

# NEWSLETTER

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IMAGEM: FRÉDÉRIC PAULUSSEN

## Federal Government sanctions the Law that creates the National Nuclear Security Authority

The Brazilian Federal Government, on October 15, 2021, sanctioned Law No. 14,222, responsible for creating the National Nuclear Security Authority (ANSN), an independent federal agency with its own assets and administrative, technical and financial autonomy. The new authority will have its headquarters and jurisdiction in the city of Rio de Janeiro and operate in the national territory, without budgetary impact, as it is the result of a spin-off of the National Nuclear Energy Commission (CNEN), using the budget, structure and personnel already provided for CNEN.

ANSN will have the purpose of monitoring, regulating and inspecting nuclear safety and radiological protection of nuclear activities and installations, nuclear materials and radiation sources in the national territory, while CNEN will conduct research and development works in the sector.

Furthermore, the new agency shall be responsible for regulating and controlling stocks and reserves of nuclear ores, as well as granting licenses and authorizations for nuclear installations, nuclear reactor operators, researches, and for the internal and external trade of minerals, ores and their concentrates and metallurgical slags.

It is also worth mentioning that the law takes care of forbidding the exercise, by ANSN, of economic, commercial and industrial regulation activities or research and surveys for these purposes.

## ANEEL and CCEE hold auction for the contracting of reserve energy

On October 25, 2021, the National Electric Energy Agency (ANEEL) and the Energy Trading Chamber (CCEE) held the Simplified Competitive Procedure (PCS) No. 1/2021-ANEEL, an auction for the contracting of reserve energy from wind, photovoltaic solar and thermoelectric sources powered by diesel, fuel oil, biomass and natural gas, with connection in the Southeast/Midwest and South submarkets.

The auction was established as part of the measures to optimize hydro energy resources and to face the current water crisis situation experienced by Brazil, the largest in 91 years. The PCS presented initial prices of BRL 347.00/MWh for the quantity product and BRL 1,619.00/MWh for the availability product.

Of the total contracted energy, most will be provided by 14 thermoelectric power plants powered by natural gas. The auction also included 2 solar energy projects and one powered by biomass.

Gas plants had a marginal cost of BRL 1,599.57/MWh (and solar and biomass projects the value of BRL 343.22). At the end of the auction, ANEEL estimated that the PCS resulted in savings of BRL 474 million and that the investments moved around BRL 5.26 billion.

## Eletrobras' privatization modeling is approved

The Board of the Investment Partnership Program (CPPI), of the Brazilian Federal Government, unanimously approved, on October 19, 2021, Resolution No. 203/21, which defines the privatization model of Eletrobras, a state-owned company under the shareholding control of the Federal Government.

According to the privatization model approved by CPPI, the privatization will take place mainly in two stages. The first stage will be a capitalization process, in which Eletrobras shall issue new shares that can be purchased on the primary market until the Federal Government's participation in the company is diluted – which will not prevent the Federal Government from being Eletrobras' main shareholder in accordance with CPPI.

The privatization's second stage will comprise the amendment to Eletrobras' By-laws for the pulverization of the Company's shares. Mechanisms will be included to prevent a single shareholder, or a group of shareholders, from exercising control over the company. To this end, the Company's management bodies will be strengthened, for example, in line with the model adopted by large energy companies abroad.

Regardless the steps described above, the segregation of Itaipu Binacional and Eletronuclear will also undergo modeling, which shall remain under the Federal Government's shareholding control, as set forth by the Brazilian Federal Constitution and Law No. 14,182/21, which authorized the privatization of Eletrobras.



IMAGEM: NIKOLA JOHNNY MIRKOVIC

## Ministry of Mines and Energy publishes ruling that defines procedures for electric sector modernization

On October 25, 2021, the Ministry of Mines and Energy (MME) published Normative Ruling No. 31, establishing the procedures for the modernization of the electric sector. Coordinated by MME's Executive Office, the movement consists in coordinated action by different industry agents, not only by the Ministry but also by ANEEL, CCEE, the Energy Research Company (EPE) and National Grid Operator (ONS).

Aiming at bringing together these agents and taking future plans for the sector, the MME's Executive Office will promote regular monitoring and evaluation meetings, in a tactical and strategic level. The tactical decisions will be evaluated with the involved technicians, while the strategic decisions will be debated with the public and private institutions coordinators who compose the sector's summit, in monthly evaluation meetings.

## Senate installs the energetic crisis evaluation committee

On October 28, 2021, the Brazilian Senate installed a temporary committee to investigate the hydro energetic crisis effects and causes in the country. The new committee will have a 180 days term and it will be responsible, among other functions, to monitor the activities of the Chamber of Exceptional Rules for Hydro Energetic Management (CREG) and to propose solutions to guarantee the energetic safety in the Brazilian electric system context.

The committee will be formed by 11 members and an equal number of substitutes, having the Senators Jean Paul Prates and Veneziano Vital do Rêgo for the positions of President and Vice-President, respectively, and Senator José Aníbal as reporting member.

On the very same day of the Committee's creation, the senators approved a requirement inviting the Mines and Energy Minister, Bento Albuquerque, for a series of public audiences to be performed within the next weeks.

## ANEEL rejects the request to constrained-off rules review

ANEEL rejected a review request of Resolution No. 927/2021, responsible for establishing the criteria and procedures associated with the configuration of constrained-off events involving wind power plants.

The plaintiff, an energy producer, argued that the Resolution establishes criteria for specific situations and required changes in particular dispositions, as, for example, the transition rule and the calculation method of the amount that was not generated for the System Service Charge (ESS) evaluation ends.

The Agency considers that the Resolution is a result of a discussion initiated years ago, in a process in which the interested parties had the opportunity to present their contributions. Therefore, the decision only confirms the understanding that rules of general nature approved after public consultation cannot suffer alterations in a process without previous discussion.



IMAGEM: BRIAN SCOTT

## Federal Government approves alterations related to electric energy supply procedure by means of Law No. 14,195/2021

Law No. 14,195/2021 was sanctioned in August, establishing a simplification in the opening and operation of companies in the country. Among its provisions, the Chapter VIII presents new rules to facilitate energy supply for referred companies.

The new bill aimed to give a maximum term of 5 business days for the granting of authorization or license, by the responsible public authorities, to carry out extension works of energy distribution networks in urban sites.

For Group A energy connections in urban area (with hired power until 140 kVa), the project and execution of internal real state installations must have a technical responsible. With its credentials duly registered by the regional professional council, this professional will be liable civil, administrative and criminally for eventual losses and damages. In that case, the project's prior approval will be dismissed by the electric energy agents.

The new bill also aims to boost the procedure of the new energy connections, once it establishes a 45 days term for the execution of the necessary procedures for Group A consumer's connection to distribution networks in urban sites (with hired power until 140 kVA).

This last provision will produce effects within the next three years from the bill's publication, with the possibility of anticipating the effects in accordance with ANEEL's determination. As to the other provisions regarding the electric energy supply, the bill will produce effects as its official publication.

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