



Notice to the Market – IR 23/17

Copel Distribuição's Grid Market grows 4.7% in the third quarter

This report analyzes the performance of Copel's electricity market between July and September 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 4.7% in 3Q17, as shown in the following table:

	Number of Customers / Agreements			Energy Sold (GWh)					
	Sep-17	Sep-16	Var. %	3Q17	3Q16	Var. %	9M17	9M16	Var. %
Captive Market	4,539,406	4,464,005	1.7	4,729	5,288	(10.6)	14,878	17,124	(13.1)
Concessionaries and Licensees	6	6	-	151	162	(7.0)	439	524	(16.3)
Free Customers ¹	947	447	111.9	2,308	1,419	62.6	6,521	3,580	82.1
Grid Market	4,540,359	4,464,458	1.7	7,188	6,869	4.7	21,837	21,228	2.9

¹ All free customers served by Copel GeT, Copel Comercialização and other suppliers at the Copel Distribuição concession area.

The result was mainly due to the 5.6% increase in industrial consumption in the free market in 3Q17, as a result of the improvement in industrial production in the state of Paraná - growth of 3.2% in July and 8.8% in August, in comparison with the same months of 2016. The sectors that contributed most to the increase in energy consumption were: food manufacturing, pulp and papermaking and manufacturing of rubber and plastic.

Copel Distribuição

Captive Market

Copel Distribuição's captive market energy sales totaled 4,729 GWh in the 3Q17, which represents a reduction of 10.6%. This result was influenced by the reduction in consumption of industrial and commercial classes, mainly due to the migration of customers to the free market.

The following table shows captive market trends by consumption segment:





	Number of Customers			Energy sold (GWh)					
	Sep-17	Sep-16	Var. %	3Q17	3Q16	Var. %	9M17	9M16	Var. %
Residential	3,661,917	3,580,622	2.3	1,734	1,675	3.5	5,342	5,208	2.6
Industrial	76,717	83,683	(8.3)	773	1,374	(43.7)	2,498	4,604	(45.7)
Commercial	387,686	380,354	1.9	1,102	1,160	(5.0)	3,508	3,862	(9.2)
Rural	355,748	361,982	(1.7)	513	488	5.1	1,701	1,654	2.8
Other	57,338	57,364	-	607	591	2.7	1,829	1,796	1.8
Captive Market	4,539,406	4,464,005	1.7	4,729	5,288	(10.6)	14,878	17,124	(13.1)

The residential segment consumed 1,734 GWh between July and September 2017, recording an increase of 3,5% in consumption, due to the 2.3% increase in the number of customers and the higher average monthly consumption (158 KWh in 3Q17 compared to 156 KWh in 3Q16). In 3Q17, the residential consumption was equivalent to 36.7% of the captive market, totaling 3,661,917 consumers.

	Average Consumption (kWh/month)		
	3Q17	3Q16	Var.%
Residential	158	156	1.2

The industrial segment in the captive market registered a fall of 43.7% in the 3Q17, totaling 773 GWh, mainly reflecting the migration of customers to the free market. Between October 2016 and September 2017, 268 customers left Copel Distribuição's industrial captive market (30 customers only in 3Q17), which would represent an average consumption of, approximately, 666 GWh in the quarter. Therefore, if the effects of customers migration were disregarded, this class would have grown by 4.7% in 3Q17. At the end of 3Q17, the industrial segment accounted for 16.4% of captive market consumption and had 76,717 consumers.

The commercial segment consumed 1,102 GWh in the 3Q17, a reduction of 5.0% compared to the same period of 2016. This performance was influenced by the migration of 224 customers to the free market between October 2016 and September 2017 (38 clients only in 3Q17), which corresponds to an approximate consumption of 120 GWh in the quarter. Excluding the impact of customer migration, this segment would have registered growth of 5.3% in 3Q17. At the end of this quarter, this segment represented 23.3% of the captive market with 387.686 consumers.

Rural segment recorded a 5,1% increase in consumption in the 3Q17, totaling 513 GWh. At the end of September 2017, this segment represented 10.8% of Copel's captive market with 355,748 consumers.

Other segments (government, public lighting, public services and own consumption) totaled 607 GWh consumed between July and September 2017, growth of 2.7%. Together, these classes were equivalent to 12.8% of the captive market with 57,338 consumers at the end of 3Q17.

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 0.8% between July and September 2017.

The table below breaks down energy sales by consumption segment:

Segment	Market	Energy Sold (GWh)					
		3Q17	3Q16	Var. %	9M17	9M16	Var. %
Residential		1,734	1,675	3.6	5,342	5,208	2.6
	Total	2,287	2,339	(2.2)	6,506	7,379	(11.8)
Industrial	Captive	773	1,374	(43.7)	2,498	4,604	(45.7)
	Free	1,514	965	56.9	4,008	2,775	44.4
	Total	1,161	1,160	-	3,648	3,864	(5.6)
Commercial	Captive	1,102	1,160	(5.0)	3,508	3,862	(9.2)
	Free	59	-	-	140	2	-
Rural		513	488	5.1	1,701	1,654	2.8
Other		607	591	2.7	1,829	1,796	1.8
Energy Supply		6,302	6,253	0.8	19,026	19,901	(4.4)

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 11,835 GWh in 3Q17, representing a increase of 5.4%.

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



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	Number of Customers / Agreements			Energy Sold (GWh)					
	Sep-17	Sep-16	Var. %	3Q17	3Q16	Var. %	9M17	9M16	Var. %
Copel DIS									
Captive Market	4,539,406	4,464,005	1.7	4,729	5,287	(10.6)	14,878	17,124	(13.1)
Concessionaries and Licensees	3	4	(25.0)	134	150	(10.7)	391	484	(19.2)
CCEE (MCP)	-	-	-	406	1,250	(67.5)	2,013	2,252	(10.6)
Total Copel DIS	4,539,409	4,464,009	1.7	5,269	6,687	(21.2)	17,282	19,860	(13.0)
Copel GeT									
CCEAR (Copel DIS)	1	1	-	21	38	(44.7)	63	116	(45.7)
CCEAR (other concessionaries)	29	39	(25.6)	206	793	(74.0)	620	2,676	(76.8)
Free Customers	54	27	100.0	1,314	965	36.2	3,632	2,778	30.7
Bilateral Agreements ¹	35	33	6.1	1,973	1,937	1.9	5,483	5,796	(5.4)
CCEE (MCP) ²	-	-	-	1,623	512	217.0	3,348	1,395	140.0
Total Copel GeT	119	100	19.0	5,137	4,245	21.0	13,146	12,761	3.0
Wind Farms Complex									
CCEAR (other concessionaries)	112	112	-	211	212	-	627	630	(0.5)
CER	3	3	-	90	90	-	267	268	(0.4)
Total Wind Farm Complex	115	115	-	301	302	-	894	898	(0.4)
Copel Comercialização									
Free Customers	111	-	-	259	-	-	516	-	-
Bilateral Agreements	43	-	-	860	-	-	962	-	-
CCEE (MCP) ²	-	-	-	9	-	-	10	-	-
Total Copel Comercialização	154	-	-	1,128	-	-	1,488	-	-
Total Copel Consolidated	4,539,797	4,464,224	1.7	11,835	11,234	5.4	32,810	33,519	(2.1)

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

¹ Includes Short Term Sales Agreements.

² Assured Power allocated in the period, does not consider the impact of the GSF.

CCEE: Electric Power Trade Chamber / CCEAR: Energy Purchase Agreements in the Regulated Market / MCP: Short Term Market / CER: Agreements Reserve Energy.

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