
Table of Contents**Other operational risks**

Risk of shortage of wind—This risk results from the shortage of wind due to natural factors, which is reduced because the “wind deposits” in Brazil are one of the best in the world, as in addition to high speed, wind is considered stable, different from certain regions in Asia and the United States, which are subject to cyclones, typhoons and other natural factors.

Hydrological risks—The power supplied through the National Interconnected System (SIN) is mostly generated by hydroelectric power plants. As the SIN operates through an optimized shipment system, centralized at the National Electric System Operator (ONS), each hydroelectric power plant, including those owned by the Group, is exposed to the existing hydrological conditions, both in the region where it operates and other Brazilian regions.

When the hydrological conditions are unfavorable, together with the obligation of delivering the contracted power, the Group could be exposed to the power spot market, which would affect its future financial results. However, the Company’s total hydroelectric power generation capacity is part of the Energy Relocation Mechanism (MRE), which partly mitigates the hydrological risk by spreading it across all the plants included in the MRE.

19. SUBSEQUENT EVENTS

On May 6, 2015 the board of directors of Renova approved a planned share contribution agreement to be entered into with TerraForm Global, Inc. (“TerraForm Global”), an indirect subsidiary of SunEdison, Inc., whereby Renova will contribute all of its interests in the Group’s project companies for shares in TerraForm Global and/or cash. The transaction will be conditioned on applicable regulatory and third party approvals, as well as the successful completion of TerraForm Global’s planned underwritten initial public offering of shares to be registered in the United States of America.

Management has considered subsequent events through June 10, 2015, the date these combined financial statements were authorized to be issued.

F-86