

C.N.M.V  
Dirección General de Mercados e Inversores  
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Madrid

### **COMUNICACIÓN DE HECHO RELEVANTE**

#### **FONDO DE TITULIZACIÓN DEL DÉFICIT DEL SISTEMA ELÉCTRICO, F.T.A. Actuaciones sobre las calificaciones de los Bonos de las Series 3, 4, 10, 18, 21, 27, 28, 29 y 31 por parte de Moody's Investors Service.**

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A., comunica el siguiente hecho relevante:

Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Moody's Investors Service con fecha 23 de Abril de 2018, donde se llevan a cabo las siguientes actuaciones:

- Serie 3, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 4, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 10, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 18, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 21, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 27, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 28, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 29, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).
- Serie 31, subida de calificación a Baa1 (sf) desde Baa2 (sf) / upgraded to Baa1(sf) from Baa2 (sf).

En Madrid a 24 de Abril de 2018

Ramón Pérez Hernández  
Consejero Delegado

**Rating Action: Moody's upgrades the ratings of the notes issued by Fondo de Titulizacion del deficit del sistema electrico, FTA to Baa1 (sf) from Baa2 (sf)**

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23 Apr 2018

**Moody's has also put on review for possible upgrade the ratings of another four Spanish ABS transactions backed by electricity tariff receivables**

Madrid, April 23, 2018 -- Moody's Investors Service ("Moody's") upgraded the ratings of the notes issued by Fondo de Titulizacion del déficit del sistema electrico, FTA (FADE) to Baa1 (sf) from Baa2 (sf):

...EUR2649M Series 3 Notes, Upgraded to Baa1 (sf); previously on Oct 21, 2015 Affirmed Baa2 (sf)

...EUR2225M Series 4 Notes, Upgraded to Baa1 (sf); previously on Oct 21, 2015 Affirmed Baa2 (sf)

...EUR642M Series 10 Notes, Upgraded to Baa1 (sf); previously on Oct 21, 2015 Affirmed Baa2 (sf)

...EUR2125M Series 18 Notes, Upgraded to Baa1 (sf); previously on Oct 21, 2015 Affirmed Baa2 (sf)

...EUR2010M Series 21 Notes, Upgraded to Baa1 (sf); previously on Oct 21, 2015 Affirmed Baa2 (sf)

...EUR70M Series 27 Notes, Upgraded to Baa1 (sf); previously on Oct 13, 2016 Definitive Rating Assigned Baa2 (sf)

...EUR188M Series 28 Notes, Upgraded to Baa1 (sf); previously on Oct 17, 2016 Definitive Rating Assigned Baa2 (sf)

...EUR1134M Series 29 Notes, Upgraded to Baa1 (sf); previously on Feb 9, 2017 Definitive Rating Assigned Baa2 (sf)

...EUR1120M Series 31 Notes, Upgraded to Baa1 (sf); previously on Jun 14, 2017 Definitive Rating Assigned Baa2 (sf)

Today's upgrades follow Moody's upgrade of Spain's sovereign rating to Baa1 from Baa2 on 13 April 2018. As stated in the ratings rationale below, the ratings of the notes are fully linked to the rating of the Government of Spain.

This improvement in the Spanish government's credit worthiness could also have a positive impact on the deals Alectra Finance p.l.c., Bliksem Funding Limited, Rayo Finance Ireland (No.1) Limited and Telectric 1 DAC which have been all put on review for possible upgrade:

Issuer: Alectra Finance p.l.c.

...EUR1197.05M (Current outstanding amount of EUR329.1M) Class A Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

Issuer: Bliksem Funding Limited

...EUR200M (Current outstanding amount of EUR47.4M) Class A Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

Issuer: Rayo Finance Ireland (No.1) Limited

...EUR75M (Current outstanding amount of EUR16.2M) Series 1 Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

...EUR507.63M (Current outstanding amount of EUR111.8M) Series 2 Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

...EUR269.31M (Current outstanding amount of EUR56.5M) Series 3 Notes, Aa3 (sf) Placed Under Review for

Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

...EUR439.27M (Current outstanding amount of EUR98.6M) Series 4 Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

...EUR421.7M (Current outstanding amount of EUR123.8M) Series 5 Notes, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

Issuer: Telectric 1 DAC

...EUR359.8M (Current outstanding amount of EUR341.2M) Secured Notes due 17 March 2029, Aa3 (sf) Placed Under Review for Possible Upgrade; previously on Jan 22, 2018 Upgraded to Aa3 (sf)

## RATINGS RATIONALE

The ratings of the notes of FADE take into account the specific nature of this transaction and unique structure, which differs substantially from other electricity tariff securitisations and is recognised by a Spanish government royal decree. Moody's assigned the ratings primarily based on: (i) an evaluation of the guarantee from the Government of Spain, which guarantees the interest and principal payments on the notes; (ii) the current rating of the Government of Spain (rated Baa1, (P)P-2); and (iii) an evaluation of the structural features of the transaction.

The rationale for the upgrade of the Government of Spain is explained in the press release found in the following link:

[http://www.moodys.com/viewresearchdoc.aspx?docid=PR\\_381868](http://www.moodys.com/viewresearchdoc.aspx?docid=PR_381868)

The rating of the notes is fully linked to the rating of the Government of Spain, as the claims of the issuer under the guarantee represent an unconditional, irrevocable, legal, valid and binding obligation of the Spanish government, as confirmed by the transaction's legal counsel. Furthermore, if the Government of Spain failed to make the required payments under the guarantee, this could trigger an event of default if the management company considered this course of action in the best interest of the noteholders.

The rating of the notes does not consider the additional support that could be brought by the security over the assets due to (a) the potentially large cash-flow mismatches between the assets and the rated liabilities, and (b) the level of predictability of the assets timing of payment based on the available information.

This transaction is a securitisation of credit receivables attributed to certain Spanish utility companies and recognised by Spanish royal decree. The securitisation allows the utility companies to obtain compensation for shortfalls in the settlement of their regulated activities in the electricity market ("tariff deficit"). The tariff deficit is the difference between the costs incurred to supply the power and the regulated tariffs charged to the end users. The compensation is considered a fixed cost of the system and electricity consumers have an amount added to their electricity bills in order to cover this deficit. The Spanish markets regulator (CNMV) sets, administers and receives these amounts and passes them on to the specified utilities companies.

The Government of Spain (rated Baa1/(P)P-2) provides a guarantee of interest and principal due under all series of notes issued by the issuer. The guarantee is enforced by FADE's management company, and its main features are:

- The guarantee is irrevocable and unconditional.
- Up to a maximum programme size of EUR26 billion.
- The obligations assumed are enforceable on the date when the guaranteed obligation becomes due (principal or ordinary interest).
- Covers penalty interest on all notes in case payment is not made on time.

The management company is required to request payment under the guarantee within five days from the due date of each series of notes. A credit line granted by Instituto de Credito Oficial (ICO; rated Baa1/P-2) for a maximum amount of EUR2.0 billion is available to cover the issuer's regular senior expenses as well as interest and principal on all Series. The credit line is immediately available and can be drawn on any payment date whereas the government guarantee may take a few days to be paid.

Regarding Alectra Finance p.l.c., Bliksem Funding Limited, Rayo Finance Ireland (No.1) Limited and Telectric 1 DAC, Moody's considers that an improvement on the creditworthiness of the Spanish government might have a positive impact on the Spanish electricity system outstanding debt repayment management due to a more stable macroeconomic environment.

Counterparty exposure:

Today's rating action took into consideration the notes' exposure to relevant counterparties, such as servicer, account banks or swap providers.

Moody's considered how the liquidity available in the transactions and other mitigants support continuity of notes payments, in case of servicer default.

Moody's also assessed the default probability of the account bank providers by referencing the bank's deposit rating.

Moody's assessed the exposure to the swap counterparties. Moody's considered the risks of additional losses on the notes if they were to become unhedged following a swap counterparty default by using CR Assessment as reference point for swap counterparties.

Principal Methodologies:

The principal methodology used in rating all deals except Fondo de Titulizacion del deficit del sistema electrico, FTA was "Moody's Global Approach to Rating Securities Backed by Utility Cost Recovery Charges" published in June 2015. The principal methodology used in rating Fondo de Titulizacion del deficit del sistema electrico, FTA was "Rating Transactions Based on the Credit Substitution Approach: Letter of Credit-backed, Insured and Guaranteed Debts" published in May 2017. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

Factors that would lead to an upgrade or downgrade of the ratings:

In the case of FADE, the rating of the notes could be upgraded or downgraded reflecting changes in the credit quality of the Government of Spain which acts as guarantor of the transaction.

In the case of Alectra Finance p.l.c., Bliksem Funding Limited, Rayo Finance Ireland (No.1) Limited and Telectric 1 DAC, the underlying assets' credit quality would weaken if any electricity reforms weaken the terms of the tariff deficit receivables, new deficits maintain or increase the system's debt level or if the Spanish government's creditworthiness weakens. The assets' credit quality would benefit from a stronger-than-expected macroeconomic environment in Spain, resulting in an improvement in the government's creditworthiness. They would also benefit from a positive trend in ETDs reduction.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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