

2021 Auction Glossary

Through this glossary, we provide key definitions and abbreviations for the technical terms and expressions used in the official publications regarding the A-3 and A-4 auctions of 2021.

Terms are listed in alphabetical order, and descriptive terms are capitalized when they hold their own definition within the glossary.

ABBREVIATIONS AND DEFINITIONS

- **ACL:** *Ambiente de Contratação Livre*, or Unregulated Market
- **ACR:** *Ambiente de Contratação Regulada*, or Regulated Market
- **AMOUNT OF INTERNAL CONSUMPTION AND LOSSES IN THE BASIC NETWORK:** Amount of ENERGY that cannot be traded in the AUCTION, expressed in LOTS, defined by the SELLING PROPONENT at their own risk, to contemplate, when appropriate, the VENTURE's internal losses and internal consumption and estimation of electrical losses from the reference of its GUARANTEED POWER OUTPUT to the Submarket's Gravity Center, including Basic Network losses, in the terms of the Trading Rules
- **ANEEL:** *Agência Nacional de Energia Elétrica*, or National Agency of Electric Energy
- **AUCTION:** Bidding process for the purchase of electric power and/or for awarding concession or authorization of electric power services and installations, regulated by the PUBLIC NOTICE and its correlated documents
- **AUCTION'S DURATION TIME:** Parameter, in number of hours, entered in the SYSTEM by the COORDINATING ENTITY'S REPRESENTATIVE before the AUCTION's session begins, which will be used for the purpose of eventually triggering the FINAL TIME FOR MAKING A BID
- **AVAILABILITY PRODUCT:** Electric power that is the object of a CCEAR in the electricity availability modality
- **BID:** Irreversible and irrevocable action taken by the SELLING PROPONENT
- **BID BOND:** Value to be paid to the ESCROW AGENT by the PARTICIPANTS, as established in the PUBLIC NOTICE
- **BID CONFIRMATION:** BID confirmation period that may occur by the end of the CONTINUOUS STAGE, in the ELIGIBLE BUSBARS and DISTRIBUTION SUBSTATIONS in which the NUMBER OF SPANS of the DISTRIBUTION SUBSTATION or of the ELIGIBLE BUSBAR is lower than the total of VENTURES classified in the CONTINUES STAGE
- **BIDDING PRICE:** Value, expressed in Reais per Megawatt-hour (R\$/MWh), corresponding to the submission of new BIDS
- **BIOMASS AVAILABILITY PRODUCT:** AVAILABILITY PRODUCT with the negotiation of BIOMASS THERMOELECTRIC VENTURE

- **BIOMASS THERMOELECTRIC VENTURE:** Central that generates electricity from biomass thermoelectric source, whose electricity will be the object of trading in the BIOMASS AVAILABILITY PRODUCT
- **BUYER:** Electric power distribution agent who is a PARTICIPANT in the AUCTION
- **CAPACITY:** Electric power dispatch capacity of a DISTRIBUTION SUBSTATION, an ELIGIBLE BUSBAR, a SIN'S SUBAREA, or a SIN'S AREA, expressed in MW, calculated in the terms of the GUIDELINES, the PUBLIC NOTICE, and the ONS/EPE JOINT TECHNICAL NOTE ON METHODOLOGY, PREMISSES, AND CRITERIA, as well as the information about the VENTURE'S TECHNICAL QUALIFICATION made by the EPE
- **CEC:** Expected value for the Short-term Economic Cost (*Custo Econômico de Curto Prazo*), expressed in Reais per year (R\$/year), calculated by the EPE according to its own methodology and Annexed to the PUBLIC NOTICE for the VENTURE whose energy is negotiated in the AVAILABILITY PRODUCT, corresponding to the economic cost in the MCP, resulting from the monthly differences verified between the VENTURE's effective dispatch and its GUARANTEED POWER OUTPUT, for this effect, considered to be contracted in full, corresponding to the accumulated expected value of the MCP liquidations, based on the CMO, which are limited by the minimum and maximum PLD, as per current values established by the ANEEL, also according to the VENTURE's level of dispatch inflexibility and the CVU
- **CCEAR:** *Contrato de Comercialização de Energia no Ambiente Regulado*, or Agreements of Electrical Energy Trading in the Regulated Market, included in the PUBLIC NOTICE
- **CMO:** *Custo Marginal de Operação*, or Marginal Cost of Operation
- **CMR:** *Custo Marginal de Referência*, or Marginal Cost of Reference, expressed in Reais per Megawatt-hour (R\$/MWh), corresponding to the value of the highest estimation of generation cost for the VENTURES to be auctioned, considered necessary and enough to meet both the ACR and the ACL demands
- **CONTINUOUS STAGE:** Time period for submitting BIDS by the SELLING PROPONENTS qualified in the INITIAL STAGE and defining the SELLING PROPONENTS who will be the WINNERS of the AUCTION
- **CONTRACTED ENERGY:** Amount expressed in average Megawatt (MWavg) of energy contracted in any of the following regulated agreements:
 - a. Agreement(s) of Electrical Energy Trading in the Regulated Market (CCEAR)
 - b. Reserve Energy Agreement(s) (*Contrato(s) de Energia de Reserva*, or CER)
 - c. Distributed Generation Agreements (*Contratos de Geração Distribuída*, or GD), in the terms of articles 14 and 15, of Decree no. 5,163, of 2004
 - d. Agreements of the Incentive Program for Renewable Energy Sources (*Contratos do Programa de Incentivo às Fontes Alternativas de Energia Elétrica*, or PROINFA), in the terms of Law no. 10,438, of April 26th, 2002
 - e. Bilateral Agreements preceding Law no. 10,848, of 2004, when appropriate
- **COORDINATING ENTITY:** National Agency of Electric Energy (ANEEL), which has the role of coordinating the AUCTION, in the terms of article 19 of Decree no. 5,163 of July 30th, 2004

- **COP:** Expected value for the Operation Cost (*Custo de Operação*), expressed in Reais per year (R\$/year), calculated by the EPE according to its own methodology and Annexed to the PUBLIC NOTICE for the VENTURE whose energy is negotiated in the AVAILABILITY PRODUCT, corresponding to the sum for each possible scenario of the CVU multiplied by the difference between the VENTURE's generation at each month for each scenario, and the Monthly Inflexibility, multiplied by the number of hours in the referred month, being zero for the VENTURES with a CVU equal to zero
- **CURRENT PRICE:** Value expressed in Reais per Megawatt-hour (R\$/MWh) associated with the VALID BIDS made in the AUCTION
- **CVU:** *Custo Variável Unitário*, or Unitary Variable Cost; value expressed in Reais per Megawatt-hour (R\$/MWh), required to cover all the VENTURE's operational costs
- **DECLARED AMOUNT:** Amount of electricity, expressed in average Megawatt (MWavg) with three decimal places, individualized by BUYER, in the terms of the distributing agents' Declarations of Needs
- **DEMAND PARAMETER:** Parameter inserted in the SYSTEM by the MME's REPRESENTATIVE, which will be used to determine the PRODUCT(S) REQUIRED AMOUNT(S) in the CONTINUOUS STAGE
- **DISTRIBUTION SUBSTATION:** Installation in the distribution scope through which one or more VENTURES access the Distribution System
- **DIT:** *Demais Instalações de Transmissão*, or Other Transmission Installations
- **ELIGIBLE BUSBAR:** Basic Network Busbar, DIT, and ICG registered as a Connection Point through which one or more generation ventures access the Transmission System directly or indirectly through a Distribution System Connection, in the terms of article 2, item VI, of Ordinance no. 444, of August 25th, 2016
- **EPE:** *Empresa de Pesquisa Energética*, or Energy Research Company
- **ESCROW AGENT:** Financial institution responsible for receipt, custody, and eventual execution of BID BONDS by express determination of the ANEEL
- **EXCLUDED LOT:** LOT not offered in the INITIAL STAGE and that cannot be submitted in BIDS in the CONTINUOUS STAGE
- **FINAL SELLING PRICE:** It is the value, expressed in Reais per Megawatt-hour (R\$/MWh), which will appear in the CCEARs' Trading Clauses
- **FINAL TIME FOR MAKING A BID:** Final period, in minutes, established by the COORDINATING ENTITY in-line with the AUCTION's session, when at least the AUCTION's DURATION TIME has elapsed, during which the SELLING PROPONENTS may submit their BIDS for validation through the SYSTEM
- **FIXED REVENUE:** Value, expressed in Reais per year (R\$/year), inserted by the SELLING PROPONENT when a BID is made in an AVAILABILITY PRODUCT and that, at their sole responsibility, shall encompass, among others:

- a. The investment cost and compensation (internal rate of return)
 - b. The costs of Connection to the Transmission and Distribution System
 - c. The cost for Using the Distribution and Transmission System
 - d. The fixed costs of Operation and Maintenance (O&M)
 - e. The VENTURE's insurance and guarantees costs, and the SELLING PROPONENT's financial commitments
 - f. Direct and indirect taxes and charges
- **GUARANTEED POWER OUTPUT:** maximum amount of energy, established by the MME, expressed in average Megawatt (MWavg), which can be used by the VENTURE for trading by means of Agreements
 - **GUIDELINES:** Guidelines from the MME to conduct the AUCTION
 - **HYDRO QUANTITY PRODUCT:** QUANTITY PRODUCT with the negotiation of HYDROPOWER VENTURE
 - **HYDROPOWER VENTURE:** Central that generates electricity from hydropower source, whose electricity will be the object of trading in the HYDRO QUANTITY PRODUCT
 - **ICB:** Índice de Custo Benefício, or Cost-Benefit Index; value calculated by the SYSTEM, expressed in Reais per Megawatt-hour (R\$/MWh), which will constitute the BIDDING PRICE for the AVAILABILITY PRODUCT
 - **ICG:** Instalações de Transmissão de Interesse Exclusivo de Centrais de Geração para Conexão Compartilhada, or Transmission Installations of Exclusive Interest of Generation Centrals for Shared Connection
 - **INITIAL PRICE:** Value defined by the MME, expressed in Reais per Megawatt-hour (R\$/MWh), for each PRODUCT, in the terms of the PUBLIC NOTICE
 - **INITIAL STAGE:** Time period for submitting BIDS by the SELLING PROPONENTS, to classify and define the VENTURES classified for the CONTINUOUS STAGE in ascending order of BIDDING PRICE, considering the SIN'S REMAINING CAPACITY FOR GENERATION DISPATCH
 - **INJECTED POWER:** Maximum value of power exported by the BIOMASS THERMOELECTRIC VENTURE for the Connection Point, in the terms of the TECHNICAL QUALIFICATION made by the EPE, expressed in Megawatt (MW)
 - **INSTALLED POWER IN DIRECT CURRENT:** Final installed power of each SOLAR PHOTOVOLTAIC VENTURE, in the terms of the TECHNICAL QUALIFICATION made by the EPE, expressed in Megawatt-peak (MWp)
 - **LOT:** Minimum unit of the quantity offers associated with a certain VENTURE that can be submitted as a BID in the INITIAL STAGE, expressed in average Megawatt (MWavg), in the terms of the PUBLIC NOTICE
 - **MCP:** Mercado de Curto Prazo, or Spot Market
 - **MET LOT:** LOT that is associated with a BIDDING PRICE equal to or lower than the CURRENT PRICE in the CONTINUOUS STAGE, and having its tie-break criteria referenced to the CONTRACTED ENERGY, or that is necessary for meeting the PRODUCT'S REQUIRED AMOUNT.

- **MINIMUM DECREMENT:** Result of applying the PERCENTAGE DECREMENT to the CURRENT PRICE, with rounding, expressed in Reais per Megawatt-hour (R\$/MWh)
- **MINIMUM PERCENTAGE:** Minimum percentage of QUALIFIED ENERGY of a VENTURE to be intended for the ACR in the terms of the GUIDELINES and the PUBLIC NOTICE
- **MINIMUM OFFER:** Minimum number of LOTS associated with the VENTURE that must be offered by the SELLING PROPONENT, obtained from the QUALIFIED ENERGY's MINIMUM PERCENTAGE, in the terms of the GUIDELINES, with rounding
- **MME:** *Ministério de Minas e Energia*, or Ministry of Mines and Energy
- **NON-MET LOT:** LOT that is associated with a BIDDING PRICE higher than the CURRENT PRICE in the CONTINUOUS STAGE or that is not necessary for meeting the PRODUCT'S REQUIRED AMOUNT
- **NUMBER OF SPANS:** Number of Entry Lines or Transformer Connections available in the DISTRIBUTION SUBSTATION Busbar or the ELIGIBLE BUSBAR, considering the physical availability for access, as established in the Distribution Network's access documents, in the ONS/EPE JOINT TECHNICAL NOTE ON METHODOLOGY, PREMISES, AND CRITERIA, in the GUIDELINES and in the PUBLIC NOTICE, as well as the information contained in the VENTURE's TECHNICAL QUALIFICATION made by the EPE
- **ONS:** *Operador Nacional do Sistema Elétrico*, or National Electric System Operator
- **ONS/EPE JOINT TECHNICAL NOTE ON METHODOLOGY, PREMISES, AND CRITERIA:** Joint Technical Note by the ONS and the EPE regarding the methodology, the premises, and the criteria for defining the SIN'S REMAINING CAPACITY FOR GENERATION DISPATCH, predicted in Ordinance no. 444, of 2016, in the terms of the GUIDELINES and the PUBLIC NOTICE
- **ORGANIZING ENTITY:** Entity responsible for planning and executing the procedures pertaining to the AUCTION, by a delegation of the ANEEL
- **PARTICIPANTS:** The BUYERS and the SELLING PROPONENTS
- **PERCENTAGE DECREMENT:** Percentage with two decimal places which, applied to the CURRENT PRICE with rounding, will result in the MINIMUM DECREMENT value
- **PLD:** *Preço de Liquidação de Diferenças*, or Liquidation Price for Differences
- **POWER:** Each VENTURE's qualified power, in the terms of the TECHNICAL QUALIFICATION made by the EPE, expressed in Megawatts (MW)
- **PRODUCT:** Electric power negotiated in the AUCTION, that will be the object of CCEAR differentiated by the type of energy source in the terms of the PUBLIC NOTICE and the GUIDELINES

- **PRODUCT OFFER:** Electric power offer from the VENTURE(S) for which the SELLING PROPONENTS are apt to offer electric power in the PRODUCT(S), as outlined in the PUBLIC NOTICE and the SYSTEMATICS
- **PRODUCT REQUIRED AMOUNT:** Amount of electricity of the TOTAL REQUIRED AMOUNT expressed in the number of LOTS allocated to each PRODUCT
- **PUBLIC NOTICE:** Document emitted by the ANEEL which establishes the AUCTION's rules
- **QUALIFIED ENERGY:** Amount of energy qualified by the COORDINATING ENTITY, associated with a VENTURE, that represents the VENTURE's GUARANTEED POWER OUTPUT, minus the amount of CONTRACTED ENERGY
- **QUANTITY PRODUCT:** Electric power that is the object of a CCEAR in the electricity quantity modality
- **REFERENCE PRICE:** Maximum value, expressed in Reais per Megawatt-hour (R\$/MWh), of each HYDROPOWER VENTURE, when dealing with the expansion of a Hydropower Plant with a power higher than 50 MW, and for VENTURES WITH AWARDDING WITH AGREEMENT to be presented in the AUCTION, as defined in the PUBLIC NOTICE and the SYSTEMATICS, differentiated by source for VENTURES WITH AWARDDING WITH AGREEMENT, in the terms of article 2, §§ 7-A and 7-B, of Law no. 10,848, of 2004
- **REPRESENTATIVE:** Person(s) indicated by each one of the institutions to validate or enter data in the SYSTEM
- **SELLING COVERAGE:** Amount of energy available for sale in the AUCTION expressed in LOTS, associated with a certain VENTURE, observing the conditions established in the PUBLIC NOTICE
- **SELLING PROPONENT:** Entrepreneur who is apt to offer electric power in the AUCTION, in the terms of the PUBLIC NOTICE
- **SIN:** *Sistema Interligado Nacional*, or National Interconnected System
- **SIN'S AREA:** Set of SIN'S SUBAREA(S) that compete for the same transmission resources
- **SIN'S REMAINING CAPACITY FOR GENERATION DISPATCH:** Remaining capacity of electric power dispatch of the Basic Network's Busbars, DIT, and ICG, considering the DISTRIBUTION SUBSTATIONS' and the ELIGIBLE BUSBARS' CAPACITY, of the SIN'S SUBAREAS and the SIN'S AREAS, expressed in Megawatts (MW), in the terms of the GUIDELINES, the PUBLIC NOTICE, and the TECHNICAL NOTE OF BILL OF QUANTITIES OF THE SIN'S REMAINING CAPACITY FOR GENERATION DISPATCH
- **SIN' SUBAREA:** Subarea of the SIN's electrical grid where the Substation(s) and Transmission Line(s) are located
- **SOLAR PHOTOVOLTAIC VENTURE:** Body that generates electricity from a solar photovoltaic source, whose electricity will be the object of trading in the SOLAR QUANTITY PRODUCT
- **SOLAR QUANTITY PRODUCT:** QUANTITY PRODUCT with the negotiation of SOLAR PHOTOVOLTAIC VENTURE

- **SOURCE PARAMETER:** Parameter inserted in the SYSTEM by the MME's REPRESENTATIVE, with the consultation of the EPE, which will be used to indicate the PRODUCT(S) REQUIRED AMOUNT(S) in the CONTINUOUS STAGE
- **SYSTEM:** Electronic system used for holding the AUCTION, upon the employment of information technology resources and made available through the World Wide Web
- **SYSTEMATICS:** Set of rules that define the AUCTION's mechanism, as established by the MME, in the terms of the current Annex
- **TECHNICAL NOTE OF BILL OF QUANTITIES OF THE SIN'S REMAINING CAPACITY FOR GENERATION DISPATCH:** Technical Note of the ONS containing the bill of quantities for the SIN's REMAINING CAPACITY FOR GENERATION DISPATCH for the Busbars and the SIN's subareas and areas, predicted in Ordinance no. 444, of 2016, in the terms of the GUIDELINES and the PUBLIC NOTICE
- **TECHNICAL QUALIFICATION:** process to technically qualify the VENTURES at the EPE, in the terms of the GUIDELINES
- **TIME FOR MAKING A BID:** Period, in minutes, established by the COORDINATING ENTITY, before the AUCTION's session begins, during which the SELLING PROPONENTS may submit their BIDS for validation through the SYSTEM
- **TOTAL REQUIRED AMOUNT:** Amount of electric power, expressed in a number of LOTS, calculated before the CONTINUOUS STAGE begins
- **VALID BID:** BID accepted by the SYSTEM
- **VENTURE:** Electricity generation central which is apt to participate in the AUCTION, according to conditions established by the GUIDELINES, the PUBLIC NOTICE, and the SYSTEMATICS
- **VENTURE WITH AWARDING:** Generation VENTURE of any of the sources contracted in the AUCTION that is the object of awarding of a concession in terms of Law no. 10,848 of March 15th, 2004, or of specific authorization, as long as it has not started its commercial operation until the PUBLIC NOTICE's publishing date, according to the conditions established by the GUIDELINES, the PUBLIC NOTICE, and the SYSTEMATICS
- **VENTURE WITH AWARDING WITH AGREEMENT:** VENTURE WITH AWARDING which is, or has already been, CONTRACTED ENERGY coverage by the SELLING PROPONENT in the ACR, considering the PUBLIC NOTICE's publishing date, whose QUALIFIED ENERGY is lower than the VENTURE's GUARANTEED POWER OUTPUT
- **VENTURE WITH AWARDING WITH NO AGREEMENT:** VENTURE WITH AWARDING which is not, nor has been, CONTRACTED ENERGY coverage by the SELLING PROPONENT in the ACR, considering the PUBLIC NOTICE's publishing date, whose QUALIFIED ENERGY is equal to its total GUARANTEED POWER OUTPUT
- **VENTURE WITH NO AWARDING:** Generation VENTURE, in the terms of Law no. 10,848, of March 15th, 2004, which until the beginning of the AUCTION is not the object of awarding of concession, permission, or authorization, or the one that is part of an existing VENTURE that comes to be the object of an expansion, restricted to the CAPACITY increase

- **WIND POWER VENTURE:** Body that generates electricity from a wind power source, whose electricity will be the object of trading in the WIND QUANTITY PRODUCT
- **WIND QUANTITY PRODUCT:** QUANTITY PRODUCT with the negotiation of WIND POWER VENTURE
- **WINNER:** SELLING PROPONENT who has energy negotiated in the AUCTION

For further explanation, consultation, and support applying and adhering to the points covered in this glossary, please [contact Mangifera Analytics](#)

