

# INFRASTRUCTURE AND ENERGY NEWSLETTER

February 2022

**Auctions of toll roads, the new legal framework for railways, contracts in foreign currency, and other news in the infrastructure sector.**

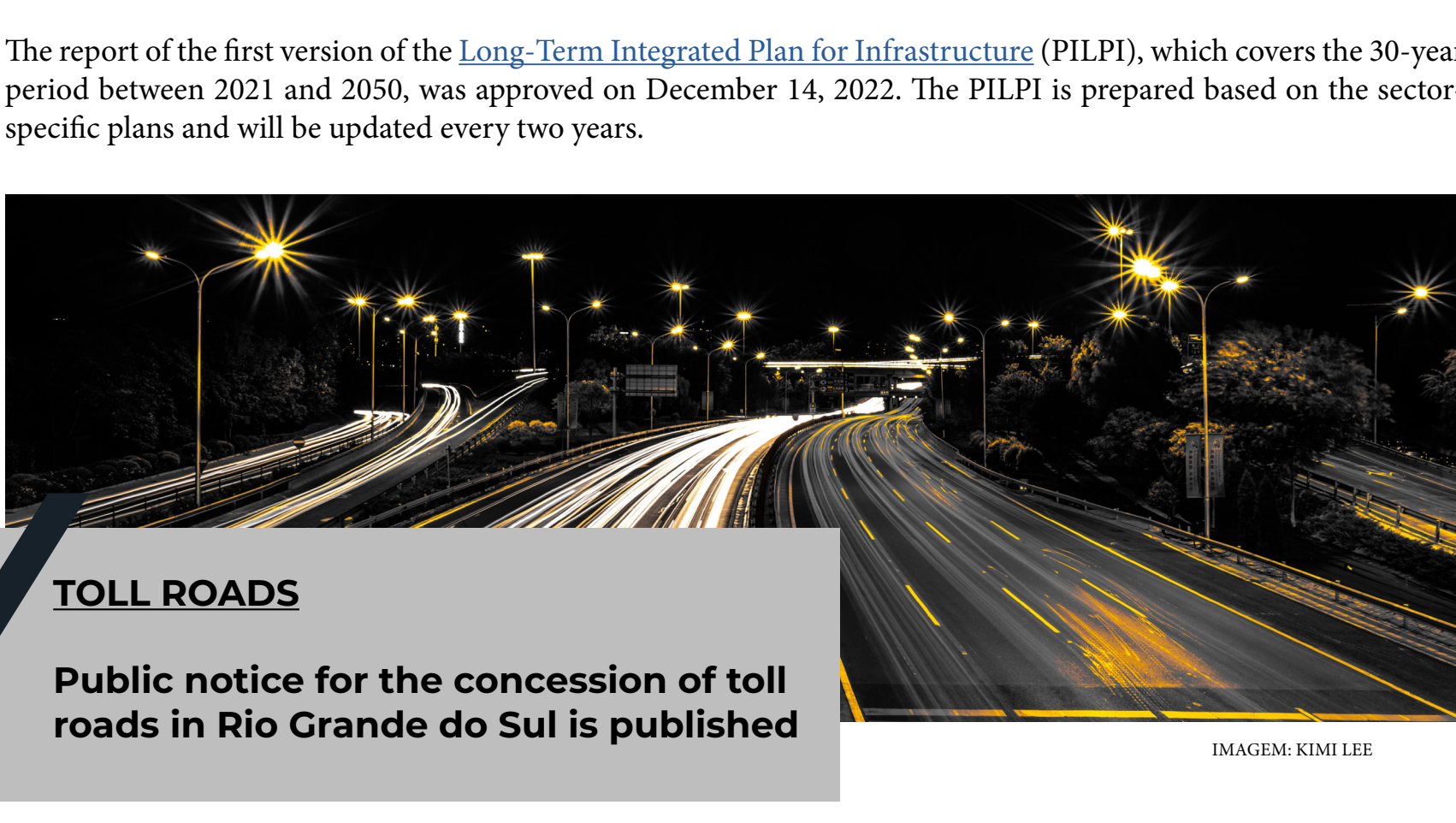
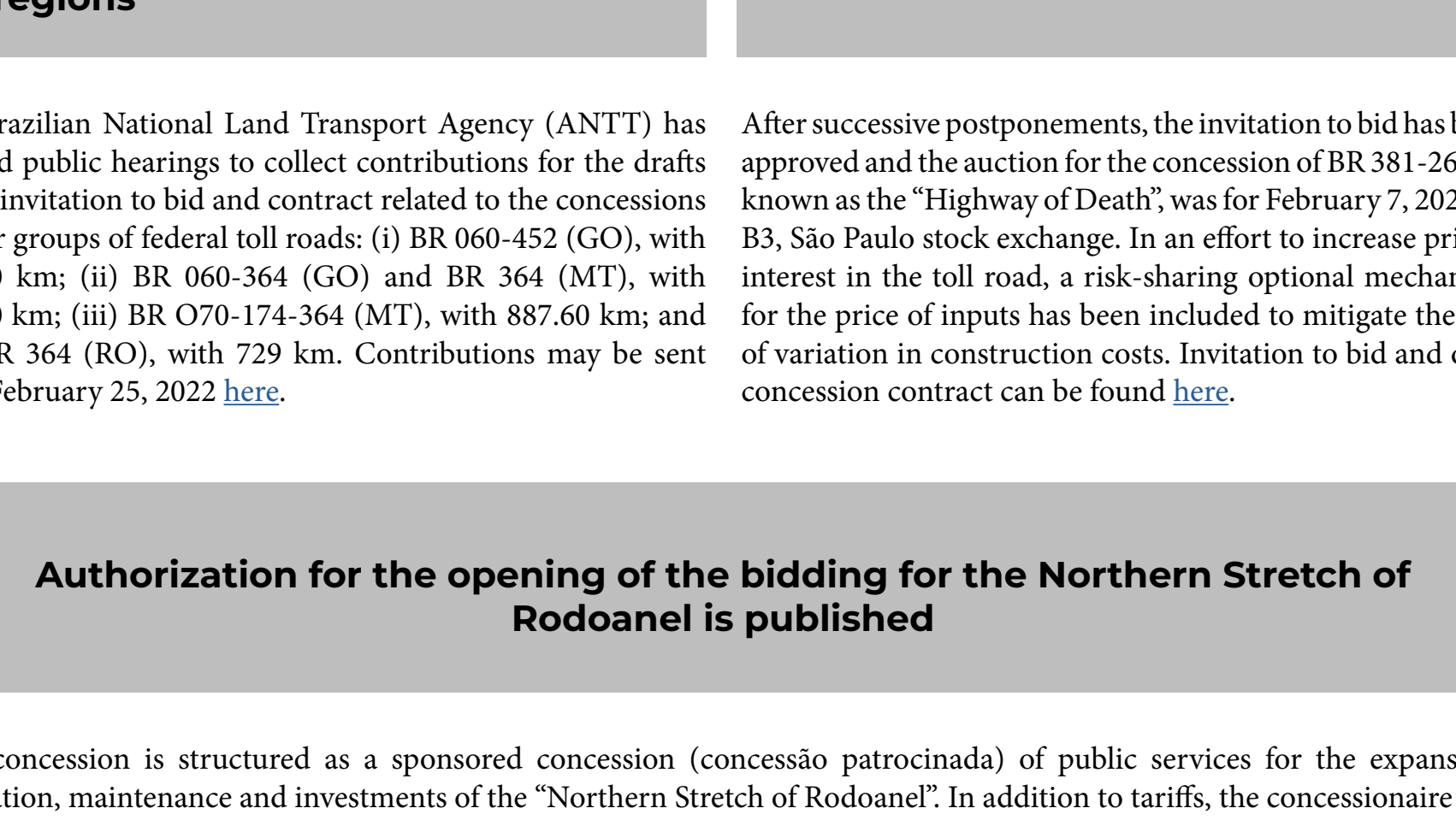


IMAGEM: JARED MERRAT

## INFRASTRUCTURE

**Long-Term Integrated Plan for Infrastructure is published**

The report of the first version of the [Long-Term Integrated Plan for Infrastructure](#) (PILPI), which covers the 30-year period between 2021 and 2050, was approved on December 14, 2022. The PILPI is prepared based on the sector-specific plans and will be updated every two years.



## TOLL ROADS

**Public notice for the concession of toll roads in Rio Grande do Sul is published**

IMAGEM: KIMI LEE

The public notice for the concession of 271.5 kilometers of state toll roads in Block 3 of the RS Parcerias program was published on January 10, 2022. Bid bonds shall be submitted by April 7, at B3, São Paulo stock exchange, and the auction is scheduled for April 13, 2022. The Invitation to Bid, draft concessions contract and other documents can be found [here](#).

**ANTT opens public hearing for toll roads in the North and Midwest regions**

**ANTT schedules auction for the concession of BR 381-262 (MG-ES)**

The Brazilian National Land Transport Agency (ANTT) has opened public hearings to collect contributions for the drafts of the invitation to bid and contract related to the concessions of four groups of federal toll roads: (i) BR 060-452 (GO), with 425.70 km; (ii) BR 060-364 (GO) and BR 364 (MT), with 502.80 km; (iii) BR 070-174-364 (MT), with 887.60 km; and (iv) BR 364 (RO), with 729 km. Contributions may be sent until February 25, 2022 [here](#).

After successive postponements, the invitation to bid has been approved and the auction for the concession of BR 381-262, as known as the "Highway of Death", was for February 7, 2022, at B3, São Paulo stock exchange. In an effort to increase private interest in the toll road, a risk-sharing optional mechanism for the price of inputs has been included to mitigate the risk of variation in construction costs. Invitation to bid and draft concession contract can be found [here](#).

**Authorization for the opening of the bidding for the Northern Stretch of Rodoanel is published**

The concession is structured as a sponsored concession (concessão patrocinada) of public services for the expansion, operation, maintenance and investments of the "Northern Stretch of Rodoanel". In addition to tariffs, the concessionaire will receive revenues from investments made by the State. The concession contract will have a term of 31 years with investments of R\$3 billion. The Northern stretch is 44 km long and passes through the cities of São Paulo, Guarulhos and Arujá. The future concessionaire will be responsible for completing the construction work on the Northern stretch that has been suspended since December 2018. The public notice was published on January 28, 2022 in the São Paulo Partnerships [website](#).

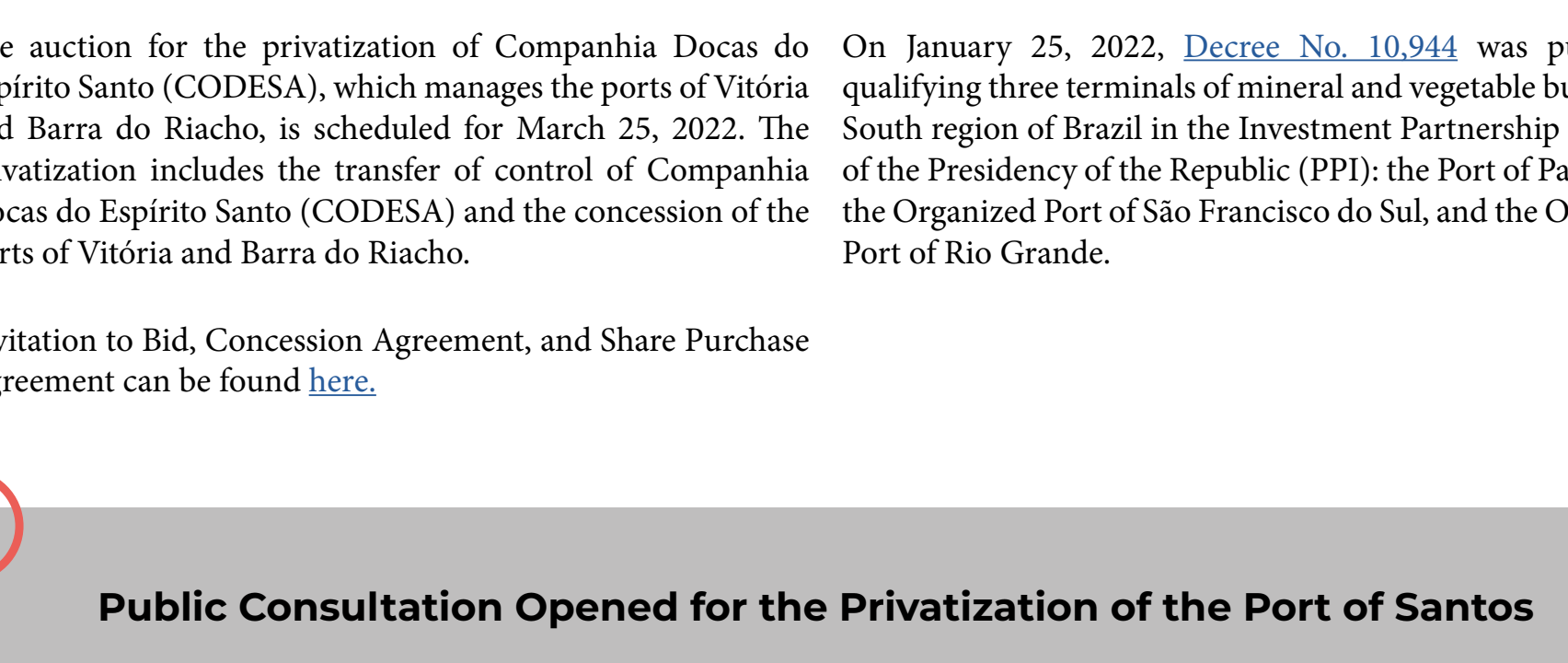


IMAGEM: KS KYUNGI

## RAILWAYS

**New Legal Framework for Railroads is sanctioned**

Law No. 14,273/2021 was published on December 23, 2021, instituting the regime for private exploitation of railroads by means of authorization. So far, more than 70 applications have been filed and more than 20 [authorizations](#) have been granted. See more details about the new framework in [our newsletter](#), and see the article published on the bankability of rail projects after the new framework in the [Agência Infra](#).



## PORTS

**BR do Mar Law is sanctioned**



IMAGEM: MA JIE

[Law No. 14,301/2022](#), which sets forth the "BR do Mar" (Sea Road), was sanctioned by the Brazilian Federal Government and published in the Official Gazette on January 10, 2022. The program encourages cabotage, the navigation between the country's ports, and aims to rebalance the Brazilian transport matrix, as well as to reduce costs.

**Auction of the first privatization of a Brazilian port authority is scheduled**

**Terminals in the Ports of Paranaguá, São Francisco do Sul, and Rio Grande are qualified in PPI**

The auction for the privatization of Companhia Docas do Espírito Santo (CODESA), which manages the ports of Vitória and Barra do Riacho, is scheduled for March 25, 2022. The privatization includes the transfer of control of Companhia Docas do Espírito Santo (CODESA) and the concession of the ports of Vitória and Barra do Riacho.

On January 25, 2022, [Decreto No. 10,944](#) was published, qualifying three terminals of mineral and vegetable bulk in the South region of Brazil in the Investment Partnership Program of the Presidency of the Republic (PPI): the Port of Paranaguá, the Organized Port of São Francisco do Sul, and the Organized Port of Rio Grande.

Invitation to Bid, Concession Agreement, and Share Purchase Agreement can be found [here](#).

**Public Consultation Opened for the Privatization of the Port of Santos**

The Brazilian National Agency for Waterway Transportation (ANTAQ) opened, on January 31, 2022, a public consultation to collect contributions in the documents relating to the tender of the Port of Santos. The tender will involve the transfer of control of the Santos Port Authority and the concession of the Port of Santos. Contributions can be sent until March 16, 2022, [here](#).

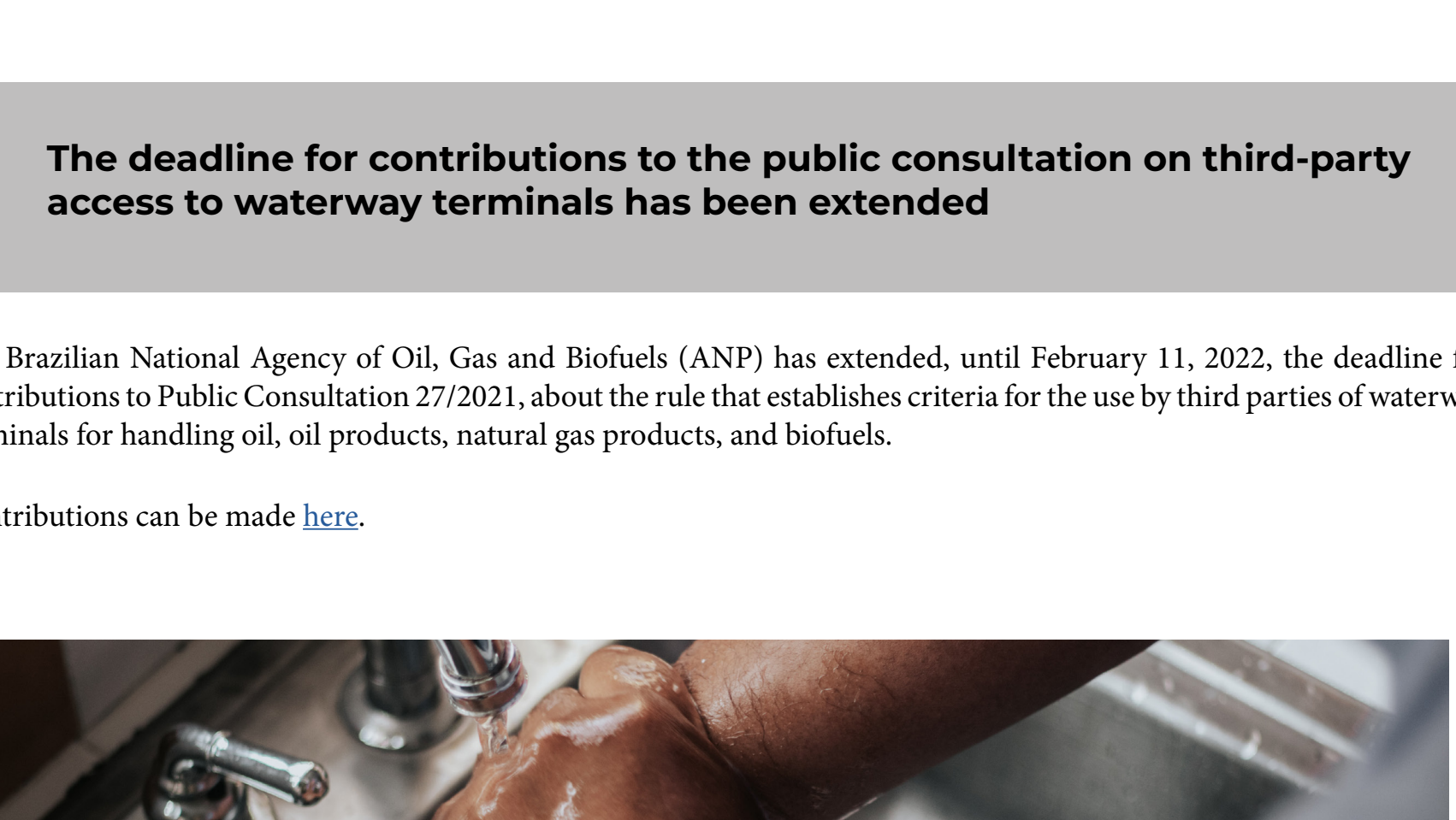


IMAGEM: YOOQOO

## AIRPORTS

**Fernando de Noronha Airport concession is approved**

On January 17, 2022, the concession for the Governador Carlos Wilson Airport, located in the State District of Fernando de Noronha/PE was approved. The approval is conditioned to the adequacy of the bid to the "Management Plan of the Fernando de Noronha Environmental Protection Area".

The concession project was developed under Pernambuco's Strategic Partnerships Program (PPE). Further information [here](#).

**Conditions for the re-bid of São Gonçalo do Amarante are published**

**Ministry of Infrastructure creates Working Group to study the concession model for Santos Dumont Airport**

The Council of the Investment Partnership Program published, on January 17, 2022, a [resolution](#) approving the minimum conditions for the re-bid of São Gonçalo do Amarante Airport.

The creation of the temporary [Working Group](#) was determined on January 18, 2022 due to concerns regarding damage caused by the concession of Santos Dumont Airport to the traffic at Galeão Airport. The working group is comprised of members of the Ministry of Infrastructure and the State Government of Rio de Janeiro.

The re-bid will be through a concession, with a 30-year term, and the winning bid will be the highest concession payment. The project is currently being analyzed by the Federal Audit Court (TCU).

## OIL & GAS

**The permanent offer model for bidding on oil and gas fields is approved**

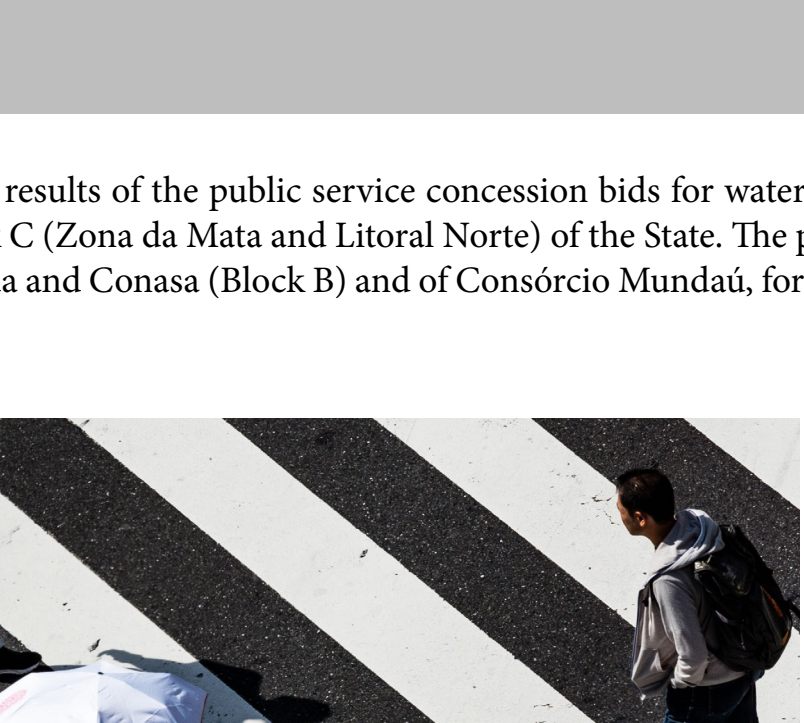


IMAGEM: ZBISNEK BURJANAL

On December 23, 2021, the [Resolution CNPE No. 27/2021](#) was published, authorizing the application of the permanent offer model for bidding of exploratory blocks for oil, natural gas, and other fluid hydrocarbons, for both onshore and offshore basins, except for reserves in the pre-salt area or other strategic areas.

The new resolution extends the permanent offer modality, by which the Brazilian National Agency of Oil, Gas and Biofuels (ANP) offers exploration fields on an uninterrupted basis and grants them according to investor demand. This structure will also be adopted for the bidding of fields that have been returned or are in the process of being returned.

**The deadline for contributions to the public consultation on third-party access to waterway terminals has been extended**

The Brazilian National Agency of Oil, Gas and Biofuels (ANP) has extended, until February 11, 2022, the deadline for contributions to Public Consultation 27/2021, about the rule that establishes criteria for the use by third parties of waterway terminals for handling oil, oil products, natural gas products, and biofuels.

Contributions can be made [here](#).

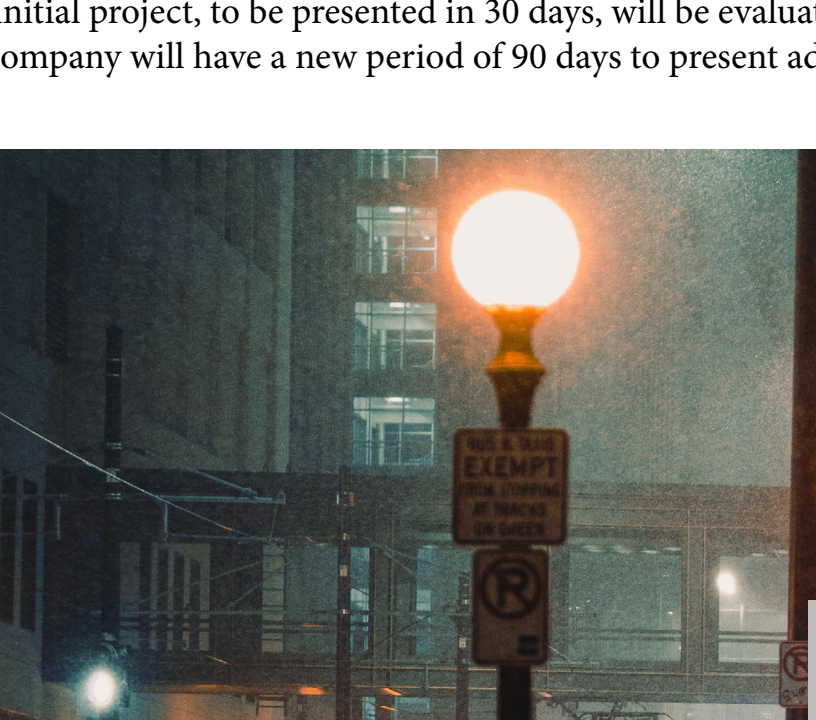


IMAGEM: MELISSA JEANTY

## WATER & SEWAGE

**ANA opens public consultation on quality and efficiency indicators**

The Brazilian National Water Agency (ANA) has opened public consultation 1/22 to receive contributions to the proposed reference standard on indicators and standards of quality, efficiency and effectiveness for evaluating the provision, maintenance and operation of water supply and sanitation systems.

The Agency will receive contributions until February 17, 2022, at this [link](#).

**ANA invites contributions on the tariff regulation model**

**The deadline for submitting evidence of economic-financial capacity has expired**

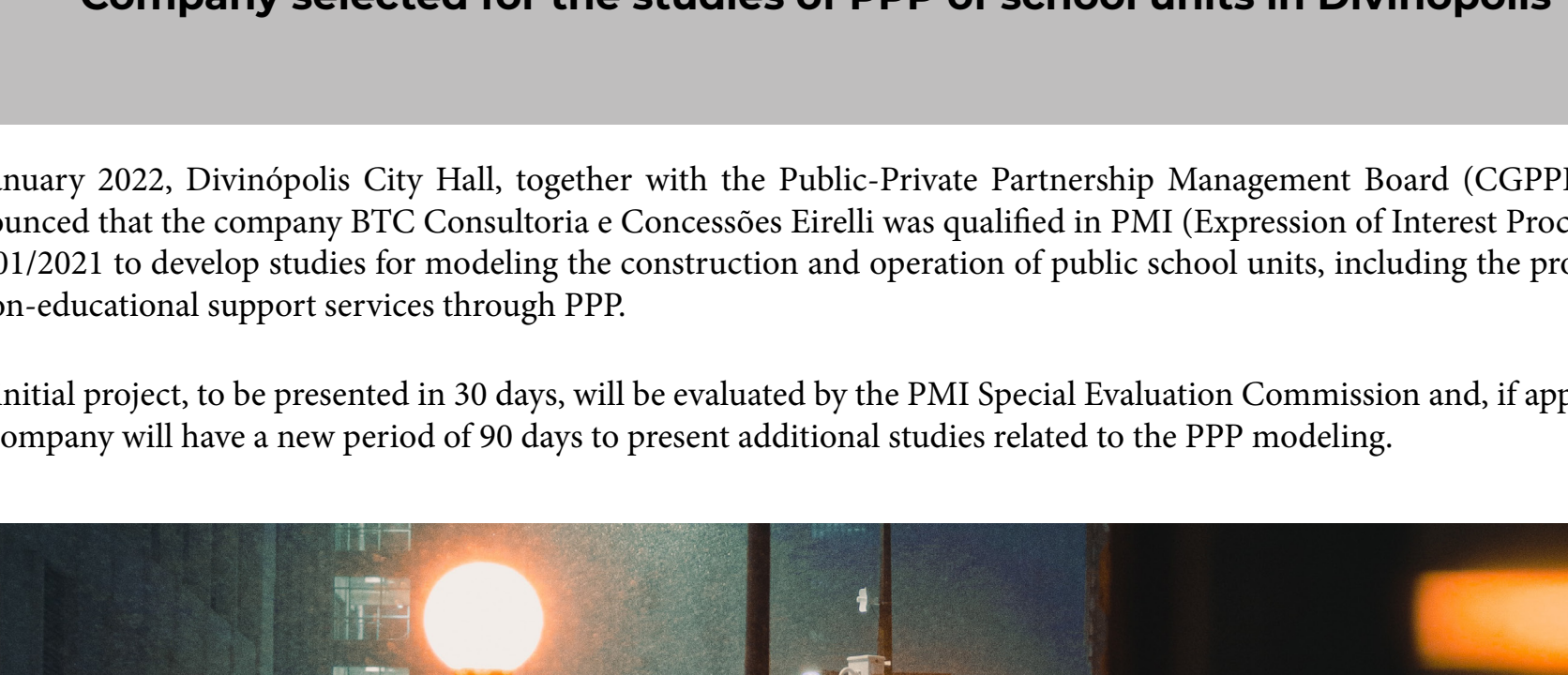
The Agency has opened the Call for References 1/22 to collect contributions for the drafting of a standard for the tariff regulation model for the water and sewage sectors, for existing and new contracts.

The Agency will receive contributions until February 11, 2022, at this [link](#).

Decree No. 10,710/2021, which regulates the process of evidencing the economic and financial capacity of the sanitation companies, provided that the companies should send evidence of economic and financial capacity to meet the goals of the sector's new legal framework until December 31, 2021. The regulator will now analyze the documents provided by March 31, 2022.

**Bids for Blocks B and C in the state of Alagoas are approved**

The Government of Alagoas approved on January 7, 2022 the results of the public service concession bids for water supply and sanitary sewage in Block B (Agregado and Sertão) and Block C (Zona da Mata and Litoral Norte) of the State. The projects were awarded in favor of Consórcio Alagoas, formed by Allonda e Conasa (Block B) and of Consórcio Mondaú, formed by Cymi and Aviva Ambiental (Block C).



## SOCIAL INFRASTRUCTURE

**Recife hires BNDES to model PPP in the educational area**

IMAGEM: FYOBI IWATA

The Municipality of Recife signed on January 25, 2022 a contract with Brazilian Development Bank (BNDES) for structuring and modeling a Public-Private Partnership (PPP) for the implementation and operation of 44 new educational units. It is expected that at least 5,000 new students will be received in day-care centers in the city. The concessionaire will receive monthly payments from the Municipalities, to be determined in the studies, and will be responsible for making the infrastructure available. The Municipality will be responsible for structuring and coordinating the educational project, as well as for hiring teaching staff.

**Company selected for the studies of PPP of school units in Divinópolis**

In January 2022, Divinópolis City Hall, together with the Public-Private Partnership Management Board (CGPPP), has announced that the company BTC Consultoria e Concessões Eirelli was qualified in PMI (Expression of Interest Procedure) No. 01/2021 to develop studies for modeling the construction and operation of public school units, including the provision of non-educational support services through PPP.

The initial project, to be presented in 30 days, will be evaluated by the PMI Special Evaluation Commission and, if approved, the company will have a new period of 90 days to present additional studies related to the PPP modeling.



IMAGEM: JOSH HILD

## PUBLIC LIGHTING

**Invitation to bid for administrative concession of the Public Lighting services of Jaboatão dos Guararapes (PE) is published**

The public notice for the PPP, structured by the BNDES, was published on January 29, 2022. The concession involves the works services related to the modernization, expansion, operation, and maintenance of the infrastructure of the municipal public lighting network.

The concession term is of 22 years and the estimated value of the contract is R\$ 280 million. The commercial proposals and bidding documents must be delivered to B3, in São Paulo, on March 11, 2022. The public session will take place on March 16, 2022 also at B3. The invitation to bid, the draft concession contract, and other documents can be found [here](#).

**Várzea Paulista opens public consultation for Public Lighting PPP**

The project involves the administrative concession for the management, optimization, expansion, modernization and maintenance of the municipal public lighting system. Contributions can be sent until March 02, 2022. The drafts invitation to bid, concession contract, and other documents are available [here](#).

## FINANCING

**Legal Framework of the Foreign Exchange Market allows contracts in foreign currency**

IMAGEM: CHRISTIAN DUBOVAN

Law No. 14,286/21, published on December 30, 2021, includes in the list of possibilities for payment in foreign currency, "contracts entered into by exporters in which the counterparty is a concessionaire, permissionaire, licensee or lessee in the infrastructure sectors."

Upon the infrastructure into force (within one year of its publication), exporters will be able to enter into contracts with the infrastructure companies with payment linked to foreign currency, thus matching their revenues with their costs.

The infrastructure company, in turn, will be able to use the revenues from these dollarized contracts as collateral to obtain financing in dollars, expanding its funding possibilities. Check out more details in [our newsletter](#) and see article authored by our members on the subject, published by [Estadão](#) newspaper.

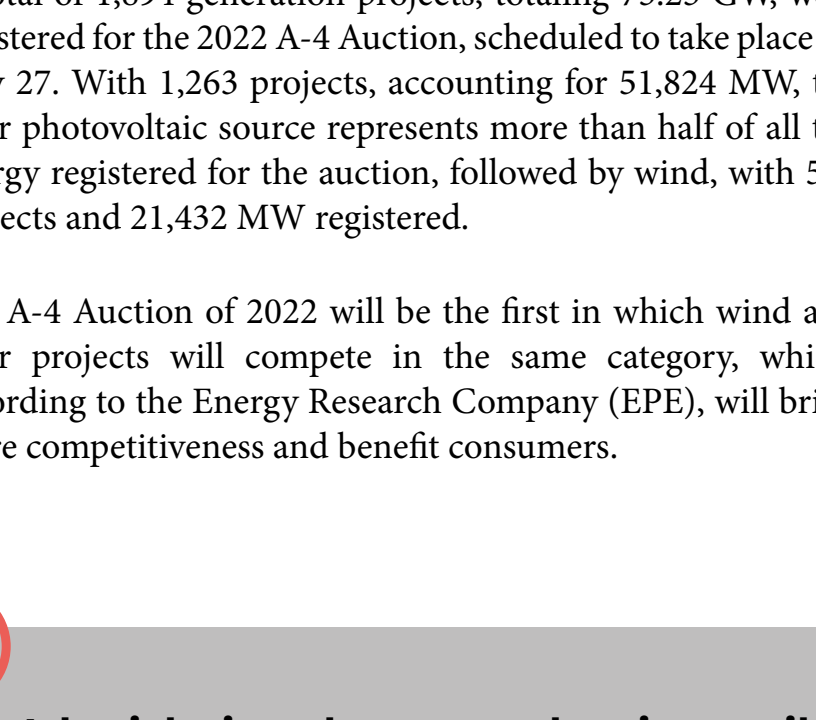


IMAGEM: ALVARO SERRANO

## ENERGY

**Brazilian Federal Government publishes rules for development of offshore wind energy projects**

On January 25, 2022, the Federal Government published Decree No. 10,946/2022, which provides the initial guidelines for the development of offshore wind projects in Brazil. The Rule deals with one of the main challenges related to ventures of this nature – the assignment of the use of physical spaces and the use of natural resources for this type of electricity source.

The Ministry of Mines and Energy (MME) may hold specific auctions for contracting offshore power if sector planning requires. The MME will issue complementary rules within 180 days from the date they come into effect on June 15, 2022.

**75.25 GW in projects were registered for the 2022 A-4 Generation Auction**

**Federal Government publishes legal framework for distributed generation**

A total of 1,894 generation projects, totaling 75.25 GW, were registered for the 2022 A-4 Auction, scheduled to take place on May 27. With 1,263 projects, accounting for 51,824 MW, the solar photovoltaic source represents more than half of all the energy registered for the auction, followed by wind, with 542 projects and 21,432 MW registered.

On January 7, 2022, the Law No. 14,300 was sanctioned, establishing the Legal Framework for Distributed Generation (DG) in Brazil.

The A-4 Auction of 2022 will be the first in which wind and solar projects will compete in the same category, which, according to the Energy Research Company (EPE), will bring more competitiveness and benefit consumers.

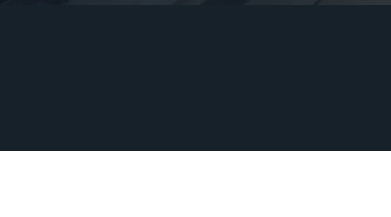
Law No. 14,300 addresses the gradual remuneration for the use of the grid, subject to transition rules, establishing new forms of operation of shared generation. It also sets forth the requirement to submit a bond in certain cases and provides for the need for valuation of costs and benefits of DG, both by the National Energy Policy Council (CNPE) and the National Agency for Electrical Energy (ANEEL). ANEEL is still expected to publish regulations on some aspects provided for in Law No. 14,300/2022.

**A legislative change makes it possible to enter into PPAs in foreign currency**

As detailed in the item "Financing" of this newsletter, the Brazilian Federal Government published the Legal Framework for the Foreign Exchange Market.

Specifically with respect to the electric power sector, the new law makes it possible to enter into Power Purchase Agreements (PPAs) in foreign currency, when the off-taker is an exporter, a structure much discussed in the energy market in recent years. When the law comes into force, in December 2022, Power producers will, in turn be able to access foreign currency financing, using their revenues - also in foreign currency - as a "natural hedge".

For more energy news, see our newsletter [Papo de Energia](#).



Newsletter content produced by TozziniFreire's Infrastructure & Energy team

Partners responsible for the content:

- ☑ Ana Carolina Calil
- ☑ José Augusto Dias de Castro
- ☑ Jun Makuta
- ☑ Karin Yamauti Hatanaka
- ☑ Leonardo Miranda
- ☑ Marcelo Zenkner

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