

NEWSLETTER

November 2021



IMAGEM: AMERICAN PUBLIC POWER ASSOCIATION

ANEEL approves the regulation on hybrid and associated power plants

On November 30, 2021, the National Electric Energy Agency (ANEEL) approved regulation for the operation of Hybrid Power Plants (UGHs) and associated power plants, systems resulting from the combination of two or more energy sources that share the power grid infrastructure. The new resolution provides definitions and rules for the licensing procedure of these projects, contracting the use of the power grid, charging plants and discounts on usage charges.

This specific regulation allowed hydroelectric plants that are part of the Energy Reallocation Mechanism (MRE) to develop hybrid or associated plants, with measurements being separated by generation technology. The energy produced by a source other than hydro, as well as the generation output (*garantia física*) of such source will not be allocated to the MRE.

It is worth mentioning that the new regulation did not restrict the kinds of technology to be used. The regulator preferred not to set forth rules for the formation of hybrid or associated sets that use energy storage at this moment, as the matter will be resolved through a specific process.

Although the discussion on the regulation for the matter started in 2019, there are already some hybrid projects in Brazil today, either installed or under installation phase.

ANEEL approves the first energy battery storage project in large scale in the transmission grid

On November 16, 2021, ANEEL approved the first energy battery storage project in large scale in the transmission grid, pioneer for the sector. The concessionaire ISA CTEEP is leading the new venture, investing around BRL 146 million in a system with 30 MW of power to be installed at the Registro substation, in São Paulo.

Due to the project implementation, the Annual Permitted Revenue (RAP) will be approximately of BRL 27 million, with the project expected to be delivered in November 2022.

According to the company, the lithium batteries will be installed in an area of around 4,000 m², with a size equivalent to approximately 30 containers and capacity to ensure the maximum demand of the south coast of São Paulo (around 400 MW), benefiting approximately 2 million people.

The technology will act in moments of peak consumption, as a reinforcement to the grid, ensuring additional energy for up to two hours and avoiding interruption in supply due to excess demand.

ANEEL initiates public hearing regarding the auction notice proposal for the 2022 transmission auction

On November 15, 2021, ANEEL initiated the public hearing to discuss the bid notice proposal for the first transmission auction of 2022. The contributions can be received until January 10, 2022.

With investments of BRL 9.5 billion, the auction notice foresees a public bidding of 13 lots, with 4,545 miles of transmission lines and 5,410 MVA in transformation capacity. The auction is expected to occur on June 30, 2022, offering concessions in the States of Acre, Amapá, Amazonas, Bahia, Espírito Santo, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Pará, Rondônia, Santa Catarina, São Paulo and Sergipe.

The lots 1 to 7 will correspond to new projects, while the other lots correspond to already existing projects with recommendations of expiration or ongoing punitive proceedings for breaches of contract. Alterations can occur depending on the final decision given by the Ministry of Mines and Energy regarding the projects with ongoing punitive proceedings.

It is worth mentioning that ANEEL will still organize, on December 17, 2021, the transmission auction No. 02/2021. In this regard, ANEEL published, on November 23, 2021, the final auction notice of this transmission auction, including the object, the Annual Permitted Revenue (RAP) and the Technical Schedules. In the bidding process, 902 miles of transmission lines will be offered, along with 750 MVA of transformation capacity, in the following States: Amapá, Bahia, Minas Gerais, Paraná and São Paulo.



IMAGEM: STEVE JOHNSON

ANEEL approves rules for economic and financial rebalance of distribution companies

On November 23, 2021, ANEEL approved rules for the analysis of tariff review requests claimed by distribution companies, in order to rebalance concession agreements in view of the events resulting from the COVID-19 pandemic.

The Agency established the calculation criteria of the distributors' involuntary hiring, resulted by the consumption reduction during the pandemic and, also, defined the refund measures to the consumers of costs related to the credit operation of the 2020 COVID-Account.

The rebalance will focus on: (i) the decrease in the revenue caused by market reduction; and (ii) the loss of revenue caused by default's increase. For the purposes of rebalancing, such triggering events must have occurred in the year 2020 and cannot be a result of bad business management. Furthermore, the effects of the revision will be presented in subsequent tariff processes, remunerated by the Selic rate.

Distribution concessionaires will have by January 31, 2022 to send all of the data regarding revenues from March to December of 2020, with consolidated information by December 2021, in the rebalancing claims related to the revenue decreases concerning consumers' default.

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