

No. 18 / JULY 2019

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

Regulatory Matters Public Hearings and Consultations

Regulatory Calendar

A-4 auction contracts only 81,1 MW average

Solar reaches a new record price in Brazil: BRL 67.48/MWh See in full

Auction A-4: With the highest price registered, Celesc confirms participation in the auction

The state-owned company has made possible the expansion of the Celso Ramos SHP and will use local suppliers in the construction works for the plant. <u>See in full</u>

Success of the A-4 auction ensured by the Free Market

Solar energy has set a new international price record. <u>See in full</u>

Board of Eletrobras approves restructuring between CGTEE and Eletrosul

The resulting company will be called Eletrobras CGT Eletrosul and will be headquartered in Florianópolis. <u>See in full</u>

House approves Bill for solution to GSF

The proposed Bill maintains controversial points such as the withdrawal of resources from the pre-salt social fund for the construction of gas pipelines by private Companies. <u>See in full</u>

Regulatory Matters Public Hearings and Consultations Regulatory Calendar

Requirement for free consumer will be reduced from 1 July

Energy source swap encouraging towards conventional will open opportunity for more consumers to migrate to the free market. <u>See</u> in full

Dubai's colorful photovoltaic coating arrives in Brazil

Solution created by SwissInso allows energy to be stored in solar batteries and to be used in connection with the local supply network. Material is in the final stage of approval by Inmetro. <u>See in full</u>

Tesla registers the first energy derivative contract

Trading can provide more liquidity and security to the energy market. See in full

EDP inaugurates its largest photovoltaic complex in Brazil

Project with a capacity to produce 17.5 GWh per year was built in Minas Gerais for Multiplan's energy self-production, which predicts savings of BRL 55 million in a decade. See in full

DEMAREST

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<u>Highlights</u>

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First measures for modernization of the sector should come out between 60 and 90 days

MME will soon launch a public consultation on a review of the physical guarantee of hydroelectric plants. <u>See in full</u>

AES Tietê first to issue solar energy green bonds in Brazil

Funding of BRL 820 million in green debentures will be allocated to the Guaimbê and Ouroeste power plants, located in São Paulo. <u>See in full</u>

GreenYellow to invest BRL 40 million in two solar plants in São Paulo

Located in the cities of Penápolis and Barbosa, the plants will add 10 MWp of installed capacity. <u>See in full</u>

Regulatory Matters

Public Hearings and Consultations

Regulatory Calendar

DECREE No. 5.794, MAY 28, 2019

Establishes the internal functioning of the Superintendence of Regulation of Distribution Services ("SRD"), through detailed technical coordination; as well as, repeals ANEEL Ordinance 4.271, of October 31, 2016.

ORDER No. 1.550, MAY 31, 2019

Approves the Monthly Revenue Difference under the application of the Social Tariff for Electric Energy (TSEE) and the resources of the Energy Development Account (CDE) to be transferred by the Chamber of Commercialization of Electric Energy (CCEE), for the month of April 2019, in Annexes I and II; and, denies homologation regarding the competencies of Annex III.

ORDER No. 1.553, MAY 31, 2019

Establishes the green tariff flag regarding June 2019.

ORDER No. 1.561, JUNE 3, 2019

Establishes the Electric Energy Services Inspection Fee (TFSEE) for electric energy distribution agents that underwent tariff updating in May 2019.

ORDER No. 1.572, JUNE 4, 2019

Establishes the values of the quotas referring to the Energy Development Account (CDE) charge for April 2019, concerning the concessionaires of the public service of electric power transmission, which serve free consumers and/or self-producers of the basic network of the National Interconnected System.

Regulatory Matters

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ORDER No. 1.573, JUNE 4, 2019

Sets the value of the funding quotas related to the Incentive Program for Alternative Energy Sources (PROINFA), for August 2019, concerning the concessionaires of the public service of electric power transmission, which serve free consumers and/or self-producers of the basic network of the National Interconnected System.

DECREE No. 5.808, JUNE 4, 2019

Establishes the internal functioning of the Superintendence of Economic Regulation and Market Studies (SRM), through detailed technical coordination.

ORDER No. 1.635, JUNE 6, 2019

Approves the changes in the algebraic expressions related to the Rules for the Commercialization of Electric Energy, versions 2017, 2018 and 2019, to correct the determination of unavailability of thermoelectric plants, for the purpose of calculating the amount of energy eligible for the displacement of hydroelectric generation, applicable to the Accounting and Settlement System, and determines the recalculation for the CCEE.

Regulatory Matters

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Regulatory Calendar

DECREE No. 139, JUNE 11, 2019

Establishes the amounts of physical energy guarantee for Small Hydroelectric Power Plants (PCHs) and Hydroelectric Generating Plants (CGHs), in the form of Annexes I and II to this Decree, with a view to participating in the Auction for the Purchase of Electric Energy originating from New Generation Projects, known as the "A-4" Auction, in 2019.

DECREE No. 140, JUNE 11, 2019

Establishes the amounts of physical energy guarantee of Thermoelectric Plants, in the form of Annexes I, II, III, IV, V and VI to this Decree, with a view to participation in the Auction for the Purchase of Electric Energy originating from New Generation Projects, called "A-4" Auction, in 2019.

DECREE No. 141, JUNE 11, 2019

Establishes the amounts of physical energy guarantee of Solar Photovoltaic Plants, in the form of the Annex to this Decree, with a view to participating in the Auction for the Purchase of Electric Energy originating from New Generation Projects, called "A-4" Auction in 2019.

DECREE No. 142, JUNE 11, 2019

Establishes the amounts of physical energy guarantee of Wind Power Plants, in the form of the Annex to this Decree, with a view to participating in the Auction for the Purchase of Electric Energy originiating from New Generation Projects, called the "A-4" Auction, in 2019.

Regulatory Matters

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DECREE No. 143, JUNE 11, 2019

Establishes the amounts of the physical energy guarantee of Hydroelectric Power Plants, in the form of the Annex to this Decree, with a view to participating in the Auction for the Purchase of Electric Energy originating from New Generation Projects, called the "A-4" Auction.

NORMATIVE RESOLUCTION No. 846, JUNE 11, 2019

Approves procedures, parameters and criteria for the imposition of penalties on agents in the electricity sector and provides for general guidelines regarding ANEEL's supervision.

RESOLUTION No. 2.562, JUNE 25, 2019

Establishes the value of the Transmission System Use Tariffs (TUST) of electric power of the National Interconnected System, effective from July 1, 2019 to June 30, 2020.

RESOLUTION No. 2.565, JUNE 25, 2019

Establishes the annual revenues allowed for public service concessionaires of electric power transmission, by making available the transmission facilities under their responsibility.

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RESOLUCTION No. 2.566, JUNE 25, 2019

Approves the Distribution Systems Use Tariffs (TUSD) applicable to generating plants connected at voltage levels of 88 or 138, relative to tariff cycle 2019/2020.

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	PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
Highlights Regulatory Matters <u>Public Hearings and</u> <u>Consultations</u> Regulatory Calendar	2nd Phase of the Public Hearing No. 061/2018	To obtain inputs and additional information for the improvement of the proposal for the regulation of geospatialization of the transmission facilities.	Exchange of documents	06/27/2019 to 08/25/2019
	No. 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
	No. 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 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

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

	PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Highlights Regulatory Matters <u>Public Hearings and</u> <u>Consultations</u> Regulatory Calendar	No. 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 within its concession area from 2018 to 2021.	Exchange of documents	05/23/2019 to 07/08/2019
	No. 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 within its concession area from 2018 to 2021.	Exchange of documents	05/23/2019 to 07/08/2019
	No. 023/2019	To obtain inputs and additional information for the improvement of the proposal of the Transmission Auction Notice No. 2/2019, intended for the contracting of a public service of electric power transmission, referring to the construction, operation and maintenance of transmission lines, substations and other facilities that are part of the Basic Network of the National Interconnected System (SIN).	Exchange of documents	05/30/2019 a 07/01/2019

	PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Highlights Regulatory Matters <u>Public Hearings and</u> <u>Consultations</u> Regulatory Calendar	No. 024/2019	To obtain inputs for the improvement of the proposal for the Periodic Tariff Review of Espírito Santo Centrais Elétricas S.A (EDP ES), effective from August 28, 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 by Consumption Unit (FEC), for the period 2020 to 2023.	Exchange of documents	06/04/2019 to 07/19/2019, face-to-face meeting on 06/06/2019
	No. 025/2019	To obtain inputs for the improvement of the proposal for the regulation of the Variation Account of Items of Part A (CVA), the over- contracting of Energy and Exposure to the Short- Term Market (MCP), the Other Financial Components and the Rules for the Transfer of Prices of Power Purchase Agreements.	Exchange of documents	06/21/2019 to 08/04/2019
	No. 026/2019	To obtain inputs and additional information for the improvement of the proposed revision of the requirements of the operation regime of the transmission and electric power generation facilities established in the Network Procedures.	Exchange of documents	06/26/2019 to 08/09/2019

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	PUBLIC CONSULTATION	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Highlights Regulatory Matters <u>Public Hearings and</u> <u>Consultations</u> Regulatory Calendar	Notice of Extension No. 011/2019	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	Extended to July 18, 2019
	No. 013/2019	To obtain inputs for hiring multichannel service, covering all the resources necessary for its implementation and operation, intended for the Service Center of the Sector Ombudsman of ANEEL.	Exchange of documents	06/06/2019 a 06/21/2019
	No. 014/2019	To obtain inputs for drafting the proposal for regulatory treatment of implementation and operation of associated and/or hybrid plants	Exchange of documents	06/19/2019 to 08/03/2019

	PUBLIC CONSULTATION	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Public Hearings and Consultations Regulatory Calendar No. 016,	No. 015/2019	To obtain inputs for the improvement of the provisions related to the supply of electricity for public lighting service, Activity 6 of the Regulatory Agenda 2019/2020.	Exchange of documents	06/26/2019 to 08/26/2019
	No. 016/2019	To obtain inputs for the consolidation of the regulation related to access to the distribution system, Activity 5 of the Regulatory agenda 2019/2020.	Exchange of documents	06/26/2019 to 08/26/2019
	No. 017/2019	To obtain inputs for the incorporation of new instruments to encourage innovation in the electricity sector and other measures, aiming at advancing the results of the Research and Development Program (PROP&D).	Exchange of documents	06/28/2019 to 08/27/2019

Regulatory Matters

Public Hearings and Inquiries

Regulatory Calendar

July 1, 2019

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End of the period to submit suggestions for Public Hearing No. 23/2019. See in full

End of the period to submit suggestions for Public Hearing No. 19/2019. See in full

July 2, 2019

Beginning of the period to insert statements of surplus and deficit (MCSD) of Existent Energy for July/2019

July 8, 2019

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

End of the period to submit suggestions for Public Hearing No. 21/2019. See in full

End of the period to submit suggestions for Public Hearing No. 20/2019. <u>See in full</u>

July 10, 2019

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

Highlights		
Regulatory Matters	-	
Public Hearings and Inquiries	July 11, 2019	July 15, 2019
Regulatory Calendar	Credit of the Financial Settlement of the Short-Term Market (MCP) for May/2019.	^f Financial Settlement of Angra I and II for June/2019.

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July 16, 2019	July 18, 2019
Financial Settlement of the Physical Guarantee Quota Regime for	End of the period to submit suggestions for Public Hearing No. 22/2019. See in full
June/2019.	End of the period to submit suggestions for Public Consultation No. 11/2019. See in full

Regulatory Matters

Public Hearings and Inquiries

Regulatory Calendar

July 19, 2019

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

End of the period to submit suggestions for Public Hearing No. 24/2019. See in full

July 23, 2019

Debit of the Financial Settlement of the Reserve Energy for June/2019

July 24, 2019

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

July 25, 2019

Financial Settlement of MCSD of the Existent Energy for June/2019.

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