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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.

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On July 31, Demarest's Energy Partner Rafael Gagliardi gave an interview to Valor Econômico about the changes in the energy sector in recent years following Law 12.783. He believes that it is necessary to re-evaluate the Energy Reallocation Mechanism (MRE), in which the variations in electricity generation due to rainfall or other occurrences is shared among the participating plants, especially when there are plants without reservoirs and intermittent sources, such as solar and wind power. See in full

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Self-production wave drives renewable energy market

Multinational groups have sought to align their business strategies with a philosophy of sustainability and reduction of environmental impact. This new corporate behavior lines up with self-production with renewable sources by offering a combination of predictability, safety and sustainability. Groups such as Honda, McDonald's, Assaí Atacadista, L'Oreal, Heineken and MRV are examples of companies that have announced investments in energy.

See in full

Short-term liquidation market moves BRL 566 million

The financial settlement of the Short-Term Market related to June operations moved BRL 566 million. This amount represents only 6.9% of the BRL 8.23 billion recorded. Of the unpaid amount, according to the Electric Energy Commercialization Chamber, BRL 7.31 billion is related to GSF injunctions in the free market while BRL 350 million represents other outstanding settlement amounts. See in full

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Hourly price: government meets market request, agents estimate

Majority opinion prevailed and the government postponed the entry of the PLD schedule until 2021, but not quite – given that from next year the National System Operator (ONS) begins to apply the Dessem model in the official operation. The assessment is that the option was the most prudent in view of the evaluations on the progress of work for the introduction of the price on an hourly basis. Agents praised the decision despite the conditions set out for this new pricing methodology, to be effective in the country from January 2020. See in full

Cemig launches BRL 50 million tender for energy efficiency projects

Cemig announced that it will receive, between August 1 and September 2, proposals for energy efficiency projects aimed at optimizing energy use by improving customer facilities and implementing incentive sources. The 2019 Public Call will allocate BRL 50 million to approved projects, according to the criteria established by the notice published on the company's website and by Aneel. See in full

Itaipu: Construction work for second Brazil-Paraguay bridge starts week of August 5

Itaipu and the government of Paraná signed the service order on Thursday 1st. The contract provides 36 months for execution of the project. See in full

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Bolsonaro authorizes studies for the privatization of Eletrobras

President Jair Bolsonaro authorized on Thursday, August 1, the intensification of studies for the possible privatization of Eletrobras, through an increase in capital stock, through public subscription of common shares of the company or any company resulting from the restructuring process.

See in full

Auctions A-1 and A-2 will be held on December 6

The Ministry of Mines and Energy has established that the existing A-1 and A-2 energy auctions will be held on December 6. The decision was published on the agency's August 5th edition of the Official Gazette through Ordinance No. 304. See in full

CCEE: PLD rises 5% and remains at BRL 236.35/MWh in the Southeast

The Chamber of Commercialization of Electric Energy (CCEE) informs that the Settlement Price of the Differences for the week of August 3 - 9 was set at BRL 236.35/MWh for the Southeast/Center-West and South submarkets, an increase of 5%. For the Northeast and the North, the price increased 25% to BRL 217.98/MWh. The factors responsible for the price increase were the verification and estimate of below average inflows. See in full

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GD Solar exceeds 1 GW of power in the country

An ABSOLAR mapping indicates that residential consumers are at the top of the list, representing 73.8% of the total. It is followed by businesses in commerce and services (17.3%), rural consumers (5.5%), industries (2.8%), public authorities (0.6%) and other types, such as public services (0.1%) and public lighting (0.01%). In installed power, consumers in the commerce and services sectors lead the use of solar photovoltaic energy, with 41.6% of the installed power in the country, followed closely by residential consumers (36.0%), industries (10.4%), rural consumers (9.8%), public power (2.1%) and other types, such as public services (0.2%) and public lighting (0.03%). See in full

Traders will have to adapt to the new rules of operation

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

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ORDER No. 1.839 OF THE SUPERINTENDENT
OF TARIFF MANAGEMENT, published July 1,
2019

Establishes the yellow tariff flag that will be in force in July 2019.

ORDER No. 1.833 OF THE SUPERINTENDENT
OF DISTRIBUTION SERVICES REGULATION,
published July 1, 2019

Approves the second version of the 2019 Manual on the Electric Energy Social Tariff Impact.

ORDER No. 1.834 OF THE SUPERINTENDENT
OF DISTRIBUTION SERVICES REGULATION,
published July 1, 2019

Approves the Monthly Revenue Difference under the application of the Social Tariff for Electric Energy (TSEE) and the resources of the Electric Energy Development Account (CDE) to be transferred by the Chamber of Commercialization of Electric Energy (CCEE), referring to the month of May 2019 and residual.

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ORDER No. 1.796 OF THE SUBSTITUTE DIRECTOR-GENERAL OF ANEEL, published July 4, 2019

Approves the postponement of the deadline for implementation of the Chain of Systems project for the auctions of the Regulated Contracting Environment (ACR) by another six months, with the date set at January 31, 2020; validates the use of resources from the Contingency Reserve, previously authorized, in the amount mentioned; and approves the additional reimbursement of the established amount to be met by apportionment between buyer and seller agents who trade energy in the ACR's new and existing energy auctions.

ADMINISTRATIVE RULE No. 273 OF THE MINISTRY OF MINES AND ENERGY, published July 5, 2019

Authorizes amendments to the Electricity and Power Trading Agreements in Isolated Systems (CCESI) related to the supply to localities situated in the states of Acre and Rondônia, for purposes of extending the supply period until the effective connection to the National Interconnected System (SIN).

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ORDER No. 5.854 OF THE SUBSTITUTE DIRECTOR-GENERAL OF ANEEL, published July 5, 2019

Establishes the internal functioning of the Superintendence of Inspection of Electricity Services within the National Electric Energy Agency, through detailed technical coordination; repeals Order No. 4.884, of January 24, 2018.

ORDER No. 5.859 OF THE SUBSTITUTE DIRECTOR-GENERAL OF ANEEL, published July 5, 2019

Establishes the internal functioning of the General Secretariat (SGE), through detailed technical coordination; repeals ANEEL Orders No. 3.636 of July 29, 2015 and No. 5.020 of April 16, 2018.

NORMATIVE RESOLUTION No. 848 OF THE SUBSTITUTE DIRECTOR-GENERAL OF ANEEL, published July 8, 2019

Approves version 2018.1.2 of the CCEAR Sales Revenue section of the Electricity Trading Rules applicable to the Accounting and Settlement System (SCL).

NORMATIVE RESOLUTION No. 850 OF THE DIRECTOR-GENERAL OF ANEEL, published July 11, 2019

Approves the Electricity Trading applicable to the Accounting and Settlement System (SCL).

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ORDER No. 282 OF THE MINISTRY OF MINES AND ENERGY, published July 17, 2019

Established the Permanent Commission for the Analysis of Methodologies and Computational Programs of the Electricity Sector (CPAMP), to ensure the coherence and integration of computational methodologies and programs used by the Ministry of Mines and Energy, the Energy Research Company (EPE), the National Electricity System Operator (ONS) and the Chamber of Commercialization of Electricity (CCEE); repeals Ordinance MME 047, of February 19, 2018.

ORDER No. 283 OF THE MINISTRY OF MINES AND ENERGY, published July 17, 2019

Release for Public Consultation, the draft order containing the system for holding the New Energy Auction A-6, 2019, dealt with in Ordinance MME 222, of 06.05.2019.

ORDER No. 5871, OF THE DIRECTOR-GENERAL OF ANEEL, published July 18, 2019

Establishes the internal functioning of the Superintendence of Bidding and Control of Contracts and Agreements within the National Electric Energy Agency, through detailed technical coordination.

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NORMATIVE RESOLUTION No. 851 OF THE DIRECTOR-GENERAL OF ANEEL, published July 19, 2019

Approves the Electricity Trading Rules applicable to the Accounting and Settlement System (SCL).

ORDER No. 2.004 OF THE SUPERINTENDENT OF TARIFF MANAGEMENT, published July 22, 2019

Sets the value of the Electricity Services Inspection Fee (TFSEE) for the public service energy transmission agents, referring to competences from July 2019 to June 2020.

ORDER No. 5.895 OF THE DIRECTOR-GENERAL OF ANEEL, published July 25, 2019

Approves the Average Institutional Performance Index (IDIM) as a result of the Institutional Performance Evaluation of the 2018-2019 cycle.

ORDER No. 313, OF THE MINISTRY OF MINES AND ENERGY, published August 8, 2019

Discloses, for Public Consultation, a proposal to amend Decree No. 5.177, of July 30, 2004, and the revocation of art. 50 of Decree No. 5.163, of August 12, 2004, with the objective of simplifying access to the Free Contracting Environment - ACL, as well as bringing security to the negotiations to be held in this Environment.

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PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
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. 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 power generation facilities established in the Network Procedures.	Exchange of documents	06/23/2019 to 08/23/2019

^{*} All dates expressed here as: mm/dd/YYYY

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	PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Demarest Viewpoints Highlights Regulatory Matters Public Hearings and Consultations Regulatory Calendar	No. 027/2019	To obtain inputs for the approval of the text of the Roraima System Operation Manual, which describes the responsibilities and actions of the National Electric System Operator (ONS) and the agents of the isolated system of Boa Vista and Connected Localities, in compliance with Ordinance No. 131/2019, issued by the Ministry of Mines and Energy (MME).	Exchange of documents	07/18/2019 to 08/16/2019
	No. 028/2019	To obtain inputs for the improvement of the proposal related to the Fifth Periodic Tariff Review of EDP São Paulo Distribuição de Energia S.A., to be effective from October 23, 2019, and definition of the corresponding limits of the indicators of continuity of Equivalent Duration of Interruption per Consuming Unit (DEC) and of Equivalent Frequency of Interruption per Consuming Unit (FEC), for the period from 2020 to 2023.	Live hearing	07/24/2019 to 07/09/2019

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	PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
Demarest Viewpoints Highlights Regulatory Matters Public Hearings and Consultations Regulatory Calendar	No. 029/2019	To obtain inputs for the approval of the text of the Roraima System Operation Manual, which describes the responsibilities and actions of the National Electric System Operator (ONS) and the agents of the isolated system of Boa Vista and Connected Localities, in compliance with Ordinance No. 131/2019, issued by the Ministry of Mines and Energy (MME).	Exchange of documents	07/25/2019 to 08/26/2019
	No. 30/2019	To obtain inputs for the improvement of the proposal related to the Fifth Periodic Tariff Review of EDP São Paulo Distribuição de Energia S.A., to be effective from October 23, 2019, and definition of the corresponding limits of the indicators of continuity of Equivalent Duration of Interruption per Consuming Unit (DEC) and of Equivalent Frequency of Interruption per Consuming Unit (FEC), for the period from 2020 to 2023.	Live hearing	07/25/2019 to 07/09/2019, with face-to- face meeting on 08/22/2019

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PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
No. 015/2019	To obtain inputs for the improvement of the provisions related to the supply of electricity for public lighting services, 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, aimed at advancing the results of the Research and Development Program (PROP&D).	Exchange of documents	06/28/2019 to 08/27/2019

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_	PUBLIC CONSULTATION	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
	No. 018/2019	To obtain inputs for the consolidation of access, referring to the classification of		07/03/2019 to 09/04/2019
-	No. 019/2019			07/15/2019 to 08/28/2019

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August 2, 2019

Beginning of the period to submit declarations of surplus and deficit (MCSD) of Existent Energy for August/2019

August 8, 2019

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

August 5, 2019

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

August 6, 2019

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

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August 15, 2019

Financial Settlement of Angra I and II for July/2019.

August 16, 2019

Financial Settlement of the Physical Guarantee Quota Regime for July/2019.

End of the period to submit suggestions for Public Hearing No. 27/2019. See in full

July 19, 2019

Debit of the Financial Settlement of the Reserve Energy for July/2019.

August 20, 2019

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

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August 21, 2019

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

August 23, 2019

End of the period to submit suggestions for Public Hearing No. 26/2019. See in full

August 25, 2019

End of the period to submit suggestions for Public Hearing No. 61/2019. See in full

August 26, 2019

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

End of the period to submit suggestions for Public Consultation No. 16/2019. See in full

End of the period to submit suggestions for Public Consultation No. 15/2019. See in full

End of the period to submit suggestions for Public Hearing No. 29/2019. See in full

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August 27, 2019

End of the period to submit suggestions for Public Consultation No. 19/2019. See in full August 28, 2019

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

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