Energy Transition Acceleration Program (PATEN)

Law No. 15,103 of January 23, 2025

Goals

Facilitate investments in the energy and infrastructure sectors for the development of sustainable projects, primarily by reducing the cost of guarantees in project financing.

Key sectors eligible to submit Projects

- Low-GHG emission fuels, including its supply infrastructure
- Natural gas, including distribution;
- Renewable energy, including generation and transmission;
- Nitrogen fertilizers;
- Transport – with focus on decarbonization
- Waste recovery and energy valorization
- Energy Storage systems;

PATEN mechanisms to support funding for priority sector projects

Green Fund

A private fund managed by BNDES to secure funding provided by financial institutions for project development under PATEN.

Project Developer / Debt Undertaker

1

Integration:

i. Judiciary bond;
ii. Federal, State, Municipal tax-credits (if states and municipalities participate)
iii. Cash

BNDES

Green Fund

Fund's Management: Compensation limited to 1% p.y. on the value of the Green Fund's assets.

2

Funding and assignment of fully paid-in Green Fund shares and underlying credits (i.e, judiciary bond, tax credits, cash).

Bank / Project sponsor

3

To trigger the guarantee: The bank will receive the shares and the underlying credits by cancelling the Green Fund's shares. In practice, the bank originally used for the fund's quota subscription takes over the credit rights.

Opinion

The Green Fund is expected to lower transaction costs for credit assignments used as financing collateral.

Tax Settlement Conditioned on Investment in priority sector projects

PATEN law amends Law No. 13,988/2020 related to tax settlements, a mechanism that allows taxpayers to waive litigation and repay tax debts under special terms, aiming for their resolution.

Settlement must include

i. Timeframes
ii. Type of project to be invested in
iii. Special conditions for debt settement

Opinion

The framework creates additional funding streams for projects in priority sectors.

* Note: The criteria for project analysis, approval procedures and conditions, as well as the responsible agencies, will be defined in the upcoming regulation of the Law.

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