



Notice to the Market – IR 11/17

Copel Distribuição's Grid Market grows 3.5% in the first quarter

This report analyzes the performance of Copel's electricity market between January and March 2017, compared with the amounts recorded in the same period of 2016.

Grid Market (TUSD)

Copel Distribuição's grid market, comprising the captive market, concessionaires and licensees in the state of Paraná, and all free consumers in the Company's concession area, presented an increase of 3.5% in 1Q17. The table below shows the behavior of the grid market in the 1Q17 versus 1Q16:

	Number of Customers / Agreements			Energy Sold (GWh)		
	Mar-16	Mar-17	Var. %	1Q16	1Q17	Var. %
Captive Market	4.438.716	4.501.853	1,4	6.016	5.336	(11,3)
Concessionaires and Licensees	6	6	-	177	143	(19,2)
Free Customers ¹	157	805	412,7	991	1.959	97,7
Grid Market	4.438.879	4.502.664	1,4	7.184	7.438	3,5

¹ All free customers served by Copel COM and Copel GeT and other suppliers at the Copel DIS concession area.

Copel Distribuição

Captive Market

Copel Distribuição's captive market energy sales totaled 5,336 GWh in the 1Q17, which represents a reduction of 11.3%. This decrease was influenced by the reduction in consumption of industrial and commercial classes, mainly due to the migration of customers to the free market throughout 2016.

The following table shows captive market trends by consumption segment:

	Number of Customers			Energy sold (GWh)		
	Mar-16	Mar-17	Var. %	1Q16	1Q17	Var. %
Residential	3.549.987	3.622.426	2,0	1.781	1.898	6,6
Industrial	87.461	79.083	(9,6)	1.607	897	(44,2)
Commercial	377.880	384.041	1,6	1.417	1.300	(8,2)
Rural	366.365	358.847	(2,1)	614	630	2,6
Other	57.023	57.456	0,8	597	611	2,3
Captive Market	4.438.716	4.501.853	1,4	6.016	5.336	(11,3)

The residential segment consumed 1,898 GWh between January and March 2017, recording a growth of 6.6% in consumption, due to the increase of 2.0% in the number of customers and a 4.4% rise in average

monthly consumption (175 KWh in 1Q17 versus 167 KWh in 1Q16). The consumption growth is a result of the actual lower energy tariff (due to June 2016 tariff revision and the green flag in most of the 1Q17 compared to the red flag in most of the 1Q16) and the recording of temperatures that are higher than the historical average for the period, mainly in the month of February, causing a higher use of cooling appliances. In 1Q17 the residential consumption was equivalent to 35.6% of the captive market, totaling 3,622,426 consumers.

Average Consumption (KWh)			
	1Q16	1Q17	Var. %
Residential	167	175	4,4

The industrial segment in the captive market registered a fall of 44.2% in the 1Q17, totaling 897 GWh, mainly reflecting the migration of customers to the free market. Between April 2016 and March 2017, 375 customers left Copel Dis's industrial captive market (84 customers in 1Q17), which would represent an average consumption of 761 GWh in the quarter if they continued in the captive market of Copel Dis. The sectors that most impacted the retraction of consumption were: food, rubber and plastic products, vehicle, pulp and paper and beverage manufacturing. At the end of 1Q17, the industrial segment accounted for 16.8% of captive market consumption and had 79,083 consumers. Disregarding the effects of customer migration, this class would have grown by 3.2% in 1Q17.

The commercial segment consumed 1,300 GWh in the 1Q17, signifying a reduction of 8.2%. The decline in consumption was influenced by the migration of 262 customers to the free market between April 2016 and March 2017 (95 clients only in 1Q17), which corresponds to an approximate consumption of 139 GWh in the quarter, and the economic scenario, due to the decrease in the sales volume of retail trade. At the end of 1Q17, this segment represented 24.4% of the captive market with 384,041 consumers. Excluding the impact of customer migration, this segment would have registered growth of 1.6% in 1Q17.

Rural segment recorded a 2.6% increase in consumption in the 1Q17, totaling 630 GWh. At the end of March 2017, this segment represented 11.8% of Copel's captive market with 358,847 consumers.

Other segments (government, public lighting, public services and own consumption) totaled 611 GWh consumed between January and March 2017, growth of 2.3%. Together, these classes were equivalent to 11.5% of the captive market with 57,456 consumers at the end of 1Q17.

Copel's Consolidated Market

Electricity Sales to Final Customers

Electricity sales to final customers, comprising Copel Distribuição's sales in the captive market and Copel Geração e Transmissão and Copel Comercialização sales in the free market, fell by 5.6% in the 1Q17.

The table below breaks down energy sales by consumption segment:

Segment	Market	Energy Sold (GWh)		
		1Q16	1Q17	Var. %
Residential		1.781	1.898	6,6
	Total	2.485	2.038	(18,0)
Industrial	Captive	1.607	897	(44,2)
	Free	878	1.141	30,0
	Total	1.419	1.336	(5,8)
Commercial	Captive	1.417	1.300	(8,3)
	Free	2	36,00	-
Rural		614	630	2,6
Other		597	611	2,3
Energy Supply		6.896	6.513	(5,6)

Total Energy Sold

Total energy sold by Copel in all markets, comprising the sales of Copel Distribuição, Copel Geração e Transmissão, the Wind Farm Complexes and Copel Comercialização, came to 10,343 GWh in 1Q17, representing a decrease of 6.8%.

The following table shows Copel's total electricity sales broken down between Copel Distribuição, Copel Geração e Transmissão, Wind Farm Complexes and Copel Comercialização:



	Number of Customers / Agreements			Energy Sold (GWh)		
	Mar-16	Mar-17	Var. %	1Q16	1Q17	Var. %
Copel DIS						
Captive Market	4.438.716	4.501.853	1,4	6.016	5.336	(11,3)
Concessionaries and Licensees	4	4	-	162	126	(22,2)
CCEE (MCP)	-	-	-	358	592	65,4
Total Copel DIS	4.438.720	4.501.857	1,4	6.536	6.054	(7,4)
Copel GeT						
CCEAR (Copel DIS)	1	1	-	41	23	(44,0)
CCEAR (other concessionaries)	39	28	(28,2)	1.002	212	(78,8)
Free Customers	24	51	112,5	880	1.080	22,7
Bilateral Agreements ¹	19	32	68,4	2.031	1.669	(17,8)
CCEE (MCP) ²	-	-	-	309	866	180,3
Total Copel GeT	83	112	34,9	4.263	3.850	(9,7)
Wind Farms						
CCEAR (other concessionaries)	112	112	-	209	207	- 1
CER	3	3	-	89	88	- 1
Total Wind Farms	115	115	-	298	295	- 1
Copel Comercialização						
Free Customers	-	43	-	-	98	-
Bilateral Agreements	-	12	-	-	52	-
Total Copel Comercialização	-	55	-	-	150	-
Total Copel Consolidated	4.438.918	4.502.139	1,4	11.097	10.349	(6,7)

Note: Not considering the energy from MRE (Energy Relocation Mechanism).

¹ Includes Short Term Sales Agreements.

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