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Storage: MME sets rules for battery-based auctions scheduled for December

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On June 3, 2026, Brazil's Ministry of Mines and Energy ("MME") published Ordinance No. 136/2026, establishing the framework and guidelines for conducting two Power Reserve Capacity Auctions ("LRCAPs") involving new battery-based energy storage systems (BESS, or "SAEs" in Portuguese), namely:

- 2026 LRCAP – National Storage (through new SAEs with domestic content); and
- 2026 LRCAP – Storage (through new battery-based energy storage systems).

The auctions aim to ensure continuity of the electricity supply to meet the power requirements of the National Interconnected System ("SIN"), through the contracting of battery-based SAEs.

Note: Implementation of the **2026 LRCAP – Storage** will observe the national production capacity assessed for the **2026 LRCAP – National Storage,** as well as the amount required to meet the power needs of the SIN.

Schedule – 2026 LRCAP

Registration and submission of documents	From 12 p.m. on June 15, 2026, to 12 p.m. on July 31, 2026
Deadline for obtaining a license	Exempt at the registration and technical qualification stages. Deadline for obtaining the license will be established in the public notice
Submission of the Access Opinion or equivalent document	Exempt where the connection point corresponds to the Basic Grid, Other Transmission Facilities (“DIT”), or Shared Generation Facilities (“ICG”)
Publication of SIN’s Technical Note on Remaining Evacuation Capacity	By September 30, 2026
Expected disclosure of the public notice and draft of the Capacity Reserve Power Agreement (“CRCAP”)	October 26, 2026 (25 working days prior to the first auction)
Expected submission of the proposed guarantee	From November 23 to 27, 2026 (estimated period)
2026 LRCAP – National Storage	December 2, 2026
2026 LRCAP – Storage	December 4, 2026

Products

Product	Technology	Supply term	Start of supply
2028–A Power Storage	SAEs complying with minimum domestic content requirements	15 years	August 1, 2028
2028–B Power Storage	SAEs		

Eligible Participants

Eligible SAEs are those that:

- are installed directly at the SIN connection point, without sharing restricted-use facilities with other agents; or
- are installed at the same SIN connection point as other agents, sharing restricted-use facilities.

For the **2026 LRCAP** – National Storage, SAEs must also comply with minimum domestic content requirements established in the regulations of Brazil's National Bank for Economic and Social Development ("BNDES").

Standalone SAEs, pursuant to ANEEL regulations.

Assess the feasibility of a SAE connected to a collector substation of a generating facility.

Ineligible Participants

SAEs considered ineligible are those:

1. with Unit Variable Cost ("CVU") > 0;
2. with maximum power availability < 30 MW;
3. with continuous operating capacity and maximum power availability of less than four consecutive hours;
4. whose Candidate Busbar has a remaining evacuation capacity lower than the corresponding injected power and the power required for charging;

5. whose round-trip efficiency ("RTE") is less than 85% over the contractual period, as referenced in the Individual Metering Point ("PMI"), with this data calculated as provided for in the public notice (not yet published);

6. with a maximum full-charging time of more than six consecutive hours;

7. that fail to comply with the minimum requirements for connection, as defined in the Technical Note of the National Electric System Operator ("ONS") and the Energy Research Company ("EPE") – Minimum Technical Requirements for the Connection of Battery-based Energy Storage Systems and its revisions ("Minimum Requirements Note") –, including grid-forming requirements; and

8. that fail to demonstrate compliance with the operational safety requirements of the applicable standards, and with the EPE registration instructions.

Power Availability Commitment (MW)

Corresponds to compliance with all charging and discharging dispatch instructions issued by the ONS, as established in the daily schedule or in real-time operation, considering:

- **Maximum availability delivery:** four hours per full cycle, with up to two full daily cycles, with a limit of 366 full annual cycles.

  a. The scheduled unavailability agreed with the ONS is not included in the obligations.

  b. The result of energy settlement differences related to charging and injection by the SAEs will be allocated to Capacity Contracting ("CONCAP"), subject to efficiency limits. Developers will not be able to obtain additional revenue outside the CRCAP.

  c. The ONS may dispatch resources for more than four hours per full cycle, subject to the maximum limit of twelve hours, with power that is proportionally lower and compatible (in terms of amount), with energy available throughout the dispatch period.

- **Charging:** Guaranteed full charging time; contracted availability must be charged from 0% to 100% in a maximum interval of six hours.

    a. Partial charges will be allowed, and the maximum permissible charging time must be proportional to the fraction of the contracted availability to be restored.

- **Full cycle:** Defined as the sum of one or more partial cycles whose total energy discharged from the SAE corresponds to the power contracted in the CRCAP, in MW, multiplied by four hours, considering the losses declared and verified at the PMI.

- **Transmission Usage Amount ("MUST/D"):** Contracting of MUST/D is required to enable total discharge and charging of SAEs, in accordance with the regulations of the National Electric Energy Agency ("ANEEL"). By approving the first cycle of the storage regulatory framework – on June 2, 2026 (Second Phase of Public Consultation No. 039/2023) –, ANEEL enabled the contracting of zero-consumption MUST/D for the SAEs fully operated by the ONS, which will be the case for SAEs contracted under the 2026 LRCAPs.

In this case, the SAE awarded in the LRCAP will only be required to contract MUST/D for injection into the grid (based on its maximum injectable power).

Remuneration

The Annual Fixed Revenue ("RF"), paid in 12 monthly installments, will be subject to adjustments – based on operational performance (including penalties for non-delivery, as further described) – as well as to updates by the Broad National Consumer Price Index ("IPCA").

Note: The calculation of the RF will be the sole responsibility of the seller and must cover the different costs of the projects, such as investment remuneration, decommissioning, system usage costs, operation and maintenance, and charges, among others listed in the ordinance (Article 9, § 4).

Penalties

Contracts must contain clauses for the reduction or reimbursement of the RF in the event of unavailability or non-delivery of the required power. Without prejudice to the application of other penalties and mechanisms for reducing the RF, as defined by ANEEL, the ordinance expressly provides for:

It is important to monitor and participate in the discussions, within the scope of ANEEL, regarding the approval of the public notice and the draft CRCAP, which are expected to begin in the coming weeks.

- Penalties for failure to meet the commitments to deliver power availability negotiated in the corresponding auction;
- Penalties for failure to comply with the centralized dispatch under the conditions defined by the ONS; and
- Contract termination, in the implementation phase, if the developer fails to demonstrate compliance – before the BNDES – with the minimum domestic content requirements of the SAE agreed to at the execution of the CRCAPs.

Project qualification

Projects that do not comply with the conditions for participation, registration, and technical qualification established in GM/MME Ordinance No. 102/2016 will not be approved, except as defined in Article 4, Paragraph 3, items VIII and IX. For qualification purposes, changing the connection point or the total injectable power will not be allowed after the registration deadline.

Potential project modifications

The technical characteristics may be modified after the grant, provided that the guidelines of Ordinance No. 481/2018 are observed. The changes prohibited are those:

- reducing the amount of power availability sold in the auctions;
- resulting in a modification of the connection point that changes the project's eligibility for the locational discount;
- failing to comply with the technical requirements established by the ONS and the EPE in the Minimum Requirements Note; and
- impairing the project's eligibility regarding the minimum domestic content requirements of battery-based SAEs provided for in the ordinance.

Minimum domestic content requirements

Execution of the CRCAP involving the **2026 LRCAP – National Storage** will be conditional on the submission, to ANEEL, of documentation issued by the BNDES certifying accreditation of battery-based SAEs in the Computerized Supplier Accreditation System ("CFI"). The specific domestic content requirements and criteria in force in the BNDES Accreditation Regulations for Stationary Battery-Based Energy Storage Systems must be duly observed.

During the implementation phase, developers must demonstrate, to the BNDES, the use of CFI-accredited, battery-based SAEs. The BNDES will be responsible for submitting the corresponding certificate to ANEEL, on the dates established by the agency, for verification purposes.

Location-based incentive

The auction provides for a location-based incentive in the form of a 10% discount applied to the Power Availability Price ("Pdisp"), which will be considered as the Bid Price solely for ranking purposes (this discount does not apply to the contracted RF). The participant will submit, via the platform, the RF (in reais) and the power availability offered (in MW) for the project. Based on this information, the Pdisp will be calculated according to the following formula:

$$Pdisp = \frac{RFdisp}{Disp} \times \beta$$

Where:

- RFdisp = offered fixed revenue;
- Disp = offered power availability (MW);
- β (beta) = locational factor (discount), with 0.9 for projects installed at the connection points described in the Annex to the ordinance and 1.0 for projects connected to other points.

The ordinance lists different substations, considered incentivized busbars, in **Alagoas, Bahia, Ceará, Minas Gerais, Paraíba, Pernambuco, Piauí and Rio Grande do Norte.**

Main changes compared to the draft of Public Consultation No. 202/2025

- Division of the auction into two products, instead of one;
- Extension of the supply term from 10 to 15 years;
- Creation of the domestic content criterion for one of the products and inclusion of associated adjustments, such as the possibility of contractual termination for non-compliance with this requirement;
- More robust and objective operational rules, now including:
  - two full daily cycles, limited to 366 full annual cycles;
  - no restrictions on standby mode or compulsory Depth of Discharge ("DoD") limits;
  - explicit admission of partial charges;
  - use of SAEs to enhance flexibility and operational safety, even when connected to the distribution; and
  - determination for the ONS to minimize the total cost of operation in the charging schedule.
- Expansion of the disqualification criteria, including the requirement that the project certify compliance with the operational safety requirements and with the EPE registration instructions;
- RTE, as referred to in the PMI, maintained throughout the contractual period and assessed pursuant to the public notice; and
- Expansion of the list of costs to be covered by the RF.

Access the BNDES regulations

Access Ordinance No. 136/2026 in full

Demarest's **Energy and Natural Resources** team is available to provide further clarifications as necessary.

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