

AES Tietê develops Brazil's first organized over-the-counter energy trading platform

Carried out in collaboration with Fohat, R&D initiative will add scalability and security to bilateral transactions

CURITIBA, October 24, 2019 — Operating in Brazil for nearly 20 years and one of the country's largest electricity generation companies, AES Tietê announces it is investing R\$ 3.4 MLN to develop Brazil's first organized over-the-counter energy trading platform with the use of blockchain technology. Backed by ANEEL's R&D program, the pioneering project is led by Fohat, an energy intelligence company with headquarter in Curitiba that has drawn international attention for its initiatives in line with the global 3D energy model (decarbonization, decentralization, and digitalization).

AES's Energy Intelligence Project will introduce an organized over-the-counter (OTC) energy trading platform with an edge: the digital environment will allow trading energy with central counterparty clearing (CCP), which ensures clearing and settlement of bilateral energy contracts for both buyers and sellers. Currently in Brazil, the Free Energy Market (Ambiente de Contratação Livre - ACL) operates in a non-organized format. It means it does not involve a CCP to settle trades. This may present risks to trade executed by two counterparties in terms of liquidity and transparency, in addition to limiting the expansion of the Free Energy Market.

Launched in October, the project will allow counterparties to trade energy on the organized OTC market with added solidity, security and scalability. Therefore, its vision of the future is that everyone can have access to Brazil's Free Energy Market and end consumers may buy electricity directly from generators or free market traders. Today, Brazil's free market accounts for 30% of the energy traded. The

Brazilian Energy Regulator ANEEL intends the market to be totally free by 2028, which means there is a growing trend towards opening up.

“Along with increased security, our platform will ensure data reliability and enhance scalability in energy trading, thanks to integration between financial intelligence and encryption of smart contracts with the use of blockchain technology”, says Igor Ferreira, CEO at Fohat. Fohat is the first and only company in Latin America to use blockchain in the energy sector, with considerable expertise in the Australian market, where electricity is traded freely.

In addition to the organized OTC energy trading platform, Fohat will implement further energy intelligence solutions. It will integrate other solutions designed by AES Tietê, such as Virtual Power Plants with the OTC market. Thanks to collaboration with the Energy Web Foundation (EWF), the platform will allow issuing I-RECs (renewable energy certificates). According to the REC Market Meeting, Brazil is right behind China as the second largest issuer of I-RECs worldwide, with 500,000 certificates issued in the first half of 2019, which is equivalent to half a million megawatt hours. With the introduction of the two solutions, AES Tietê will expand its commercial footprint in the domestic market. Through an integrated energy platform, it can offer sustainable solutions tailored to the particular the needs of its clientele.

“This collaboration is a major step towards our innovation and digitalization strategy. We build on our work to respond to and anticipate major trends in the energy market with a focus on our customer needs. As disruptive solutions are taking over the energy sector, we are moving ahead with pioneering initiatives to add value to our business”, says Rogério Jorge, Chief Commercial Officer and Head of Innovation and Digital Transformation at AES Tietê.

About [AES Tietê](#)

AES Tietê acts an integrated energy platform adjustable to the demands of its end users that offers sustainable custom solutions. Operating in Brazil for nearly 20 years, it is one of the

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country's largest electricity generation companies. It owns 9 hydroelectric powerplants, 3 small hydro plants (State of São Paulo), the Alto Sertão II Wind Complex (State of Bahia), and has recently completed the acquisition of the Guaimbê Solar Complex (State of São Paulo). The company's asset portfolio includes the Ouroeste Solar Complex, which is under construction.

The new Energy Generation Operations Center (COGE) (Bauru, State of São Paulo) is one of the most modern technology and integrated operation centers in Brazil, which remotely controls all company assets. www.aestiete.com.br

About Fohat | Founded in 2017, [Fohat](#) is a Brazilian energy intelligence company that offers innovative energy intelligence solutions to enable a free market for clean energy. By efficiently providing cheaper energy, it has the mission of making a positive impact on the planet, people and organizations, with inclusive and sustainable development, responsibly delivering value for the society, the environment and the economy, with social inclusion and wellbeing, which is fully in line with the global 3D energy model (decarbonization, decentralization, and digitalization). FOHAT's solutions cover both edges of the energy sector, from generation to storage (by managing and dispatching distributed energy resources), trade and consumption. It is a benchmark for sustainable innovation as the first and only company in Latin America to use blockchain in the energy sector, in addition to being actively involved in the development of the global energy policy framework, with the launch of the Energy Web Chain (EWC) as signatory to the Energy Web Foundation (EWF), in June 2019. Follow us on YouTube, [LinkedIn](#), [Instagram](#) and [Facebook](#).

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