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8. Borrowings

The Group´s small hydroelectric and wind energy generating facilities are owned and operated in separate legal entities for which the costs of development and construction have been financed by borrowings with Brazilian development banks through project entity specific debt secured by the project entity assets with no recourse to the Parent. The outstanding balances under these financing arrangements at December 31, 2014 and 2013 are summarized as follows:

		12/31/14				12/31/13				01/01/2013					
				Current	Noncurrent			Current	Noncurrent			Current			Noncurrent
	Interest rate	Interest	Principal	Total	Principal	Interest	Principal	Total	Principal	Interest	Principal	Total	Interest	Principal	Total
BNDES	TJLP + 1,92% to 2,18% p.a.	2,625	60,625	63,625	806,114	2,604	60,260	62,864	861,581	3,247	37,786	41,033	72,174	832,308	904,432
BNDES—Subloans	TJLP	14	1,527	1,541	5,419	11	946	957	4,482	17	446	463	89	3,456	3,545
BNB	8,08% p.a.	—	5,897	5,897	90,738	20	5,536	5,556	96,635	818	5,617	6,435	—	102,172	102,172
Borrowing subtotal		2,639	68,049	70,688	901,271	2,635	66,742	69,377	962,698	4,082	43,849	47,931	72,263	937,936	1,010,199
(-) Debt issuance costs		—	(617)	(617)	(8,225)	—	(617)	(617)	(8,842)	—	—	—	—	(10,074)	(10,074)
Total		2,639	67,432	70,071	893,046	2,635	66,125	68,760	953,856	4,082	43,849	47,931	72,263	927,862	1,000,125

BNDES Agreements—The Group´s wind energy generation projects have been financed through the Brazilian National Development Bank (*Banco Nacional de Desenvolvimento Econômico e Social*—BNDES) in the total amount of R$ 893,457. Borrowings accrue interest at variable rates based on the Long-term Interest Rate (*Taxa de Juros de Longo Prazo*—TJLP) as offered by BNDES plus a credit spread ranging from 1.92% for subsidiary entities of Salvador and 2.18% for subsidiary entities of Bahia. For the years ended December 31, 2014 and 2013, TJLP was 5.5%. Principal and interest are payable monthly from May 2013, with final maturity in 2029.

The project are also financed by sub-loans with BNDES, which have an outstanding principal amount of R $6,960. The sub-loans bear variable interest at TJLP rate, and mature in 2019 and 2029 for Bahia and Salvador respectively.

Borrowings under the BNDES financing agreements are secured by a pledge of the shares of all subsidiaries of Bahia and Salvador, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries' PPAs. Additionally, these agreements require that the subsidiaries maintain funds in restricted deposit accounts as collateral and guarantee for the related borrowings, equivalent to three months of debt service and three months of operation and maintenance expenses (see note 9).

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. Additionally, the agreements require the maintenance of a minimum debt service coverage ratio, as defined in the agreements, of 1.3:1. At December 31, 2014 the Group was in compliance with all related covenants under the individual financing agreements.

BNB Agreements—The Group´s small hydroelectric energy generation projects have been financed through the Bank of the Northeast of Brazil (*Banco do Nordeste do Brasil—BNB*) for a total amount of R$ 120,096. Borrowings under the agreements are subject to fixed rate interest of 9,5% per annum (which can be reduced to 8.08% due to a 15% timely payment bonus), with principal and interest payable monthly with final maturity in 2026.

Borrowings under the BNB financing agreements are secured by a pledge of the shares of all subsidiaries of Espra, substantially all the operating assets of the operating subsidiaries, and rights to receivables and cash collections on the future sales of electricity under the subsidiaries' PPAs. Additionally, these agreements require that the subsidiaries maintain funds in a restricted deposit account as collateral and guarantee for the related borrowings (see note 9).

These agreements contain customary representations, covenants and warranties of the borrower including limitations on business activities, guarantees, environmental matters, and project maintenance standards. At December 31, 2014 the Group was in compliance with all related covenants under the individual financing agreements.