

Brazilian Utilities

RBSE Reprofitting Agreement

Better-Than-Foreseen Resolution for TransCos

In a public meeting held today, ANEEL's Board reviewed a request from market participants regarding the Homologatory Resolutions on the reprofiling of payments for the financial component of the RBSE, effectively concluding the administrative discussion on the issue. Our initial assessment of this agreement is positive for ISA Energia, Eletrobras, Cemig, and Copel, as it removes a regulatory risk related to the potential receipt of payments below those established by the agreement. Furthermore, the final resolution exceeded our base case expectations, unlocking additional value for these companies within our coverage universe, especially for ISA Energia, with almost 4% upside in equity value, followed by Eletrobras with a 2% upside.

Discussion on RBSE Payment Reprofitting. Through a memorandum published by ANEEL last week ([link](#)), representatives of transmission companies and other system agents expressed that, although they have not abandoned their initial legal positions, they reached a common ground on the conceptual aspects of the methodology and declared their willingness to find a balanced solution through a technically defensible outcome. The document outlined two possible scenarios for restructuring the payment of the RBSE financial component between Jul'25 and Jul'28: the first scenario included a greater tariff reduction in the first year followed by uniform payments in subsequent years, while the second scenario envisaged a higher payment in 2025, gradually decreasing in the following cycles.

Final Resolution of the Agreement. In today's public meeting, the ANEEL Board established the agreement for partial adoption of the proposals, selecting the first scenario with constant payments over the next three years. The Board approved the partial adoption of the recommendations outlined in Technical Note 85/2023, with key points including: (i) maintaining the methodologies currently employed by ANEEL; (ii) segregating financial flows related to controversial and non-controversial amounts; and (iii) updating the regulatory WACC at each tariff review. This new calculation method for RBSE compensation reduces payments to transmission companies by approximately R\$5.6 billion, including around R\$4 billion for Eletrobras (through its subsidiaries Furnas, Chesf, Eletronorte, and Eletrosul) and about R\$1 billion for ISA Energia. Other companies in our coverage, including Cemig and Copel, experienced less significant impacts.

Our Take. Our initial reading of the agreement is positive for the transmission companies under our coverage exposed to RBSE payments, namely ISA Energia, Eletrobras, Cemig, and Copel. We view the outcome as favorable because it was above our base case assumptions (which considered the amounts in Technical Note 85/22 [link](#)), as well as for removing a potential downside risk of receiving even lower payments. Within our coverage, ISA Energia stands out, resulting in almost 4% upside in our estimated equity value, while for Eletrobras, the agreement translates into a 2% upside.

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