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This issue of our Energy Newsletter provides information on the main administrative and regulatory actions and legal texts related to regulation of the electric energy sector in Brazil. This material is for informative purposes only and should not be used for decision making. Our lawyers are available to provide specific legal advice.

ENERGY AND NATURAL RESOURCES AREA

DEMAREST

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Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

On May 9, Demarest's Energy practice partners Pedro Henrique Dante and Raphael Gomes gave a lecture on the current issues in the electricity sector, discussing the positive and negative aspects that the government is triggering in the sector.

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

Energy traders will have to adapt to the new rules of operation

CCEE, Aneel and MME announced short-term actions to come into force in 2020, aimed at increasing security of the energy market. <u>See in full</u>

Sale of Tucuruí will reduce Eletronorte's revenue by 70%

Operating cash flow of the plant until the maturity of the concession in 2024 will be higher than the remuneration for 30 years under the quota system. See in full

Neoenergia to invest in power plants for the free market

The company is bringing in a Mexican team to replicate the model that Iberdrola has in that country to serve end customers through new plants. See in full

CCEE approves ONS' adhesion to the free energy market

The National Electricity System Operator (ONS) estimates cost savings of more than BRL 3 million by 2022. <u>See in full</u>

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

CPFL launches project to install 700 kWp of solar energy in Campinas

Discounts of up to 50% will be offered on the acquisition and installation of systems for the participating Condominiums. <u>See in full</u>

Roraima auction contracts 293.8 MW of power

There was no contracting of energy product, combined supply solutions . <u>See in full</u>

With differentiated model, Solarian Energy wants 25 MW of Distributed Generation in 2020

Company targets customers controlling many units that want reduction but do not want to make investments in systems. <u>See in full</u>

Associations advocate new postponement of the deadline for the application of the hourly price

MME will assess whether to extend the period of contributions from the public consultation on the topic. <u>See in full</u>

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

First energy auction of the Bolsonaro government is held successfully

Tender to serve Roraima state made possible nine new projects, whose nominal power amounts to 293.8 MW. <u>See in full</u>

Distributors will receive BRL 39.2 million from the Flag Tariff Account

Value stipulated by Aneel relates to April accounting. Enel Distribuição SP, Cemig D, Light, Copel D and Celesc D will receive the highest amounts. Debtor distributors will have to contribute BRL 232.4 thousand. <u>See in full</u>

Remuneration for impeded wind generation is on the agenda, says ONS

ONS and Aneel work to regulate the form of remuneration for wind energy agents in situations where plants are obliged to reduce production. <u>See in full</u>

CPFL Energia advances process to make primary public offering of shares

The price of the shares will be established after consulting the market, but is expected to be between BRL 29.30 and BRL 35.30. <u>See in</u> <u>full</u>

DEMAREST

Demarest In the News

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

MME extends public consultation on hourly price model

This will allow contributions to be sent until 10 June. See in full

Revision of Resolution 482 should not bring setbacks, says Aneel

Tax reform can enable credit operations between states. <u>See in full</u>

BNDES analyzes 2.7 GW in energy projects for the free market

Joaquim Levy assured that the bank will continue to support renewable energy. <u>See in</u> <u>full</u>

BNDES to evaluate the export capacity of the Brazilian wind industry

The Bank has been seeking market information to verify opportunities to strengthen the sector. <u>See in full</u>

Auction A-6 2019, scheduled for September 26, postponed until October 17. See in full

Demarest In the News Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

DECREE No. 1.355, APRIL 15, 2019

Sets the value of the funding quotas related to the Incentive Program for Alternative Energy Sources (PROINFA), for July 2019. Period for payment: up to June 10, 2019.

ORDER No. 5.734, APRIL 23, 2019

Approves the revision of the intermediate targets for the institutional performance evaluation cycle of ANEEL, effective from July 1, 2018 to June 30, 2019, approved by Ordinance No. 5,144, of June 26, 2018.

ORDER No. 5.736, APRIL 23, 2019

Establishes the structure for the internal functioning of the Superintendence Office of Administration and Finance (SAF) within Aneel.

ORDER No. 217, APRIL 29, 2019

Establishes the schedule of the Auctions for the Public Service Concessions for Power Transmission for the years 2019, 2020 and 2021.

ORDER No. 5.750, APRIL 30, 2019

Establishes the structure for the internal functioning of the Superintendence Office of Administrative Mediation, Sector Ombudsman and Public Participation (SMA) within Aneel. Demarest In the News Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

AUTHORIZATION RESOLUTION No. 7.807, APRIL 30, 2019

Provisionally approves six (6) twelfths of the budget proposed for the financial year 2019 by the National Electricity System Operator (ONS).

DECREE Nº 1.253, MAY 02, 2019

Sets the credits and debits of the Centralized Flag Tariff Account (*Conta Bandeiras*) for the settlement of short-term market transactions at the Chamber for the Commercialization of Electric Energy (CCEE), for March 2019, according to Sub-module 6.8 of the Tariff Regulation Procedures (PRORET), approved by Normative Resolution No. 826, of August 13, 2018.

ORDER No. 222, MAY 6, 2019

Establishes the Guidelines for the organization of the Auction for Purchase of Electric Energy originating from New Generation Projects, under the New Energy Auction "A-6" regime, in 2019.

ORDER No. 5.771, MAY 14, 2019

Delegates the competence to the Chief of Staff of the Director-General of Aneel to analyze, approve and send to the Ministry of Economy (ME) the Annual Contracting Plan (PAC), through the Computerized System of Planning and Management of Contracting– (PGC), regulated by Normative Instruction SEGES No. 1/2019, without prejudice to the competence of the Director-General.

Demarest In the News Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

DECREE Nº 1.354, MAY 15, 2019

Sets the value of the quotas regarding the Energy Development Account (CDE) charge for March 2019. Period for payment: up to June 10, 2019.

ORDER Nº 5.787, MAY 21, 2019

Establishes the structure for the internal functioning of the Tariff Management Superintendence (SGT), without prejudice to other attributes of competence of the unit.

ORDER No. 230, MAY 22, 2019

Approves the Systematics to be applied in the implementation of the Auction for Purchase of Electric Energy originating from New Generation Projects, under the New Energy Auction "A-4" regime, of 2019, provided for in Article 1 of MME Ordinance No. 186, of April 3, 2019.

RESOLUTION No. 2.554, MAY 28, 2019

Approves the Auction Notice No. 03/2019-ANEEL and its Annexes (New Energy Auction A-4 of 2019), referring to the purchase of electricity originating from new generation projects, including hydroelectric, wind, solar photovoltaic and biomass thermoelectric for National sources, intended the Interconnected System (SIN), in the Regulated Contracting Environment (ACR), and establishes the TUST and TUSD of reference for the generating plants that participate in the aforementioned Auction.

DEMAREST

Demarest In the News Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

DECREE No. 1.525, MAY 30, 2019

Sets the credits and debits of the Centralized Flag Tariff Account (*Conta Bandeiras*) for the settlement of short-term market transactions at the Chamber for the Commercialization of Electric Energy (CCEE), for April 2019, according to Sub-module 6.8 of the Tariff Regulation Procedures (PRORET), approved by Normative Resolution No. 826, of August 13, 2018.

	PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
Demarest In the NewsRegulatory Results (ARR) of the resultsDemarest ViewpointsNotice of Extension – 003/2019Regulatory Results (ARR) of the results through incentives of the e 	To obtain inputs for the Evaluation of Regulatory Results (ARR) of the regulation through incentives of the electricity distribution segment, assessing the regulatory environment regarding the use of technologies in the improvement of service, energy efficiency and business development (item No. 31 of the Regulatory Agenda of ANEEL 2018/2019).	Exchange of documents	Extended until June 30, 2019	
Regulatory Calendar	016/2019	To obtain inputs for the improvement of the First Periodic Review of the Annual Allowed Revenue (RAP) associated with the transmission facilities designated to Amazonas Geração e Transmissão de Energia S.A., Amazonas-GT, effective as of July 1, 2019.	Exchange of documents	05/03/2019 to 06/03/2019

* All dates expressed here as: mm/dd/YYYY

	PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
Demarest In the News		To obtain inputs for the improvement of the proposal for the Periodic Tariff Review		
Demarest Viewpoints		of Espírito Santo Centrais Elétricas S.A (EDP ES), effective from August 7, 2019, and definition of the corresponding limits of the indicators of continuity of Equivalent Duration of Interruption by Consumption Unit (DEC) and Equivalent Frequency of Interruption by Consumption Unit (FEC), for	Exchange of documents and face-to-face meetings	05/08/2019 to 06/24/2019; face-to-face meeting on 06/06/2019
Highlights				
Regulatory Matters	017/2019			
Public Hearings and Consultations Regulatory Calendar				
	018/2019	the period from 2020 to 2022. To obtain inputs for the improvement of the proposal for Revision of the Rural Universalization Plan of the Electricity Company of Acre (Eletroacre) and the municipalities of its concession area, from 2018 to 2021.	Exchange of documents	05/16/2019 to 06/29/2019

DEMAREST

	PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
Demarest In the News		To obtain inputs for the Regulatory Impact		4/11/2019 to
Demarest Viewpoints		Analysis regarding the revision of Normative Resolution No. 709/2016, which establishes provisions related to the development of operating and holding activities of electric energy transmission concessionaires.	Exchange of documents	5/24/2019 with Face-to- Face Meeting on 05/22/2019
Highlights	No. 014/2019			
Regulatory Matters				
Public Hearings and Consultations				
Regulatory Calendar	019/2019	To obtain inputs to improve the proposal for regulatory treatment of thermoelectric plant dispatches by load level.	Exchange of documents	05/16/2019 to 07/01/2019
	020/2019	To obtain inputs for the improvement of the proposal regarding the Fifth Periodic Tariff Review of the Pará Electric Power Plants (Celpa), effective from August 7, 2019, and definition of the corresponding limits of the indicators of continuity of Equivalent Duration of Interruption per Consumer Unit - DEC and Equivalent Frequency of Interruption per Consumer Unit - FEC for the period from 2020 to 2023.	Exchange of documents and face-to-face meetings	05/20/2019 to 07/08/2019; face-to-face meeting on 06/14/2019

	PUBLIC HEARING	SUBJECT	FORMAT	TERM FOR CONTRIBUTIONS
Demarest In the News Demarest Viewpoints Highlights	021/2019 To obtain inputs for the proposal that extends the year limit for the achievement of rural universalization of Centrais Elétricas de Distribuição de Rondônia S.A. (Ceron) (Energisa Rondônia) and the municipalities in its concession area from 2018 to 2021.	extends the year limit for the achievement of rural universalization of Centrais Elétricas	Exchange of documents	05/23/2019 to 07/08/2019
Regulatory Matters Public Hearings and Consultations Regulatory Calendar				
	022/2019	To obtain inputs for the improvement of the methodology to define the maximum and minimum limits of the Settlement Price of Differences (PLD).	Exchange of documents	05/29/2019 to 06/28/2019; face-to-face meeting on 06/19/2019

	PUBLIC CONSULTATION	SUBJECT	FORMAT	TERM FOR CONTRIBUTIONS
Demarest In the News		To obtain inputs on the reasonableness criteria of the estimates of investments in		
Demarest Viewpoints	Notice of	projects of the Free Contracting		Extended to
Highlights	Extension	Environment, which is dealt with in MME	Exchange of documents	Extended to May 17, 2019
Regulatory Matters	04/2019	Ordinance No. 318, of August 1, 2018, for purposes of classification Special Regime of		
Public Hearings and Consultations		Incentives for the Development of Infrastructure (REIDI).		
Regulatory Calendar	09/2019	Obtain inputs for: (i) the proposal to amend sub-modules 3.1 (Free Environment Contracts) and 8.1 (Monthly MCSD, Free Exchanges and 4% of the Marketing Procedures), due to Normative Resolution	Exchange of documents	05/02/2019 to 05/31/2019

	PUBLIC CONSULTATION	SUBJECT	FORMAT	TERM FOR CONTRIBUTIONS
Demarest In the News		To obtain inputs to modify the algebraic expressions related to the Rules of		ts 05/06/2019 to 05/15/2019
Demarest Viewpoints		Commercialization of Electric Energy in the versions for 2017, 2018 and 2019, to correct the determination of unavailability of thermoelectric plants in order of merit for the purposes of calculating the amount of energy eligible for displacement of Exchange of docume hydroelectric generation under the Normative Resolution No. 764 of April 18, 2017, and consequent recalculation, by the Chamber of Commercialization of Electric Energy (CCEE), of short-term market operations since the enforcement of this Resolution.		
Highlights				
Regulatory Matters				
Public Hearings and Consultations Regulatory Calendar	10/2019		Exchange of documents	
	11/2019	To obtain inputs on the methodology of Calculation of Regulatory Operating Costs, to be applied, from 2020, to the tariff review processes of electric power distribution concessionaires.	Exchange of documents	05/20/2019 to 06/18/2019

DEMAREST

	PUBLIC CONSULTATION	SUBJECT	FORMAT	TERM FOR CONTRIBUTIONS
Demarest In the News		To obtain inputs for evaluation of the need		
Demarest Viewpoints 12/2019 Highlights	12/2019	to improve ancillary service requirements of the Network Procedures.		05/23/2019 to 06/21/2019
Regulatory Matters				
Public Hearings and Consultations				
Regulatory Calendar				

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

June 3, 2019

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End of the period to submit suggestions for Public Hearing No. 016/2019. See in full

June 4, 2019

Beginning of the period to insert declarations of surplus and deficit (MCSD) of Existing Energy for June/2019

June 6, 2019

Debit of the Financial Settlement of the Short-Term Market (MCP) for April/2019.

June 7, 2019

Credit of the Financial Settlement of the Short-Term Market (MCP) for April/2019.

End of the period to submit suggestions for Public Hearing No. 015/2019. <u>See in full</u>

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

June 10, 2019

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End of the period to submit declarations of surplus and deficit (MCSD) of Existent Energy for June/2019.

June 12, 2019

End of the period to submit suggestions for Public Hearing No. 013/2019. <u>See in full</u>

June 17, 2019	June 18, 2019
Financial Settlement of Angra I and II for May/2019.	Financial Settlement of the Physical Guarantee Quota Regime for March/2019.
	End of the period to submit suggestions for Public Consultation No. 011/2019. See in full
	Debit of the Financial Settlement of Reserve Energy for May/2019.

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

June 19, 2019

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Credit of the Financial Settlement of Reserve Energy for May/2019.

June 21, 2019

End of the period to submit suggestions for Public Consultation No. 012/2019. <u>See in full</u>

June 24, 2019

Deadline for the contribution of financial guarantees (except for the distribution agents) for May/2019.

End of the period to submit suggestions for Public Hearing No. 017/2019. <u>See in full</u>

June 25, 2019

Financial Settlement of MCSD of Existing Energy for May/2019.

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

June 27, 2019

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A-4 New Energy Auction

June 29, 2019

End of the period to submit suggestions for Public Hearing No. 018/2019. See in full

June 30, 2019

End of the period to submit suggestions for Public Consultation No. 003/2019. <u>See in</u> <u>full</u> **SÃO PAULO** Av. Pedroso de Moraes, 1201 +55 11 3356 1800

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