

Recommendations to the electric sector:

TRANSPARENCY, EFFICIENCY AND SOCIO- ENVIRONMENTAL JUSTICE AGAINST COVID-19

The effects of the economic crisis caused by Covid-19 in the electric sector will be paid for by us all as consumers, both large and small. The way the federal government, the National Congress and the National Agency of Electric Energy (ANEEL) react to this crisis could either strengthen the basis for a resilient and sustainable electric sector or, on the contrary, further deepen its structural problems. In this regard, and by adopting the principles of social justice, energy efficiency and technological innovation, in addition to the tariff moderation, dialogue and transparency listed by ANEEL,¹ we would like to propose the following recommendations:

SIGNATORIES:



¹ In Technical Note 01/2020-GMSE/ANEEL, which evaluated the initial effects of the Covid-19 Pandemic, some principles were indicated to direct the solutions: evidence, mitigation of legal risks, regulatory stability, legal certainty, tariff moderation, self-composition, swiftness, joint effort, dialogue and transparency.

1

PROVIDE TOTAL TRANSPARENCY TO THE AMOUNT AND THE SOURCES OF FUNDS TO BE ALLOCATED IN THE HELP TO DISTRIBUTORS

It is necessary that all energy consumers have easy and transparent access to information about Decree 10350, dated May 18, 2020, and the Monitoring Office of the Electric Situation (GMSE) of ANEEL, and other measures related to the subject, with full knowledge of how they are contributing to the coverage of these costs.

2

RE-EVALUATE THE SUBSIDIES AND THE SECTOR CHARGES APPLIED TO THE SECTOR

One of the main problems of the electric sector concerns the overlapping of subsidies and sector charges that affect the bills paid by the end consumer. In the name of competitiveness, tariff moderation and social justice, it needs to evaluate their impacts based on evidence and discuss the items that compose the energy costs, seeking alternatives to reduce or eliminate them.

3

PRIORITIZE THE IMPLEMENTATION OF A DECOMMISSIONING PLAN FOR THE EXCESS FOSSIL CAPACITY

In view of the perspective of the maintenance of the condition of the oversupply of energy for at least four years, the priority of energy planning should be the valorization of the more sustainable renewable sources and the removal from the system of inefficient, more polluting and expensive plants. This applies in particular to the coal and oil thermal power plants, as already indicated by the Energy Research Company in PDE 2029. This measure should precede the holding of new energy auctions.

4

RESTRUCTURE THE PROGRAMS OF ENERGY EFFICIENCY (PEE), RESEARCH AND DEVELOPMENT (R&D) AND PROCEL, DIRECTING THEM IN FAVOR OF SOCIO-ECONOMIC RECOVERY THROUGH ENERGY AND PRODUCTION OPTIMIZATION

The resources of these programs should be part of a **support package to the socio-economic recovery of the country**, which prioritizes not only the energy savings potential, reducing the production costs and public spending, but also the valorization of a cleaner energy matrix. They should also prioritize the actions and sectors that generate more employment and the increase of productivity of the electric sector. Therefore, it is necessary to **guarantee** the future resources of these programs, as determined by Law 9991/2000, with an appropriate monitoring and evaluation (M&E) based on evidence.

5

PROVIDE AGILITY TO THE MODERNIZATION OF THE ELECTRIC SECTOR, WITH SENATE BILL (PLS) 232/2016 AS A FIRST STEP

The construction of resilience in the electric sector depends on the approval PLS 232/2016 insofar as the bill condenses crucial measures for the modernization of the sector and seeks to solve several of its structural problems. The new law would not resolve the current crisis, but it would certainly reduce it significantly, by providing greater efficiency in the allocation of costs and risks so that consumers and taxpayers are not once again affected.

6

LEVERAGE THE COMMITMENT OF THE ELECTRIC SECTOR WITH THE LOW CARBON ECONOMY AND SOCIAL AND ENVIRONMENTAL JUSTICE

The current crisis reinforces the importance that the problems of climate imbalance are treated consistently by the authorities. Sector modernization, investments in energy efficiency and technological innovation should be the drivers towards a low carbon society. Therefore, they should be based on the guarantee and on the valorization of justice and the socio-environmental determinants, as well as the preservation of natural resources.