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Freire.**
ADVOGADOS

SUSTAINABLE HYDROGEN.

Hydrogen Legal Framework

LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

- It establishes **guidelines for the production, transport and use** of low-carbon H₂, **voluntary certification** and **federal tax incentives** for industry and to encourage production.
- **Definition** of renewable hydrogen and **classification**: the legal provision classifies "**low-carbon**" hydrogen as that with an initial value of less than or equal to 7 kilograms of carbon dioxide per kilogram of hydrogen produced; "**renewable**" hydrogen is that obtained from the use of renewable sources.
- Creation of the **Brazilian Hydrogen Certification System (SBCH₂)**.
- Creation of the **Low-Carbon Hydrogen Development Program (PHBC)**.
- Creation of the **Special Incentive Regime for Low-Carbon Hydrogen Production (Rehidro)**.
- Creation of the **National Low-Carbon Hydrogen Policy**.

HIGHLIGHT

The production of hydrogen, its derivatives and carriers will be carried out by **companies or consortium** of companies incorporated under Brazilian law **with headquarters and management in Brazil**, which have obtained **authorization** from **the Brazilian National Agency for Petroleum, Natural Gas and Biofuels (ANP)**.

LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

HYDROGEN CLASSIFICATION

- **Low-carbon H₂:** hydrogen fuel or industrial resource with greenhouse gas emissions lower than or equal to 7 kg of CO₂ per kg of H₂ (**TF note:** *This value was increased in the Brazilian Senate in comparison to the 4 KgCO₂ / KgH₂ proposed by the Brazilian House of Representatives*).
- **Renewable H₂:** hydrogen which, in addition to being low-carbon H₂, is sourced as natural H₂, obtained from renewable sources or by electrolysis powered by renewable energy.
- **Green H₂:** produced by electrolysis of water powered by renewable energy sources.



LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

THE NATIONAL LOW-CARBON HYDROGEN POLICY

- It encompasses all of the Project's benefits and programs.
- Technical and economic parameters defined by the Brazilian National Energy Policy Council (CNPE) following proposals from the Ministry of Mines and Energy (MME).
- The guidelines will be established by the Management Committee of the National Hydrogen Program, which will include representatives from the scientific community, the productive sector and the States and the Federal District.



LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

SBCH₂

- Brazilian Hydrogen Certification System.
- Responsible for the accreditation of certifying companies, which will issue the H₂ certificate indicating the level of Greenhouse Gases (GHGs) associated with its life cycle.
- The regulatory body (to be defined) will be responsible for establishing the regulations for the implementation of the guidelines for certification, overseeing hydrogen trading and the accredited certifiers, defining and enforcing sanctions, and providing mechanisms for harmonization with international certification standards.



LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

REHIDRO

- Special Incentive Regime for Low-Carbon Hydrogen Production.
- Application of the benefits of the Special Incentives Regime for Infrastructure Development (Reidi) to H2 projects, except for companies under *Simples Nacional*.
- Beneficiary companies will be able to benefit from the suspension of PIS/Cofins and PIS/Cofins-Import on local acquisitions and imports of machinery, construction materials, and services for use or incorporation in the infrastructure works of H2 projects.
- The incentives will be in effect for 5 years, starting from January 1, 2025.



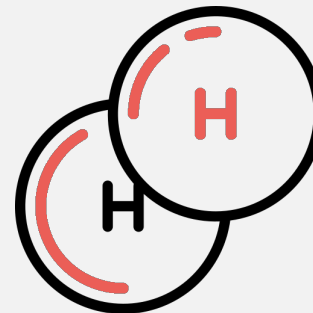
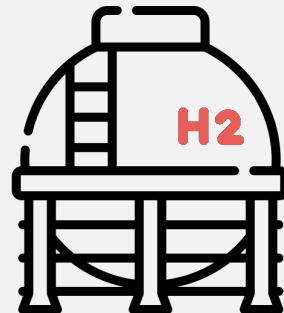
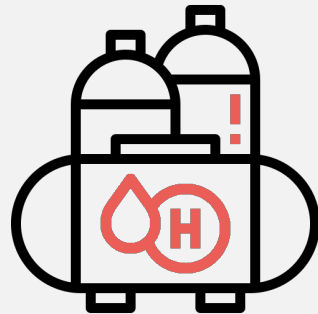
LOW-CARBON HYDROGEN LEGAL FRAMEWORK.

PHBC

- Low-Carbon Hydrogen Development Program.
- It is expected that the Federal Government will send a new project to Congress to address this program.

REGULATORY AGENCY

- The Brazilian National Agency for Petroleum, Natural Gas and Biofuels (ANP) will be the competent authority to regulate and authorize the production of low-carbon hydrogen, the exploration of natural hydrogen, and activities related to hydrogen, its derivatives and carriers.



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