paid by the Company

	03/31/2017			03/31/2016		
	Statutory Board	Non-statutory Board	Total	Statutory Board	Non-statutory Board	Total
<b>Number of members</b>	3.00	3.33	<b>6.33</b>	4.67	3.00	<b>7.67</b>
<b>Accrued fixed compensation</b>	<b>1,171</b>	<b>573</b>	<b>1,744</b>	<b>913</b>	<b>409</b>	<b>1,322</b>
Salary or fees	487	489	976	830	338	1,168
Direct and fringe benefits	121	84	205	83	71	154
Others	563	-	563	-	-	-
Compensation due to participation in committee	n/a	n/a	n/a	n/a	n/a	n/a
<b>Variable compensation</b>	<b>239</b>	<b>570</b>	<b>809</b>	<b>414</b>	<b>171</b>	<b>585</b>
Bonus	239	570	809	414	171	585
<b>Charges</b>	<b>185</b>	<b>309</b>	<b>494</b>	<b>262</b>	<b>113</b>	<b>375</b>
<b>Post-employment benefits</b>	<b>19</b>	<b>7</b>	<b>26</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Total compensation by management body	<b>1,614</b>	<b>1,459</b>	<b>3,073</b>	<b>1,589</b>	<b>693</b>	<b>2,282</b>

### Monthly average compensation of Board

	03/31/2017		03/31/2016	
	Statutory Board	Non-statutory Board	Statutory Board	Non-statutory Board
Number of members	3.00	3.33	4.67	3.00
Highest individual compensation amount	596	450	119	75
Lowest individual compensation amount	161	272	37	49
Average individual compensation amount	403	365	89	65

## 24.5 Share-based payment

### 24.5.1 Information regarding the Company's Stock Purchase Plan

The Company has a share-based remuneration plan ("PBA") established under the terms of article 168, § 3, of Law 6404/76. According to the general conditions for the purchase option of shares issued by the Company, as approved by the shareholders in the Extraordinary General Assembly of January 18, 2010, the plan established that eligible beneficiaries are administrators, executives and employees of the Company, as well as individuals rendering services to the Company or societies under the control of the Company. According to the PBA contracts with beneficiaries, these may receive options for the purchase of shares per unit (corresponding to one common share and two preferred

shares) referent to two programs of the Company for the PBA, “Program 2011”: exercise price of R\$0.34 (thirty-four cents) and “Program 2013” (series 1): exercise price of R\$38.42 (thirty-eight reais and forty-two cents), whereby the exercise price of Program 2013 (series 1) is updated by the General Market Price Index (IGP-M/FGV).

The Program 2011 was prepared in view of the high performance of its wind farm projects, in which the grants and vesting are simultaneous and totally related to the successful outcome of the milestones of each project, which are: 1) the success in the auction of power; 2) obtaining senior financing; 3) wind farms entering into operation; and 4) one year anniversary of entering into operation, calculated at a percentage of 3% of Net Present Value of the project calculated on the date of the contracted milestones. The Company has not yet issued shares related to the success of the IPO and agreements with key executives, where the last vesting occurred in 2015. On June 26, 2013 the Company’s Executive Board deliberated the suspension of Program 2011, not permitting new participants and limiting to the projects traded between December 2009 and June 2013. The beneficiaries contemplated will continue to participate in the program until the end of all the milestones of these projects, where it is estimated that the last milestone will occur in 2016. On the same date, another program was approved: Program 2013, in which the grants are exercisable in up to 6 years, in other words, from December 2014 to 2020, with a vesting period of four years (25% per year), subsequent to the grant date.

Options granted must respect a maximum limit of five per cent (5%) of all shares representing the Company’s capital stock, on a total diluted basis, thus calculating all options already granted under the terms of the plan. No amount is paid or shall be paid by the beneficiary on the act of receiving the option. The options do not offer rights to the quality of shareholder of the Company, including the right to receiving dividends. The options may be exercised at any time from the date of purchase to the date of expiration. Once the Option is exercised, shares that are object of this Option will be issued through the Company’s capital increase, to be approved under applicable law and the Company’s Bylaws.

The quantity of options granted is calculated according to a formula based on performance and approved by the shareholders in General Assemblies. The formula rewards eligible management executives and employees in the measure in which the goals of the Company are attained in relation to pre-established qualitative and quantitative criteria.

The following share-based payment contracts were in force during the present and prior year:

Project	Amount of Units	Grant date	Exercise price	Fair value in the grant date	
				unitary	total
<b>Program 2011</b>			<b>R\$/Unit</b>	<b>R\$/Unit</b>	<b>R\$/Thousands</b>
Key executive agreement	48,000	2011	0.34	33.15	1,591
Key executive agreement	54,000	2012	0.34	26.76	1,445
LER 2010 - 3 <sup>rd</sup> milestones	78,693	2015	0.34	29.40	2,314
LER 2010 - 4 <sup>th</sup> milestones	215,340	scheduled for 2017	0.34	29.40	6,331

As stipulated in the contract, the project LEN 2011(A-3) did not attain the expected VPL and, therefore, the PBA related to this project was cancelled.

The effect of the option in the trimester ended in March 31, 2016 was of R\$58 recognized as a counterentry to net equity.

### 24.5.2 Fair value of share-purchase option

The options were priced in accordance with the *Black-Scholes* mathematical model. When relevant, the life expectancy used in the model was adjusted based on Management's best estimate in relation to the effects of the non-transfer of restrictions for the exercise (including probability of attending to the market conditions related to the option) and behavioral aspects. Expected volatility is based on historical price volatility during the past five years.

There were no share-purchase options exercised in the period.

## 25. Financial instruments and risk management

The Company and its subsidiaries conduct transactions with financial instruments. These financial instruments are managed through operating strategies and internal controls that aim at liquidity, profitability and security. Gains and losses on these transactions are consistent with the policies set by Company's management.

The risks associated with these operations are managed according to the practices defined by Management, including the monitoring of the levels of exposure of each market risk and estimated future cash flow. These practices also determine that the information is updated in the operating systems, as well as the information and operation of the transactions with counterparties.

### a. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between parties aware of and interested in the business, through a transaction without beneficiaries. The definition of fair value covers several variations on the metrics adopted to measure an amount at reliable value.

The calculation of the fair value was determined based on the available market information and methodologies adopted in the evaluation. However, significant judgment is necessary to understand the market information and estimate the fair value. Some line items have accounting balance equivalent to the fair value. This results from the fact that these financial instruments have characteristics similar to those that would be obtained had these financial instruments been traded in the market.

The use of different market methodologies may have a material effect on the estimated realizable values. The transactions with financial instruments are recorded in the Company's balance sheet at their carrying amount, which is equivalent to their fair value in cash and cash equivalents, trade receivables, related parties, collaterals and restricted deposits and trade payables. The accounting balances of borrowings, financing and debt charges differ from fair value.

	Consolidated			
	Fair value		Carrying amount	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
<b>Financial assets</b>				
<b>Current assets</b>				
Short-term investments	20,413	27,442	20,413	27,442
Trade receivables	44,736	49,138	44,736	49,138
Collaterals and restricted deposits	23,498	33,510	23,498	33,510
<b>Noncurrent assets</b>				
Collaterals and restricted deposits	14,717	87,836	14,717	87,836
Investments - TerraForm	309,118	261,661	309,118	261,661
<b>Financial liabilities</b>				
<b>Current liabilities</b>				
Trade payables	547,077	546,911	547,077	546,911
Borrowings and financing	1,103,425	2,051,611	1,103,425	2,045,371
Debentures	525,078	678,673	517,679	670,173
<b>Noncurrent liabilities</b>				
Trade payables	8,497	27,703	8,497	27,703
Borrowings and financing	90,120	93,338	89,946	93,338
Related parties	77,043	73,722	77,043	73,722

	Parent			
	Fair value		Carrying amount	
	03/31/2017	12/31/2016	03/31/2017	12/31/2016
<b>Financial assets</b>				
<b>Current assets</b>				
Short-term investments	7,347	7,222	7,347	7,222
Trade receivables	341	341	341	341
Collaterals and restricted deposits	23,498	33,510	23,498	33,510
Related parties	18,544	18,004	18,544	18,004
<b>Noncurrent assets</b>				
Related parties	246,883	309,448	246,883	309,448
Investments - TerraForm	309,118	261,661	309,118	261,661
<b>Financial liabilities</b>				
<b>Current liabilities</b>				
Trade payables	84,127	87,984	84,127	87,984
Borrowings and financing	270,512	255,700	270,512	252,508
Debentures	525,079	504,216	517,679	496,577
<b>Noncurrent liabilities</b>				
Related parties	276,013	270,295	276,013	270,295

## b. Categories of financial instruments

The classification of financial instruments and their accounting balances are broken down below:

	Consolidated									
	03/31/2017					12/31/2016				
	Loans and receivables	Fair value through profit or loss	Available for sale	Other at amortized cost	Total	Loans and receivables	Fair value through profit or loss	Available for sale	Other at amortized cost	Total
<b>Financial assets</b>										
<b>Current assets</b>										
Short-term investments	-	20,413	-	-	20,413	-	27,442	-	-	27,442
Trade receivables	44,736	-	-	-	44,736	49,138	-	-	-	49,138
Collateral and restricted deposits	23,498	-	-	-	23,498	33,510	-	-	-	33,510
<b>Noncurrent assets</b>										
Collateral and restricted deposits	14,717	-	-	-	14,717	87,836	-	-	-	87,836
TerraForm Investment	-	-	309,118	-	309,118	-	-	261,661	-	261,661
<b>Financial liabilities</b>										
<b>Current liabilities</b>										
Trade payables	-	-	-	547,077	547,077	-	-	-	546,911	546,911
Borrowings and financing	-	-	-	1,103,425	1,103,425	-	-	-	2,045,371	2,045,371
Debentures	-	-	-	517,679	517,679	-	-	-	670,173	670,173
<b>Noncurrent liabilities</b>										
Trade payables	-	-	-	8,497	8,497	-	-	-	27,703	27,703
Borrowings and financing	-	-	-	89,946	89,946	-	-	-	93,338	93,338
Related parties	-	-	-	77,043	77,043	-	-	-	73,722	73,722

	Parent									
	03/31/2017					12/31/2016				
	Loans and receivables	Fair value through profit or loss	Available for sale	Other at amortized cost	Total	Loans and receivables	Fair value through profit or loss	Available for sale	amortized cost	Total
<b>Financial assets</b>										
<b>Current assets</b>										
Short-term investments	-	7,347	-	-	7,347	-	7,222	-	-	7,222
Trade receivables	341	-	-	-	341	341	-	-	-	341
Collateral and restricted deposits	23,498	-	-	-	23,498	33,510	-	-	-	33,510
Related parties	18,544	-	-	-	18,544	18,004	-	-	-	18,004
<b>Noncurrent assets</b>										
Related parties	246,883	-	-	-	246,883	309,448	-	-	-	309,448
TerraForm Investment	-	-	309,118	-	309,118	-	-	261,661	-	261,661
<b>Financial liabilities</b>										
<b>Current liabilities</b>										
Trade payables	-	-	-	84,127	84,127	-	-	-	87,984	87,984
Borrowings and financing	-	-	-	270,512	270,512	-	-	-	252,508	252,508
Debentures	-	-	-	517,679	517,679	-	-	-	496,577	496,577
<b>Noncurrent liabilities</b>										
Related parties	-	-	-	276,013	276,013	-	-	-	270,295	270,295

## c. Fair value measurement

The Company adopts the measurement at fair value of its financial assets and financial liabilities. Fair value is measured at market value based on the assumptions that the market players are able to measure an asset or liability. For purposes of consistency and comparison, the fair value hierarchy prioritizes the inputs adopted in the measurement of the three main levels, as follows:

**Level 1. Active market:** Price - a financial instrument is considered as quoted in an active market if the quoted prices are immediately and regularly available in stock exchange or organized over-the-counter market, by operators, brokers or market association, by entities whose purpose is to disclose the prices by regulatory agencies, and if these prices represent market transactions regularly carried out between independent parties, without beneficiaries.

**Level 2. Without active market:** Valuation method – In relation to financial instruments not traded in an active market, the fair value must be determined based on the valuation/pricing methodology. Criteria used include current fair value of another financial instrument significantly similar, analysis of discounted cash flow and option pricing models. The purpose of the evaluation method is to determine the transaction price on the measurement date through a commercial exchange not subject to personal interests.

Level 3. Without active market: Inputs for an asset or liability not based on observable market variations (non-observable inputs). As at March 31, 2017 – the Company did not have any financial instrument classified in this category.

The instruments stated at fair value are broken down as follows.

Description	Balance at 03/31/2017	Fair value as at March 31, 2017		
		Active market - quoted price (level 1)	No active market - valuation technique (level 2)	No active market - nonobservable inputs (level 3)
Assets				
Short-term investments	20,413	-	20,413	-
TerraForm Investment (available to sale)	309,118	309,118	-	-
Total	329,531	309,118	20,413	-

Description	Balance at 12/31/2016	Fair value as at December 31, 2016		
		Active market - quoted price (level 1)	No active market - valuation technique (level 2)	No active market - nonobservable inputs (level 3)
Assets				
Short-term investments	27,442	-	27,442	-
TerraForm Investment (available to sale)	261,661	261,661	-	-
Total	289,103	261,661	27,442	-

Short-term investments: prepared taking into consideration the security market quotation or market information used in such calculation, based on future interest and exchange rates of similar instruments. The fair value of a security corresponds to its value at the maturity date, discounted to present value using a discount obtained using the market interest curve, in Brazilian reais.

Other financial assets: prepared considering the Black-Sholes.

In the period ended March 31, 2017, there were no transfers between fair value measurements of level 1 and level 2 or between level 3 and level 2.

#### **d. Market risk**

The market risk reflects the possibility of monetary losses due to the changes in variables that impact the prices and rates traded in the market. These fluctuations basically impact all sectors and, therefore, represent financial risk factors.

The Company's and its subsidiaries' borrowings, financing and debentures, as described in note 16, were entered into with BNB, BNDES, the Debenture holders and for working capital. The contractual rules applicable to financial liabilities represent risks related to these exposures. As at March 31, 2017, the Company and its subsidiaries are exposed to market risk associated to the CDI, TJLP, IPCA, TJ6 and fixed rates.

#### e. Sensitivity analysis (consolidated)

The Company and its subsidiaries present below the additional disclosures on their financial instruments required by CVM Instruction 475/08, specifically on the sensitivity analysis in addition to the sensitivity analysis required by IFRSs and accounting practices adopted in Brazil. The Company adopted the assumptions below, defined in CVM Instruction 475/08, to conduct this sensitivity analysis:

- definition of a probable scenario for risk behavior that, if materialized, can generate adverse results for the Company, and which is benchmarked by an independent external source (Scenario I);
- definition of two additional scenarios with stresses of at least 25% and 50% in the risk variable considered (Scenario II and Scenario III, respectively); and
- presentation of the impact of the defined scenarios on the fair values of the financial instruments operated by the Company and its subsidiaries.

The balances presented in the tables below contemplate consolidated values including the balances of assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

Risk	Transaction - Borrowings, financings and debentures	Scenario I Probable scenario	Scenario II 25% decrease	Scenario III 50% decrease
<b>CDI increase</b>	Debentures - Renova Energia	517,679	517,679	517,679
	Other short-term loans	287,814	287,814	287,814
	Total	805,493	805,493	805,493
	CDI Rate	12.15%	15.19%	18.23%
	<b>Annual loss on debentures and short-term loans</b>	<b>-</b>	<b>(31,228)</b>	<b>(62,457)</b>
<b>IPCA increase</b>	Debentures - Renova Eólica	178,430	178,430	178,430
	IPCA Rate	3.71%	4.64%	5.57%
	<b>Annual loss on debentures</b>	<b>-</b>	<b>(1,655)</b>	<b>(3,310)</b>
<b>TJLP increase</b>	BNDES - Renova Eólica	962,285	962,285	962,285
	BNDES - Diamantina Eólica (Tranches "A" and "B")	609,391	609,391	609,391
	Total	1,571,676	1,571,676	1,571,676
	TJLP Rate	7.50%	9.38%	11.25%
	<b>Annual loss on financings</b>	<b>-</b>	<b>(29,469)</b>	<b>(58,938)</b>
<b>TJ6 increase</b>	BNDES - Diamantina Eólica	199,823	199,823	199,823
	TJ6 Rate	10.30%	12.88%	15.45%
	<b>Annual loss on financings</b>	<b>-</b>	<b>(5,145)</b>	<b>(10,291)</b>

Risk	Transaction - Investment on TerraForm Global, Inc	Scenario I Probable scenario	Scenario II 25% decrease	Scenario III 50% decrease
	TerraForm Investment	309,118	309,118	309,118
Exchange decrease	Exchange Rate (R\$)	3.17	2.38	1.58
	Annual loss on investments	-	(77,280)	(154,559)
Shares decrease	Share Rate (US\$)	4.80	3.60	2.40
	Annual loss on investments	-	(77,280)	(154,559)

For the debentures of Renova Energia and for short-term loans lined to the CDI, the effective rate considered for March 31, 2017 was of 12.15%. Scenarios II and III considered a 25% increase in this rate (15.19% p.a.) and 50% (18.23% p.a.). The average weighted spread observed on the short-term loans was of 6.83% + 100% of the CDI and for the Renova Energia debentures of 143% of the CDI. For the debentures of Renova Eólica linked to the IPCA, the effective rate considered as a probable scenario in March 31, 2017 is of 3.71%, projected in scenarios II and III considering an increase of 25% (4.64%) and 50% (5.57%).

For financing with BNDES linked to the long-term interest rate (TJLP), the probable scenario considered based on the rate for the first quarter of 2017 was of 7.50%. Scenarios II and III considered an increase in this rate of 25% (9.38%) and 50% (11.25%), respectively. The weighted average spread observed is of 1.60% + TJLP for BNDS financing. For BNDES financing linked to the TJ6, the probable scenario was considered based on the effective rate as at March 31, 2017 of 10.30%. Scenarios II and III consider an increase in the rate of 25% (12.88%) and 50% (15.45%).

With reference to the foreign currency, the Company is exposed to Exchange rate of the Brazilian real to the U.S. dollar for investments in Terraform Global, a U.S. company (note 1.2). For the sensitivity analysis a probable scenario considered in relation to this currency the exchange rate as at March 31, 2017 of R\$3.17 (three reais and seventeen cents) per U.S. dollar. Scenarios II and III consider a 25% reduction with an exchange rate of R\$2.38 (two reais and thirty-eight cents) per U.S. dollar and of 50% at R\$1.58 (one real and fifty-eight cents) per U.S. dollar.

Considering also the volatility of the share price of TerraForm where a probable scenario is represented by the share price as at March 31, 2017, US\$4.80. Scenarios II and III consider a reduction in this volatility of the price of the share option in 25% (US\$3.60) and 50% (US\$2.40), respectively.

These sensitivity analyses have been prepared in accordance with CVM Instruction 475/2008, whose purpose is to measure the effects from the changes in market variables on each financial instrument of the Company and its subsidiaries. However, the actual settled amounts could differ from these estimates due to the subjectivity inherent in the process used in preparing the analyses.

## *f. Liquidity risk*

The liquidity risk determines the parent's and subsidiary's ability to settle the obligations assumed. In order to determine the subsidiary's financial capacity to properly comply with the commitments assumed, the maturity flows of the funds raised and other obligations are included in the disclosure. For further information on the Company's borrowings, see Note 16.

The Company's management solely enters into with credit lines to leverage its operating capacity. This assumption is confirmed based on the characteristics of the Company's borrowings.

As at March 31, 2017, the Company presented relevant negative working capital and the Management detailed its plans in Note 1.4. Management understands that with the successful outcome of the measures mentioned in Note 1.3, it will be possible to resume the economic, financial and liquidity balance of the Company.

### *f.1. Liquidity and interest rate risk tables*

The tables below detail the remaining contractual maturity of the Company's and its subsidiaries' non-derivative financial liabilities and the contractual repayment periods. These tables were prepared using the undiscounted cash flows of the financial liabilities based on the nearest date on which the Company and its subsidiaries should settle the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at the year end. The contractual maturity presented on March 31, 2017 also considers as current liability the debts that didn't achieve the covenants stipulated in their contracts.

	Consolidated				
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Instruments at interest rate					
Fixed					
Borrowings and financing - principal and finance charge	247,286	856,140	39,362	50,758	1,193,546
Debentures - principal and finance charge	525,078	-	-	-	525,078
Total	<u>772,364</u>	<u>856,140</u>	<u>39,362</u>	<u>50,758</u>	<u>1,718,624</u>

	Parent				
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Instruments at interest rate					
Fixed					
Borrowings and financing - principal and finance charge	229,883	40,629	2,091	-	272,603
Debentures - principal and finance charge	525,079	-	-	-	525,079
Total	<u>754,962</u>	<u>40,629</u>	<u>2,091</u>	<u>-</u>	<u>797,682</u>

## *g. Credit risk*

The credit risk reflects the possibility that the Company may not exercise its rights. This description is directly related to line item Trade receivables.

Financial assets	Note	Carrying amount			
		Consolidated		Parent	
		03/31/2017	12/31/2016	03/31/2017	12/31/2016
<b>Current</b>					
Trade receivables	7	44,736	49,138	341	341

In the power sector, the operations carried out are directed to the regulatory agency that maintains the active information on the positions of produced and consumed power. Based on structure, planning is made to operate the system without interferences or interruptions. Power is sold through auctions, agreements, among others. This system is reliable and controls the payments by the players in the market.

The Company does not carry out transactions for speculative purposes. The Company manages its risks on a continuous basis, evaluating whether the practices adopted in the performance of its activities are aligned with Management's policies. The Company does not carry out transactions with financial instruments for equity hedge purposes as it believes that the risks to which its assets and liabilities are exposed can be compensated between each other over the normal course of its activities. These financial instruments are managed using operating strategies that seek to obtain liquidity, profitability, and security. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. As at March 31, 2017, the Company did not make speculative investments in derivatives or any other risk assets.

#### *h. Capital management*

	Consolidated	
	03/31/2017	12/31/2016
Borrowings and financing debt	1,711,050	2,808,882
(-) Cash and cash equivalents	(25,238)	(35,786)
Net debt	1,685,812	2,773,096
Equity	1,925,357	1,955,598
<b>Financial leverage ratio - %</b>	<b>88%</b>	<b>142%</b>

The objectives of the Company in managing its capital are to ensure that the Company is always capable of providing return to its shareholders and benefits to other stakeholders, and maintain an ideal capital structure to reduce this cost.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders or, also, issue new shares or sell assets to reduce, for example, indebtedness.

#### *i. Risk of shortage of wind*

This risk results from the shortage of wind due to natural factors, which is reduced because the "wind deposits" in Brazil are one of the best in the world, as in addition to high speed, wind is considered stable, different from certain regions in Asia and the United States, which are subject to cyclones, typhoons and other natural factors.

## j. Risk of shortage of water

Indirect subsidiary Energética Serra da Prata S.A. and the jointly controlled entity Brasil PCH generate power through small hydroelectric plants (PCHs). A long period of shortage of rain, during the humid season, will reduce the water volume of the plants' reservoirs. An extreme condition would imply decrease in revenues.

The occurrence of unfavorable hydrologic conditions, and the obligation to deliver the contracted energy, may result in the Company's exposure to the long-term energy market, which would affect its future financial results. However, except for one PCH, 100% of the hydroelectric generation capacity of the other PCHs is part of the Power Relocation Mechanism ("MRE"), which mitigates part of the hydrologic risk, through the allocation between all plants linked to the MRE.

## 26. Loss per share

Basic loss per share are calculated by dividing loss for the period attributable to the holders of the Parent's common and preferred shares by the weighted average number of common and preferred shares available during the year.

Diluted loss per share are calculated by means of the division of net loss attributed to the holders of common and preferred shares of the Parent company by the weighted average of common and preferred shares available during the year, plus the weighted average of common shares to be issued in the assumption of the exercise period of the option for the purchase of shares in amounts for the year below market value.

According to the Company's bylaws, preferred shares are entitled to the same conditions of the common shares in profit sharing.

The table below shows the data and number of shares used to calculate basic and diluted loss per share for the period indicated in the statement of operations.

	Parent	
	03/31/2017	03/31/2016
Loss for the period	(95,698)	(1,101,472)
<u>Basic loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	340,943	340,943
<b>Basic loss per share (in R\$)</b>	<b>(0.28)</b>	<b>(3.23)</b>
<u>Diluted loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	340,943	340,943
Total shares applicable to dilution (in thousands)	340,943	340,943
<b>Diluted loss per share (in R\$)</b>	<b>(0.28)</b>	<b>(3.23)</b>

## 27. Assets classified as held for sale

### 27.1 Parent

Changes in Parent's investments:

Assets classified as held for sale 03/31/2017

Nova Energia Holding S.A. 441,855

### 27.2 Consolidated

Balance sheets as at March 31, 2017:

<u>ASSETS</u>	<u>Nova Energia</u>	<u>LIABILITIES AND EQUITY</u>	<u>Nova Energia</u>
<b>CURRENTS</b>		<b>CURRENTS</b>	
Cash and cash equivalents	13,585	Trade payables (*)	85,526
Trade receivables (*)	18,265	Borrowings and financing	956,329
Recoverable taxes	1,492	Debentures	178,430
Prepaid expenses	959	Taxes payable	7,564
Advances to suppliers	2,129	Provision for social environmental costs	2,030
Other receivables	570	Accounts payable - CCEE/Distributors	15,375
Total current assets	37,000	Other payables	444
		Total current liabilities	1,245,698
<b>NONCURRENTS</b>		<b>NONCURRENTS</b>	
Trade receivables CCEE	2,776	Deferred taxes	187
Collaterals and restricted deposits	60,877	Accounts payable - CCEE/Distributors	43,521
Deferred taxes	3,490	Related parties	31,690
Property, plant and equipment	1,632,137	Provision for social environmental costs	5,019
Total noncurrent assets	1,699,280	Total noncurrent liabilities	80,417
		<b>EQUITY</b>	
		Capital	541,056
		Accumulated losses	(130,891)
		<b>EQUITY</b>	410,165
<b>TOTAL ASSETS</b>	<b>1,736,280</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,736,280</b>

Classified as:

Assets classified as held for sale	1,731,622
Liabilities directly related to assets held for sale	1,284,922

(\*) The trade receivables and receivables from suppliers presented in the above mentioned balance sheet differ from the balances of Notes 7 and 13, respectively, due to the elimination of the related party transactions, classified as held-for-sale in certain subsidiaries of Renova.

## Income and cash flow statements as at March 31, 2017

### Nova Energia

#### **Loss of assets classified as held for sale**

Revenue	72,877
Costs and expenses	<u>(31,063)</u>
Profit before taxes	41,814
Finance income (costs)	(58,663)
Income tax and social contribution	<u>(2,201)</u>
Loss for the period	<u><u>(19,050)</u></u>

#### **Cash flow of assets classified as held for sale**

Net cash of operating activities	33,181
Net cash provided of investing activities	10,176
Net cash of financing activities	<u>(35,498)</u>
	<u><u>7,859</u></u>

Cash and cash equivalents at beginning of period	5,726
Cash and cash equivalents at end of period	13,585

Decrease in cash and cash equivalents	<u><u>7,859</u></u>
---------------------------------------	---------------------

As at March 31, 2017 the assets and liabilities of Nova Energia were classified as assets held-for-sale and liabilities directly associated to assets held-for-sale.

## **28. Non-cash transactions**

As at March 31, 2017, the Company conducted the following noncash transactions; therefore, these transactions are not reflected in the statement of cash flows:

	Note	Consolidated		Parent	
		03/31/2017	03/31/2016	03/31/2017	03/31/2016
Finance charges capitalized	12.2, 12.4, 14.4	-	70,495	-	7,495
Finance income capitalized	12.2	-	(3,867)	-	-
Acquisition of property, plant and equipment - Trade payables	12.2	16,784	429,204	73,622	-
Provision for social and environmental costs	18	-	(3,888)	-	-
Gain on exchange of shares - Projeto Salvador	-	-	845,026	-	845,026
Capital integralization in subsidiaries through property, plant and equipment	12.4	-	-	-	273,318
Effect of the conciliation of property, plant and equipment with trades payable	12.4	(46)	-	-	-

## **29. Subsequent Event**

### **29.1. Sale of Assets**

On April 18, 2017 the Company signed a stock option agreement with AES for the acquisition of the wind power complex Alto Sertão II, comprising 15 wind farms that sold energy under LER 2010 and LEN 2011 (A-3). The acquisition of Alto Sertão II by AES occurred by means of the sale of the total amount of shares issued by Nova

Energia Holding S.A. directly owned by the Company and its subsidiary Renovapar S.A. for the base price of R\$600,000 and with the possibility of reaching the amount of R\$700,000, conditioned to the performance of the Alto Sertão II complex, assessed after a five-year period as of the closing date of the operation, among other conditions described in the Stock Option Agreement.

## 29.2 Capital Increase

In April 2017 Light Energia, RR Participações and the minority shareholders approved, subscribed and paid-in the total amount of R\$44,197 to the Company, as capital increase approved on December 23, 2016, by the Board of Administration of Renova.

	Shareholders			
	Light	RR Participações	Others	Total
Capital increase	18,000	10,000	16,197	44,197

## 29.3 Roll-over of debt BNDES

As foreseen in the fifth addendum to the financing contract, signed on April 13, 2017 the Company extended the maturity of the short-term debt with BNDES to August 15, 2017 or to the date of the release of the long-term financing.

\* \* \*

Carlos Figueiredo Santos  
Chief Executive Officer

Cristiano Corrêa de Barros  
Vice-President  
for Finance, Business Development and  
Investors Relations Officer

Gina Abreu Batista dos Santos  
Accountant CRC 027321-O-BA

*(Convenience Translation into English from the  
Original Previously Issued in Portuguese)*

## **Renova Energia S.A. and Subsidiaries**

*Individual and Consolidated Interim Financial  
Information for the Quarter Ended March 31,  
2017 and Report on Review of Interim Financial  
Information*

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Directors and Management of  
Renova Energia S.A.  
São Paulo - SP

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Renova Energia S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the quarter ended March 31, 2017 and which comprise the balance sheet as of March 31, 2017, and the related income statement, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-month then ended, including a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of the individual interim financial information in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Reporting and of the consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) – Interim Financial Reporting and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standard Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Auditor of the Entity). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial matters and accounting, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with International Standards on Auditing 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. Therefore, we do not express an audit opinion.

### **Conclusion on the individual interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

## **Conclusion on the consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

## **Emphasis**

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1.4 to the interim financial statements, which indicates that the Company vem apresentando recurring losses and in the quarter ended March 31, 2017 the Company incurred a loss of R\$ 95,698 thousand (parent and consolidated), current liabilities exceeded total current assets by R\$ 388,045 thousand (parent) and R\$ 1,670,180 thousand (consolidated), and there is the need to raise capital to fulfill the commitments to build wind farms and solar power plants. These conditions, together with other matters described in Note 1.4 to the interim financial statements, indicate that there is a material uncertainty that may cast significant doubt on the Company's and its subsidiaries' ability to continue as going concerns. Our conclusion is not qualified in respect of this matter.

### *Depreciation of property, plant and equipment items intended for generation of electric power under an independent production regime*

As described in Note 12, the fixed assets used in the power generation activity under the independent production regime are depreciated over their estimated useful lives, considering the facts and circumstances that are mentioned in said Note. As new information or decisions by the regulatory agency or concession grantor are published, the current depreciation period for such assets may or may not be changed. Our conclusion is not qualified related to this matter.

## **Other matters**

We have also reviewed the individual and consolidated statements of value added ("DVA") for the three-month period ended March 31, 2017, prepared under the responsibility of the Company's management, the presentation of which is required by standards issued by CVM applicable to preparation of Interim Financial Information (ITR) and consider as supplemental information under International Financial Reporting Standards - IFRS, which do not require the presentation of these statement. These statements were submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 12, 2017

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

José Luiz Santos Vaz Sampaio  
Engagement Partner