

❖ OIL & GAS

### Brazil will have the greatest increase in oil supply amongst OPEC countries in 2017

14 Feb 2017

The Organization of the Petroleum Exporting Countries (OPEC) projected, in a monthly report released on 9 February, that the biggest increase in the supply of the commodity in 2017 amongst non-member countries will be from Brazil.

The country should register an increase of 250,000 barrels per day (bpd), to 3.4 million. Following this, the most significant increases projected for this year will come from the United States, Canada, Kazakhstan and other countries in Africa. In mid-2016 OPEC had already projected that after two years of recession, Brazil would be the main highlight of production this year amongst non-OPEC countries. At the end of last week, the International Energy Agency (IEA) also highlighted domestic production and estimated that, as in Canada, the increase in local supply would be due to the maturing of long-term investments that started operating now.

<https://www.portosenavios.com.br/noticias/ind-naval-e-offshore/37573-brasil-tera-maior-alta-na-oferta-de-petroleo-entre-os-paises-fora-da-opec-em-2017>

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### Government wants to attract foreign investors to oil refining market

21 Feb 2017

The federal government will create rules aimed at attracting foreign investors to the oil refining market, which is presently controlled almost exclusively by Petrobras. Abreu e Lima Refinery, which operates with half of its capacity in the state of Pernambuco, is expected to be opened to private partnerships. The measure aims to establish a new regulation of the sector, in order to attract foreign investors, develop access rules, improve port infrastructures and fuel supply terminals, and act in the pricing of assets to guarantee long-term investments. The idea is that the market should play a greater role in regulating the sector.

<https://www.portosenavios.com.br/noticias/ind-naval-e-offshore/37661-governo-quer-atrair-investidores-estrangeiros-para-mercado-de-refino-de-petroleo>

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## Government reduces local content and extinguishes waiver

23 Feb 2017

After months of internal discussions, the government has set new rules for local content for upcoming oil and gas bids. The nationalisation requirements of goods and services used by the sector have been reduced by almost half, if compared to prevailing ones, adopted by Dilma Rousseff's government. Today, the rules are divided into about 90 items and sub-items, creating a maze of bureaucratic obligations and requiring companies to hire certifiers to prove that each contractual requirement has actually been met. The new rules establish that onshore blocks will have two global indexes, both with 50% minimum local content. One will be valid for the exploration phase and the other for the development stage, which will be verified separately. Offshore, the new index will be 18% for the exploration phase. Then, in the development stage, there will be a division of requirements: 25% for the construction of marine wells, 40% for the collection and disposal systems, and 25% for the stationary production units (platforms). The rules will already be valid for the upcoming oil auctions, either by the concession regime or sharing regime. With the changes, the government decided to end the analysis of waiver requests going forward. Fines on mandatory percentages that are not met by the industry have decreased from a minimum of 60% of what was not achieved by the oil companies to 40%, and from an upper limit of 100% to 75% in cases of non-payment of fines.

<http://www.valor.com.br/brasil/4878758/governo-reduz-conteudo-local-e-extingue-waiver>

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## ANP announces agenda for the year and confirms four rounds in 2017

24 Feb 2017

ANP – National Petroleum Agency – has announced its priority agenda for this year and confirmed four rounds of bids until the end of 2017, including areas with marginal accumulations, the 14<sup>th</sup> round of exploratory blocks, and the second and third rounds of the pre-salt. Other relevant plans, according to the agency, will be the stimulation of exploration and production onshore, actions to increase the life of the producing fields, the adequacy of the rules applied to the resale and distribution of fuels, natural gas, logistics and biofuels, with emphasis on the regulation of the biomethane value chain.

<https://www.petronoticias.com.br/archives/95422>

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❖ RENEWABLE ENERGY

## MME amends Instruction on general rules of Bids of Hydroelectric Power Plants

16 Feb 2017

The Ministry of Mines and Energy (MME) published in the Official Gazette of the Union (DOU) this Thursday (16 February) Portaria MME No. 51, dated 13 February 2017. The amendment allows the use of the minor tariff or higher subsidy criteria in bids for Granting Concessions of Hydroelectric Power Plants, as provided by Law. The change should increase attractiveness for investments in the sector, ensuring the security of electricity supply. The main purpose of the amendment was to adjust Portaria MME No. 123, of 2013, to Law No. 12,783, of 11 January 2013, as amended by Law 13,203, of 8 December 2015. Under the Law, the following bidding criteria should be used: (i) lower tariff of the public service to be provided; (ii) biggest offer of bonus payment for the grant; or (iii) the combination of the two criteria.

[http://www.mme.gov.br/web/quest/pagina-inicial/outras-noticias/-/asset\\_publisher/32hLrOzMKwWb/content/mme-altera-portaria-de-diretrizes-gerais-dos-leiloes-de-usinas-hidreletricas](http://www.mme.gov.br/web/quest/pagina-inicial/outras-noticias/-/asset_publisher/32hLrOzMKwWb/content/mme-altera-portaria-de-diretrizes-gerais-dos-leiloes-de-usinas-hidreletricas)

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## Wind power production in Brazil grew 55.1% in 2016

19 Feb 2017

The year of 2016, though bad for many industries, has brought good news for wind generation. Wind energy production in Brazil grew 55.1% last year, in the accounts of the Electric Energy Trading Chamber (CCEE). In 2015, generation reached a total of 2,347 average MW. By 2016, this number has risen to 3,651 average MW. At the end of last year, still according to the CCEE, the 402 wind farms operating in the National Interconnected System reached the level of 10,221 MW of installed capacity – a growth of 23.5% compared to 2015. With the good performance, the source increased its participation in the Brazilian energy production, accounting for 6% of the total national production.

<https://www.petronoticias.com.br/archives/95220>