Copel Distribuição’s Grid Market grows 0.5% in the second quarter

This report analyzes the performance of Copel’s electricity market between April and June 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 0.5% in 2Q17, as shown in the following table:

	Number of Customers / Agreements			Energy Sold (GWh)					
	Jun-17	Jun-16	Var. %	2Q17	2Q16	Var. %	1H17	1H16	Var. %
Captive Market	4,515,938	4,456,326	1.3	4,813	5,820	(17.3)	10,149	11,837	(14.3)
Concessionaries and Licensees	6	6	-	145	185	(21.6)	288	362	(20.4)
Free Customers [1]	880	229	284.3	2,254	1,171	92.5	4,213	2,161	95.0
Grid Market	**4,516,824**	**4,456,561**	**1.4**	**7,212**	**7,176**	**0.5**	**14,650**	**14,360**	**2.0**

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

Copel Distribuição

Captive Market

Copel Distribuição’s captive market energy sales totaled 4,813 GWh in the 2Q17, which represents a reduction of 17.3%. 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 throughout 2016.

The following table shows captive market trends by consumption segment:

	Number of Customers			Energy sold (GWh)					
	Jun-17	Jun-16	Var. %	2Q17	2Q16	Var. %	1H17	1H16	Var. %
Residential	3,638,842	3,572,311	1.9	1,710	1,752	(2.4)	3,608	3,533	2.1
Industrial	78,000	84,457	(7.6)	828	1,623	(49.0)	1,725	3,230	(46.6)
Commercial	384,949	378,733	1.6	1,106	1,285	(13.9)	2,406	2,702	(11.0)
Rural	356,753	363,680	(1.9)	558	552	1.1	1,188	1,166	1.9
Other	57,394	57,145	0.4	611	608	0.5	1,222	1,206	1.3
Captive Market	**4,515,938**	**4,456,326**	**1.3**	**4,813**	**5,820**	**(17.3)**	**10,149**	**11,837**	**(14.3)**

The residential segment consumed 1,710 GWh between April and June 2017, recording a reduction of 2,4% in consumption, due to the lower average monthly consumption of customers (157 KWh in 2Q17 versus 163 KWh in 2Q16). This decrease in consumption is a result of the milder temperatures compared to the same period of 2016 and the activation of the red flag in April and May 2017 (against the activation of the green flag in the second quarter of 2016). In addition, the persistent economic scenario with high levels of unemployment, indebtedness and shrinking family income pressured households to save energy. In 2Q17, the residential consumption was equivalent to 35.5% of the captive market, totaling 3,638,842 consumers.

Average Consumption (kWh/month)		
2Q16	2Q15	Var.%
157	163	(4,2)

The industrial segment in the captive market registered a fall of 49.0% in the 2Q17, totaling 828 GWh, mainly reflecting the migration of customers to the free market. Between July 2016 and June 2017, 376 customers left Copel Dis's industrial captive market (38 customers only in 2Q17), which would represent an average consumption of, approximately, 827 GWh in the quarter if they continued in the captive market of Copel Dis. At the end of 2Q17, the industrial segment accounted for 17.2% of captive market consumption and had 78,000 consumers. Disregarding the effects of customer migration, this class would have grown by 2.0% in 2Q17.

The commercial segment consumed 1,106 GWh in the 2Q17, signifying a reduction of 13.9% compared to the 2T16. This performance was influenced by the migration of 262 customers to the free market between July 2016 and June 2017 (35 clients only in 2Q17), which corresponds to an approximate consumption of 161 GWh in the quarter, and the economic scenario, due to the decrease in the sales volume of retail trade. At the end of 2Q17, this segment represented 23.0% of the captive market with 384,949 consumers. Excluding the impact of customer migration, this segment would have registered growth of 1.5% in 2Q17.

Rural segment recorded a 1,1% increase in consumption in the 1Q17, totaling 558 GWh. At the end of June 2017, this segment represented 11.6% of Copel's captive market with 356,753 consumers.

Other segments (government, public lighting, public services and own consumption) totaled 611 GWh consumed between April and June 2017, growth of 0.5%. Together, these classes were equivalent to 12.7% of the captive market with 57,394 consumers at the end of 2Q17.

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 8.0% between April and June 2017.

The table below breaks down energy sales by consumption segment:

Segment	Market	Energy Sold (GWh)					
		2Q17	2Q16	Var. %	1H17	1H16	Var. %
Residential		**1,710**	**1,752**	**(2.4)**	**3,608**	**3,533**	**2.1**
Industrial	**Total**	**2,180**	**2,556**	**(14.7)**	**4,219**	**5,040**	**(16.3)**
	Captive	828	1,623	(49.0)	1,725	3,230	(46.6)
	Free	1,352	933	44.9	2,494	1,810	37.8
Commercial	**Total**	**1,151**	**1,285**	**(10.4)**	**2,487**	**2,704**	**(8.0)**
	Captive	1,106	1,285	(13.9)	2,406	2,702	(11.0)
	Free	45	0	-	81	2	-
Rural		**558**	**552**	**1.1**	**1,188**	**1,166**	**1.9**
Other		**611**	**608**	**0.5**	**1,222**	**1,206**	**1.3**
Energy Supply		**6,210**	**6,753**	**(8.0)**	**12,724**	**13,649**	**(6.8)**

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 10,621 GWh in 2Q17, representing a decrease of 5.1%.

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)					
	Jun-17	Jun-16	Var. %	1Q17	2Q16	Var. %	1H17	1H16	Var. %
Copel DIS									
Captive Market	4,515,938	4,456,326	1.3	4,813	5,820	(17.3)	10,149	11,837	(14.3)
Concessionaries and Licensees	6	6	-	131	172	(23.8)	257	334	(23.1)
CCEE (MCP)	-	-	-	1,006	645	56.0	1,607	1,002	60.4
Total Copel DIS	**4,515,944**	**4,456,332**	**1.3**	**5,950**	**6,637**	**(10.4)**	**12,013**	**13,173**	**(8.8)**
Copel GeT									
CCEAR (Copel DIS)	1	1	-	19	36	(47.2)	42	77	(45.5)
CCEAR (other concessionaries)	28	39	(28.2)	202	881	(77.1)	414	1,884	(78.0)
Free Customers	51	23	121.7	1,238	933	32.7	2,318	1,813	27.9
Bilateral Agreements [1]	32	16	100.0	1,841	1,827	0.8	3,510	3,859	(9.0)
CCEE (MCP) [2]	-	-	-	864	574	50.5	1,725	883	95.4
Total Copel GeT	**112**	**79**	**41.8**	**4,164**	**4,251**	**(2.0)**	**8,009**	**8,516**	**(6.0)**
Wind Farms Complex									
CCEAR (other concessionaries)	112	112	-	209	209	-	416	418	(0.5)
CER	3	3	-	89	89	-	177	178	(0.6)
Total Wind Farm Complex	**115**	**115**	**-**	**298**	**298**	**-**	**593**	**596**	**(0.5)**
Copel Comercialização									
Free Customers	75	-	-	159	-	-	257	-	-
Bilateral Agreements	12	-	-	50	-	-	102	-	
Total Copel Comercialização	**142**	**-**	**-**	**209**	**-**	**-**	**359**	**-**	**-**
Total Copel Consolidated	**4,516,313**	**4,456,526**	**1.3**	**10,621**	**11,186**	**(5.1)**	**20,974**	**22,285**	**(5.9)**

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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