



Notice to the Market – IR 10/16

Copel Distribuição's Captive Market declines 4.3% in the first quarter

This report analyzes the performance of Copel's electricity market between January and March 2016 and all comparisons refer to the same period in 2015.

Copel Distribuição

Captive Market

Copel Distribuição's electricity sales to the captive market totaled 6,016 GWh in 1Q16, 4.3% less than in 1Q15, chiefly due to the economic stagnation and the tariff increase. The following table shows captive market trends by consumption segment:

	Number of Customers			Energy sold (GWh)		
	Mar-15	Mar-16	Var. %	1Q15	1Q16	Var. %
Residential	3,462,231	3,549,987	2.5	1,897	1,781	(6.1)
Industrial	91,026	87,461	(3.9)	1,652	1,607	(2.7)
Commercial	371,123	377,880	1.8	1,498	1,417	(5.4)
Rural	372,203	366,365	(1.6)	651	614	(5.7)
Other	56,553	57,023	0.8	590	597	1.2
Captive Market	4,353,136	4,438,716	2.0	6,288	6,016	(4.3)

The residential segment consumed 1,781 GWh between January and March 2016, 6.1% down, reflecting the adverse economic situation and the tariff increases, that led to the rationalization of electricity consumption in this segment, and the registration of milder temperatures at the beginning of this year compared to those recorded in the first quarter 2015. At the end of March 2016, this segment accounted for 29.6% of Copel's captive market, totaling 3,549,987 customers.

The industrial segment consumed 1,607 GWh, 2.7% down, due to the migration of captive customers to the free market and the decrease of the industrial production in the sectors of machinery and equipment, automotive vehicles and furniture, partially offset by the growth in the production of foods products, especially in poultry slaughter. At the end of March 2016, this segment represented 26.7% of Copel's captive market, totaling 87,461 customers.

The commercial segment consumed 1,417 GWh, a decrease of 5.4% over the same period of 2015, due mainly to the decrease in retail sales volume, partially offset by the growth in the number of customers. At the end of March, this segment represented 23.6% of Copel's captive market, totaling 377,880 customers.

The rural segment fell by 5.7% in consumption compared to the first quarter of 2015, totaling 614 GWh, reflecting the registration of milder temperatures in 1Q16 compared to 1Q15. At the end of March 2016 the segment represented 10.2% of Copel's captive market and had 366,365 consumers.

Other segments (public agencies, public lighting, public services and own consumption) consumed 597 GWh, growing by 1.2% in the period. These segments jointly account for 9.9% of COPEL's captive market, totaling 57,023 consumers at the end of the period.

Copel Distribuição's Grid Market (TUSD)

Copel Distribuição's grid market, comprising the captive market, concessionaires and licensees in the State of Paraná, and all free consumers within the Company's concession area, fell 4.3% in the first quarter 2016, as shown in the following table:

	Number of Customers / Agreements			Energy Sold (GWh)		
	Mar-15	Mar-16	Var. %	1Q15	1Q16	Var. %
Captive Market	4,353,136	4,438,716	2.0	6,288	6,016	(4.3)
Concessionaires and Licensees	6	6	-	187	177	(5.3)
Free Customers ¹	127	157	23.6	1,030	991	(3.8)
Grid Market	4,353,269	4,438,879	2.0	7,505	7,184	(4.3)

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

Copel's Consolidated Market

Electricity Sales to Final Customers

COPEL's electricity sales to final customers, comprising COPEL Distribuição's sales in the captive market and COPEL Geração e Transmissão's sales in the free market, fell 5.1% in 1Q16.

The table below breaks down energy sales by consumption segment:

Segment	Market	Energy Sold (GWh)		
		1Q15	1Q16	Var. %
Residential		1,897	1,781	(6.1)
	Total	2,627	2,485	(5.4)
Industrial	Captive	1,652	1,607	(2.7)
	Free	975	878	(10.0)
	Total	1,501	1,419	(5.5)
Commercial	Captive	1,498	1,417	(5.4)
	Total	3	2	(33.3)
Rural		651	614	(5.7)
Other		590	597	1.2
Energy Supply		7,266	6,896	(5.1)

Total Energy Sold

Total energy sold by Copel, comprising Copel Distribuição's, Copel Geração e Transmissão's and Wind Complex's sales in all the markets, came to 10,922 GWh in 1Q16, 9.2% down over the same period last year, reflection of the strategy adopted by Copel GeT to allocate more energy in the spot market in the beginning 2015.

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

	Number of Customers / Agreements			Energy Sold (GWh)		
	Mar-15	Mar-16	Var. %	1Q15	1Q16	Var. %
Copel DIS						
Captive Market	4,353,136	4,438,716	2.0	6,288	6,016	(4.3)
Concessionaries and Licensees	6	6	-	170	162	(4.6)
CCEE (MCP)	-	-	-	-	354	-
Total Copel DIS	4,353,142	4,438,722	2.0	6,458	6,532	1.1
Copel GeT						
CCEAR (Copel DIS)	1	1	-	60	41	(32.2)
CCEAR (other concessionaries)	39	39	-	1,183	832	(29.7)
Free Customers	27	24	(11.1)	978	880	(10.0)
Bilateral Agreements ¹	25	19	(24.0)	1,694	2,031	19.9
CCEE (MCP) ²	-	-	-	1,524	309	(79.7)
Total Copel GeT	92	83	(9.8)	5,439	4,093	(24.7)
Copel Renováveis						
CCEAR (other concessionaries)	112	112	-	133	208	56.4
CER	-	3	-	-	89	-
Total Copel Ren	112	115	3	133	297	123
Total Copel Consolidated	4,353,346	4,438,920	2.0	12,030	10,922	(9.2)

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:

Araucária TPP

Additionally, the energy produced by the Araucária TPP was sold in the short-term market and totaled 78 GWh. The table below shows the amount of energy produced by the thermal power plant in the first quarter 2016:

	GWh		
TPP Araucária - UEGA	1Q15	1Q16	Var. %
Own Generation ¹	915	78	(91.5)

Font: ONS

¹ Value of gross generation verified by ONS, without considering losses of the Basic Network associated with the plant.

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