

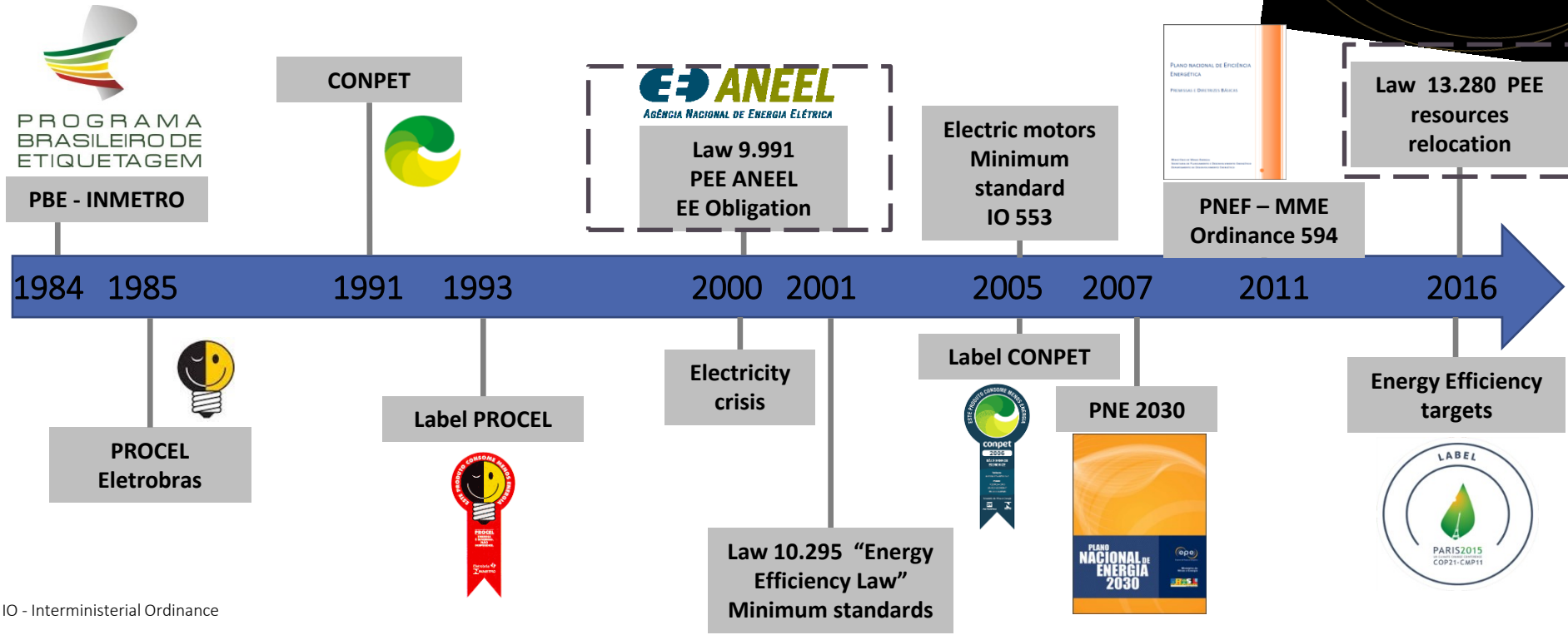
Brazilian Utility Obligation Program

IEA Market-based Instruments Workshop

January 24th, 2017

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POLICY LANDSCAPE AND CONTEXT



IO - Interministerial Ordinance

ENERGY EFFICIENCY OBLIGATION (PEE)



- Highlights / overview:

- Established in the year 2000 (~16 years): motivation - electricity shortage;
- Dynamic improving process (several changes and capacity building);
- Performed and regulated by ANEEL (the regulator);
- DISCOS: Obligation to invest 0,4% of the Net operational income (2016 on);
- Resource \$: R\$ 580 million – ~160/200 million euros (y. 2015 from 63 DISCOS);
- Eligible: Non profit organization (non refundable) and profit organization (refundable);

ENERGY EFFICIENCY OBLIGATION (PEE)

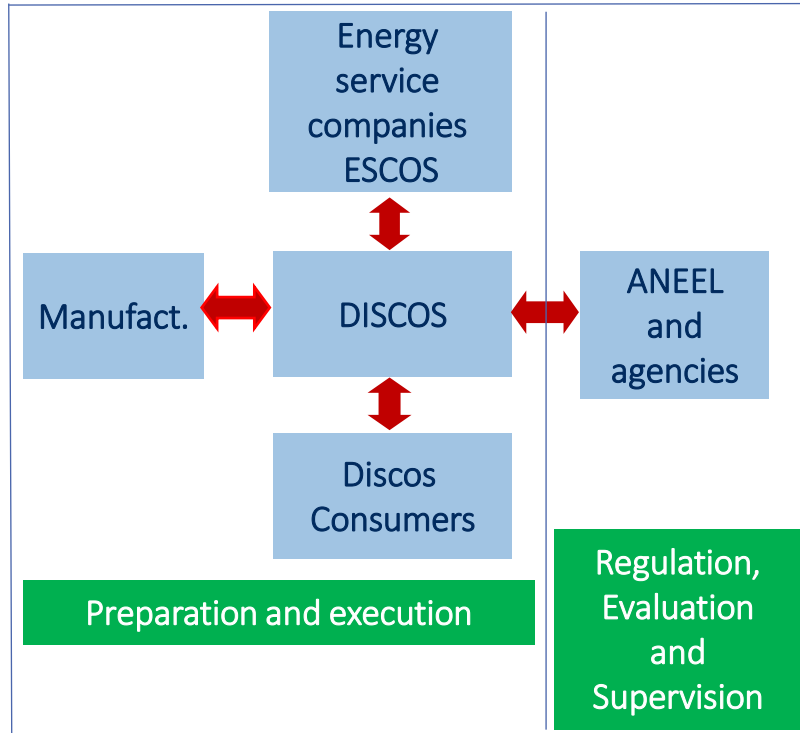


- Highlights / overview:

- Obligation to invest at least 50% of the resource in the two biggest consumption class (i.e: industry, household, ...)
- Public call for project proposals (*kind of auction*);
- Selection criteria: Cost benefit analysis; breaking market barriers; less needed amount; performance contract; educational actions;
- Ex ante evaluation (En.Ef. diagnosis) and ex post (M&V; customize EVO protocol);
- Includes: Pilots projects / Priority projects / Renewable energy (small scale).

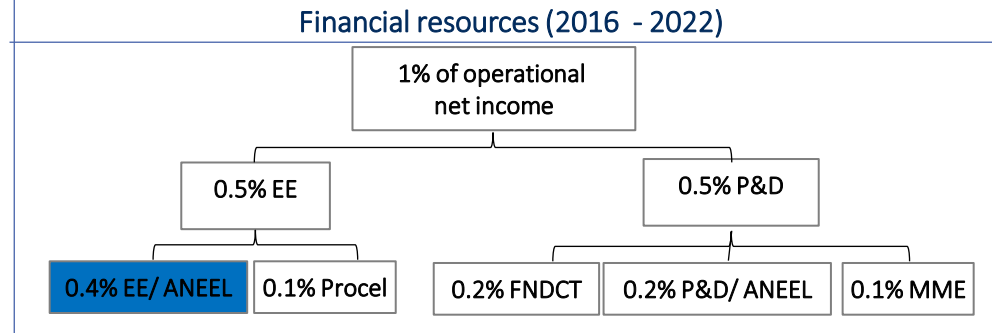
ENERGY EFFICIENCY OBLIGATION (PEE)

- Governance and results:



PEE results: 2008-2016

Sector	N° of projects	Savings (GWh/year)	Investment (M R\$)
Low income households	463	2,512	2,980
Residential	130	774	595
Public sector	429	508	499
Education	91	6	235
Others	591	828	756
Total	1,704	4,629	5,066



ENERGY EFFICIENCY OBLIGATION (PEE)



- **Challenges** (motivation for the current improvement):
 - Lack of interest of the discos to invest:
 - reduction on the revenue (no decoupling yet);
 - need to dislocate resources to manage the program and analyze the projects;
 - it is necessary to reinvest the returns (focus on non refundable projects) ;
 - they focus on low income households (as an alternative to commercial losses);
 - Time consuming and bureaucratic process (for the discos and the regulator);
 - Economic efficiency: need better signal to get the best projects;

ENERGY EFFICIENCY OBLIGATION (PEE)

- **Challenges** (motivation for the current improvement):
 - Need to improve the transparency of the results: Insufficient resources (personnel and software) to publish and evaluate the program results;
 - Coordination between planning / policy and the program;
 - Foster a real energy efficiency market: ESCOS to perform better;
 - Improving and customize M&V.

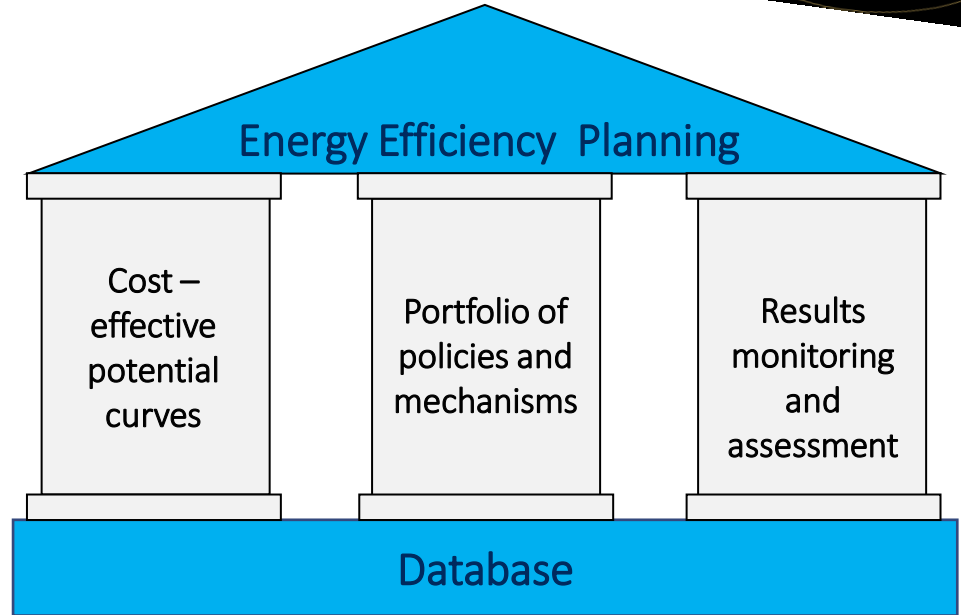
ENERGY EFFICIENCY OBLIGATION (PEE)



- **Lessons and benefits:**
 - 16 years experience and knowledge for the stakeholders;
 - Money available for energy efficiency until 2022: the need to set a proper market; ESCOS to take risk; perform as a business;
 - Less rules the best, simplifying the process;
 - Not forget: resources for managing the obligation / auction;
 - Need to include the non regulated market;
 - From electricity to energy;
 - The need to focus on economic efficiency: certificates / auctions?

MARKET BASED INSTRUMENTS

- Studies for the energy efficiency action plan
 - Energy efficiency auctions;
 - Demand response;
 - Carbon pricing and Energy efficiency: Carbon Taxes vs. Emissions Trading Schemes;
 - Improvement of labels (more equipment and higher levels).



THANK YOU!

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