Modeling Guide | Distribution

April 2025

Updates on document:

- April 2025: Dispach N° 882/25 – Regulatory WACC

Distribution: Connecting Energy to the Consumer

The power distribution segment is responsible for delivering electricity to consumers (households, businesses, industries, rural areas, and others) and, in some cases, to other users directly connected to the distribution network by stepping down the voltage from the transmission system.

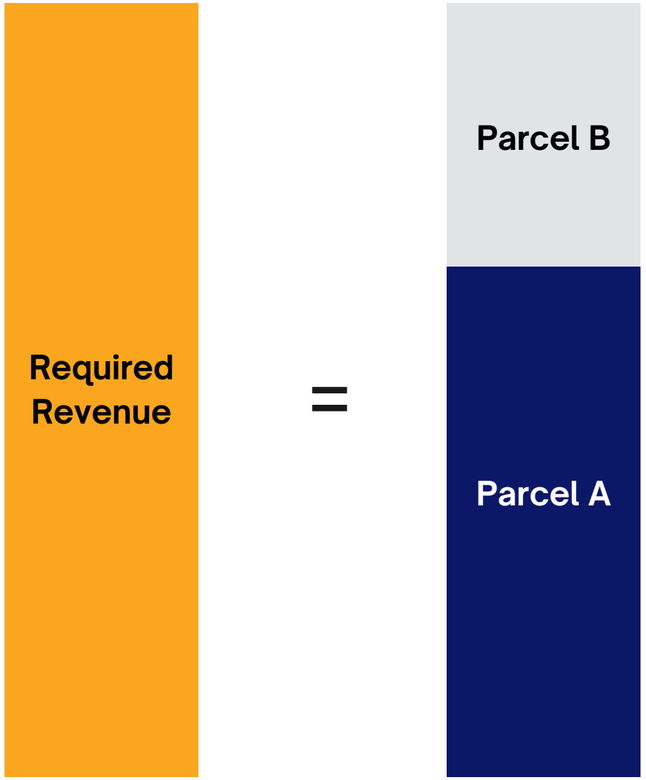
This segment operates as a natural monopoly, with regulated products and tariffs set by ANEEL under the price cap[1] system. Most distribution companies (DisCos) hold 30-year concession contracts and make continuous investments throughout this period.

The Equatorial Group operates seven distribution companies, which are:

- Equatorial Maranhão
- Equatorial Pará
- Equatorial Piauí
- Equatorial Alagoas
- Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D)
- Companhia de Eletricidade do Amapá (CEA)
- Equatorial Goiás

Required Revenue (Submodule 2.1 Proret)

Composition of Parcel A Parcel B

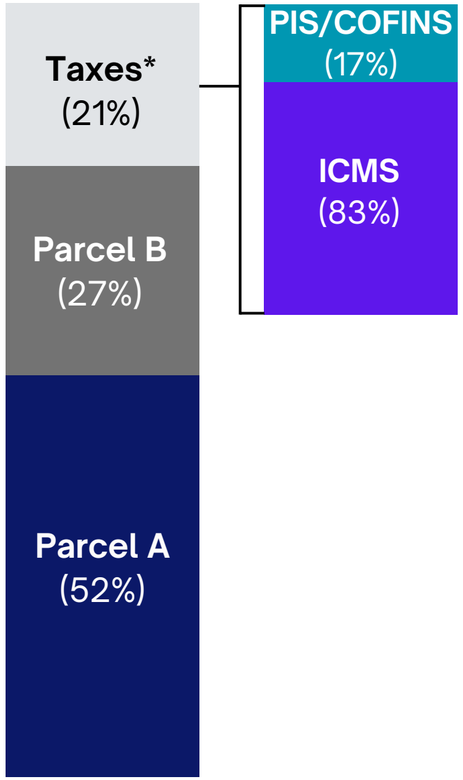


The first step to understanding the modeling of the electricity distribution sector is to grasp the concept of the full composition of the **Required Revenue**[2].

- The Required Revenue is the financial amount necessary to ensure the concession's **operation for providing electricity distribution services**. It is divided into two components: Parcel A and Parcel B.
- Parcel A contains costs that are directly **passed through to consumers** (pass-through).
- Parcel B covers operational costs managed by the distribution company and the appropriate remuneration of investments.

Required Revenue and Taxes (Submodule 2.1 Proret)

Composition of Parcel A Parcel B



The electricity tariff paid by consumers includes taxes related to the distribution service, the main ones being: ICMS and PIS/COFINS, which are collected and remitted to the government.

Here it is important to emphasize that, in tariff proceedings, only amounts linked to the Required Revenue net of taxes are considered for analysis and adjustments. Taxes are not part of these calculations, as they are not under the direct control of the distribution company and are not used to remunerate or fund its operations.

Nominal Average Tax Rates**

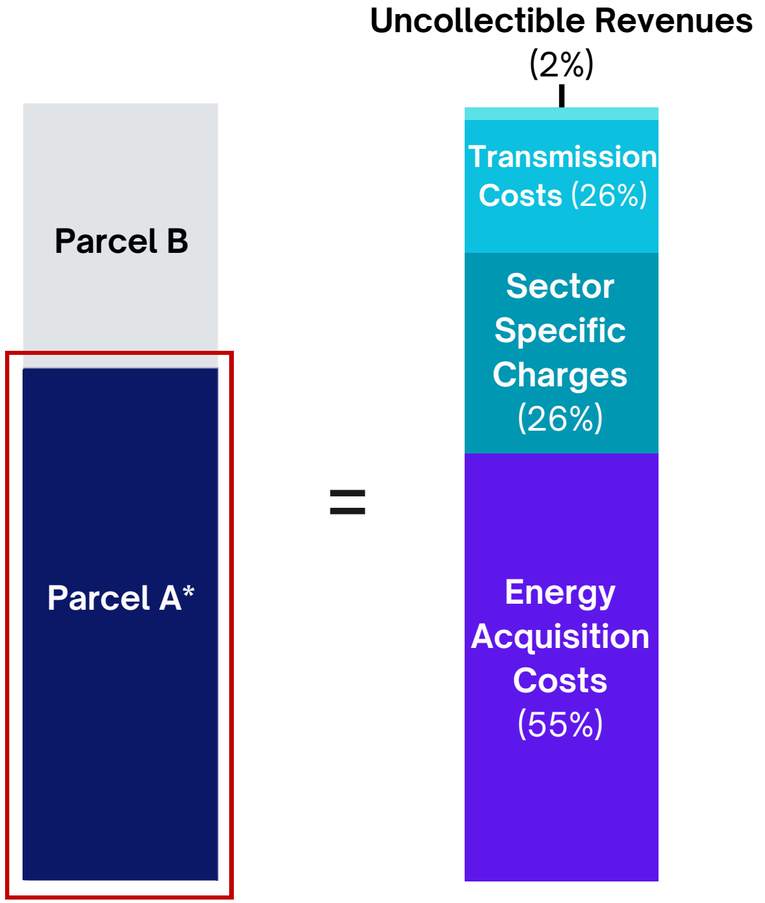
DisCo	ICMS (%)	PIS/COFINS (%)	Total Effect on Tariff (%)
Equatorial MA	19,9	3,9	31,3
Equatorial PA	17,5	5,1	29,2
Equatorial PI	21,5	3,9	34,1
Equatorial AL	17,7	3,6	27,1
CEEE-D	17,9	4,8	29,3
Equatorial GO	16,0	4,2	25,3

** Composition of Required Revenue including tax charges for Equatorial Alagoas, as established in Process No. 48500.005815/2023-75 (RTA, 2024)*

*** Values sourced from 2024 Technical Notes and SPARTAs for each company*

Required Revenue (Submodule 2.1 Proret)

Composition of Parcel A



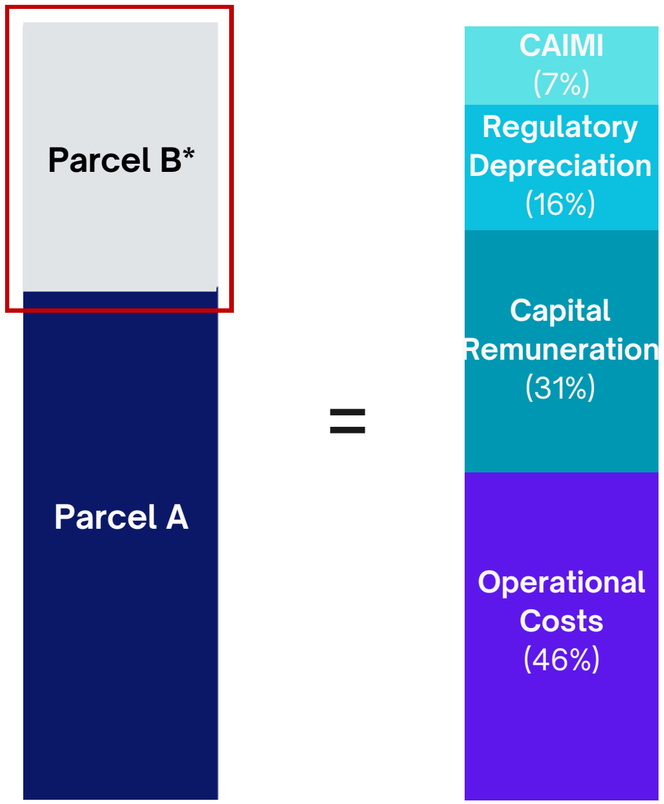
Parcel A[3] is composed of costs not manageable by the distribution company, which are fully passed through to consumers, these being:

- Transmission Costs[5]
- Sector Specific Charger[6]
- Energy Acquisition Costs[7]
- Uncollectible Revenues[4] (new contracts)

** Composition of Parcel A for Equatorial Alagoas as established in Administrative Process No. 48500.005815/2023-75 (RTA, 2024)*

Required Revenue (Submodule 2.1 Proret)

Composition of Parcel B



Parcel B[8] covers operational and capital costs related to electricity distribution. Its composition ensures the coverage of costs compatible with efficient service provision.

The responsibility for Parcel B lies entirely with the DisCo, including risks from cost variations. This is also where the potential for profitability and **outperformance** by the distribution company is concentrated. Its components include:

- Operational Costs[9]
- Capital Remuneration[10]
- Regulatory Depreciation (Regulatory Reinstatement Quota, QRR)[11]
- Annual Cost of Mobile and Immobile Installations (CAIMI)[12]
- Uncollectible Revenues[4] (legacy contracts)

** Composition of Parcel B for Equatorial Alagoas as established in Administrative Process No. 48500.005815/2023-75 (RTA, 2024)*

Tariff Processes (Submodule 8.1 Proret)

Periodic Tariff Review (RTP)

The Periodic Tariff Review (RTP) occurs every 4 or 5 years, depending on the DisCo's contract. It is conducted to reset tariffs and ensure the DisCo's financial equilibrium. During this process, adjustments are made to Parcel A and Parcel B.

RTPs every 5 years
(new contracts)

- Equatorial Piauí
- Equatorial Alagoas
- CEEE-D
- CEA
- Equatorial Goiás

RTPs every 4 years
(legacy contracts)

- Equatorial Maranhão
- Equatorial Pará

Tariff Processes (Submodule 8.2 Proret)

Annual Tariff Adjustment (RTA)

Between RTPs, Annual Tariff Adjustments (RTAs) occur. The RTA aims to restore the DisCo's purchasing power and pass productivity gains to consumers, promoting tariff affordability. While Parcel A is adjusted to reflect updated costs, Parcel B considers the following analysis points:

- IPCA - new contracts, and IGP-M - legacy contracts
- X Factor[13]
- Market Growth

The RTA logic can be explained as follows, assuming the test year corresponds to the regulatory year values (12 months) prior to the RTA:

$$\text{Required Revenue}^{*} = \text{VPA} + \text{VPB} \bullet (1 + \text{IPCA or IGP-M} - \text{X Factor}) - \text{UDEROR}^{**}$$

Parcel A test year

Parcel B test year

**Example applies only to new contracts*

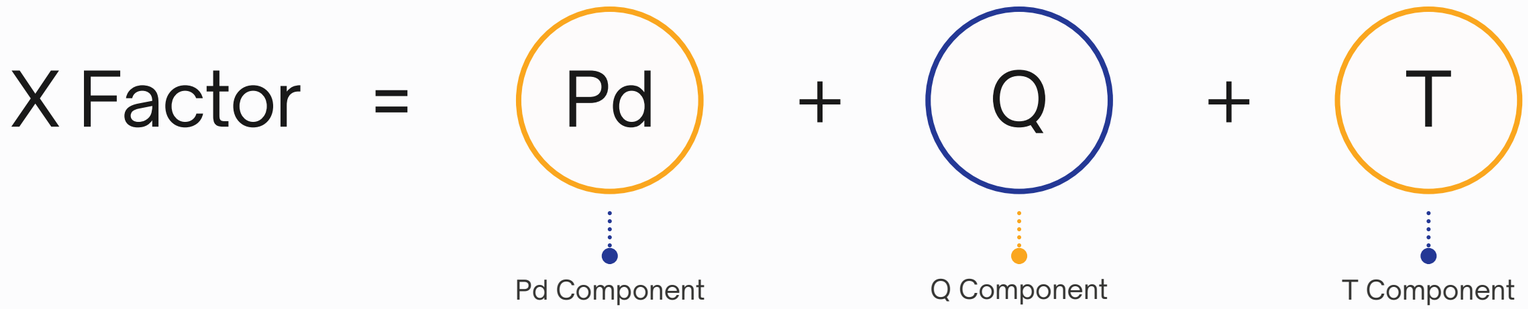
***Revenues from demand excess, reactive surplus, and other VPB revenues*

X Factor (Submodule 2.5 Proret)

Composition of RTA

The X Factor[13] is a component of tariff processes that maintains balance between revenues and efficient expenses throughout the tariff cycle, adjusting the annual tariff value of Parcel B.

Establishing an assumption for the X Factor is critical for financial modeling, as it will be applied in every tariff process.



Pd Component

It is a market adjustment index that incorporates potential productivity gains from the year prior to the tariff review (or annually for new contracts).

Q Component

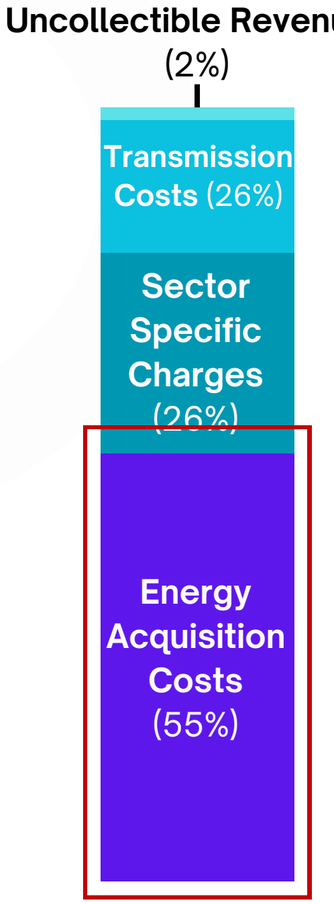
This mechanism incentivizes service quality improvements by DisCos during the tariff cycle, adjusting tariffs based on quality indicator performance.

T Component

It reflects the trajectory of operational costs between the first and last year of the DisCo's tariff cycle.

Parcel A (Submodule 3.2 and 4.3 Proret)

Energy Acquisition Costs: Overcontraction and Subcontraction



In the Regulated Contracting Environment[14], the DisCo purchases energy and fully passes the cost through to consumers (without financial gains).

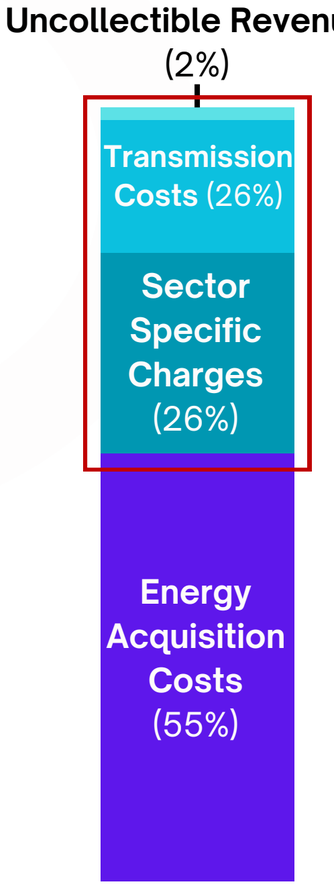
- ANEEL allows DisCos to recover up to **105%** of the contracted energy amount needed to supply their market through tariffs. However, in cases of over-procurement (above 105%), the costs of excess energy is borne by the DisCo.
- Both over-procurement and under-procurement require the DisCo to engage in the **short-term market**[15], facing price volatility. In under-procurement scenarios, the DisCo is additionally subject to penalties.
- **Involuntary overcontraction** refers to factors beyond the DisCo's control that create energy surpluses, such as consumer migration to distributed generation[16], and extreme cases like the COVID-19 pandemic (2020)

Earnings Release:

2024	MA	PA	PI	AL	RS	AP	GO
% of contraction	102,35%	103,68%	102,77%	106,57%	103,92%	110,02%	105,81%
% disconsidering involuntary	102,35%	103,68%	102,77%	100,00%	103,92%	104,04%	100,00%

Parcel A

Sector Specific Charges (Module 5 Proret) and Transmission Costs (Submodule 3.3 Proret)



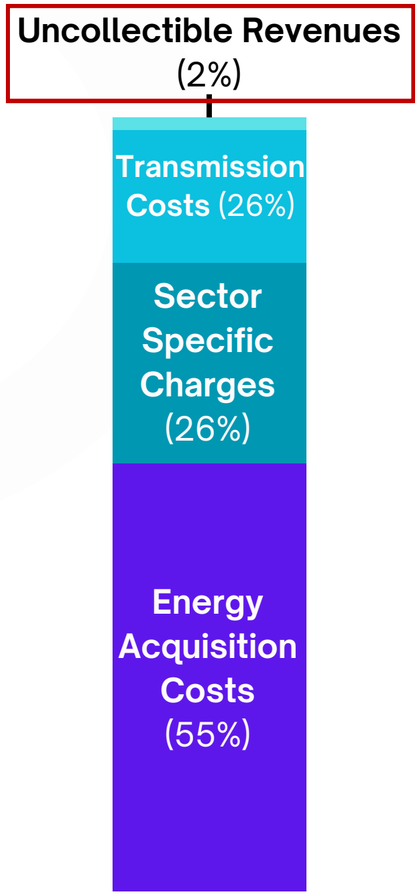
Sector Specific charges are non-manageable costs supported by distribution companies, established by law. Below are some examples:

CDE Conta de Desenvolvimento Energético	**TFSEE** Taxa de Fiscalização dos Serviços de Energia Elétrica
PROINFA Programa de Incentivo à Fontes Alternativas de Energia Elétrica	**P&D PEE** Pesquisa e Desenvolvimento e Eficiência Energética
ESS ERR Encargos de Serviços do Sistema e de Energia de Reserva	

Transmission costs refer to expenses related to transporting electricity from generation units to distribution systems.

Parcel A (Submodule 2.2 and 2.6 Proret)

Uncollectible Revenues



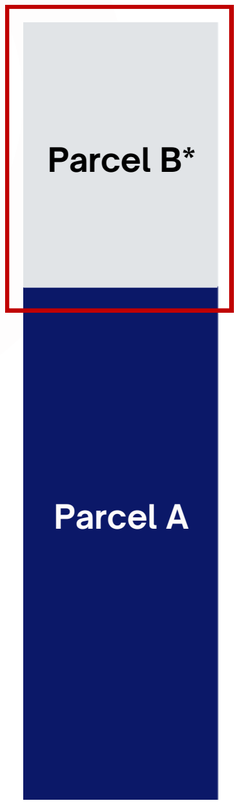
Uncollectible Revenue (RI), as defined by ANEEL, represents the portion of total regulatory revenue billed by the company that has low collection expectation due to consumer delinquency, after all possible collection efforts.

- RI is calculated using the debt aging curve, determined by the median of uncollected amounts between 49 and 60 months from reference dates.

RI is allocated to Parcel A in new contracts, but remains part of Parcel B in legacy contracts.

Parcel A (Submodule 4.2 Proret)

Compensation Account for Variation in "Parcel A" Items (CVA)

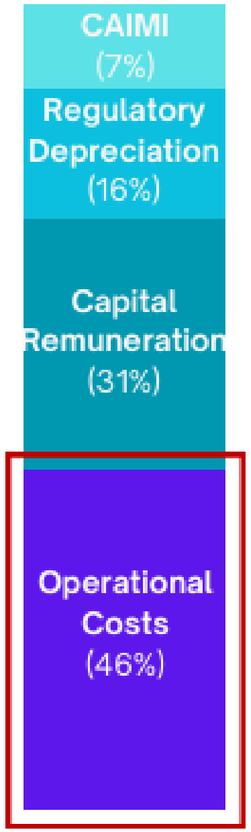


The CVA[17] is the account designated to record value variations of non-manageable cost items (Parcel A) occurring between the DisCo's tariff processes.

- Between tariff cycles, when the costs of non-manageable items exceed projections, an **asset** is recorded in the DisCo's accounting. Conversely, if costs fall below expectations, a **liability** is recorded. These values are adjusted in the next tariff process.
- In tariff processes, what actually occurs is that if the CVA is negative, the amount is passed through as a tariff reduction. If the account is positive, the balance is used to compensate the DisCo
- While it has no long-term impact, the CVA may affect the DisCo's short-term results (between tariff periods).

Parcel B (Submodule 2.2 Proret)

Operational Costs



The regulatory operating cost[9], or Regulatory PMSO, is one of the key focus areas for distribution companies, as it represents a significant opportunity for **outperformance**.

These costs include expenses related to personnel, materials, third-party services, and other costs associated with electricity distribution.

- The recalculation of operating costs in the **RTP** seeks to determine a company's efficient cost through sector benchmarks, using the Data Envelopment Analysis (DEA) methodology—a non-parametric operations research and economic method used to estimate efficiency frontiers.

- The recalculation of operating costs in the **RTA** is simpler, with costs updated by the X Factor, inflation (IPCA/IGPM), and real market growth.

Operational Costs

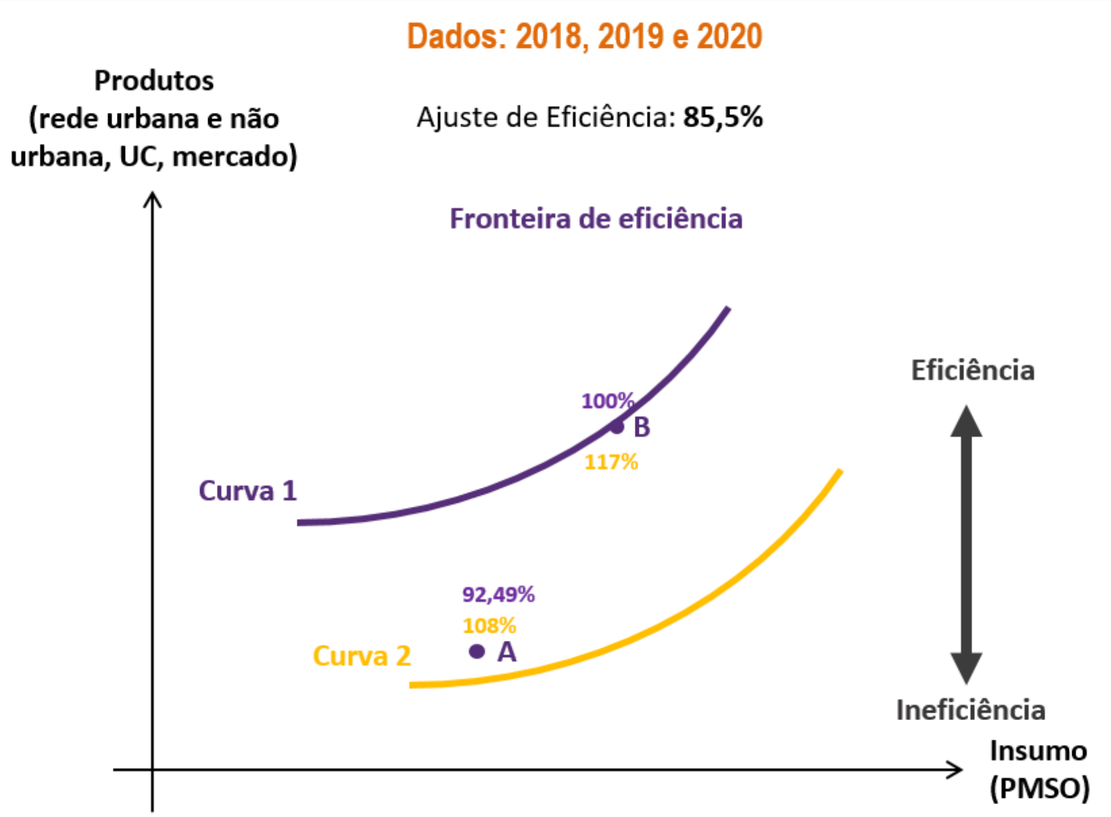
(Submodule 2.2 Proret)

Calculation Methodology - RTP

ANEEL uses DEA to assess the efficiency of distribution companies, considering the outputs delivered and the associated costs. Efficiency is calculated based on the efficiency frontier, represented by “curve 1.”

After this assessment, ANEEL adjusts the curve to reflect the median efficiency of all companies in the sector in the previous period. As of the date of this guide’s update, this median is 85.5%, and using this figure the efficiency frontier is shifted, resulting in the example shown alongside. With this adjustment, the new benchmark for regulatory efficiency is represented by “curve 2.”

In the example shown, the distributor at point A had an efficiency of 92.5% under the DEA. After the adjustment, its efficiency increases to 108.2%.



*All values are hypothetical

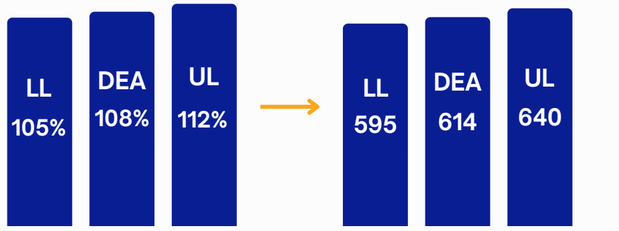
Operational Costs

(Submodule 2.2 Proret)

Calculation Methodology - RTP

1

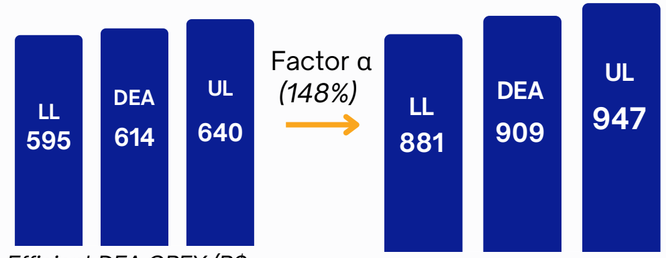
Based on “curve 2” from the previous slide, the upper (UL) and lower (LL) efficiency limits of the DEA are established using the bootstrap tool. These limits are applied to the costs that ANEEL defined as efficient for the distribution company at the time the DEA was calculated.



Efficiency (%)

Efficient DEA OPEX adjusted by 108% (R$ mm)

2



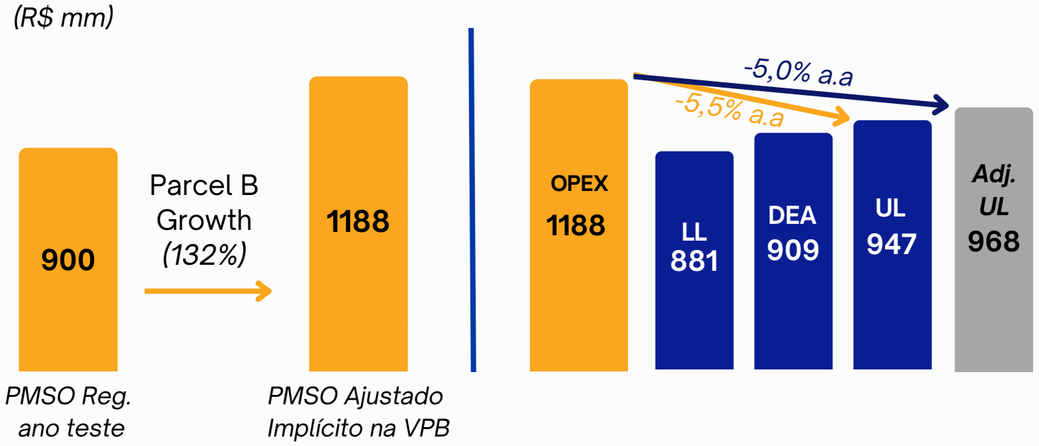
Efficient DEA OPEX (R$ mm)

Adjusted by Factor α (R$ mm)

After obtaining the efficient DEA PMSO limits, it is necessary to update them to the present using the α Factor[9], which takes into account IPCA, PNT, network, customer units (UC), market growth, and other factors.

3

The regulatory PMSO for the test year is taken into account and adjusted for the growth of Parcel B. As a result, the PMSO adjusted for Parcel B growth should converge to the nearest limit (UL or LL). If the adjusted value already falls between the UL and LL, no additional adjustment is required. In the illustrated example, the relevant limit is the upper limit. However, the annual percentage reduction of the adjusted PMSO is capped at 5%. If the required adjustment exceeds 5%, a new adjusted limit is established.



PMSO Reg. ano teste

PMSO Ajustado Implícito na VPB

**All values are hypothetical*

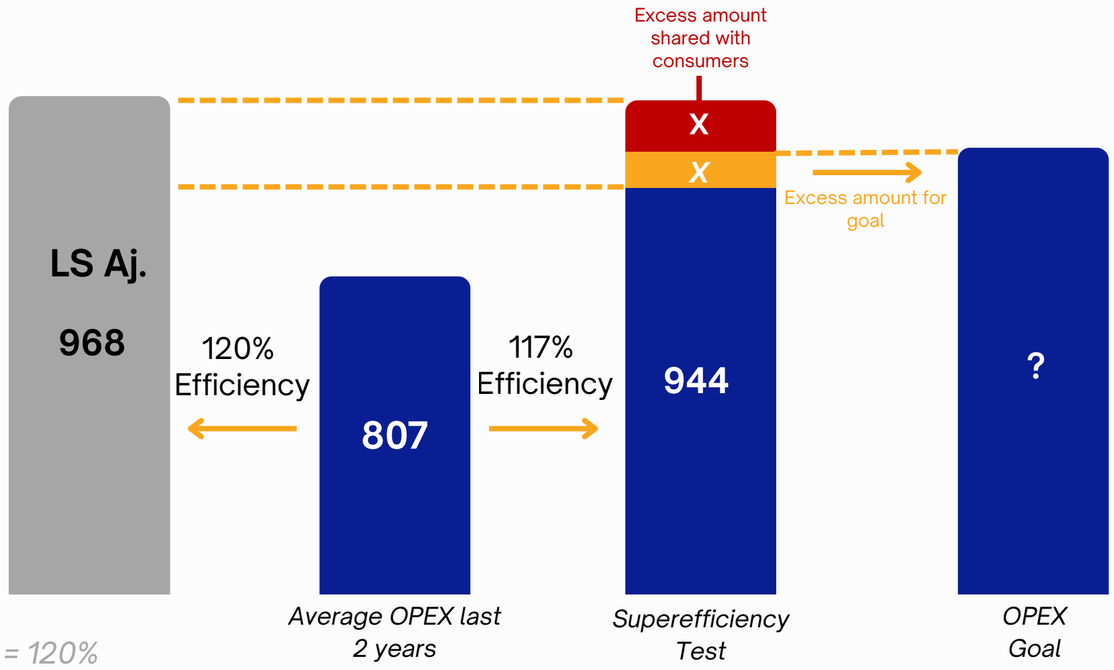
Operational Costs

(Submodule 2.2 Proret)

Calculation Methodology - RTP

4 With the adjusted limit defined, it is compared to the average PMSO of the last two years. In the illustrative example, the efficiency of the limit relative to the average is 120%. However, the efficiency cap passed through to tariffs is “1 / the median sector efficiency of the last period,” which, as of the date of this guide, corresponds to 117%. The excess is ultimately shared between consumers and the distribution company.

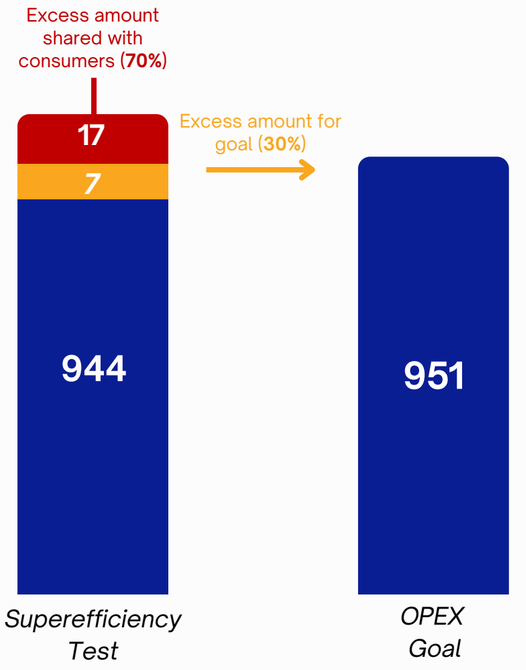
(R$ mm)



*968/807 = 120%

5 The sharing split between consumers and the distribution company is defined based on a curve ranging from 0% to 60%, linked to the average percentage of groups served within the DEC limit in the concession area. The table below shows the relationship between the average level of groups achieved and the percentage applied in defining the target.

(R$ mm)



Average % of groups	% of benefit appropriated
0-60	0
61	2
70	15
80	30
90	45
100	60

*All values are hypothetical

Operational Costs

(Submodule 2.2 Proret)

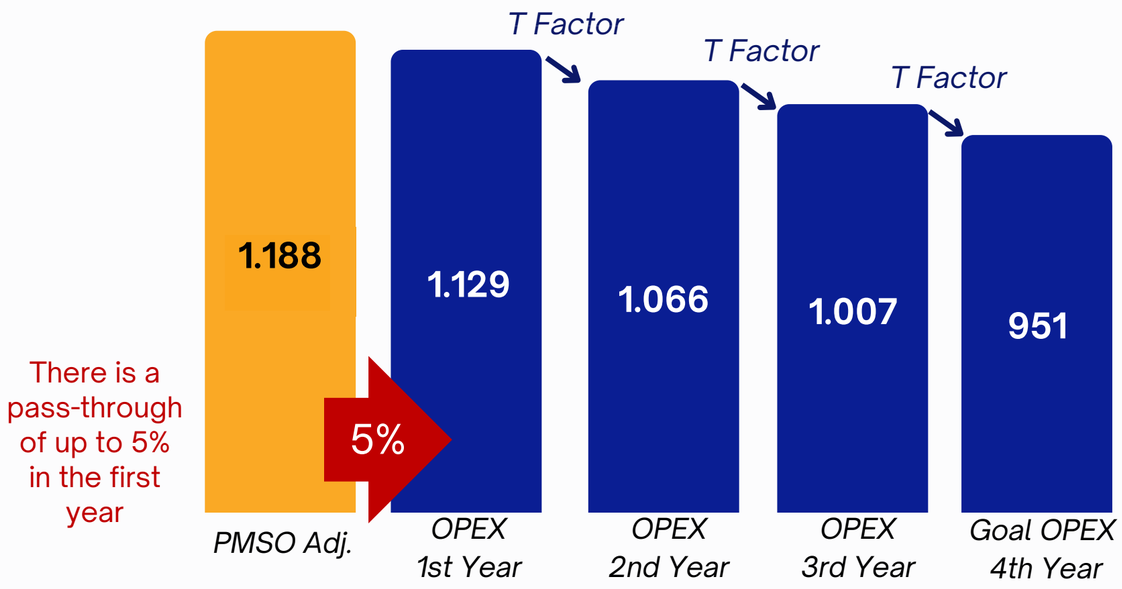
Calculation Methodology - RTP

5

With the OPEX target established, the T Factor (a component of the X Factor) can be calculated, representing the annual percentage reduction required for the adjusted OPEX to reach the target.

(R$ mm)

T Factor: +5,56%

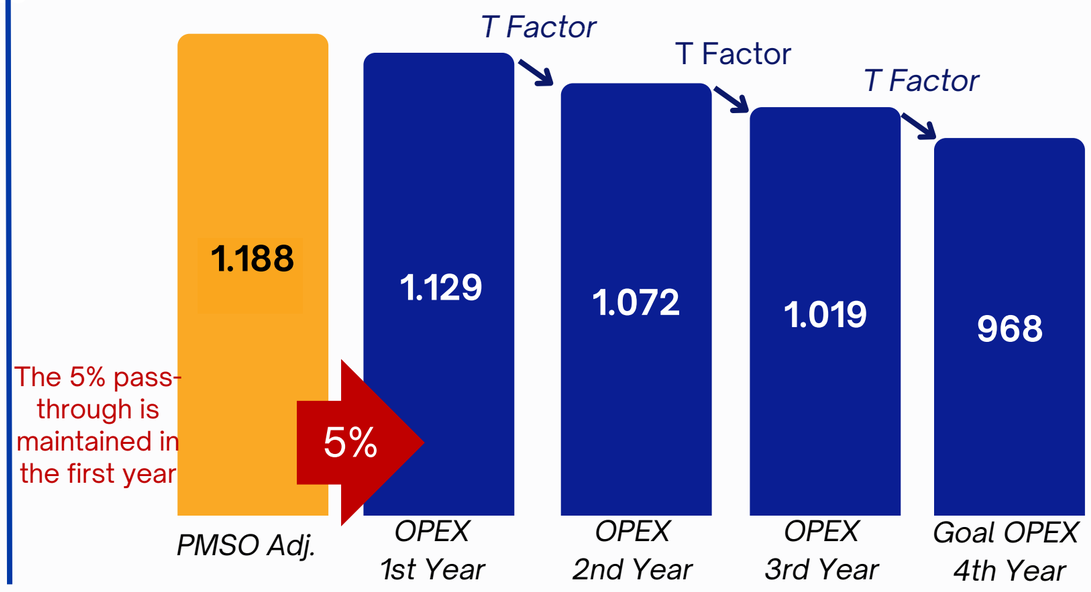


6

However, the T Factor set for the company cannot exceed 5%. Therefore, in the example below, a new target is established.

(R$ mm)

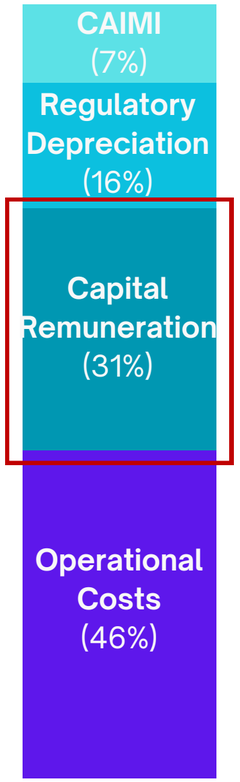
T Factor: +5,00%



*All values are hypothetical

Parcel B (Submodule 2.4 Proret)

Capital Remuneration - Regulatory WACC



The regulatory WACC, known as the "Weighted Average Cost of Capital", is the calculation of the applicable capital cost, computed and published annually by ANEEL, and used to determine capital remuneration.

Parâmetros - 2025	Distribuição	Transmissão e Geração
Remuneração de Capital Próprio		
Taxa Livre de Risco	5,07%	5,07%
Beta Alavancado	89,11%	85,25%
Prêmio de Risco de Mercado	6,77%	6,77%
Risco da Atividade	0,24%	0,00%
Prêmio de Risco do negócio e financeiro	6,28%	5,77%
Remuneração real depois de impostos	11,34%	10,84%
Remuneração de Capital de Terceiros		
Debêntures	6,10%	5,75%
Custo de emissão	0,56%	0,56%
Remuneração real antes de impostos	6,66%	6,31%
Impostos	34,00%	34,00%
Remuneração real depois de impostos	4,40%	4,17%
Estrutura de Capital		
% Capital Próprio	52,65%	56,05%
% Capital de Terceiros	47,35%	43,95%
Taxa Regulatória de Remuneração do Capital - Média Ponderada		
Real, depois de impostos	8,06%	7,91%
Real, antes de impostos	**12,2054%**	**11,9795%**

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- The WACC is only applied during Periodic Tariff Reviews (RTPs) for recalculating Capital Remuneration.

$$WACC\ pre\ taxes = \frac{P}{V} \cdot r_p + \frac{D}{V} \cdot r_p \cdot (1 - T)$$

Where:

$$P = Own\ capital$$

$$V = Total\ Capital$$

$$D = Debt$$

$$T = Taxes$$

$$r_p = Remuneration\ over\ own\ capital$$

$$r_t = Remuneration\ of\ third - party\ capital$$

Parcel B

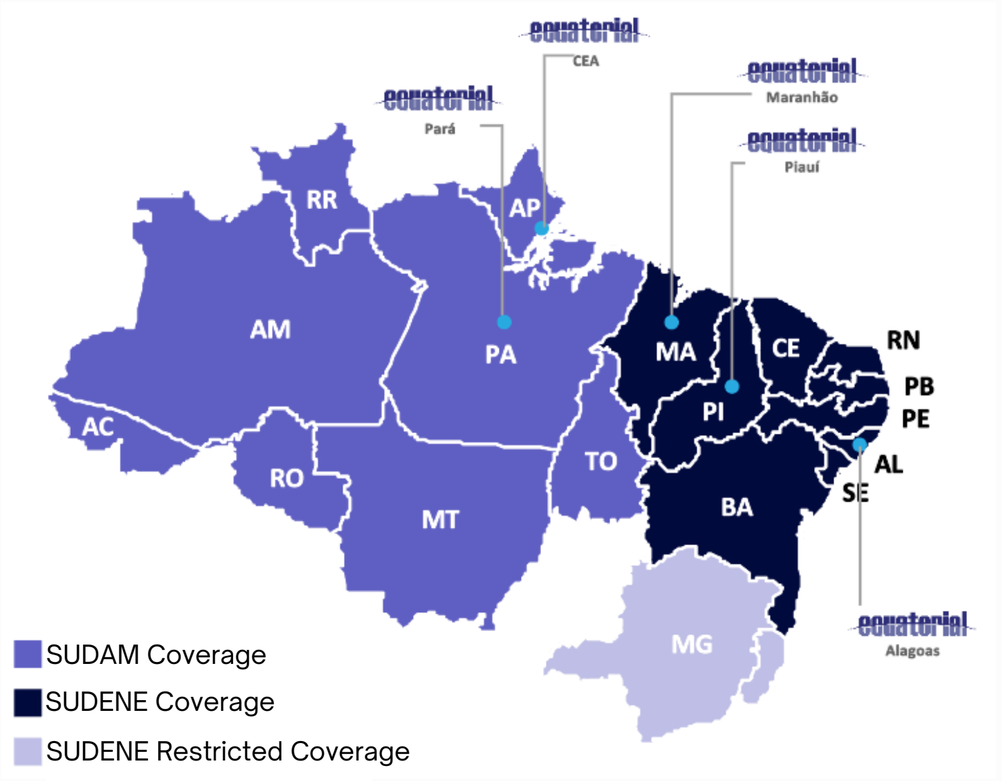
Regulatory WACC - SUDAM and SUDENE Tax Benefits

The tax benefits from SUDAM (Superintendency for the Development of the Amazon) and SUDENE (Superintendency for the Development of the Northeast) are federal government incentives to promote socioeconomic development in Brazil's North and Northeast regions. They help attract investments, generate employment, and boost local economies by encouraging sustainable growth in these areas.

Five of Grupo Equatorial´s DisCos operate in regions eligible for these benefits, which directly and positively impact their concessions' Regulatory WACC values.

ANEEL's Average WACC

	Before Taxes	With Benefits	Without Benefits	DisCos
2021	10.64	9.01	7.02	MA and CEEE-D
2023	11.25	9.53	7.43	PA, PI, AP, and GO
2024	11.7	9.92	7.72	AL



Remuneration Base and Annuities (Submodule 2.3 Proret)

Capital Remuneration, QRR, and CAIMI

The Regulatory Remuneration Base (BRR) consists of prudent investments by an electric sector company, subject to ANEEL regulation. Through this base, the replacement and remuneration of investments – assessed via the Replacement New Value (VNR)[19] – are ensured for system expansion and operation at contractual quality standards.

The Remuneration Base (BRR)[20] comprises two variables: Gross Remuneration Base (BRRb)[21], used to calculate the Regulatory Reinstatement Allowance (QRR), and the Net Remuneration Base (BRRl)[22], used for Capital Remuneration (RC).

Composition of Bases

Additionally, there are 'non-electric' assets, which are not accounted for in the BRR but form part of the Regulatory Annuities Base (BAR)[23]. These are remunerated through the Annual Cost of Mobile and Fixed Installations (CAIMI).

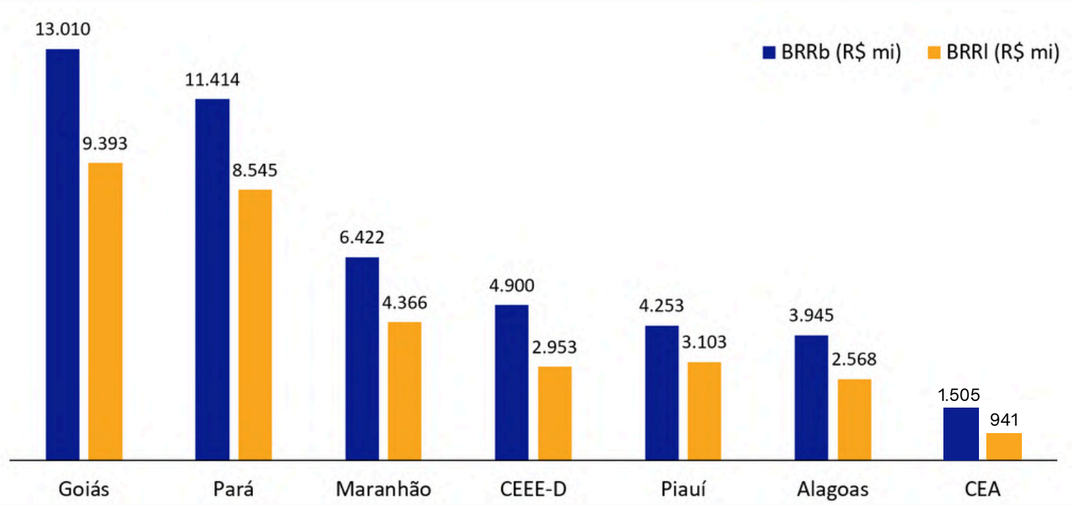
Remuneration Base and Annuities (Submodule 2.3 Proret)

Capital Remuneration, QRR, and CAIMI

In tariff proceedings, both the BRR and BAR are defined in each RTP, reflecting the new asset base built in recent years through the DisCo's capital expenditures (capex) in the concession. Once established, these values are considered "locked" after the RTP, being updated annually in RTAs and only readjusted every 4 or 5 years (per the concession contract). With these parameters defined, we can calculate the Regulatory EBITDA.

Locked Base

- BRR approved in last RTP



Incremental Base

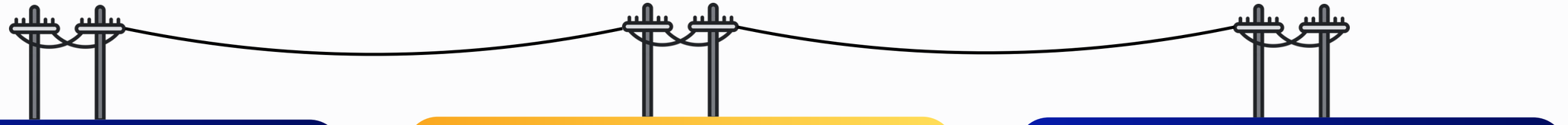
- The incremental base consists of investments made during the incremental period.
- The incremental period begins the month after the base date of the previous Valuation Report and ends at the new base date.
- The valuation report cutoff date is set as the last day of the sixth month preceding the RTP month.

MA e PA	GO	CEEE-D	PI e CEA	AL
February	April	May	May	November

Regulatory EBITDA (Submodule 2.1 Proret)

Capital Remuneration, QRR, and CAIMI

According to ANEEL, through the use of the Regulatory Remuneration Base and Annual Charges, the DisCo's EBITDA must equal the sum of RC[10], QRR[11], and CAIMI[12].



Capital Remuneration (RC)

It is a Parcel B component that remunerates the DisCo's investments through the Regulatory WACC.

Regulatory Reinstatement Quota (QRR)

A variable component of Parcel B, accounting for depreciation and amortization of investments, aimed at asset recomposition for service provision throughout their useful life.

Annual Cost of Mobile and Fixed Installations (CAIMI)

Applies to short-term recovery investments, including: Hardware, Software, Vehicles. Administrative building infrastructure, and others.

$$RC = BBRl \cdot WACC$$

$$QRR = BBRb \cdot Depreciation\ Rate^{24}$$

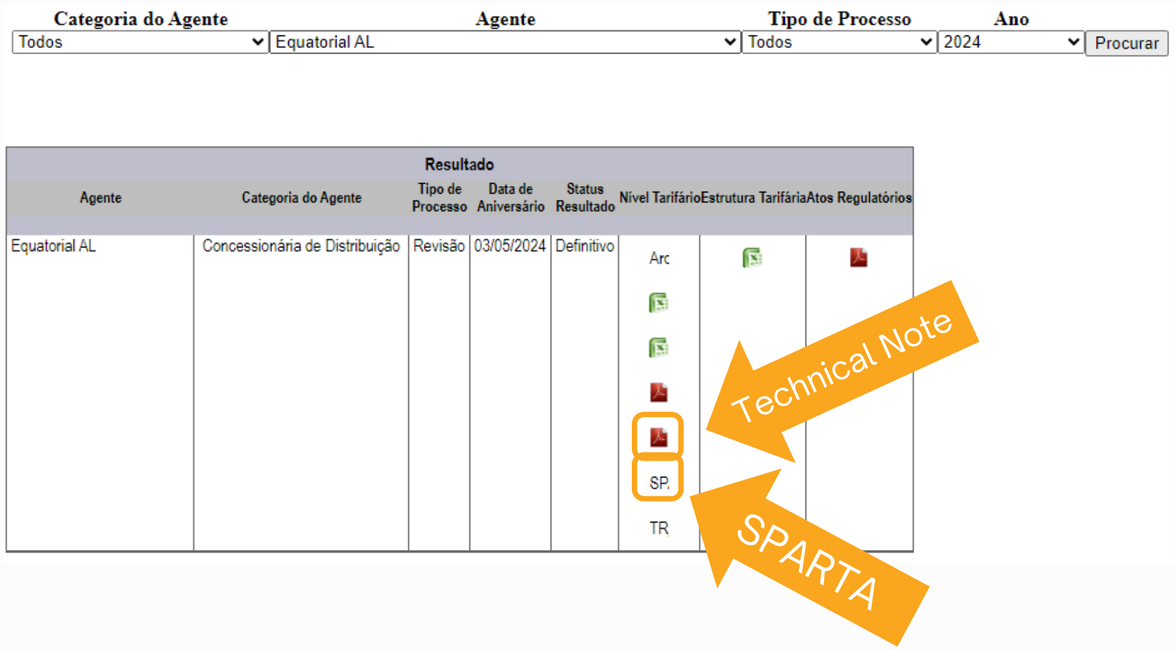
(Submodule 12.1 Proret)

Regulatory Data

Where can I find this data?

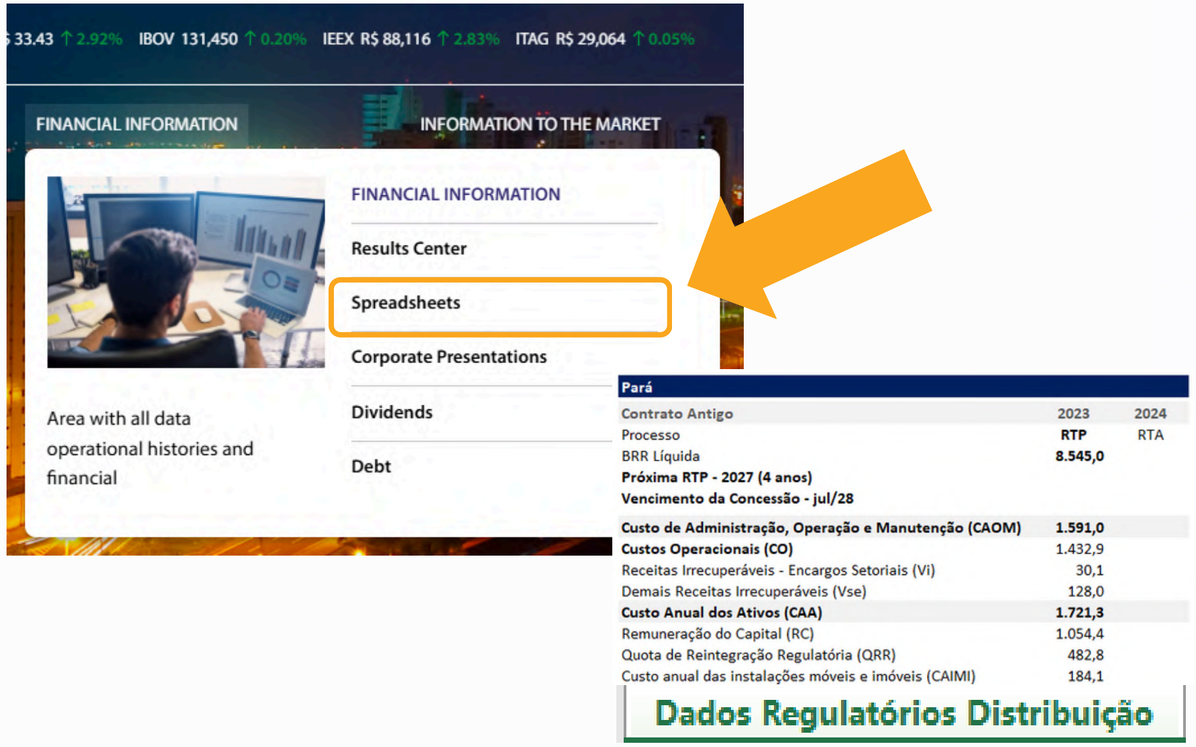
Publicly available data provided by ANEEL through Technical Notes and the SPARTA spreadsheet.

https://www2.aneel.gov.br/aplicacoes_liferay/tarifa/



We facilitate access to this data on Equatorial's Investor Relations website, via the operational and financial data spreadsheet.

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/



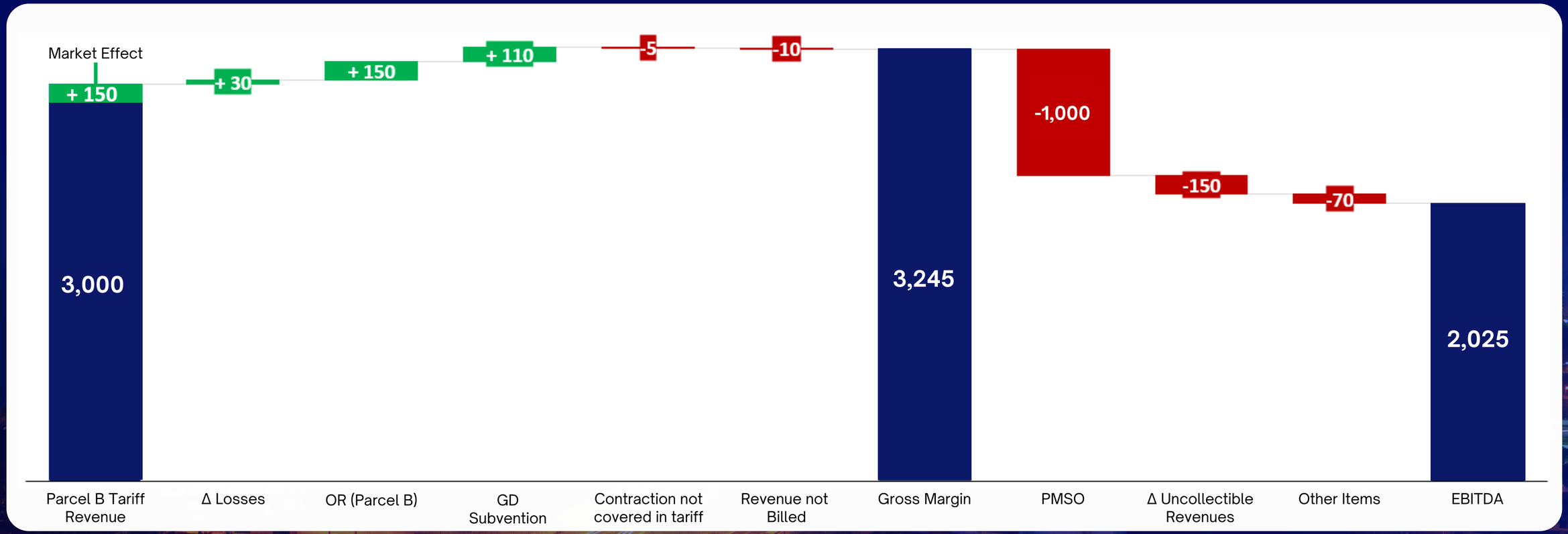
Regulatory Data

Where can I find this data?

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/

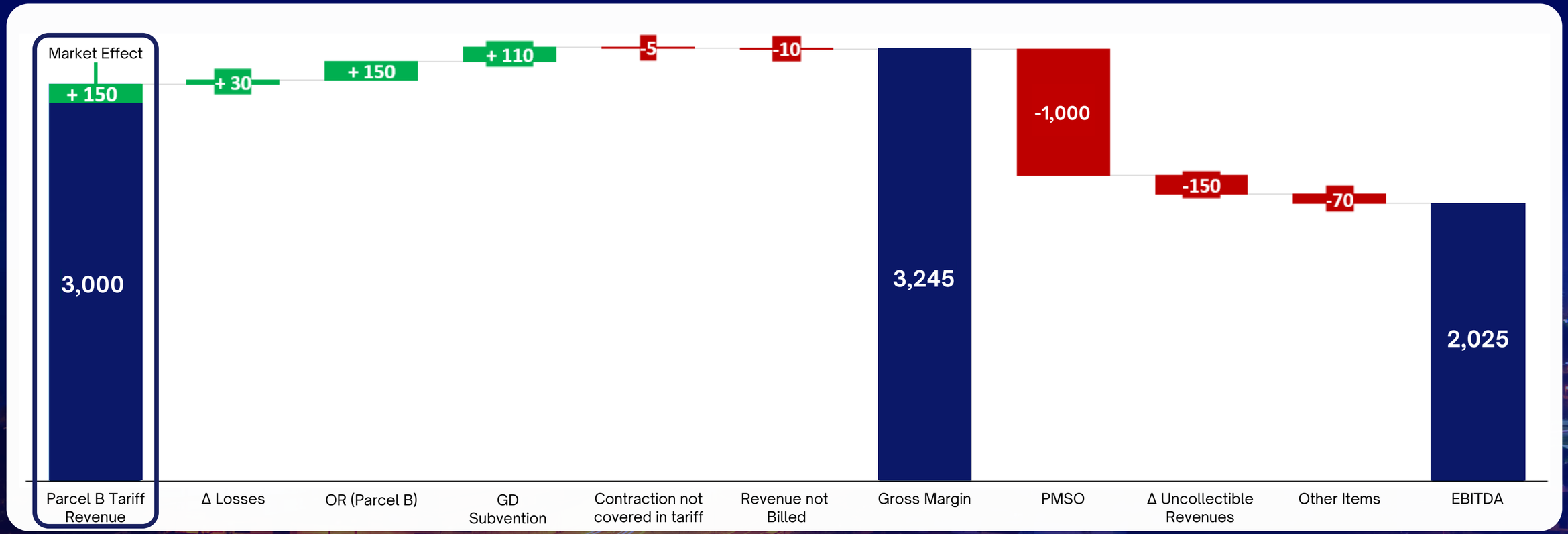
Pará		
Contrato Antigo	**2023**	**2024**
Processo	**RTP**	RTA
BRR Líquida	**8.545,0**	
Próxima RTP - 2027 (4 anos)		
Vencimento da Concessão - jul/28		
Custo de Administração, Operação e Manutenção (CAOM)	**1.591,0**	
Custos Operacionais (CO)	1.432,9	
Receitas Irrecuperáveis - Encargos Setoriais (Vi)	30,1	
Demais Receitas Irrecuperáveis (Vse)	128,0	
Custo Anual dos Ativos (CAA)	**1.721,3**	
Remuneração do Capital (RC)	1.054,4	
Quota de Reintegração Regulatória (QRR)	482,8	
Custo anual das instalações móveis e imóveis (CAIMI)	184,1	
CAOM + CAA	**3.312,4**	
VPB com ajustes de Mercado e Qualidade	3.322,4	
Ajuste de PB associado ao SCEE	54,4	
(-) Outras Receitas	*59,3*	
(-) Ultrapassagem de Demanda	*7,6*	
(-) Excedente de Reativo	*15,6*	
(-) UDEROR	82,6	
Receitas Irrecuperáveis	158,2	
Parcela B (VPB) - R$ Milhões	**3.294,2**	**3.609,8**
Mercado (GWh)	9.950,3	10.762,1
Tarifa Fio B - R$	**331,1**	**335,4**
Fator X	**2,83%**	**3,23%**
Pd	0,99%	0,99%
T	3,14%	3,13%
Q	-1,30%	-0,89%

Breakdown of EBITDA*



*Illustrative Values

Breakdown of EBITDA: Gross Margin and Market Effect



*Illustrative Values

Gross Margin

Finding Gross Margin and Market Effect

The gross margin or gross profit represents the actual value of Parcel B, adjusted according to real market variations and other factors over time.

The main differences between Gross Margin and Parcel B are as follows:

Gross Margin	**Parcel B**
Adjusted by the real market	Defined based on the test year market and then adjusted by the X Factor in RTAs

To calculate the gross margin, we use the value of the Parcel B Tariff[25] defined by ANEEL (in R$/MWh), multiplied by the actual market volume.

The difference between the gross margin and Parcel B represents a gain for the DisCo, which is what we know as the market effect.

Parcel B Composition		
Parcel B Tariff (R$/MWh)	250	A
Market Volume Test Year (GWh)	7,500	B
Parcel B (R$ thousand)	1,875	A x B =C

Gross Margin Composition		
Parcel B Tariff (R$/MWh)	250	A
Real Market Volume (GWh)	7,800	D
Gross Margin (R$ thousand)	1,950	A x D = E

Note: Illustrative Values

Gross Margin

Modeling Gross Margin

For modeling the gross margin, two assumptions must be considered: (i) market growth and (ii) evolution of the X Factor. With these defined, the following logic can be applied to project the 12-month gross margin:

$$Billed_1 = Billed_0 \cdot (1 + Market\ Growth\ Premise)$$

$$VPB_1 = GM_0 \cdot (1 + IVI - X\ Factor)$$

$$T_1 = \frac{VPB_1}{Billed_0}$$

$$GM_1 = T_1 \cdot Billed_1$$

Where the values represent a 12-month period, the subscript '1' indicates the future period, the subscript '0' indicates the current period, and:

$$Billed = Billed\ Energy$$

$$VPB = Value\ of\ Parcel\ B$$

$$GM = Value\ of\ Gross\ Margin$$

$$IVI = Inflation\ Variation\ Index$$

$$T = Parcel\ B\ Tariff$$

Variables that Impact the Market

Market growth between periods is an essential factor for a distributor's financial modeling, as it is necessary for calculating the Gross Margin, which reflects the distributor's revenue generation capacity.

In concessions where energy demand increases, there is growth in energy sales revenue that directly impacts EBITDA. At the end of each tariff cycle, the market volume is adjusted.

For modeling market growth, macroeconomic, demographic, climatic and regulatory factors may be considered, with the choice being defined by historical correlation of variables and the analyst judgment. For Grupo Equatorial, there are some factors with significant impact on market growth, these being:

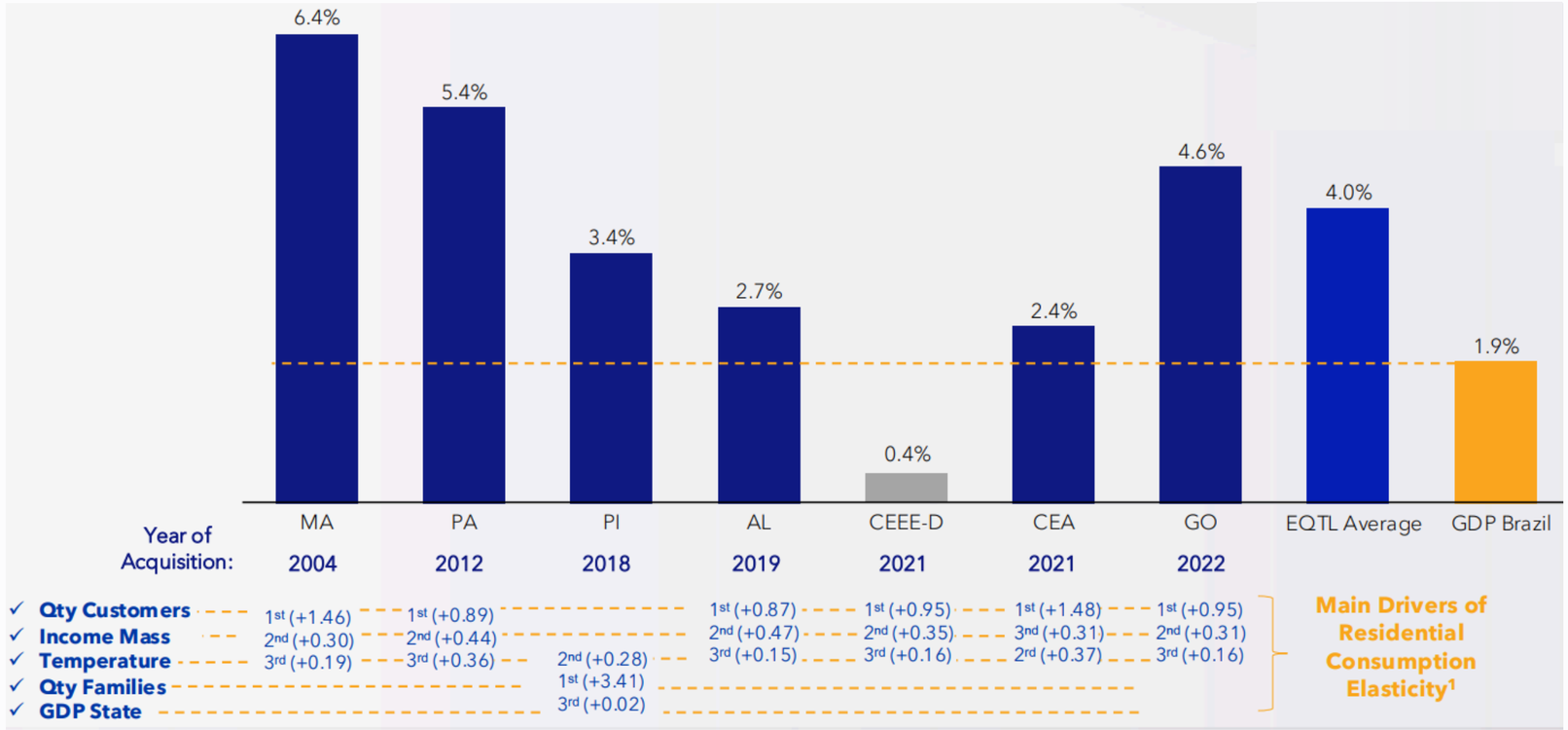
- Number of customers
- Income mass
- Temperature deviation
- Number of families
- State GDP

Variables that Impact the Market

Market Growth Historical Trend

Grupo Equatorial has a strong historical record of market growth, evidenced by the economic development in the states where it operates. Over the past five years, the growth of injected energy in regions served by Equatorial has been twice the average growth rate of national GDP.

Injected CAGR vs GDP - Last 5 Years (from 2019 to 2T24 LTM)

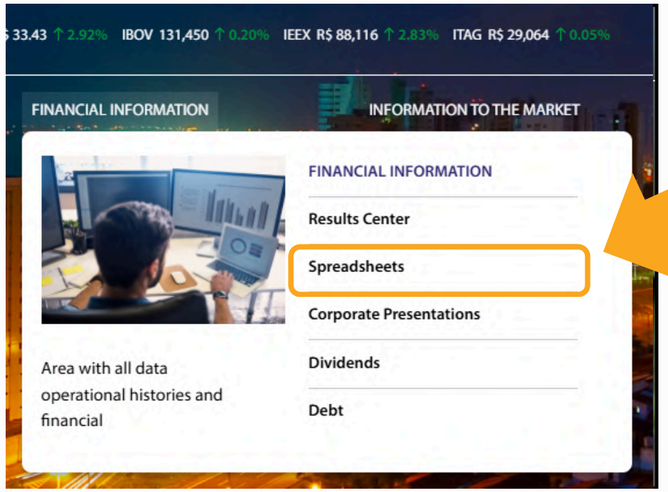


- *Historical elasticity behavior until 2023*

Gross Margin

Where can I find this data?

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/



Regulatory Values:

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Pd	0,99%	0,99%
T	3,14%	3,13%
Q	-1,30%	-0,89%

Dados Regulatórios Distribuição

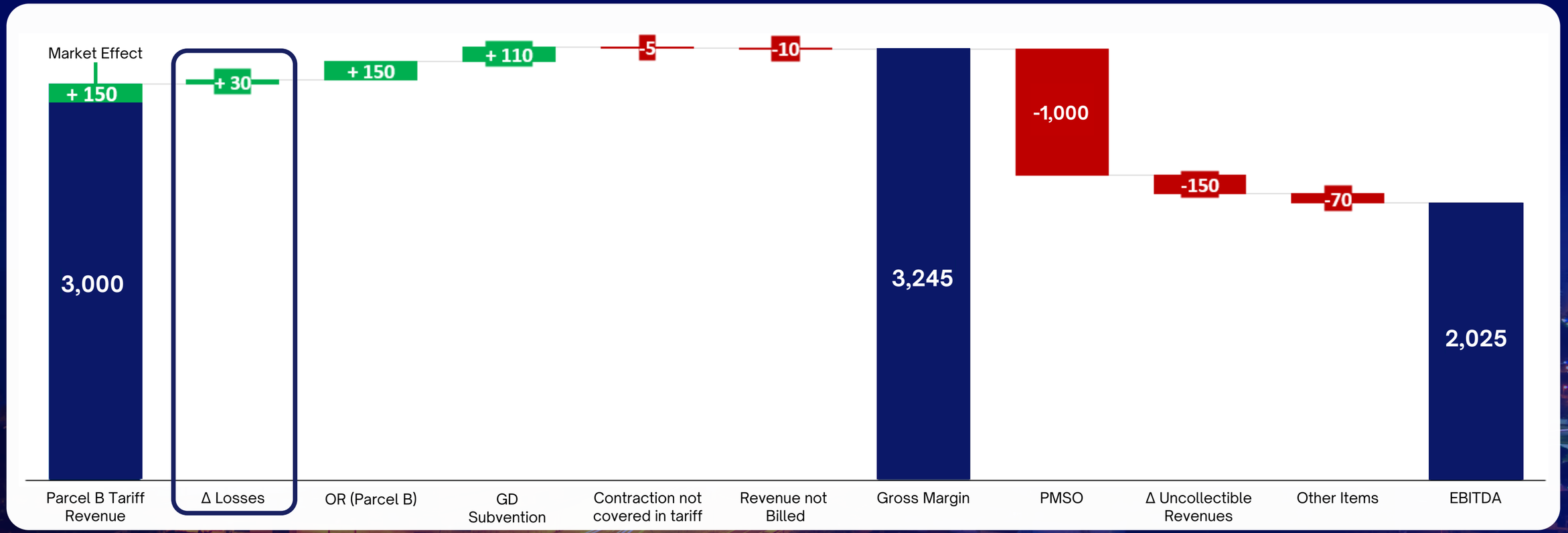
Real Quarterly Market:

Classes de consumo (MWh)	1T24	2T24
Maranhão		
Residencial	1.115.438	1.176.304
Industrial	30.591	30.951
Comercial	145.754	154.522
Outros	359.987	408.513
Total (cativo)	**1.651.769**	**1.770.291**
Industrial	110.565	100.054
Comercial	127.172	136.247
Outros	7.065	7.737
Consumidores livres	**244.802**	**244.038**
Energia de Conexão - outras Distribuidoras	2.081	1.678
(-) Energia de Compensação GD (A)	120.532	139.372
Total Distribuida - Maranhão* (B)	**2.019.184**	**2.155.378**
Total Faturada (B) - (A)	**1.898.652**	**2.016.006**

(*) Inclui mercados cativo, livre, uso distribuidora e consumo próprio

Mercado Distribuição

Breakdown of EBITDA: Δ Losses



*Illustrative Values

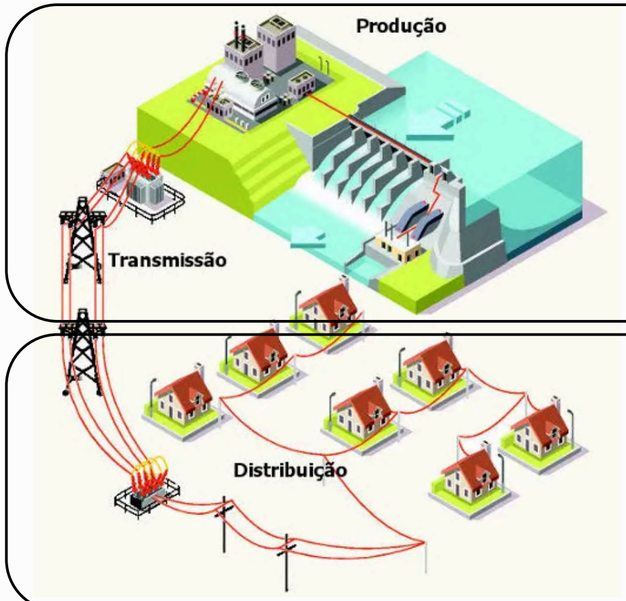
Δ Losses (Submodule 2.6 Proret)

Technical and Non-technical Losses

One of the components of Parcel A is the cost of electricity procurement and self-generation. This cost includes regulatory charges related to electrical energy losses, which are divided into two types:

Technical losses: Physical losses obtained through simulation and measurement, occurring during transmission, voltage transformation, and energy metering. These are calculated as a percentage of the energy injected.

Non-technical losses: All other losses associated with electricity distribution.



Technical losses, which occur primarily in generation and transmission but also at low voltage:

- Joule effect
- Transformer core losses
- Dielectric losses

Non-technical looses in distribution:

- Energy theft
- Metering erros
- Billing process erros

Δ Losses (Submodule 2.6 Proret)

Modeling Loses Impact

Energy procurement constitutes one of the unmanageable costs, with 100% of these expenses being passed through to end consumers. However, when purchasing power through the Regulated Contracting Environment (ACR), distribution companies factor in real losses, whereas only regulatory loss are incorporated into the tariff structure.

In cases where actual losses exceed the regulatory level, the distributor must absorb the additional energy costs. Conversely, when actual losses fall below the regulatory limit, the DisCo realizes a financial gain.

To model losses, one can use the following logic:

$$\Delta Losses_1 = \Delta Losses\ Volume_1 \cdot PMix_1$$

$$\Delta Losses\ Volume_1 = Real\ Injected_1 - Reg.Adj.Injected_1$$

$$Reg.Adj.Injected_1 = \frac{Real\ Injected_1 \cdot (1 - Real\ Losses_1)}{(1 - Reg.Losses_1)}$$

$$Reg.Adj.Injected = Real\ injected\ energy\ adjusted\ by\ regulatory\ losses$$

PMix[26] and real injected energy are adjusted based on growth projections, while real and regulatory losses are determined by independent premisses.

Δ Losses (Submodule 2.6 Proret)

Calculating Regulatory and Real Losses

Equatorial Alagoas - RTP, 2024 SPARTA

Regulatory Losses:

Quadro de mercado

Mercado		MWh
Fornecimento	A	3.353.707,22
Suprimento (Mercado TUSD)	B	-
Livre Total + Distribuição	C	959.823,25
A1	D	-
BT	E	2.670.247,91

Calculo de perdas

Descrição		
% Não Técnica (s/ Baixa Tensão)		15,86%
% Técnica (s/ merc. injetado)		9,13%
% Rede Básica (s/ merc. Injetado)		2,31%
Perda Não Técnica	F	423.577,27
Perda Técnica	G	508.333,15
Perda Rede Básica sobre Dist.	H	21.524,98
Perda Rede Básica sobre mercado Cat.	I	77.462,89

Energia

	Formula	Regulatory 4Q24 Homologated
Total Losses/Injected - Regulatory	(F+G)/(A+B+C+F+G)	17.8%
Non-Technical Losses/Lower Tension - Regulatory	F/E	15.9%

Financial and Operational Data Spreadsheet

Homologated Regulatory Losses:

Alagoas (%) - últ. 12 meses (%)	4T24
PT / Inj	16,9%
PT / Inj - Regulatória	17,8%
PNT / BT	14,8%
PNT / BT - Regulatória	15,9%

Perdas Distribuição

Real Losses:

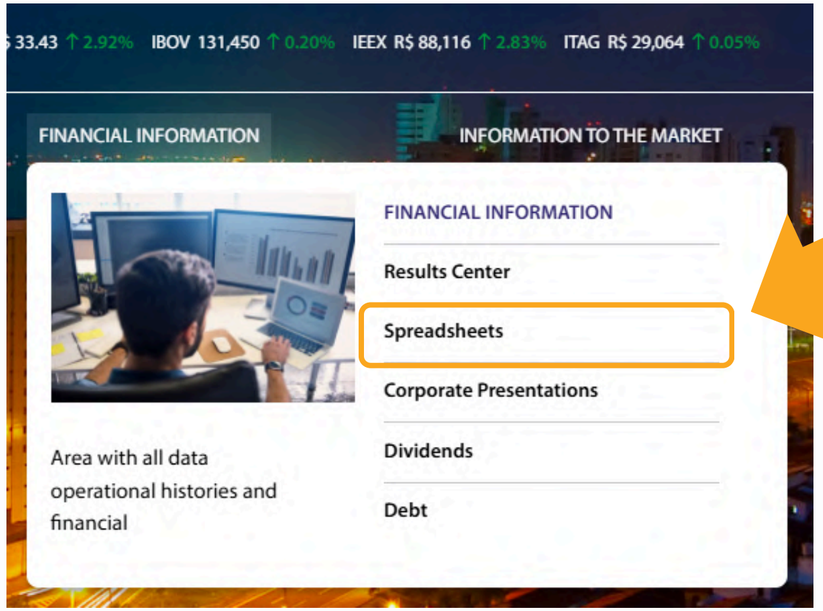
Bal. energético (MWh) - Alagoas	Fórmula	4T24
Sistema interligado		1.355.715
Energia injetada pela Geração Distribuída		179.815
Energia injetada	**A**	**1.535.530**
Energia distribuída*		1.272.890
Energia de conexão com outras distribuidoras		3.318
Perdas totais	**B**	259.322
Perdas sem Geração Distribuída		192.062
Perdas totais (%)	**B/C**	16,9

Bal. Energético Distribuição

Δ Losses

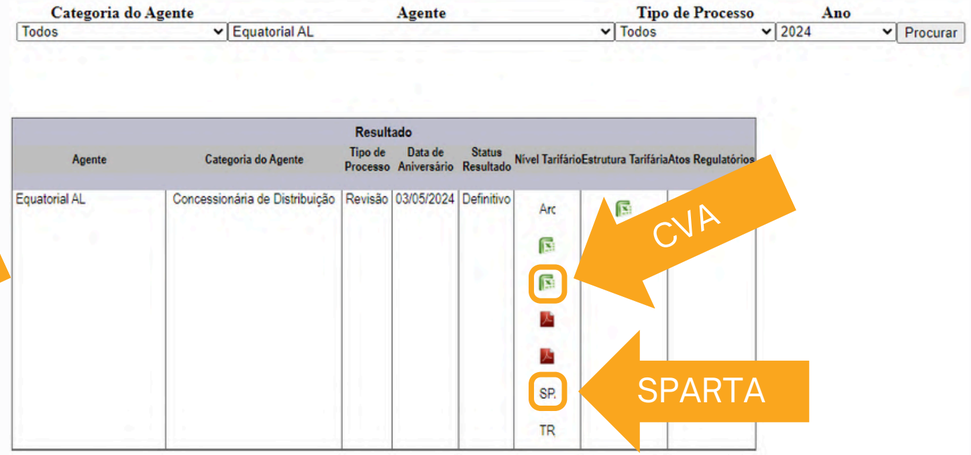
Where can I find this data?

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/



https://www2.aneel.gov.br/aplicacoes_liferay/tarifa/

PMix Values for Test Year in the SPARTA and CVA spreadsheets:



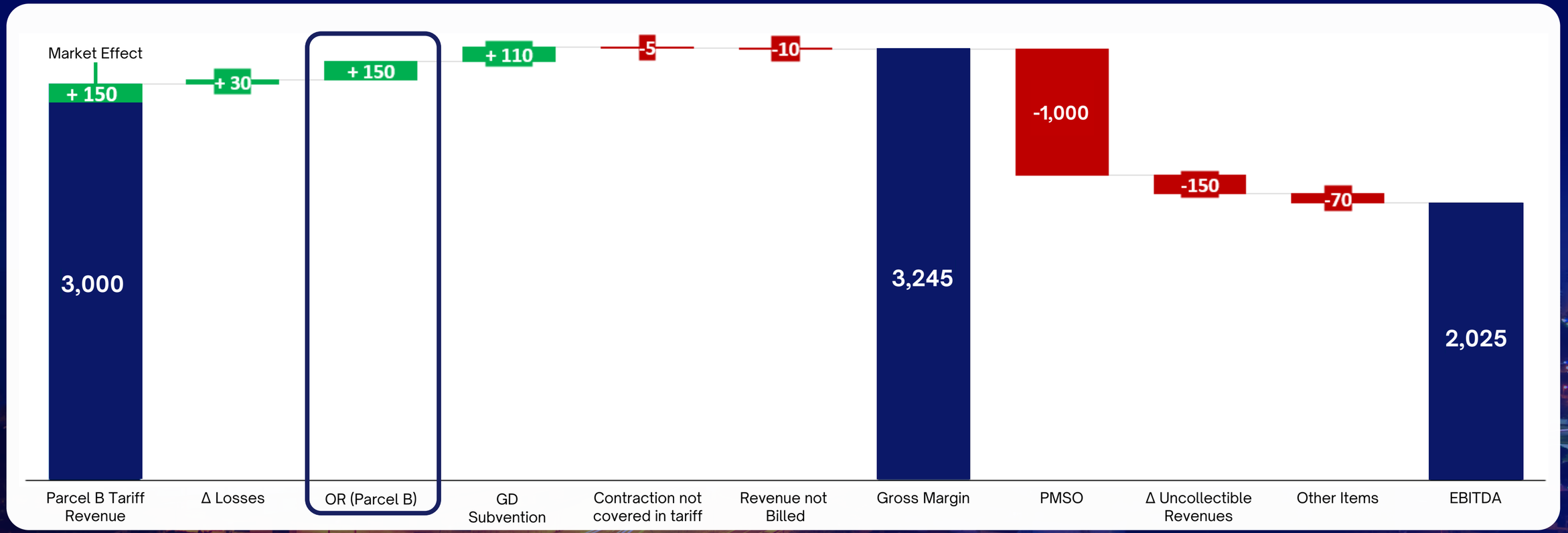
CVA:

VALORAÇÃO DA GLOSA DE ENERGIA

Mês	Carga Real(MWh)	Carga Regulatória (MWh)	Glosa (MWh)	Preço (R$/MWh)	Cobertura (R$/MWh)	Ajuste de Glosa (R$)	Índice de Atualização	Ajuste de Glosa atualizado
2/1/2023	362.545,26	381.319,68	0,00	215,99	210,75	0,00	13,59%	0,00
3/1/2023	405.444,11	426.440,05	0,00	214,63	210,75	0,00	12,33%	0,00
4/1/2023	376.698,12	396.205,44	0,00	224,20	210,75	0,00	11,2%	0,00
5/1/2023	373.224,93	392.552,39	0,00	225,75	229,88	0,00	9,99%	0,00
6/1/2023	322.901,45	339.622,91	0,00	219,53	231,20	0,00	8,83%	0,00
7/1/2023	320.614,72	337.217,76	0,00	222,53	231,20	0,00	7,62%	0,00
8/1/2023	324.849,98	341.672,34	0,00	222,07	231,20	0,00	6,5%	0,00
9/1/2023	321.279,58	337.917,05	0,00	215,55	231,20	0,00	5,46%	0,00
10/1/2023	361.335,91	380.047,70	0,00	201,65	231,20	0,00	4,53%	0,00
11/1/2023	378.184,01	397.768,27	0,00	212,84	231,20	0,00	3,57%	0,00
12/1/2023	390.018,47	410.215,59	0,00	204,42	231,20	0,00	2,67%	0,00
1/1/2024	412.464,97	433.824,47	0,00	198,61	231,20	0,00	1,8%	0,00
Total	**4.349.561,50**	**4.574.803,64**	**0,00**			**0,00**		**0,00**

Glosa Perdas

Breakdown of EBITDA: Other Revenues (OR) Parcel B



*Illustrative Values

UDEROR (Submodule 2.7 Proret)

Demand Excess (UD), Reactive Surplus (ER) and Other Revenues (OR)

Demand Excess

Amount collected from charges applied when demand exceeds previously contracted connection point values by more than 5%.

Reactive Surplus

Amount collected from penalties on reactive energy amounts and reactive power demand that violated the 0.92 power factor threshold.

Other Revenues (Parcel B)

Operating revenues comprising of electricity distribution service income and other business activity earnings.

Demand excess and **reactive surplus** serve as adjustment components for Parcel B, directly benefiting consumers.

- These appear as additional revenue in Gross Margin calculations, they don't represent a direct "revenue" since they're returned to consumers through Parcel B adjustments.
- While in the other hand, although Other Revenues operate similarly, 60% of the amount is passed through to consumers.

For modeling between tariff periods, demand excess and reactive surplus surpluses must be accounted for. However, one must note that these gains will be deducted from Parcel B in RTPs - in legacy contracts, and RTAs - in new contracts.

UDEROR (Submodule 2.7 Proret)

Other Revenues (OR)

Demand Excess

Amount collected from charges applied when demand exceeds previously contracted connection point values by more than 5%.

Reactive Surplus

Amount collected from penalties on reactive energy amounts and reactive power demand that violated the 0.92 power factor threshold.

Other Revenues (Parcel B)

Operating revenues comprising of electricity distribution service income and other business activity earnings.

Other revenues originate from economic activities not directly related to energy distribution, such as: electric pole rentals, property leases, technical service provision.

- The Other Revenues line follows a 40% retention rate for the DisCo, with the remaining 60% being passed through to end consumers as a deduction in Parcel B after RTPs for legacy contracts, and after RTAs for new contracts.

When modeling Other Revenues, only two factors need consideration: the growth premisse and the fact that 60% of the revenue will be deducted in the next RTP cycle.

Other Revenues (Parcel B)

Where can I find this data?

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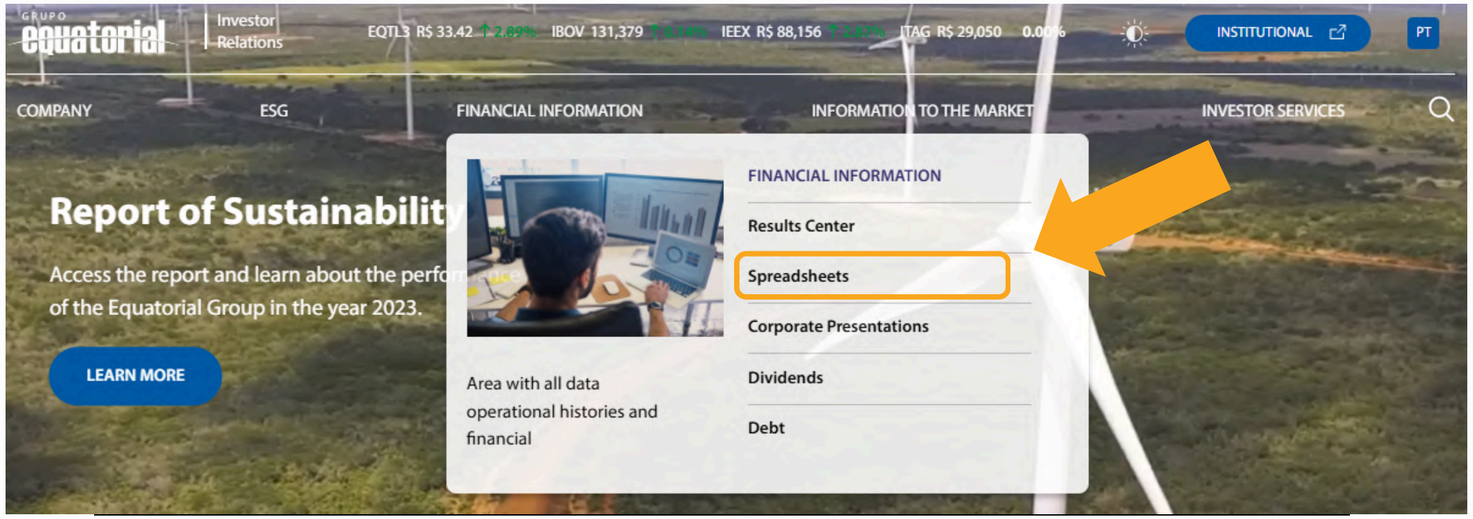

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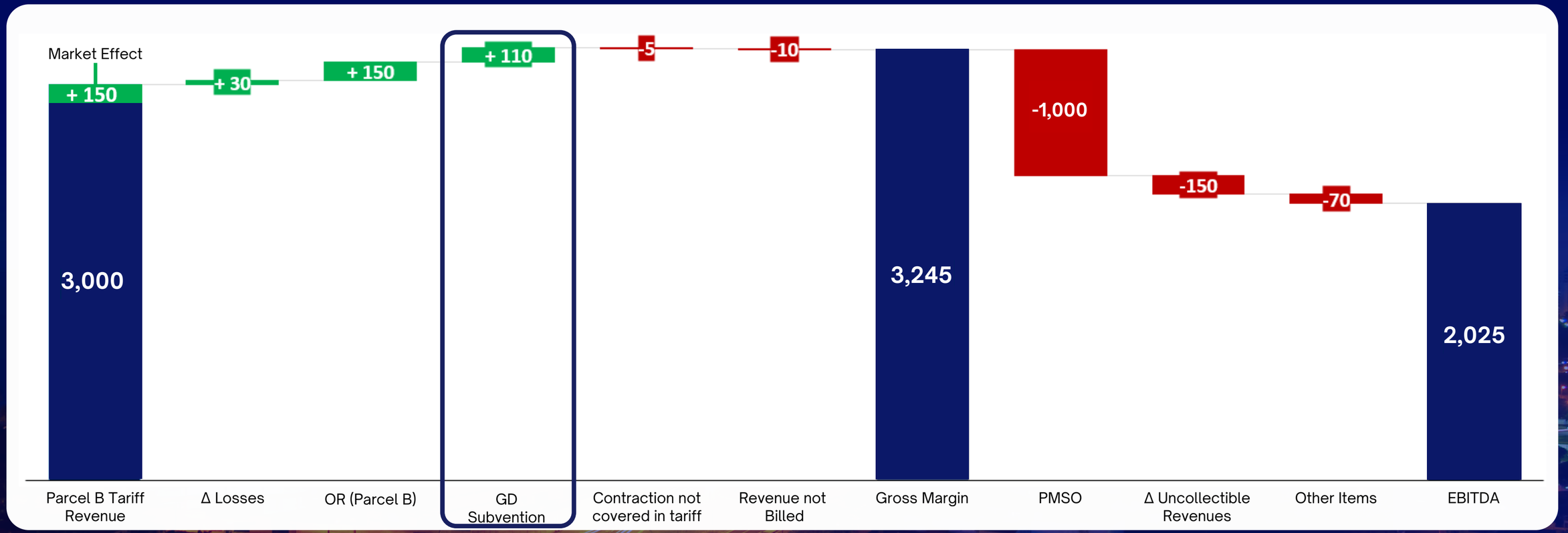
Dados Regulatórios Distribuição

Resultados 2T24 (Tabela 2T23 abaixo)							
Demonstração do resultado por empresa (R$ mil)	**Maranhão**	**Pará**	**Piauí**	**Alagoas**	**CEEE-D**	**CEA**	**Goiás**
Receita Operacional	**2.063**	**3.411**	**1.248**	**1.078**	**1.725**	**565**	**3.656**
Outras receitas	133	334	78	85	201	99	479

DRE Individual

Breakdown of EBITDA: GD Subvention



*Illustrative Values

GD Subvention (Process nº 48500.005466/2023-91)

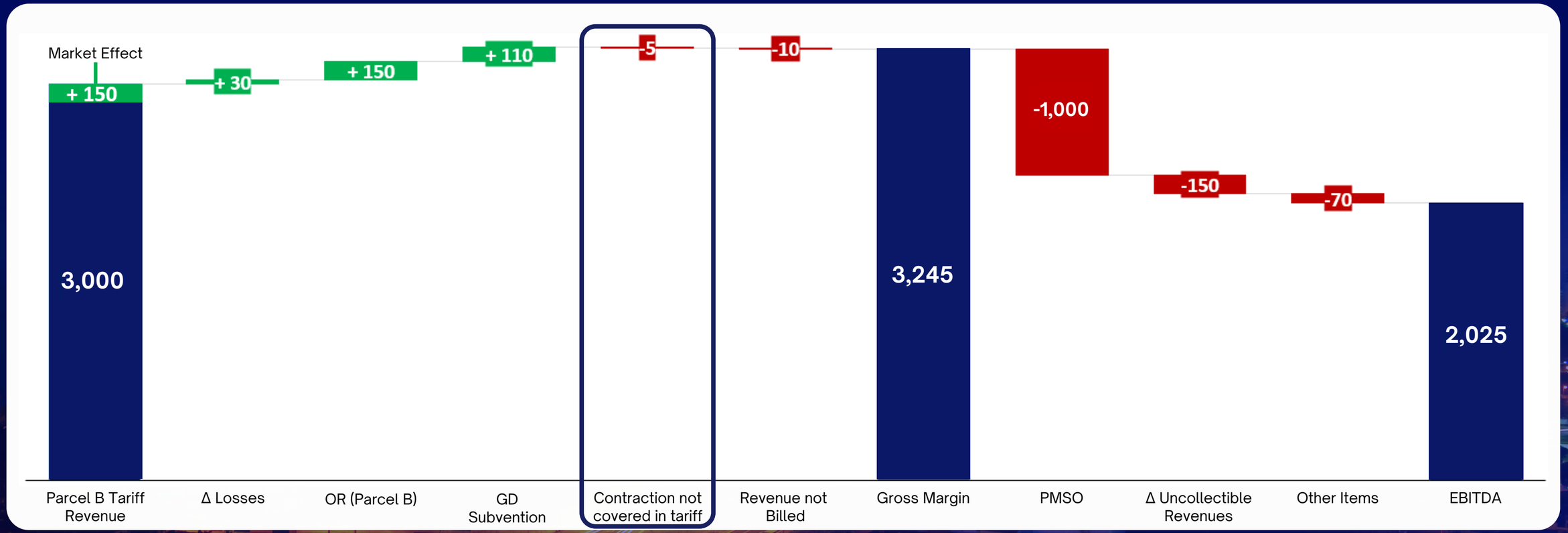
Distributed Generation (GD)

Distributed generation includes power generation plants of any size, connected directly to the distribution system or to consumer facilities. These plants can operate in parallel with the grid or independently, and may or may not be dispatched by the National System Operator (ONS).

Consumers who have adopted distributed generation undergo a transition process. Depending on their connection date and specific situation, they are classified into different GD categories with varying tariff discounts:

- GD I: Connections made **before January 7, 2023**. These consumers receive full exemption from the Parcel B tariff until 2045.
- GD III: Connections made **after January 7, 2023**, with generation capacity exceeding 500 kW, non-dispatchable, qualifying for remote self-consumption, or having shared generation with a single consumption unit accounting for over 25% of surplus energy. Until 2028 (or 2030 in some cases), these consumers receive transmission tariff discounts but not on the Parcel B Tariff.
- DG II: Connections made after January 7, 2023 that **do not meet GD III criteria**. These consumers receive a Parcel B tariff discount, which is being gradually phased out by 2028 (or 2030 in some cases).

Breakdown of EBITDA: Contraction not covered in tariff



*Illustrative Values

Overcontraction (Submodule 4.3 Proret)

Contraction not covered in tariffs

In the Regulated Contracting Environment[14], the DisCo purchases energy and passes the entire cost on to consumers without financial gain. ANEEL allows the DisCos to include up to 105% of the amount needed to supply their market in the tariff. However, if contraction exceeds this limit, the costs of excess energy is borne by the DisCo.

When overcontraction occurs, we can apply the following logic to determine the overcontracted volume:

$$Overcontracted\ Volume = Market - \frac{Market \cdot 105\%}{Overcontration\%}$$

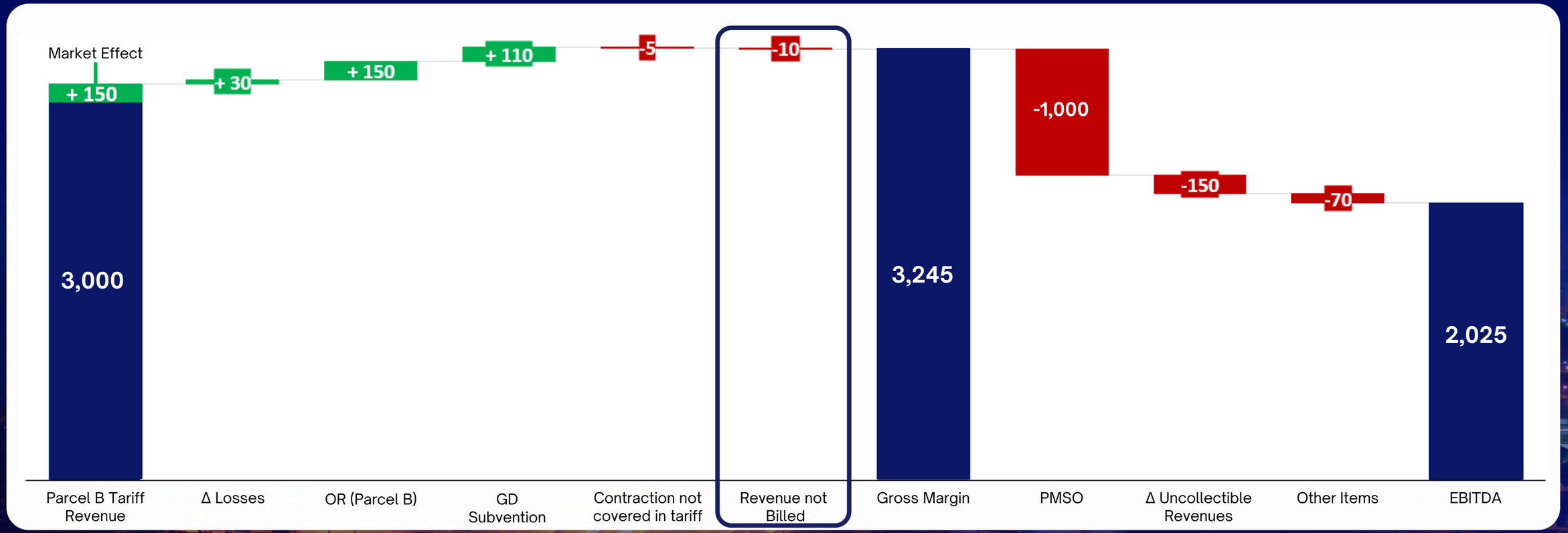
The financial impact is calculated by multiplying the overcontracted volume by the difference between Pmix and the PLD.

In 2024, all DisCos of Grupo Equatorial remained within the regulatory limit of 100% to 105%.

Earnings Release:

2024	MA	PA	PI	AL	RS	AP	GO
% of contraction	102,35%	103,68%	102,77%	106,57%	103,92%	110,02%	105,81%
% disconsidering involuntary	102,35%	103,68%	102,77%	100,00%	103,92%	104,04%	100,00%

Breakdown of EBITDA: Revenue not Billed (RNF)



*Illustrative Values

Revenue not Billed

(Manual de Contabilidade do Setor Elétrico, ANEEL 2022)

Revenue not billed (RNF) represents income that has not yet been invoiced and affects the DisCo's cash flow. While it does not impact long-term financial modeling, it may influence the DisCo's **short-term** results (between tariff periods).

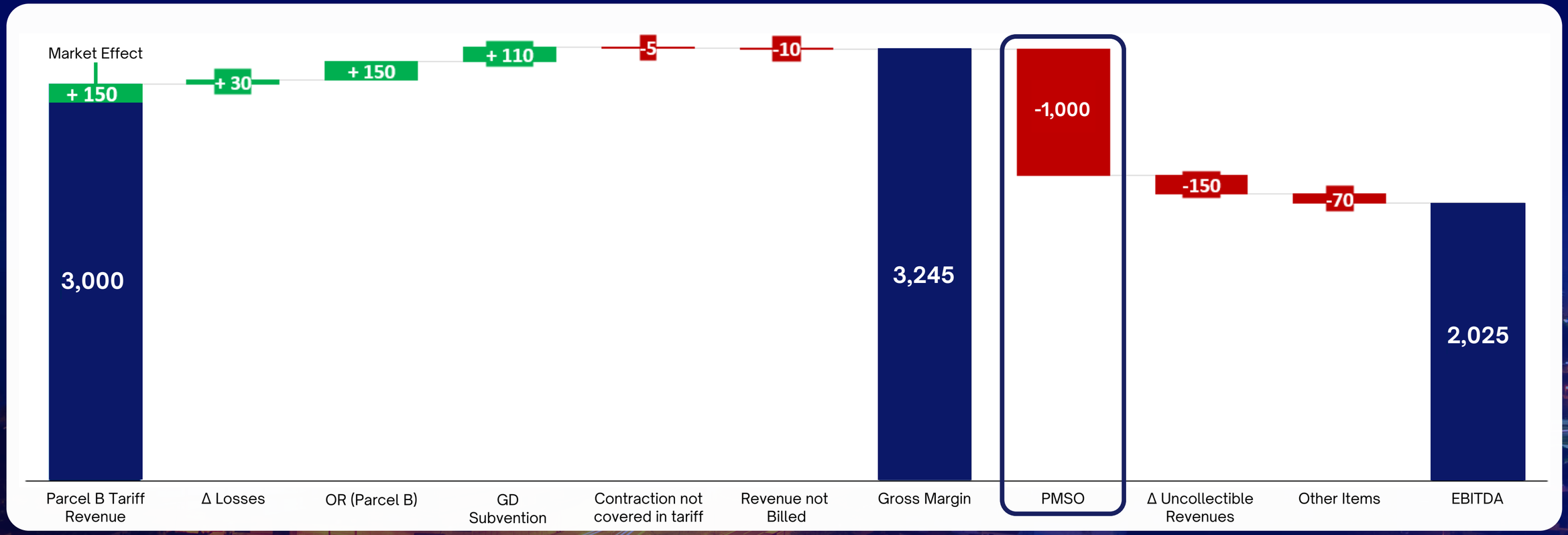
It is accounted for between the consumption reading date and month-end closing, based on an estimate of energy volumes consumed but not yet billed. When the exact amount cannot be determined, the historical three-month billing average serves as the calculation baseline.

At the start of each month, adjustments may be required if the reversal of prior-month unbilled revenue exceeds the current month's estimated revenue, resulting in a debit balance. This balance must be corrected to ensure the account maintains a credit position at all times.

Earnings Release:

Operating Revenues	4Q23								4Q24							
R$ million	MA	PA	PI	AL	RS	AP	GO	Total	MA	PA	PI	AL	RS	AP	GO	Total
(+) Gross Supply Revenues	1,533	2,475	965	849	1,165	276	2,567	9,830	1,642	2,429	1,003	814	1,215	305	2,782	10,190
Unbilled Income	6	(14)	36	13	30	(4)	(38)	28	5	(13)	3	6	7	2	(107)	(98)

Breakdown of EBITDA: Operational Costs (PMSO)



*Illustrative Values

Operational Costs

Real PMSO x Regulatory PMSO

The DisCo's PMSO may vary significantly between periods. One approach to model real PMSO against regulatory PMSO is to start with the projection of regulatory operational costs and calculate the real PMSO separately using the PMSO/Customer metric like the following logic:

$$\left(\frac{PMSO}{Consumer}\right)_1 = \left(\frac{PMSO}{Consumer}\right)_0 \cdot (IPCA - Outperformance\ Premise)$$

$$Real\ PMSO_1 = \left(\frac{PMSO}{Consumer}\right)_1 \cdot \#\ of\ Consumers_1$$

$$VPB_1 = GM_1 \cdot (1 + IVI - X\ Factor)$$

$$Reg.PMSO_1 = VPB_1 \cdot \frac{Reg.PMSO_0}{VPB_0}$$

Where the values represent a 12-month period, the subscript '1' indicates the future period, the subscript '0' indicates the current period, the # of consumers is adjusted by a growth assumption, and:

$$VPB = Parcel\ B\ Value$$

$$Reg.PMSO = Regulatory\ PMSO$$

$$GM = Gross\ Margin$$

$$IVI = Inflation\ Variation\ Index$$

Operational Costs

Where can I find this data?

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/

Regulatory Values:

Pará		
Contrato Antigo	2023	2024
Processo	**RTP**	RTA
BRR Líquida	**8.545,0**	
Próxima RTP - 2027 (4 anos)		
Vencimento da Concessão - jul/28		
Custo de Administração, Operação e Manutenção (CAOM)	**1.591,0**	
Custos Operacionais (CO)	1.432,9	
Receitas Irrecuperáveis - Encargos Setoriais (Vi)	30,1	
Demais Receitas Irrecuperáveis (Vse)	128,0	
Custo Anual dos Ativos (CAA)	**1.721,3**	
Remuneração do Capital (RC)	1.054,4	
Quota de Reintegração Regulatória (QRR)	482,8	
Custo anual das instalações móveis e imóveis (CAIMI)	184,1	
CAOM + CAA	**3.312,4**	
VPB com ajustes de Mercado e Qualidade	3.322,4	
Ajuste de PB associado ao SCEE	54,4	
(-) Outras Receitas	*59,3*	
(-) Ultrapassagem de Demanda	*7,6*	
(-) Excedente de Reativo	*15,6*	
(-) UDEROR	82,6	
Receitas Irrecuperáveis	158,2	
Parcela B (VPB) - R$ Milhões	**3.294,2**	**3.609,8**
Mercado (GWh)	9.950,3	10.762,1
Tarifa Fio B - R$	**331,1**	**335,4**
Fator X	**2,83%**	**3,23%**
Pd	0,99%	0,99%
T	3,14%	3,13%
Q	-1,30%	-0,89%

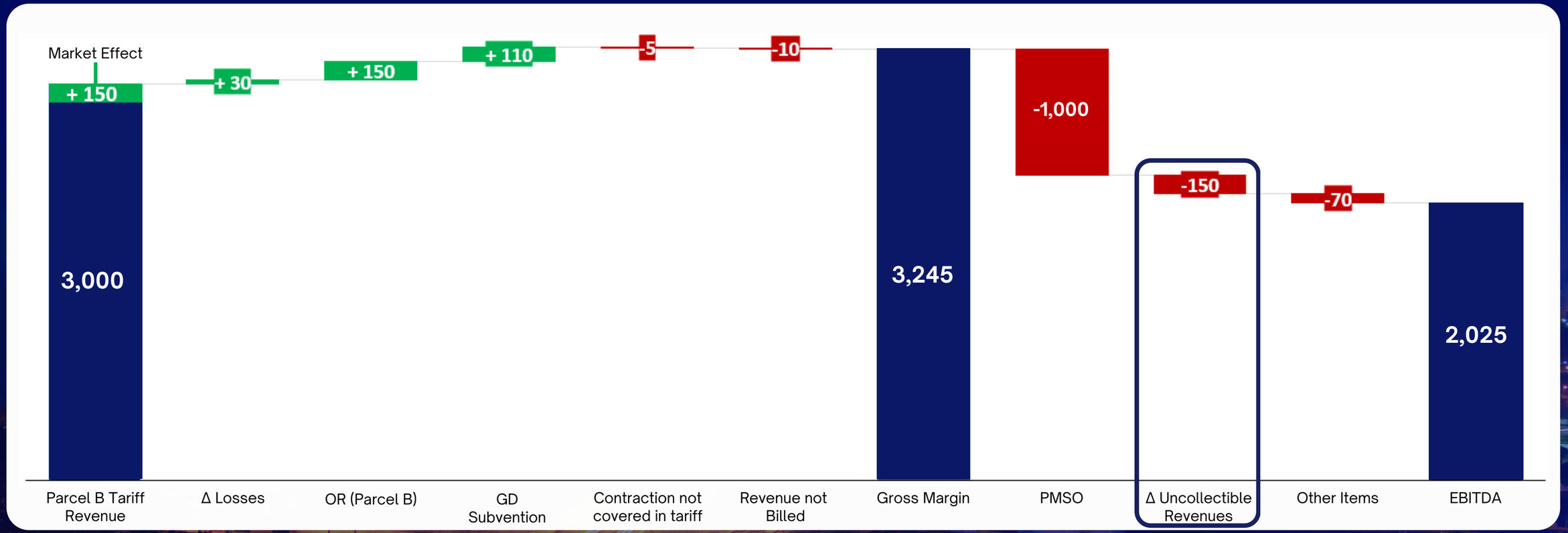
Dados Regulatórios Distribuição

Real Values:

Pará		
PMSO Ajustado	171	177
Ebitda Ajustado	650	706
Resultado Financeiro Ajustado	(97)	(61)
Lucro Ajustado	363	425

Informações Financeiras Aj.

Breakdown of EBITDA:
Δ Uncollectible Revenues (RI)



*Illustrative Values

Δ Uncollectible Revenues (Submodule 2.6 Proret)

RI x PDA

Uncollectible Revenue (RI), as defined by ANEEL, is the portion of total revenue billed by the company that has low collection expectation due to consumer delinquency, after all possible collection actions.

What ultimately gets compared to RI is the Provision for Doubtful Accounts (PDA), which are the actual estimates of financial losses related to receivables that have a high probability of not being paid by debtors.

- The regulatory limit for RI imposed by ANEEL is ultimately considered in the final consumer tariff, but PDA amounts above this limit are not.

To model RI vs. PDA, we can adjust RI by the X Factor and market growth, and multiply this value by the efficiency assumption.

Δ Uncollectible Revenues

Where can I find this data?

https://ri.equatorialenergia.com.br/informacoes-financeiras/dados-operacionais-e-financeiros/

Real Provisions:

Demonstração do resultado por empresa (R$ mil)	Maranhão	Pará	Piauí	Alagoas	CEEE-D	CEA
Margem Bruta Operacional	**560**	**1.067**	**335**	**276**	**252**	**200**
Custo/despesa operacional	**-244**	**-283**	**-116**	**-76**	**-240**	**-41**
Pessoal	-59	-49	-22	-20	-38	-9
Material	-6	-4	-2	-5	-5	-1
Serviço de terceiros	-115	-120	-66	-48	-83	-21
Provisões	-32	-62	-19	-10	-51	-4

DRE Individual

Regulatory Uncollectible Revenues:

Pará		
Contrato Antigo	**2023**	**2024**
Processo	**RTP**	RTA
BRR Líquida	**8.545,0**	
Próxima RTP - 2027 (4 anos)		
Vencimento da Concessão - jul/28		
Custo de Administração, Operação e Manutenção (CAOM)	**1.591,0**	
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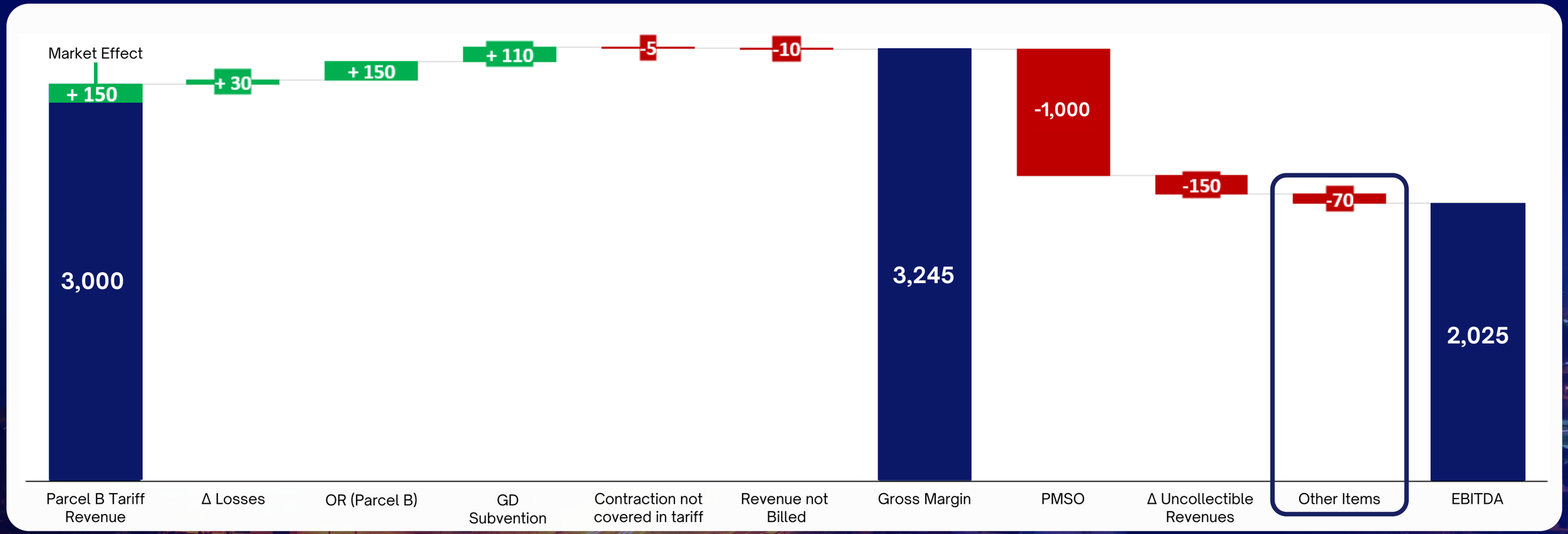
Pd	0,99%	0,99%
T	3,14%	3,13%
Q	-1,30%	-0,89%

-70

Dados Regulatórios Distribuição

Breakdown of EBITDA: Other Items



*Illustrative Values

Other Items that Affect the EBITDA

Penalties for Quality Indicators (REN n. 956, 2021)

DEC

Equivalent Interruption Duration per Consumer Unit

The average time duration, during the assessment period, in which each consumer unit in the considered group experienced discontinuity of power distribution.

FEC

Equivalent Interruption Frequency per Consumer Unit

The average number of interruptions occurring, during the assessment period, per consumer unit in the considered group.

Each concession has regulatory limits for DEC and FEC. Non-compliance with these limits results in financial penalties, incentivizing quality control.

Earnings Release:

GROSS MARGIN

Operating Revenues	4Q23								4Q24							
R$ million	[illegible]	PA	PI	AL	RS	AP	GO	Total	MA	PA	PI	AL	RS	AP	GO	Total
(=) Gross Operating Revenues	[illegible]	3,703	1,384	1,233	1,699	439	3,818	14,460	2,340	3,884	1,388	1,109	2,018	559	4,185	15,482
Deductions from Operating Revenues	(541)	(848)	(386)	(361)	(522)	(53)	(1,190)	(3,902)	(634)	(899)	(375)	(290)	(526)	(90)	(1,170)	(3,983)
PIS and COFINS	(434)	(671)	(317)	(252)	(326)	(24)	(768)	(2,792)	(550)	(777)	(328)	(252)	(348)	(82)	(894)	(3,231)
Quality Indicator Compensations	(7)	(11)	(8)	(7)	(9)	(1)	(58)	(100)	(5)	(16)	(5)	(1)	(22)	(1)	(53)	(103)
Consumer Charges	(100)	(167)	(61)	(103)	(187)	(28)	(364)	(1,009)	(79)	(106)	(43)	(37)	(156)	(7)	(223)	(649)

Other Items that Affect the EBITDA

Penalties for Late Payments and Provisions

Earning Release:

GROSS MARGIN

Operating Revenues	4Q23								4Q24							
R$ million	MA	PA	PI	AL	RS	AP	GO	Total	MA	PA	PI	AL	RS	AP	GO	Total
(+) Other Revenues (R$ MM)	370	575	215	196	305	45	531	2,238	354	695	235	205	324	108	576	2,495
Low Income Subsidy	93	121	50	46	15	10	41	376	95	124	58	53	19	10	50	408
CDE Subvention	33	142	37	32	57	19	86	407	38	140	59	35	90	33	143	538
CDE Distributed Generation	-	-	-	-	-	-	-	-	21	72	29	16	(6)	30	68	229
Grid Usage	48	135	37	65	146	7	242	679	62	158	41	72	158	13	278	781
Financial Asset Update	111	64	15	2	11	(0)	(5)	198	45	95	3	3	5	1	25	178
Financial Asset Write-off	6	8	3	3	4	1	-	26	72	82	35	28	26	15	(0)	257
Late Payment Fine	16	27	9	7	7	3	21	90	18	30	11	8	9	3	25	103

Earnings Release:

OPERATING EXPENSES AND OPEX/CONSUMER

Operating Expenses	4Q23								4Q24							
R$ million	MA	PA	PI	AL	RS	AP	GO	Total	MA	PA	PI	AL	RS	AP	GO	Total
Adjusted PMSO	172	191	98	76	156	36	255	985	178	181	96	83	158	39	334	1,067
PDA	100	47	19	10	(2)	11	79	263	82	110	71	42	3	(9)	(26)	272
Adjusted PDA and Losses	33	73	15	13	31	7	(0)	173	45	85	24	14	7	9	17	201
% GOR (w/o Construction Revenu	5.3%	1.6%	1.6%	1.0%	-0.1%	3.1%	2.3%	2.1%	4.1%	3.6%	6.0%	4.3%	0.2%	-2.1%	-0.7%	2.1%
Adjusted PDA/GOR	1.7%	2.5%	1.3%	1.3%	1.0%	2.0%	0.0%	1.4%	2.3%	2.8%	2.0%	1.4%	0.4%	2.1%	0.5%	1.6%
Provision for Contingencies	13	1	4	2	48	(2)	39	105	2	3	3	2	14	0	(39)	(14)
FUNAC Provisions	-	-	-	-	-	-	40	40	-	-	-	-	-	-	(4)	(4)

Cenário Conceitual

Realizado/Projetado	R	P	P	P
Processo Tarifário Contrato Antigo	RTP	RTA	RTA	RTA
Distribuidora A - R$ Milhões	2023	2024	2025	2026
Custo de Administração, Operação e Manutenção (CAOM)	**1.650**	**1.869**	**2.117**	**2.398**
Custos Operacionais (CO)	1.450	1.642	1.860	2.107
Receitas Irrecuperáveis - Encargos Setoriais (Vi)	50	57	64	73
Demais Receitas Irrecuperáveis (Vse)	150	170	192	218
Custo Anual dos Ativos (CAA)	**1.800**	**2.039**	**2.309**	**2.616**
Remuneração do Capital (RC)	1.100	1.246	1.411	1.599
Quota de Reintegração Regulatória (QRR)	500	566	641	727
Custo anual das instalações móveis e imóveis (CAIMI)	200	227	257	291
CAOM + CAA	**3.450**	**3.908**	**4.426**	**5.014**
VPB com ajustes de Mercado e Qualidade	3.460	-	-	-
Ajuste de PB associado ao SCEE	60	-	-	-
(-) Outras Receitas	*60*	-	-	-
(-) Ultrapassagem de Demanda	*10*	-	-	-
(-) Excedente de Reativo	*15*	-	-	-
(-) UDEROR	85	-	-	-
Receitas Irrecuperáveis (RI)	200	227	257	291
Parcela B (VPB) - R$ Milhões	**3.435**	**3.908**	**4.052**	**4.236**
Premissa | IPCA - Fator X	-	1,5%	1,5%	1,5%
Mercado Injetada (GWh)	**11.990**	**12.350**	**12.720**	**13.102**
Premissa | Crescimento de Mercado	-	3,0%	3,0%	3,0%
Mercado Faturada (GWh)	**11.000**	**11.238**	**11.575**	**11.923**
Tarifa Fio B - R$/MWh	**350**	**355**	**361**	**366**
IPCA	-	**5%**	**5%**	**5%**
Pmix (R$ / MWh)	**225**	**236**	**248**	**260**
Receita Fio B - R$ Milhões	3.850	3.992	4.174	4.364
Efeito Mercado - R$ Milhões	-	85	122	127
Δ Perdas (GWh)	-	**137**	**141**	**146**
Mercado Injetada Regulatório (GWh)	-	**12.487**	**12.862**	**13.247**
Premissa | Perdas Reais	9%	9%	9%	9%
Premissa | Perdas Regulatórias	-	10%	10%	10%
Impacto de Perdas - R$ Milhões	-	**32,4**	**35,1**	**37,9**
Outras Receitas (Parcela B) - R$ Milhões	**15**	**15,3**	**15,6**	**15,9**
Premissa | Crescimento OR	-	2%	2%	2%
Sobrecontratação - R$ Milhões	-	**(14)**	**(15)**	**(16)**
Sobrecontratação (GWh)	-	**59**	**60**	**62**
Premissa | Sobrecontratação	-	105,5%	105,5%	105,5%
Margem Bruta - R$ Milhões	-	4.026,3	4.209,5	4.401,2
PMSO Real - R$ Milhões	-	**(1.040)**	**(1.082)**	**(1.126)**
PMSO/Consumidor - R$	**250**	**253**	**255**	**258**
Premissa | Crescimento PMSO/Consumidor	-	4%	4%	4%
Número Consumidores - Mil	**4.000**	**4.120**	**4.244**	**4.371**
Premissa | Crescimento Consumidores	-	3%	3%	3%
Outperformence PMSO - R$ Milhões		**602**	**778**	**981**
PDD - R$ Milhões		**252**	**285**	**323**
Premissa | Eficiencia RI	-	90%	90%	90%
Outperformance/Underperformance RI - R$ Milhões		**25,2**	**28,5**	**32,3**
Provisões - R$ Milhões		**(10)**	**(10,2)**	**(10,4)**
Premissa | Crescimento Multas	-	1%	2%	2%
EBITDA Real	-	3.001	3.146	3.297

Composição EBITDA

Realizado/Projetado	R	R	R	R	R
Processo Tarifário Contrato Antigo	-	-	-	-	RTP
EQTL Maranhão - R$ Milhões	1T23	2T23	3T23	4T23	2023
Mercado Injetada (GWh)	**2.153**	**2.373**	**2.597**	**2.727**	**9.850**
Premissa | Crescimento de Mercado	-	-	-	-	-
Energia Compensada GD	18	21	26	28	93
Mercado Faturada (GWh)	**1.714**	**1.841**	**1.987**	**2.112**	**7.654**
Tarifa Fio B - R$/MWh	**258**	**259**	**247**	**241**	**251**
IPCA	-	-	-	-	-
Pmix (R$ / MWh)	**225**	**225**	**225**	**225**	**225**
Receita Fio B - R$ Milhões	447	482	498	516	1.947
Efeito Mercado - R$ Milhões	-	-	-	-	-
Δ Perdas (GWh)	**8**	**- 39**	**- 52**	**- 16**	**- 95**
Mercado Injetada Regulatório (GWh)	**2.160**	**2.335**	**2.545**	**2.711**	**9.755**
Premissa | Perdas Reais	16,6%	18,2%	18,9%	17,7%	18%
Premissa | Perdas Regulatórias	16,9%	16,9%	17,3%	17,3%	17%
Impacto de Perdas - R$ Milhões	**1,7**	**-8,7**	**-11,6**	**-3,6**	**-22,2**
Outras Receitas (Parcela B) - R$ Milhões	**11**	**11**	**18**	**14**	**32**
Premissa | Crescimento OR	-	-	-	-	-
Ultrapassagem de Demanda e Excessivo de Reativo - R$ Milhões	**- 3**	**- 4**	**- 4**	**- 5**	**-16**
Premissa | Crescimento UDER	-	-	-	-	-
Renda Não Faturada - R$ Milhões	**6**	**10**	**4**	**6**	**26**
Multas DEC e FEC - R$ Milhões	**- 10**	**- 7**	**- 4**	**- 7**	**- 28**
Multas por Atraso de Pagamento - R$ Milhões	**12**	**12**	**13**	**27**	**64**
Premissa | Crescimento Multas por Atraso de Pagamento	-	-	-	-	-
Sobrecontratação - R$ Milhões	-	-	-	-	-
Sobrecontratação (GWh)	-	-	-	-	-
Premissa | Sobrecontratação	102,2%	102,2%	100,2%	95,0%	-
Margem Bruta - R$ Milhões	443,2	494,9	513,0	547,0	2.002,6
PMSO Real - R$ Milhões	**- 152**	**- 169**	**- 165**	**- 172**	**- 658**
PMSO/Consumidor - R$	**56**	**62**	**61**	**63**	**61**
Premissa | Crescimento PMSO/Consumidor	-	-	-	-	-
Número Consumidores - Mil	**2.691.863**	**2.706.449**	**2.719.640**	**2.738.710**	**2.738.710**
Premissa | Crescimento Consumidores	-	-	-	-	-
Outperformence PMSO - R$ Milhões					
PDD - R$ Milhões	**- 27**	**- 24**	**- 23**	**- 33**	**- 107**
Premissa | Eficiencia RI	-	-	-	-	-
Provisões - R$ Milhões	**- 5**	**- 4**	**- 4**	**- 13**	**- 26**
Premissa | Crescimento Multas	-	-	-	-	-
EBITDA Real	259,2	297,9	321,0	329,2	1.207
Variação M B Release	0,5%	-0,7%	0,3%	-0,2%	0,0%
Ajustes Não Recorrentes	27	7	48	29	111
EBITDA Ajustado	286,2	304,9	369,0	358,2	1.318

Glossary

ANEEL Regulatory Glossary for the Electric Sector: https://www.gov.br/aneel/pt-br/centrais-de-conteudos/glossario

[1]Price Cap: Model that establishes the maximum tariff defined in the Periodic Tariff Review (RTP), adjusted annually by inflation and by the X Factor, which shares the DisCos productivity gains with consumers until the next RTP.

[2]Required Revenue: Corresponds to the revenue compatible with covering the costs of energy purchase, transmission, sectoral charges, efficient operational costs, and capital costs.

[3]Parcel A: Comprises the costs related to electricity transmission and generation activities, including self-generation, plus the sectoral charges defined in specific legislation.

[4]Uncollectible Revenue: Expected portion of the total revenue billed by the company that has low collection expectation due to consumer delinquency.

[5]Energy transmission costs: From power plants to the DisCos´ distribution networks, composed of: Basic Network (Nodal and Border), Connection/DIT and Use of Distribution Systems.

[6]Sectoral Charges: Originating from government policies for the electric sector, have specific purposes, are defined in their own legislation, and have their values established by ANEEL.

[7]Energy acquisition costs for resale: The sum of energy purchase prices.

[8]Parcel B: Comprises the operational and capital costs of distribution activities and customer commercial management.

[9]Operational Costs: Correspond to costs with Personnel, Materials, Third-Party Services, Other operational costs, Taxes and Insurance related to distribution activities, and Electricity commercialization.

[10]Capital Remuneration: Remuneration of prudent investments made by the DisCo.

[11]Regulatory Reinstatement Quota: Quota that considers depreciation and amortization of investments made, aiming to recompose the assets related to service provision throughout their useful life.

[12]Annual Cost of Mobile and Fixed Installations: Short recovery period investments, such as those made in hardware, software, vehicles, and all administrative building infrastructure.

[13]X Factor: Corresponds to a value to be subtracted or added to the Inflation Variation Indicator - IVI variation when executing annual tariff adjustments between periodic reviews, aiming to share with consumers the estimated productivity gains for the period.

[14]Regulated Contracting Environment: Market segment where electricity purchase and sale operations are carried out between selling agents and distribution agents, preceded by bidding, except for cases provided by law, according to specific commercialization rules and procedures.

[15]Short-term market: Denomination of the process where accounting and financial settlement of verified differences between the following electricity amounts occurs: a) contracted, registered and validated by CCEE agents, whose registration has been effected by the Chamber; and b) generation or consumption effectively verified and attributed to the respective CCEE agents.

[16]Distributed Generation: Electricity generating plants, of any capacity, with installations connected directly to the distribution electric system or through consumer installations, which may operate in parallel or isolated and dispatched - or not - by the ONS.

[17]Compensation Account for Variation of "Parcel A" Items: Intended to record variations, occurring in the period between tariff adjustments, of the values of the following cost items of "Parcel A", addressed in the electricity distribution concession contracts.

[18]α Factor: Value used to update the DEA to the present. Encompasses factors such as IPCA, network, consumer units, non-technical losses, CHI and market.

[19]Replacement New Value: Corresponds to the individual asset value, valued at current prices, under the terms established in this Submodule.

[20]Remuneration Base: Prudent investments, evaluated at market prices, required by the DisCo to provide the public transmission service according to the conditions established in the concession contract, particularly the required quality levels.

[21]Gross Remuneration Base: Defined as the Replacement New Value of the set of assets and installations of the transmission company that comprise the Immobilized and Intangible Assets in Service, deducted from the full utilization index, from the gross value of special obligations and from fully depreciated assets.

[22]Net Remuneration Base: Defined as the Market Value in Use of the set of assets and installations of the transmission company that comprise the Immobilized and Intangible Assets in Service, deducted from the net value of special obligations, from the depreciated utilization index and added the value of the operational warehouse.

[23]Regulatory Annuities Base: consists of short recovery period investments and is composed of the following account groups, which will not be considered in the Remuneration Base.

[24]Depreciation Rate: Values for calculation and accounting of periodic depreciation quotas of various types of registration units to be applied by electricity public service DisCos.

[25]Parcel B Tariff: Value, in current national currency, due for the use of distribution installations and calculated by the product of the use tariff portion referring to distribution service costs (TUSD Wire B) by the respective amounts of distribution system use and contracted or verified energy.

[26]Pmix: Value inserted by the selling proponent, expressed in reais per Megawatt-hour (R$/MWh), which will constitute the bid price for the energy product.

References

Site de Relações com Investidores do Grupo Equatorial.
https://ri.equatorialenergia.com.br/

Site de Relações com Investidores do Grupo Equatorial: Central de Downloads.
https://ri.equatorialenergia.com.br/informacoes-financeiras/central-de-resultados/

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