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This issue of the Energy Newsletter provides information on the main administrative, regulatory and legal acts related to regulation of the electric energy sector in Brazil. This material is informative and should not be used for decision making. Our attorneys are here to provide specific legal advice.

**ENERGY AND NATURAL RESOURCES AREA** 

#### **Demarest's View**

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# Recent "bankruptcies" of Trading Companies: a market problem or a merely bilateral issue? How to solve the deadlock?

In an article published in Canal Energia (Energy Channel), Raphael Gomes, Rafael Gagliardi, Pedro Dante, and Bruno Crispim, partners of Demarest's Energy Area, comment on the bankruptcy of Energy Trading Companies and the Market's reaction. See in full

### Interest in agreement in Dollars grows, lawyers say

In an article published in Canal Energia (Energy Channel), Raphael Gomes, partner of Demarest's Energy Area, comments on the increasing interest in agreements in Dollars and the provisions of the Brazilian law. See in full.

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## MME publishes regulation creating a working group to review the Itaipu Treaty

The Ministry of Mines and Energy (MME) has published this Wednesday, February 13, MME Regulation 124/2019, which creates a Working Group with the purpose of coordinating the development of studies to support the review process of Attachment C to the Treaty of Itaipu Binational Hydroelectric Station, located on Paraná river, in the border between Brazil and Paraguay. See in full.

# Eletrobras may be worth R\$ 100 billion after privatization, appraises Itaú BBA

In a report, the information that the privatization of the state-owned company will be in 2020 did not take the market by surprise. See in full

# MME signs granting for construction of 53 power plants

Projects sold energy in Auction A-6/2018; investment is estimated at R\$ 6.8 billion. See in full

# Aneel's officer promises a change in tariff flag calculation

The proposal is to consider 100% flat seasonality as a criterion to activate the flag; if the measure had been in effect, the flag would be red in February, says a consulting company. See in full

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# Justice determined seizure of goods, driver's licenses (CNH) and passports of Vega's partners

The decision shows that the company's behavior poses a risk of asset stripping with the purpose of defrauding creditors. See in full

# Barral signals A-4 and A-6 energy auctions in June and September

According to the Chief Executive Officer of the Energy Research Office (EPE), the power auction format is still being studied. See in full

# Officer of FDR Energia explains requests for renegotiation of agreements in the free market

The company alleges it was impaired by Vega Energy and proposed an agreement with customers to reduce the financial impact. <u>See in full</u>

# Associations and Industry mobilize against the revocation of the decree that reduces subsidies

The proposal that suspends the effects of Decree 9.642 may be voted in the Chamber of Deputies. See in full

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# Aneel approves update of the transmission price database

The process led to price restatement of over 300 items to be used both in the review of Permitted Annual Revenues (RAPs) as well as in bidding notices and expansion planning. See in full

## Agents accuse Linkx of attempted embezzlement

Companies continue being harmed since they will need to turn to the market to honor their agreements. See in full

### Vega accuses trading companies of bad faith

The company alleges that terminations neglected contractual clauses and states that it will appeal in courts. See in full

# Transition rule sparks a debate about the maintenance of subsidies for Distributed Generation (GD)

Aneel forecasts a trigger for review of the energy compensation model, maintaining current conditions in up 25 years for systems already installed. See in full

# MME confirms the agenda of generation and transmission auctions

Minister Bento Albuquerque expects to define the situation of Angra 3 within two months. See in full

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# STF will analyze, in general repercussion, the levy of ICMS on contracted demand

The Supreme Federal Court (STF) will analyze, by way of general repercussion (theme 176), the constitutionality of including amounts paid as "contracted demand" (power demand) in the ICMS calculation basis, regarding operations involving electric energy. See in full.

# New instructions from SGM to ANM (National Mining Agency)

After publication of Regulation No. 21/2019, the new Regulations No. 36/2019 and No. 37/2019 were published yesterday (02/12/2019) by the Secretary of Geology, Mining and Mineral Transformation ("SGM"), of the Ministry of Mines and Energy ("MME"). See in full

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# ORDER No. 280, FROM THE TAX ADMINISTRATION SUPERINTENDENT, published on February 1, 2019

It establishes the credits and debits of the Central Account for Tariff Flag Funds, for purposes of Settlement of short-term market transactions with the Electric Energy Trading Chamber - CCEE for the reference month December 2018, pursuant to Sub-module 6.8 of Tariff Regulation Procedures - PRORET, approved by Regulatory Instruction No. 826 of August 13, 2018.

# ORDER No. 443, FROM THE TAX ADMINISTRATION SUPERINTENDENT, published on February 18, 2019

It establishes the Inspection Rate for Electrical Energy Services - TFSEE to the electrical energy distribution agents with tariff restatement in December 2018.

# PUBLIC CONSULTATION No. 02, FROM THE MINISTRY OF THE ENVIRONMENT, published on February 14, 2019

It receives contributions to improve the proposal of the Environmental Assessment Impact Guide (AIA) for the Energy Transmission System - 1<sup>st</sup> phase.

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# ORDER No. 479, FROM THE TAX ADMINISTRATION SUPERINTENDENT, published on February 19, 2019

It establishes the amounts of quotas related to the Energy Development Account - CDE for December 2018. Deadline for collection: March 10, 2019.

# HOMOLOGATION RESOLUTION No. 2.514, FROM THE MANAGING DIRECTOR OF THE NATIONAL ELECTRIC ENERGY AGENCY - ANEEL, published on February 28, 2019

Homologates new amounts for the ANEEL Reference Price Database to be used in the authorization processes, bidding for concession granting and review of annual revenues permitted for the electric energy transmission concessionaires.

# ORDER No. 586, FROM THE TAX ADMINISTRATION SUPERINTENDENT, published on February 27, 2019

It establishes the restatement of ceiling amounts of Portion B included in Table 1 of Sub-module 8.4 of Tariff Regulation Procedures - PRORET, which shall be observed in 2019 tariff procedures of public-utility permittees of distribution.

# ORDER No. 480, FROM THE TAX ADMINISTRATION SUPERINTENDENT, published on February 19, 2019

It establishes the amounts of costing quotas related to the Program of Incentives for Alternative Energy Sources - PROINFA for April 2019. Deadline for collection: March 10, 2019.

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	PUBLIC HEARING	SUBJECT	MODALITY	PERIOD FOR CONTRIBUTION
Demarest's View Highlights Regulatory Matters Public Hearings and Inquiries Regulatory Calendar	2nd phase - 004/2018	To obtain subsidies to improve the calculation of the Prospective RAP – Annual Permitted Revenue used in the definition of Usage Rate of Transmission System - TUST for generation centrals, pursuant to ANEEL Regulatory Instruction No. 559/2013.	Exchange of documents and face-to-face meetings.	, ,
	006/2019	To obtain subsidies for a proposal to review the Rural Universalization Plan of Electricity Company of the State of Bahia - Coelba.	Exchange of documents	02/21/2019 to 04/08/2019
	007/2019	To obtain subsidies to improve the draft of the Bid Notice and respective Attachments of Auction No. 1/2019, named Auction for Supply of Boa Vista and Connected Locations in 2019, designated to the acquisition of electric energy and power of the selling agent through supply solutions from any source, with supply starting on June 28, 2021.	Exchange of documents	02/27/2019 to 03/29/2019

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Demarest's View	008/2019	To obtain subsidies to improve the proposal for the review of activation ranges and surcharges of Tariff Flags, to be in force from May 2019 to April 2020.	•		02/27/2019 to 04/01/2019
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	PUBLIC INQUIRIES	SUBJECT	MODALITY		PERIOD FOR CONTRIBUTION
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	003/2019	To obtain subsidies for the Regulatory Result Assessment (ARR) of regulation by incentives of the electric energy distribution segment, assessing the regulatory environment regarding its use of technology for service improvement, energy efficiency and business development (item No. 31 of ANEEL 2018/2019 Regulatory Agenda).	Exchange documents	of	02/25/2019 to 04/26/2019

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### 03.01

End of period for contributions to Public Hearing No. 005/2019. See in full

End of period for contributions to Public Hearing No. 061/2018. See in full

### 03.04

Beginning of period to insert statements of surplus and deficits - Surplus and Deficit Compensation Mechanism (MCSD) of Existing Energy, referring to March 2019

### 03.11

Debit of Financial Settlement of Short-Term Market (MCP), referring to January 2019

End of period for contributions to Public Hearing No. 004/2019. See in full

End of period to insert statements of surplus and deficits - MCSD of Existing Energy, referring to March 2019

### 03.12

Credit of Financial Settlement of MCP, referring to January 2019

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End of period for

contribution to
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No. 002/2019. See
in full

03.18

Financial Settlement of Angra I and II, referring to February 2019

End of period for contribution to Public Hearing No. 059/2018. See in full

03.19

Financial Settlement of Physical Guarantee Quota Regime, referring to February 2019 03.20

Debit of Financial Settlement of Reserve Energy, referring to February 2019 03.21

Credit of Financial Settlement of Reserve Energy, referring to February 2019

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03.22

Deadline for pledge of financial guarantees (except for distribution agents), referring to February 2019 03.25

Financial settlement of MCSD of Existing Energy, referring to February 2019 03.27

End of period for contribution to Public Hearing No. 003/2019. See in full

03.29

End of period for contribution to Public Hearing No. 007/2019. See in full

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