



M&A – Main Transactions

French company Engie and the Canadian Pension Fund CDPQ acquired 90% of Tag for USD 8.5 B (Jul-19)

As part of the divestment plan, Petrobras sold 90% of Transportadora Associada de Gas SA (TAG) to EBE. With the deal, Engie Brasil Energia will own 29.25%, Engie 29.25% and the Canadian Pension Fund (CDPQ) 31.5% of TAG. Engie is known to have the largest pipeline in Europe and therefore can use its expertise to boost TAG's revenue.

Energisa acquired 87% of Alsol Energias Renováveis for BRL 11.7M (May-19)

Energisa acquired 87% of Alsol, a company based in Minas Gerais, Brazil specialized in distributed generation solutions. According to the note released in late May, the antitrust agency has already approved the deal. By 2018, Alsol installed more than 80,000 photovoltaic panels throughout Brazil. In addition to solar and biogas, Alsol also works with renewable sources such as biomass, wind and hydroelectric.

Canadian Solar sells 80% of its projects in Brazil (Apr-19)

At the end of April, the Canadian manufacturer of solar energy equipment announced the sale of 80% of its projects in Brazil, representing more than 480 MWp, to Qatar based Nebras Power. These projects will be supplied by Canadian Solar and will start construction in 2019.

Cemig GT and Light Energia increased their participation in Grupo Renova (Mar-19)

In March, Cemig and Light Energia entered into an agreement to acquire 7.3 million shares of Renova, previously held by CG Participações SA, for BRL 14.68 per share. This increase in participation was authorized by the antitrust agency CADE and is considered a strategic move for both Cemig GT and Light Energia as Renova has the largest wind power complex in Latin America, located in Bahia.

Total Eren has acquired its first wind farm in Brazil for an unknown amount (Apr-19)

Total's renewable energy division, Total Eren, has acquired its first wind energy asset in Brazil. The 92 MW wind farm was developed by local company Vila Energia Renovável and represents 90% of Complexo Terra Santa. Total Eren already has three solar plants under construction expected to be in operation this year with 140 MWp capacity.

AES Tietê buys Renova Energia wind farm (Apr-19)

In April AES Tietê announced the acquisition of Complexo Eólico Alto Sertão III from Renova Energia for BRL 516M. The Complexo Eólico Alto Sertão III includes 438MW in the pre-operational stage, 305MW to be constructed and 1100MW in total projects. AES Tietê will also incur the BRL 988M of debt with the acquisition of Complexo Eólico Alto Sertão III.

Indices

Energy Price Indices

	Center-West	Southeast	South	Northeast	North
May PLD* (USD/MWh)	35	35	35	13	13
June PLD* (USD/MWh)	20	20	20	20	20
Hydro Reservoir Level - June/18**	47%	47%	88%	55%	74%

Economic Indices

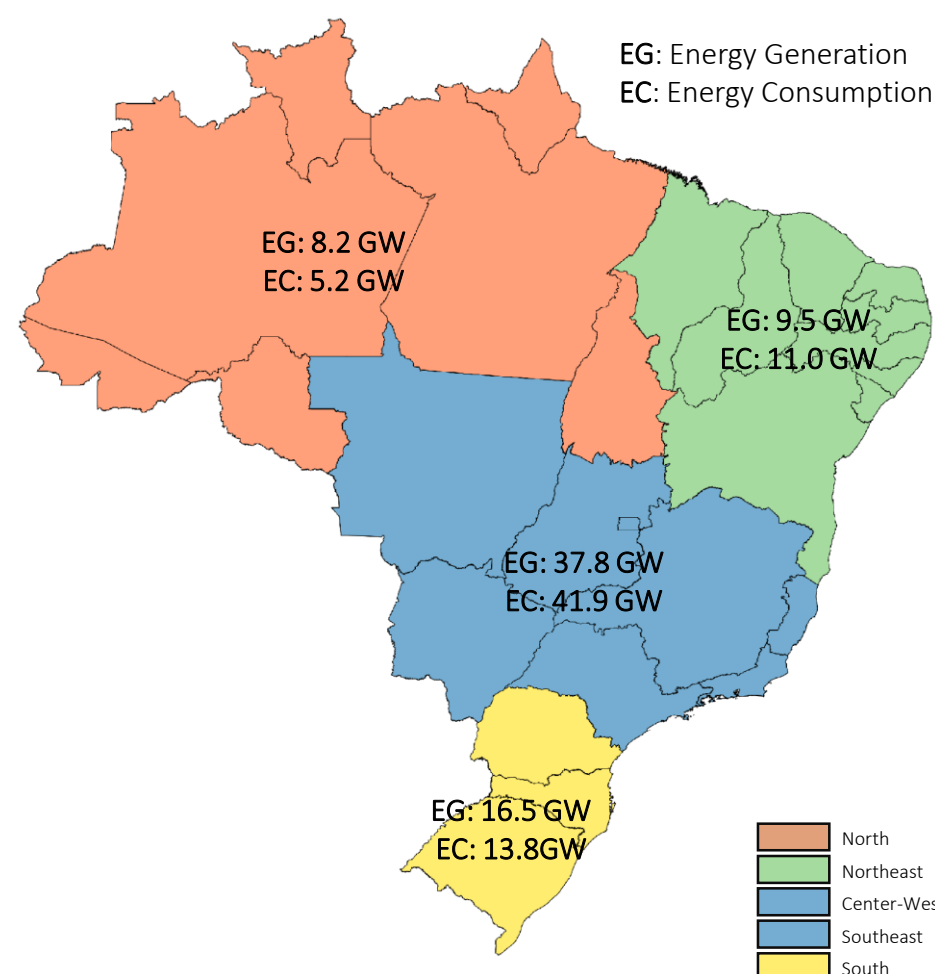
Brazilian Treasury Bonds – NTN-B 2045***	3.58% + IPCA per annum
Brazilian CPI – IPCA – YTD	2.22%
Brazilian CPI – IPCA – 12M	4.66%
Exchange Rate Average 2019 – (USD/BRL) YTD	3.84

* [PLD](#): Average Spot Market Energy price

** [Hydro Reservoir Level](#): used to calculate the PLD and to determine when thermal plants must be turned on to provide security to the system.

*** [Brazilian Treasury Bonds NTN-B 2045](#): indexed to IPCA (Brazilian CPI – Central Bank inflation guidance)

Energy Generation and Consumption



Sources: ANEEL, ONS, EPE, CCEE, Valor, Canal Energia, Reuters, PV Magazine, DCI, UDOP.

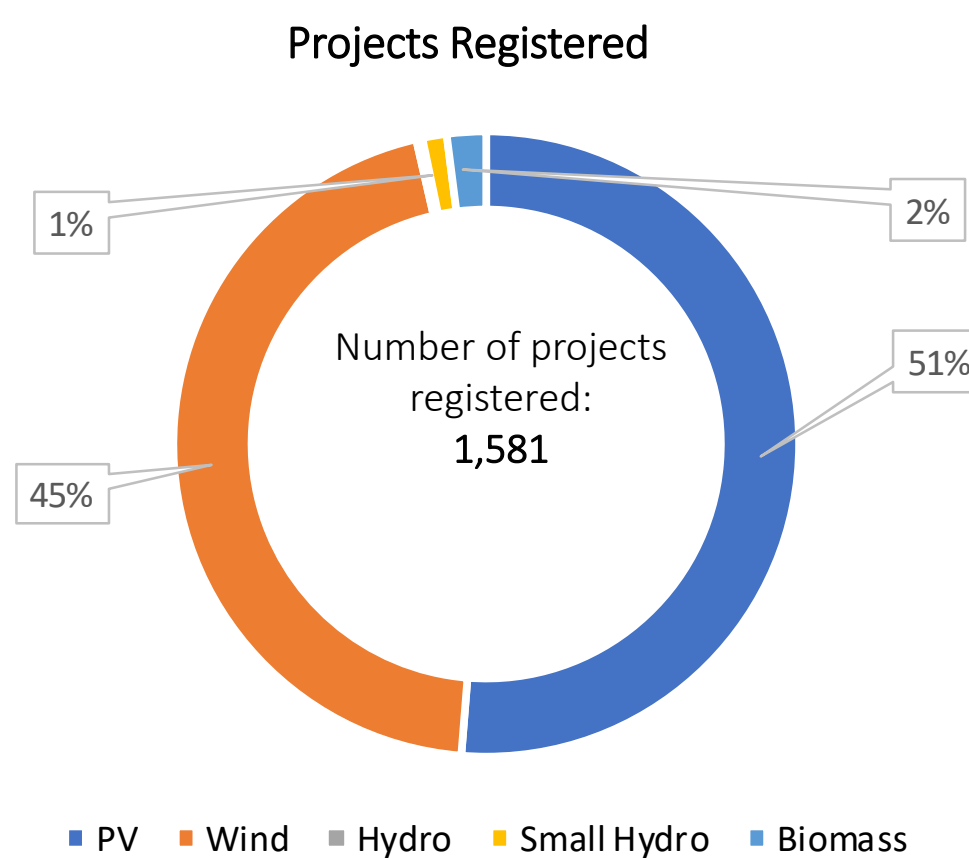
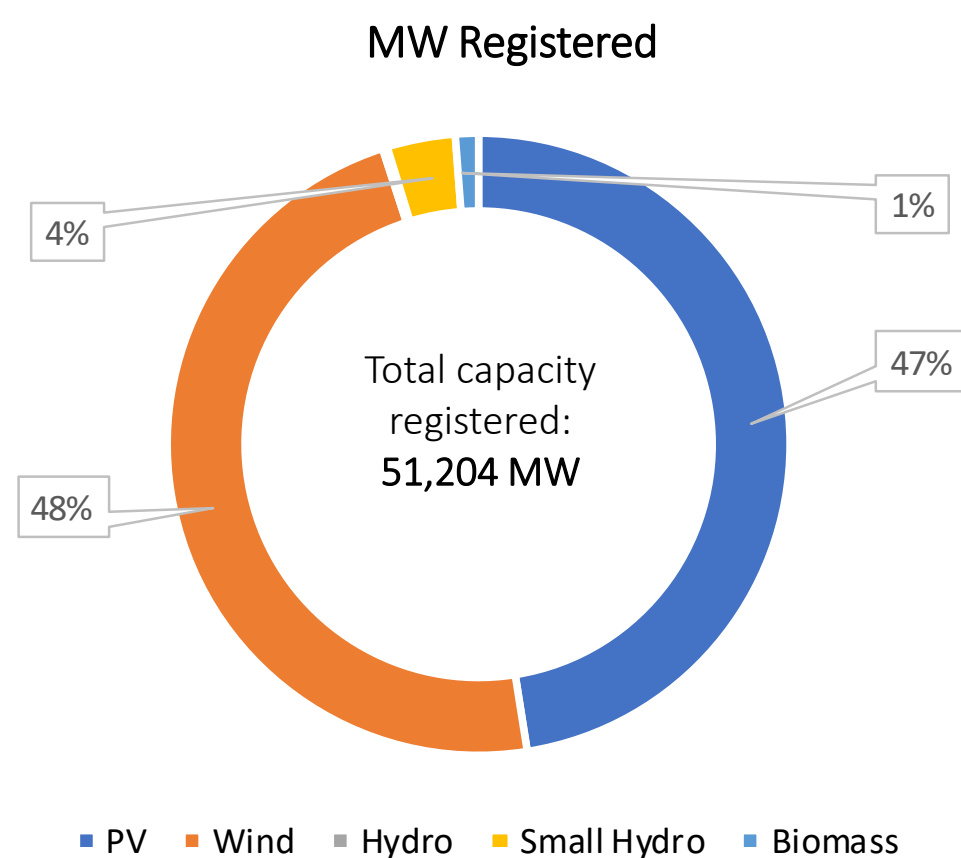




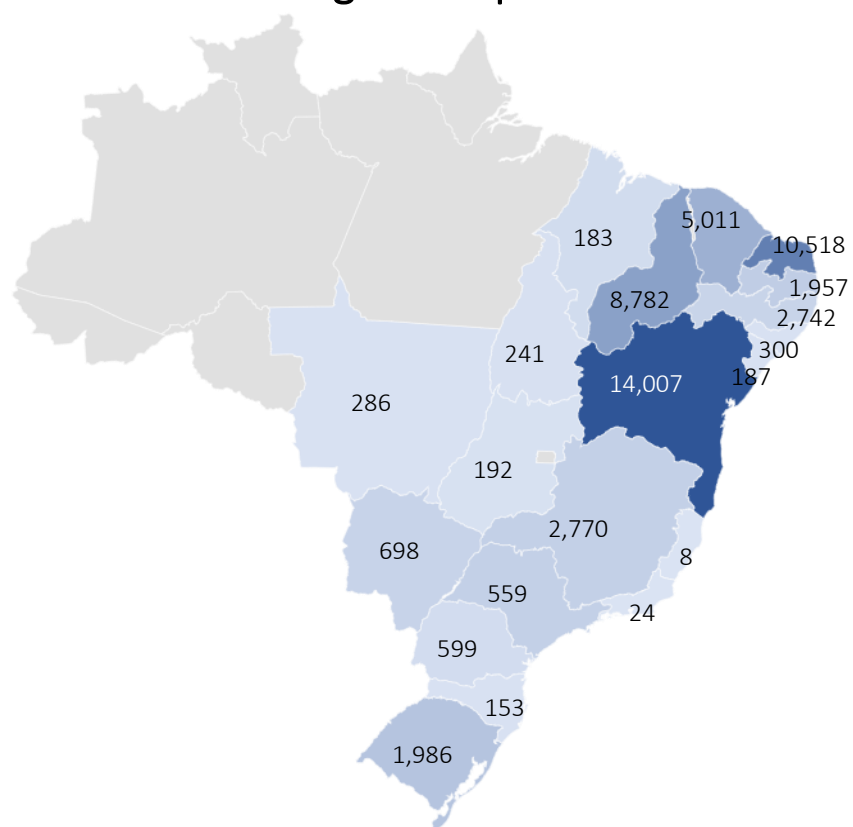
Brazilian New Energy Auction A-4 – June 2019

Following the power auction of the national interconnected system (SIN) last December, the Brazilian Ministry of Mines and Energy (MME) scheduled a new power auction for June 28, 2019. The Energy Research Company (EPE), which is responsible for project registration, registered 1,581 projects with a total of 51,204 MW of power capacity. The leading source in registered capacity was solar with over 26,252 MW spread among 751 projects. Wind appears in second place, with 751 projects representing over 23,109 MW of capacity. In third place, biomass was awarded 19 projects, responsible for 1,037 MW, followed by small hydro with 56 projects and a total of 641 MW registered.

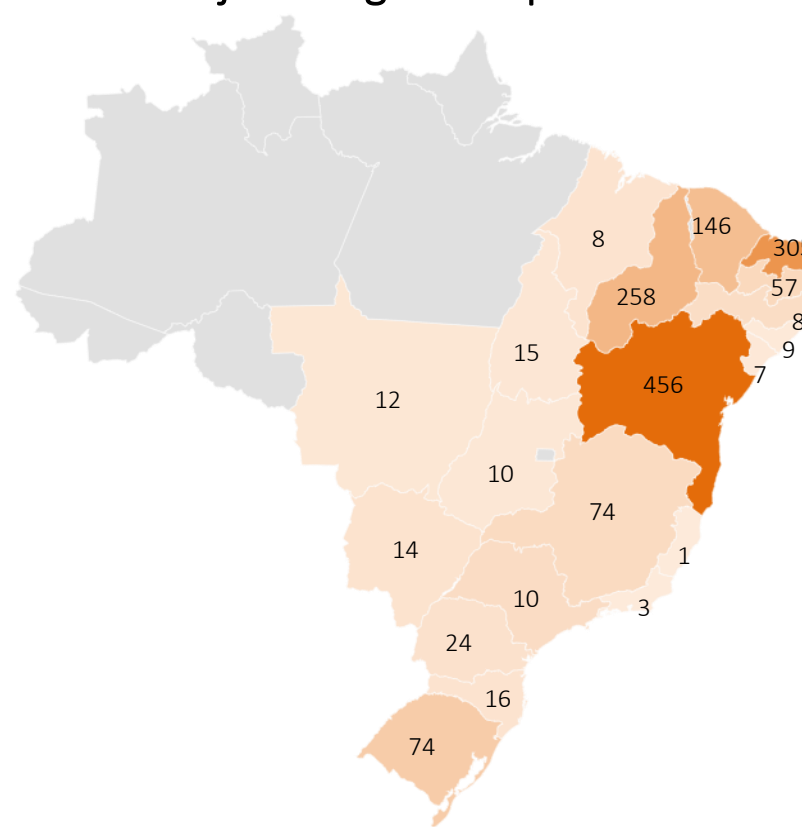
The leading states in number of projects registered were Bahia, Rio Grande do Norte and Piauí, with 14,007 MW, 10,518 MW and 8,782 MW, respectively.



MW Registered per State



Projects Registered per State



Source: EPE.





A-4 Energy Auction Results

This A-4 auction included projects beginning supply on 01/01/2023 under the following terms of the Contract of Commercialization of Electric Energy in the Regulated Environment - CCEAR:

- 30-year supply period for hydroelectric projects
- 20-year supply period for wind and solar projects
- 20-year supply period for biomass generation projects with Unit Variable Cost - CVU equal to zero or different from zero

The National Electric Energy Agency and the Electric Energy Trading Chamber released the results of the sellers as follows:

	Small Hydro	Wind	PV	Biomass
Highest Price (USD/MWh)	52,31	20,81	19,14	46,79
Average Price (USD/MWh)	51,59	20,81	17,34	46,79
Lowest Price (USD/MWh)	50,85	20,79	16,90	46,79
Power (MW)	81	95	204	21
Numer of Projects Sold	5	3	6	1

Buyers

In this auction there were only two buyers: the private-public utility company of Rio de Janeiro, Light S.A., and the distribution arm of the second largest non-state-owned group of electric energy generation and distribution in Brazil, the CPFL Santa Cruz.

ITA Capital is your partner on the ground in Brazil to help navigate the local cultural and political landscape and to assist on regulatory and tax issues for renewable energy infrastructure assets at all stages of development. Our team has developed a strong expertise with over 15 years of investment advisory in Brazil and abroad. Please feel free to contact us if you need a local partner or advisor in this unique and complex market.

Sources: CCEE, Aneel, and MME.