

Power Newsletter

Special Edition

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2018 A-6 Auction Result: Wind Power Leadership with 60.15% Discount Price

On August 31, 2018, the National Electric Energy Agency ("ANEEL") held the 2018 A-6 Auction to contract electricity from new hydroelectric, wind and thermoelectric (coal, natural gas and biomass) projects, with the supply beginning on January 1, 2024.

With a low demand of 835 MW, only 62 projects were awarded PPAs with a total capacity of 2.1 GW, as follows: (i) 48 wind power plants with 1,250 MW of capacity; (ii) 11 hydro power plants with 457.7 MW of capacity; (iii) 3 thermal power plants with 391 MW of capacity, including two biomass and only one natural gas thermo power plant.

It is worth mentioning that the 2018 A-6 Auction was the first in which wind power projects were awarded PPAs in the "quantity modality", in which the risks of surplus or deficit are undertaken by the generator. Despite this, the price offered by wind power projects received a discount of 60.15% at an average final price of BRL 90.45/MWh.

The contracting of other power sources was minimal, especially for natural gas thermo power plants, considering that 36 projects were registered at this auction with a total capacity of 27.6 GW, but only one 0.3 GW project was successful, that is, about 1% of the capacity offered at this auction.

The average price of the A-6 Auction was BRL 140.87/MWh, with an average discount of 46.89%, which represents a saving of BRL 20.9 billion for final consumers.

In the table opposite, you will find a summary of the results of A-6 Auction:

Summary Chart - 2018 A-6 Auction	
Number of Winning Projects	62
Capacity (MW)	2.100,14
Assured Energy (MWh)	1.228,59
Marginal Price (BRL/MWh)	196,66
Average Sale Price (BRL/MWh)	140,87
Amount (MWh)	168.033.684,00
Contracted Amount (MWh)	835
Contracted Amount (Lots)	8.350
Financial Amount (BRL)	23.670.310.784,15
Savings (BRL)	20.894.479.878,15
Discount (%)	46,89

In [Annex I](#) to this newsletter, the results by power source, as well as a comparison of the results with projects that were registered by the Energy Research Company ("EPE") in this A-6 Auction, are set out.

By March 30, 2019, the Brazilian government must publish a new schedule of auctions with a minimum of two New Energy Auctions per year, pursuant to Federal Decree No. 9,143/2017, provided that there is demand for contracting.

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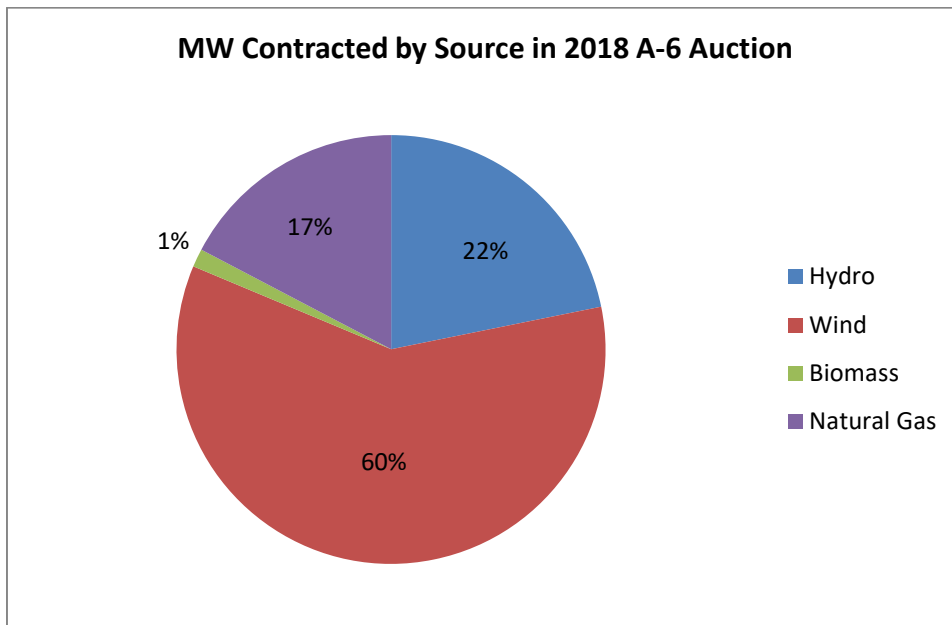
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Annex I – Results by Source and Comparison with EPE Registration

Results of 2018 A-6 Auction by Source			
Source	State(s)	Average Price (BRL/MWh)	Investments (BRL)
Large Hydro (UHE)	Paraná	151.68	674,147,920.00
Small Hydro (PCH)	Rio Grande do Sul, Santa Catarina, Paraná and Mato Grosso	193.99	653,568,410.00
Micro Hydro (CGH)	Paraná, Goiás and Minas Gerais	195.00	58,922,080.00
Wind	Rio Grande do Norte and Bahia	90.45	5,834,750,180.00
Biomass	São Paulo	175.59	48,154,000.00
Natural Gas	Maranhão	179.98	1,088,794,600.00



Registered Projects in comparison with Winning Projects of 2018 A-6 Auction				
Source	No. of Registered Projects	No. of Winning Projects	Capacity of Registered Projects (MW)	Capacity of Winning Projects (MW)
Wind	926	48	27,058	1,250
Large Hydro (UHE)	7	1	333	350.2
Small Hydro (PCH)	63	6	919	96.56
Micro Hydro (CGH)	21	4	61	11
Biomass	25	2	1,040	28.48
Coal	2	0	940	0
Natural Gas	36	1	27,608	363.2
Total	1,080	62	57,959	2,099