

The distributed generation model was established by the National Power Agency (ANEEL) through Normative Resolution **No. 482/2012** (as amended by Normative Resolution **No. 687/2015**). Distributed generation's appeal results mainly from the possibility of the consumers being able to deduct from their electricity bill the amount of electrical energy produced by their own equipment (the so-called energy set-off system or SCEE).



THE LAW ESTABLISHES THE TRANSITION RULES FOR THE NEW TARIFF SYSTEM

EXISTING UNITS



For microgeneration and minigeration units already in operation, as well as those that file an access request with the distribution company within 12 months from publication of the law, **the new tariff rules will only apply after 31 December 2045.**

NEW UNITS



For units that file an access request with the distribution company **12 months from publication of the law, the new tariff rules will apply.**

For the new units, according to the new tariff system, between **2023 and 2029**, there will be a gradual increase of the amount to be paid with respect to the distribution tariff and, **starting in 2029, the full amount of the distribution tariff will apply.**

2023

2029

The Law also provides that the new tariff system shall be regulated by ANEEL, with the possibility of considering eventual benefits of distributed generation, according to guidelines to be defined by the National Energy Policy Council (Conselho Nacional de Política Energética).

HIGHLIGHTS:

REDUCTION OF INSTALLED CAPACITY



The Law provides for the reduction, **after 31 December 2045**, of the maximum installed capacity limit for existing units of distributed minigeration in the case of non-dispatchable sources (e.g. solar) **from 5 MW to 3 MW**. For new units, the law foresees a maximum installed capacity limit of **5 MW** for dispatchable sources (e.g. hydroelectric, including those of run of the river type with possibility of controlling energy production, qualified cogeneration, biomass, biogas) and **3 MW** for non-dispatchable sources.

HYBRID PLANTS AND STORAGE



The Law provides for the possibility of microgeneration and minigeration hybrid generating plants and with energy storage through batteries. Also, the law considers as dispatchable sources photovoltaic generation sources of **up to 3 MW** of installed power, with batteries with storage capacity of **at least 20%** of the monthly generation capacity.

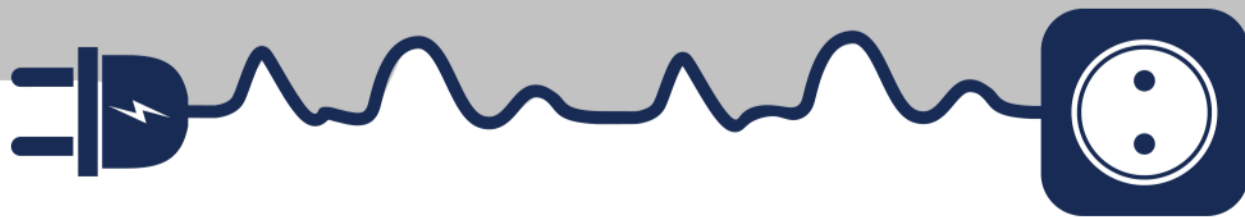
PERFORMANCE GUARANTEE



Those interested in implementing distributed minigeration projects, with installed power **above 500 kW**, must present a performance guarantee (**2.5%** of the investment for plants with installed capacity greater than **500 kW** and lower than **1,000 kW**, and **5%** of the investment for plants with installed capacity **greater than or equal to 1,000 kW**). The performance guarantee shall be in force for **up to 30 days** after the project's connection to the distribution grid. Projects with an installed capacity of **less than 500 kW** are exempt from the obligation to present a performance guarantee, as well as those with an installed capacity of **more than 500 kW** that are implemented in the modalities of shared generation model by means of consortium or cooperative and the multiple consumption units model.

Besides the innovations mentioned above, the law also ratifies and regulates already-known concepts and definitions, such as the models of multiple consumption units, shared generation by means of consortiums, cooperatives, and condominiums.

ANEEL, as well as the distribution companies, must adapt their regulations, rules, procedures and processes within **180 days** from the date of publication of the law.



With the publication of the law, an increase in the demand for investments in microgeneration and minigeration distributed generating plants is expected, in particular due to the need to file the access request within up to **12 months** to be entitled to the benefits under the previous tariff rules until **2045**.

CONTACT

Jose Roberto Martins
Partner - São Paulo
j.roberto.martins@trenchrossi.com

Adam Milgrom
Associate - São Paulo
adam.milgrom@trenchrossi.com

For further information, access:
<https://www.trenchrossi.com/alertas-legais/>