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Reform of the **Electricity Sector**

May | 2025



Overview

What changes?	<p>Changes in all Self-Production models</p> <ul style="list-style-type: none">After 60 days from the publication of the MP (as of July 21, 2025), new self-production arrangements may only be carried out with plants that start commercial operation after May 21, 2025. <p>Changes in Self-Production by Equivalence</p> <ul style="list-style-type: none">Minimum Aggregate Demand: only consumers with an aggregate load equal to or greater than 30 MW will be able to appear as equivalent self-producers. Minimum demand of 3 MW for each CU to configure the aggregate load (Law No. 9,074, art. 16-A, § 1);Minimum Equity: If the company issues non-voting shares with economic rights higher than the voting shares, the minimum participation required by the economic group of each shareholder in the capital stock, direct or indirect, may not be less than 30% of the company's total capital stock (Law No. 9,074, article 16-A, paragraph 4); andPossibility of classification, by extension, of members of the economic group (Law No. 9,074, art. 16-A, § 1, II).
When?	<p>New rules are effective immediately, except for the following cases in relation to Minimum Aggregate Demand and Minimum Equity:</p> <ul style="list-style-type: none">Self-producers equivalent to contracts already registered with the CCEE before the MP (Law No. 9,074, art. 16-A, § 5, I); orSelf-producers who are part of an economic group that holds a 100% (one hundred percent) interest in the shares of the holder of the concession for energy production (Law No. 9,074, art. 16-A, § 5, II); orNew Self-Production by Equivalence projects whose Share Purchase and Sale Agreement (or Call Option) is submitted to the CCEE, notarized or signed by means of a digital certificate (ICP), within sixty (60) days, counted from the publication of the MP (until July 20, 2025) (art. 16-A, § 5, III) and conclude the transfer of shares within twenty-four (24) months from the execution of the respective agreement, and must submit to the CCEE the amendment to the articles of association registered with the Board of Trade or the annotation in the share transfer book.
Who is affected?	<p>Free Consumers and Generators.</p>

Overview

What changes?	<p>End of the Tariff Benefit for Consumers</p> <ul style="list-style-type: none">• The discount on the portion of TUSD/TUST levied on the consumption of electricity from renewable sources will be applied exclusively until the end of the current contracts registered with the CCEE, limited to the amounts of energy registered and validated until December 31, 2025 – Makes registration at 0 (zero).• For the incidence of the discount, the amounts registered and validated until December 31, 2025 cannot be changed after this date.• The incidence of discounts is prohibited in the event of transfer or extension of contracts, as well as in the case of contracts with an indefinite duration or without definition of the amount of energy sold.• Inspection powers for the CCEE to inform ANEEL of evidence of fraud or simulation for the purpose of obtaining discounts, for the purpose of determining and applying the applicable sanctions.
When?	Effective immediately.
Who is affected?	Free Consumers and, indirectly, generators and traders with incentivized energy trading contracts.

Opening of the Free Energy Market

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Overview

What changes?	Opening of the Free Market to all consumers, to be regulated in regulation.
When?	Industrial and commercial consumers as of August 1, 2026. Other Consumers (residential) as of December 1, 2027.
Who is affected?	All consumers, distributors, traders and generators.
Support measures	<ul style="list-style-type: none">• By February 1, 2026, the activity of the Supplier of Last Resort (SUI) must be regulated, aimed, in general, at supplying electricity to uncontracted consumers while they do not regularize the contract or have the energy supply suspended.• What will be regulated: the person responsible for the provision of the SUI (which may be the Distributors, with or without exclusivity), the consumers entitled to this form of supply, the cases in which this supply will be mandatory, the maximum term of this supply, the possible temporary use of reserve energy for this form of supply, the possible waiver of ballast for contracting and the form of calculation and allocation of costs.• By July 1, 2026, the tariff, accounting and contractual separation of the energy trading activities and the provision of distribution service must be carried out – Separation between Energy x Wire. Creation of new tariff charges <ul style="list-style-type: none">• The costs of exercising the SUI will be apportioned among all consumers of the ACL, through a new tariff charge.• Institution of a new tariff charge to cover the effects of overcontracting or involuntary exposure of Distributors resulting from the migration of consumers from the ACR to the ACL, to be apportioned among all consumers of the ACL and ACR.

Others



- Energy contracting in new auctions will have a maximum term of 35 years.
- Possibility of easing the obligation to contract energy to serve the entire distributors' market, according to the regulation to be edited.



Tariff modernization:

- Hourly Rate Options.
- Multi-Party Tariffs (Wire and Power Separation).
- Prepayment of Fees.



- Possibility of the Administrators of the sectoral agents being directly liable for losses resulting from acts carried out with intent, serious negligence, or in violation of legal norms.
- The CCEE may participate in other energy markets or provide other services, such as warranty management and registration of energy certificates.
- Paving the way for increasing the CCEE's police power, through ANEEL regulation.
- The CCEE may promote a centralized competitive mechanism for the negotiation of securities equivalent to default in the MCP arising from lawsuits on the GSF. The bonds may be acquired by hydroelectric generators participating in the MRE, and the acquisition of the bonds may be offset by extending the term of the concession of the hydroelectric project, limited to seven (7) years.

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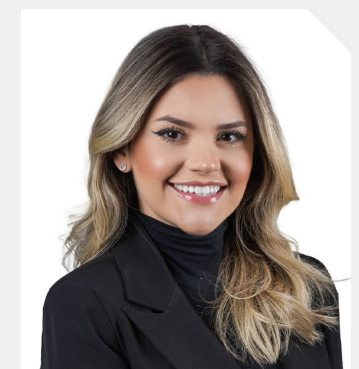
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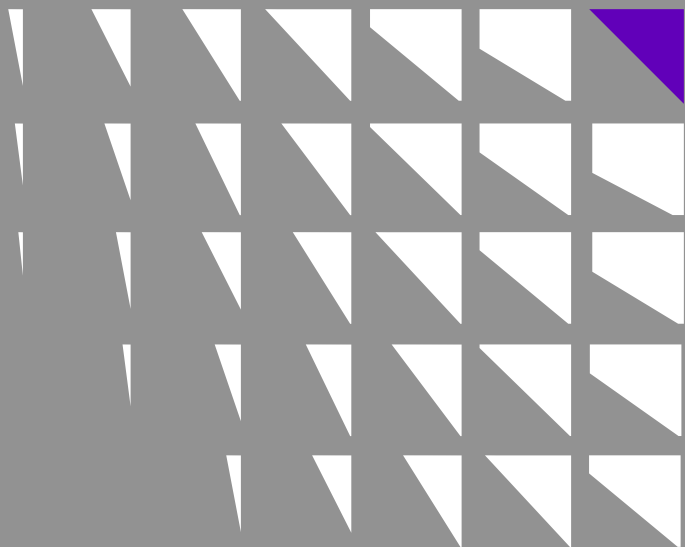
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