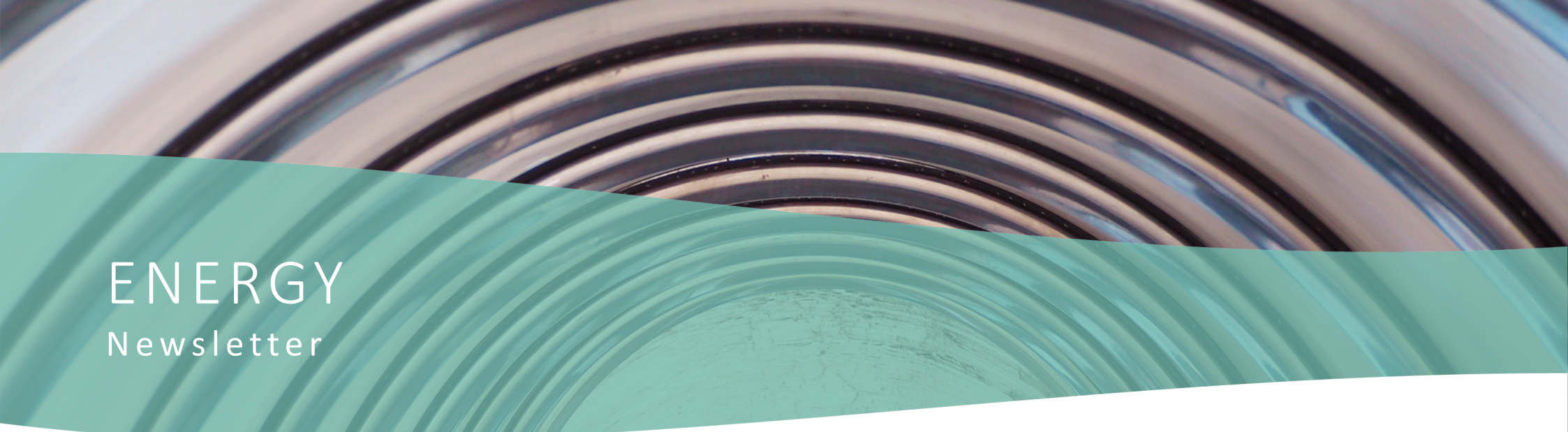




ENERGY

Newsletter

No. 20 / SEPTEMBER 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

ENERGY TEAM

Rafael Gagliardi, Raphael Gomes, Pedro Dante, Bruno Crispim, Renato Edelstein, Carolina Delamare and Allan Tasaka

DEMAREST

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and
Consultations

Regulatory Calendar

On August 30, Demarest's Energy Partner Raphael Gomes gave an interview to Canal Energia concerning how the energy retailer can return to the center of discussion in the energy sector, in the case that the Federal Government approves some of the new proposals suggested by the Chamber of Commercialization of Electric Energy (CCEE). [See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

Electric sector moves towards technological advancement, CEOs assess

The CEOs Forum at the 16th edition of Enase, an event that was held by the Grupo Canal Energia e Informa Markets, brought together a range of opinions from leading figures in the electricity business sector about the technological advances currently attracting attention. Brazil is following the global trend and offers a number of investment opportunities in innovation, but regulation has to move forward to enable economic growth.

[See in full](#)

ONS proposes new methodology to evaluate dispatch outside the order of merit

The National System Operator (ONS) proposed a new methodology to evaluate the necessity of the thermoelectric dispatch outside the order of merit. The proposal, presented during the meeting of the for of the Electricity Sector Monitoring Committee (Comitê de Monitoramento do Setor Elétrico – CMSE), deals mainly with the definition of reference storage curves for the Southeast/Midwest subsystem, as well as criteria for the definition of the beginning of the activation and shutdown of complementary thermoelectric generation, in order to support CMSE decisions and add greater predictability to the process.

[See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

Government of MG signs protocol of BRL 523 million for 32 UFVs in the state

Minas Gerais will receive what promises to be the largest distributed generation project in Brazil. The state will receive investments of BRL 523 million to allow for, at least, 30 new photovoltaic plants to start operating in 17 of its municipalities, including Bocaiuva, Bonfinópolis, Corinth, Janaúba, Manga, Paracatu, Pirapora and Porteirinha. The protocol of intent of the contribution was signed between the state governor Romeu Zema and the company Mori Energia Holding S.A, which will be responsible for the implementation of a total of 32 UFVs, with expected power of 150 MW and generation of 340 GW/hour-year. For comparison purposes, this volume is equivalent to supply 1.7 million households, i.e., twice the size of Belo Horizonte. [See in full](#)

Report on Ballast and Energy released by MME for public consultation

The Ministry of Mines and Energy launched a public consultation to publish the “Report Supporting the Workshop on Ballast and Energy”. The document is the result of discussions held at an event promoted by the MME and the Energy Research Company on August 21, in Brasilia, to address the proposal to change the criteria for the contracting of electricity in public auctions carried out by the Federal Government.

[See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

Aneel may revise remote GD trigger in the review of the resolution No. 482

The National Electric Energy Agency is in the final phase of analyzing contributions to the public hearing for the revision of the Normative Resolution No. 482/2012. It is estimated that the second phase of this consultation will start in early October and have a term of 90 days as it will not be possible to complete the process this year. Among the trends is to eliminate the transition phase that the regulatory impact analysis included for remote GD.

[See in full](#)

BBCE trades BRL 2 billion in August

The BBCE registered a trading volume of 9,826 GWh in August, with 3,491 contracts closed, consisting of 1,827 bills of exchange and 1,664 OTC (over-the-counter), totaling a financial volume to the order of BRL 2 billion. The BBCE accumulated until December 2017 more than 33,000 MW traded through 17,500 contracts with financial volume over BRL 6.6 billion. Today the company has 33 partners, its share capital had increased from BRL 7 million to BRL 15.6 million and invested, in the last five years, the total amount of BRL 5.6 million in the business.

[See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

Volume shows a decline of 0.5% in the North and sub-market operates at 63%

According to the ONS, the North region suffered a variation of 0.5% and operates at 63%. The stored energy of the subsystem presents 9,479 MW per month, while the affluent is at 76% of the MLT. The Southeast/Midwest of the country registered a decline of 0.3% and the reservoirs operating at 38.4% of their usable volume. The stored energy shows 78,078 MW per month and the affluent follows at 77% of the MLT. In the South, the decrease was about 0.8%, resulting the submarket flow to fall to 51.1%. In turn, the Northeast region had a reduction of 0.2% in its levels and the reservoirs operating with 48% of their capacity.

[See in full](#)

Experts talk about structuring the energy market before the capacity market

Experts invited to the International Workshop on modernization of the electricity sector at the MME highlighted the need to correct the energy market and the pricing scheme before assessing the need to build a capacity market.

[See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

MME publishes the A-6 systematics

The contest is scheduled to be held on October 18. Four products are included in the contest, three by quantity for wind and solar sources for 20 years, hydro for 30 years, as well as one by quantity dedicated to thermal availability for 25 years.

[See in full](#)

CDE will finance BRL 1.1 billion for the “Programa Luz para Todos” in 2020

This value will guarantee the continuity of works of the program already contracted or in the process of contracting, with the goal of installation of 95,052 new connections in the rural area, in the 11 states where access to energy in the field still does not reach the entire population. [See in full.](#)

Government opens a public consultation for unprecedented thermal auction

The Ministry of Mines and Energy (MME) has opened a public consultation to receive contributions on the existent energy auction A-4 of 2020, which aims to replace a set of thermoelectric plants with contracts expiring by 2023. According to Ordinance No. 340/19, published August 30, the contributions to the improvement of auction rules will be received by the MME until September 20.

[See in full.](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

**NORMATIVE RESOLUTION No. 852 OF THE
DIRECTOR-GENERAL OF ANEEL, published
August 27, 2019**

Amends Order No. 846/2019, which approves the proceedings, parameters and criteria for the imposition of penalties on the agents of the electricity sector and provides general guidelines on the control of ANEEL.

**NORMATIVE RESOLUTION No. 856, OF THE
DIRECTOR-GENERAL OF ANEEL, published
August 27, 2019**

Approves sub-module No. 12.2 of the Tariff Regulation Procedures - PRORET, which defines the procedures for the adjustments of the Annual Revenue of Generation of hydroelectric plants framed in the regime of quotas of physical guarantee energy and output.

**DECREE No. 5.945, OF THE DIRECTOR-
GENERAL OF ANEEL, published August 27,
2019**

Establishes the internal functioning structure of the Executive Secretariat of Auctions (SEL), defining certain coordinations, notwithstanding the others competencies of the unit.

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

**ORDER No. 2.303, OF THE DIRECTOR-
GENERAL OF ANEEL, published August 28,
2019**

Determines for the Chamber of Commercialization of Electric Energy (CCEE) to suspend, until the final decision about the result of the Public Hearing No. 034/2019, the reimbursement established in the contracting of Electricity in the Regulated Environment and the Reserve Energy Contracting, concerning the contractual year, established from August 2019, related to wind power plants subject to requests for recognition of Constrained-off from ANEEL.

**DECREE No. 331, OF THE MINISTRY OF MINES
AND ENERGY, published August 30, 2019**

Releases, for Public Consultation, the budget proposal of the Energy Development Account (CDE) of the "Luz Para Todos" program, for the year 2020, which is set forth in the Article 4, item I, of Decree No. 9,022, of March 31, 2017.

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

**DECREE No. 337, OF THE MINISTRY OF MINES
AND ENERGY, published August 30, 2019**

Approves the Systematics to be applied for the carrying out of the Auction of Purchase of Electric Energy From New Generation Projects, called "A-6" New Energy Auction, of 2019, provided for in Article 1 of MME Administrative Rule No. 222, of May 6, 2019.

**DECREE No. 339, OF THE MINISTRY OF MINES
AND ENERGY, published August 30, 2019**

Releases, for Public Consultation, the "Thematic Group Supply Guarantee Criteria Report" ("Relatório do Grupo Temático Critérios de Garantia de Suprimento").

**DECREE No. 340, OF THE MINISTRY OF MINES
AND ENERGY, published August 30, 2019**

Releases, for Public Consultation, the draft of the decree containing the Guidelines for the carrying out of the Auction for the Purchase of Electric Energy From an Existing Generation Project "A-4", of 2020.

**ORDER No. 2.415, OF THE VICE-PRESIDENT OF
ANEEL'S SPECIAL BIDDING COMMITTEE,
published August 30, 2019**

Decides for the qualification of certain winning bidders of the Auction No. 3/2019-ANEEL (A-4 of 2019).

[Demarest Viewpoints](#)

[Highlights](#)

[Regulatory Matters](#)

[Public Hearings and
Consultations](#)

[Regulatory Calendar](#)

**ORDER No. 2.404, OF THE ASSISTANT
SUPERINTENDENT OF ANEEL, published
August 30, 2019**

Sets the Electric Energy Services Surveillance Rate (TFSEE) for electric energy distribution agents with tariff update in August 2019 and electric energy generation agents that have the established TFSEE concatenated with the tariff process of the corresponding distribution agent.

**DECREE No. 335, OF THE MINISTRY OF MINES
AND ENERGY, published September 02, 2019**

Opens Public Consultation to receive proposals for projects that will serve as inputs for the elaboration, by the Electrical Energy Conservation Coordinator Group (GCCE), of the Third Plan of Application of Resources of the National Electric Energy Conservation Program - 3rd PAR Procel.

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

**ORDER No. 2.422, OF THE ASSISTANT
SUPERINTENDENT OF ANEEL, published
September 02, 2019**

Establishes the credit and debt of the Centralizing Account of Tariff Flags Resources, for the purposes of liquidation of the short-term market operations with the Chamber of Commercialization of Electric Energy (CCEE), of July 2019.

**ORDER No. 2.426, OF THE ASSISTANT
SUPERINTENDENT OF ANEEL, published
September 02, 2019**

Establishes the annual forecast of costs of the System Service Charge (ESS) and the Reserve Energy Charge (EER), for the purposes of the tariff coverage of distributors with tariff process in the third quarter of 2019.

**ORDER No. 2.433, OF THE ANEEL'S ASSISTANT
SUPERINTENDENT OF TARIFF MANAGEMENT,
published September 02, 2019**

Sets the red tariff flag level 1 with effect in the month of September 2019.

**ORDER No. 2.420, OF THE ASSISTANT
SUPERINTENDENT OF ANEEL, published
September 02, 2019**

Approves the Monthly Revenue Difference calculated in the application of the Electric Energy Social Tariff and the resources of the Energy Development Account to be passed on to distributors by the Chamber of Commercialization of Electric Energy (CCEE).

[Demarest Viewpoints](#)

[Highlights](#)

[Regulatory Matters](#)

[Public Hearings and
Consultations](#)

[Regulatory Calendar](#)

**DECREE No. 5.941, OF THE DIRECTOR-
GENERAL OF ANEEL, published September 04,
2019**

Establishes the structure of the Administrative Rule with the internal functioning of the Superintendence of Regulation of Generation Services (SRG) through certain coordinations, notwithstanding the other attributions of competence of that unit.

**DECREE No. 341, OF THE MINISTRY OF MINES
AND ENERGY, published September 05, 2019**

Releases, for Public Consultation, the draft of the Administrative Rule proposing new Reference Values of Forced Outage (TEIF) and Scheduled Outage (IP) of Hydroelectric Plants.

**DECREE No. 342, OF THE MINISTRY OF MINES
AND ENERGY, published September 05, 2019**

Releases, for Public Consultation, the "Report Supporting the Workshop on Ballast and Energy".

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

PUBLIC HEARING	SUBJECT	FORMAT	PERIOD FOR CONTRIBUTIONS
No. 31/2019	To obtain inputs for the improvement of the proposal of adequacy of the Network Procedures for the implementation of the computational model DESSEM in the scope of the daily programming of the electro-energy operation of the National Interconnected System (SIN).	Exchange of documents	08/08/2019 to 09/06/2019
No. 32/2019	To obtain inputs for the improvement of the proposal to amend the Marketing Rules on imports of electric energy from Argentina and Uruguay.	Exchange of documents	08/15/2019 to 09/29/2019

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

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
No. 33/2019	To obtain inputs for the improvement of the proposal of the Electric Energy Power Trading Rules, version 2020.	Exchange of documents	08/21/2019 to 09/19/2019 (1 st step), and 09/20/2019 to 10/04/2019 (2 nd step)
No. 34/2019	To obtain inputs for the improvement of the Regulatory Impact Analysis Report and the draft of the legal act regarding the procedures and criteria for determining the operation restriction of wind farms by constrained-off.	Exchange of documents	08/22/2019 to 10/20/2019

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

PUBLIC HEARING	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
No. 35/2019	To obtain inputs for the improvement of the draft of the Notice and its Exhibits of Generation Auctions No. 5/2019-ANEEL and No. 6/2019-ANEEL, denominated Existing Electric Energy Auctions "A-1" and "A-2", of 2019, intended for the purchase of electric energy from existing generation projects.	Exchange of documents	09/05/2019 to 10/04/2019

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and Consultations](#)[Regulatory Calendar](#)

PUBLIC CONSULTATION	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
No. 16/2019	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	extended to 09/09/2019
No. 17/2019	To obtain inputs to incorporate new instruments to stimulate innovation in the electricity sector and other measures aiming to advance the results of the Research and Development Program (PROP&D).	Exchange of documents	extended to 09/13/2019
No. 19/2019	To obtain inputs for the consolidation of access, related to the classification themes of the transmission facilities, conditions of access and connection to the transmission system.	Exchange of documents	extended to 09/04/2019

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

PUBLIC CONSULTATION	SUBJECT	FORMA	PERIOD FOR CONTRIBUTIONS
No. 20/2019	To obtain inputs for the authorization decision for use of the version 3 of SMAP/ONS from the PMO of October 2019.	Exchange of documents	08/27/2019 a 09/10/2019

Demarest Viewpoints

Highlights

Regulatory Matters

Public Hearings and
Consultations

Regulatory Calendar

September 3 2019

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

September 9 2019

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

End of the period to submit suggestions for Public Consultation No. 16/2019. [See in full](#)

September 5, 2019

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

September 6, 2019

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

End of the period to submit suggestions for Public Hearing No. 31/2019. [See in full](#)

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

September 10, 2019

End of the period to submit suggestions for Public Consultation No. 20/2019. [See in full](#)

September 13, 2019

End of the period to submit suggestions for Public Consultation No. 17/2019. [See in full](#)

September 16, 2019

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

September 17, 2019

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

[Demarest Viewpoints](#)[Highlights](#)[Regulatory Matters](#)[Public Hearings and
Consultations](#)[Regulatory Calendar](#)

September 18, 2019

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

September 19, 2019

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

End of the period to submit suggestions for Public Hearing No. 33/2019. [See in full](#)

September 20, 2019

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

September 25, 2019

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

[Demarest Viewpoints](#)

[Highlights](#)

[Regulatory Matters](#)

[Public Hearings and
Consultations](#)

[Regulatory Calendar](#)

■ [September 26, 2019](#)

Financial Settlement of MCSD of the
New Energy for August/2019.

SÃO PAULO

Av. Pedroso de Moraes, 1201
+55 11 3356 1800

CAMPINAS

Av. Dr. José Bonifácio
Coutinho Nogueira 150, 4º andar
+55 19 3123 4300

RIO DE JANEIRO

Praia do Flamengo, 200 – 15º andar
+55 21 3723 9800

BRASÍLIA

Edifício General Alencastro
SEPS EQ, 702/902 4º andar Bloco B
+55 61 3243 1150

NEW YORK

375 Park Avenue, 36th Floor
+1 212 371 9191

demarest.com.br/en

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