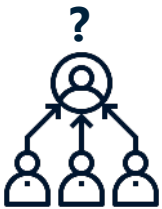


Opening of the Energy Market: **Retail Trader**

ANEEL opens public consultation on retail trading



Who are retail traders?

Retail traders are power trading agents authorized by the Electric Energy Trading Chamber ("CCEE") that represent, at their own risk, individuals or legal entities that have the option of not to joining the CCEE.

Legal provision: Art. 4-A of Law No. 10,848/2004 and Normative Resolution ("REN") No. 1,011/2022 of the Brazilian Electricity Regulatory Agency.

Opening of the energy market

The energy market is going through an opening process. That is, consumers who comply with the requirements of the legislation and who fit in the following situations have the option to waive exclusive service by the local distribution concessionaire and will be able to choose their own energy supplier:

CURRENTLY

Consumers with a demand ≥ 500 kW, at any voltage.

Ordinance No. 514/GM/MME/2018

AS OF JANUARY 01, 2024

Consumers of Group A.

Warning: Consumers with an individual demand < 500 kW **must be represented by a retail trader.**

Ordinance no. 50/GM/MME/2022

Who are they?

Captive consumers served by the distributor "at a voltage connection greater than or equal to 2.3 kV, or served from an underground distribution system at a voltage lower than 2.3 kV", divided into subgroups (CF. **REN No. 1,000/2021**).

Considering the context above, given the need for consumers with a demand < 500 kW to be represented by retail traders, ANEEL opened, at the end of August, Public Consultation No. 28/2023 ("CP"), to amend the regulation on this topic.

Current data



Study "Free market opening potential for Group A – 2022 and estimate for 2024": 165,000 Group A consumer units with migration potential.



Technical Note No. 76/2023-SGM/ANEEL/2023: according to the information on migration presented by distributors regarding the reference date of July 31, 2023, 5,301 consumers are expected to migrate in 2024.

CP No. 28/2023

Duration: From August 30, 2023, to October 13, 2023.

Some highlights on the topics under public consultation are:



Migration and representation: considering the opening of the market, representation should be formalized before the CCEE during the period of time comprised between the notice of termination of the Regulated Power Purchase Agreement ("CCER") signed with distributor and the effective migration of consumer to the free energy market.



Representatives' standard contract: retail traders must provide, on their electronic portal, a standard annual contract model, providing for the distribution of the consumer's energy volume, including **flat seasonalization and modulation**.

Seasonalization = distribution of the annual energy volume of a power purchase agreement over the months of the year.

Modulation = distribution of the monthly energy volume per hour or by level.

A modulation or seasonalization is considered to be "flat" when there is an uniform distribution of energy throughout the day.

Metering data aggregation: implementation of metering data aggregation with the CCEE, as manager, has been proposed as follows:

Distributors make consumers' metering data available to the CCEE.



The CCEE receives the data and assigns the consumption charge of each consumer to the corresponding retail trader.



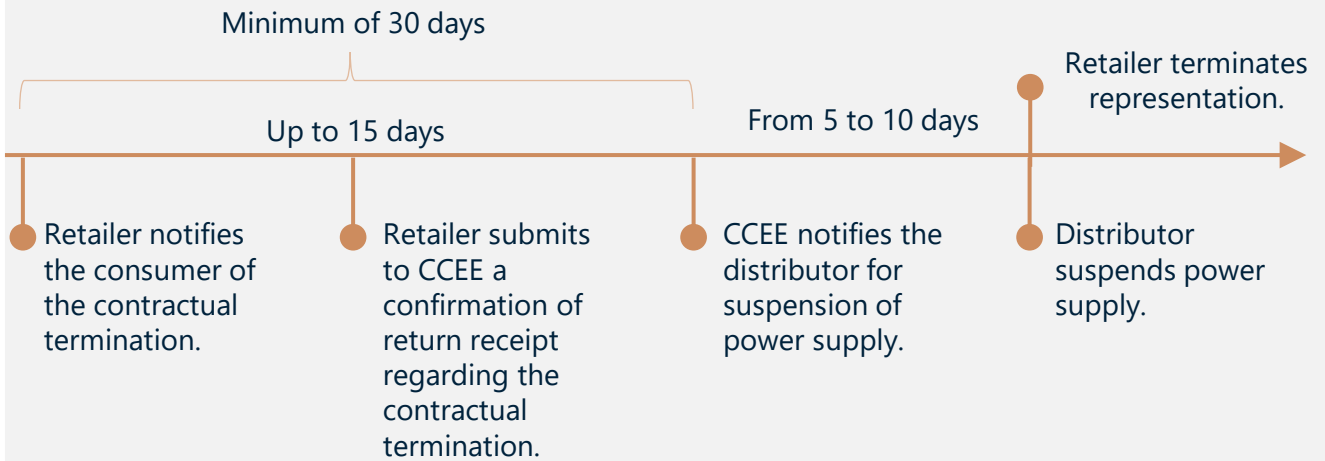
The CCEE aggregates the consumption charges assigned to each retail agent.



The CCEE calculates the consumption charge sum of each retailer.



Representation termination by retail trader: as a rule, the default of the consumer represented by the retail trader involves the following steps:



ANEEL proposes the shortening and debureaucratization of the process mentioned above, comprising a reduction of 30 to 15 days in the minimum notice period by the retail trader about the contractual termination, in the event of consumer default.

In this situation, the retail trader must indicate, in the notification, that the representative must take steps (if applicable) to continue operating in the free market before the intended end date.



Representation termination: in the event of representation termination by the retail trader, the distributor must suspend the consumer's power supply.



Suspension of power supply and modeling at CCEE: On the date of contractual termination of consumers modeled under the retail profile, the CCEE must:

- (i) create a specific profile to which the previously modeled consumption charges remain linked under the disconnected consumer agent's profile; and
- (ii) create a specific profile to which previously decontracted consumption charges remain linked, modeled under the retail agent's profile, both for the purpose of accounting for the energy consumed.



Group A < 500 kW and return to the Regulated Contracting Environment (“ACR”): in the event of losing the condition of participation in the free market, consumers with a demand < 500 kW can be served again by the local distributor, which, in turn, can invoice the energy consumed by such consumers as well as their monthly energy billing based on the amount difference, if any, considering both the average monthly Spot Price (“PLD”) published by CCEE and the average cost of electricity purchased by the distributor considered in tariff readjustment processes.

Our Energy and Natural Resources team is at your disposal for any clarifications on the topic.

[Access the article on the CP in full.](#)

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