



# Workshop on gas market design

*IEA-Brazil gas market peer-review and dialogue*

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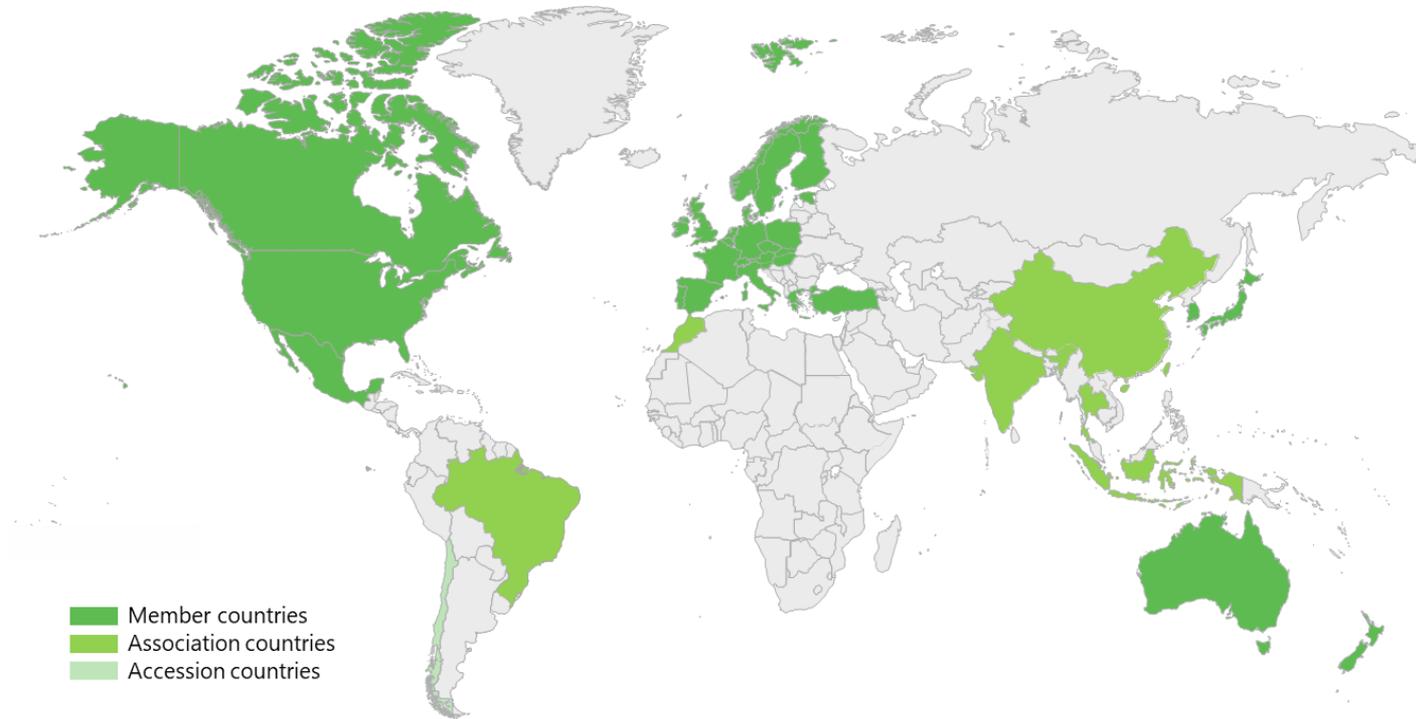
Brasília, 23 August 2018



# The International Energy Agency (IEA)



The IEA is at the heart of the global energy dialogue and the transition to a clean energy future, and provides unbiased analysis, projections and data to support energy policies of its member countries and beyond



**The IEA family includes 30 member countries (from the OECD), 7 association countries, including Brazil, China, India and Indonesia, and partners around the world**



**Brazil joined the IEA as an Association country in October 2017**



*World Energy  
Outlook*

*Distributed  
energy resources*

*Energy R&D*

*Energy Auctions*

*Grid integration of  
variable renewables*

*Energy efficiency*

*Biofuels and  
bioeconomy*

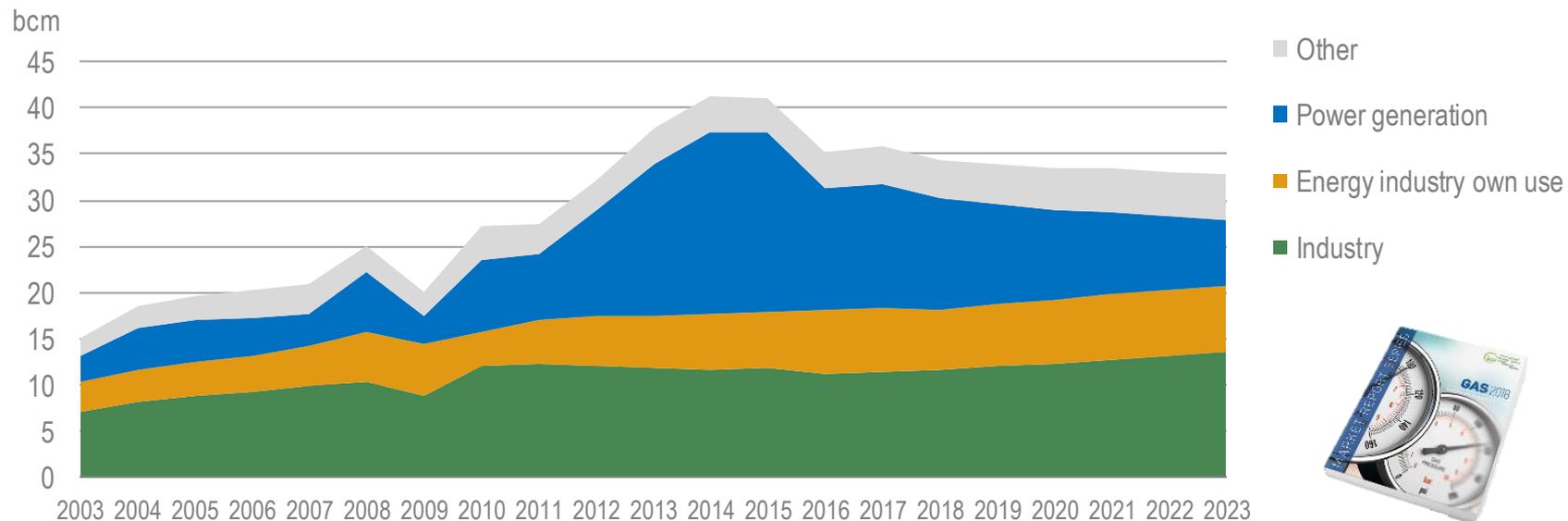
*Training &  
capacity building*

**GAS MARKET  
DESIGN**

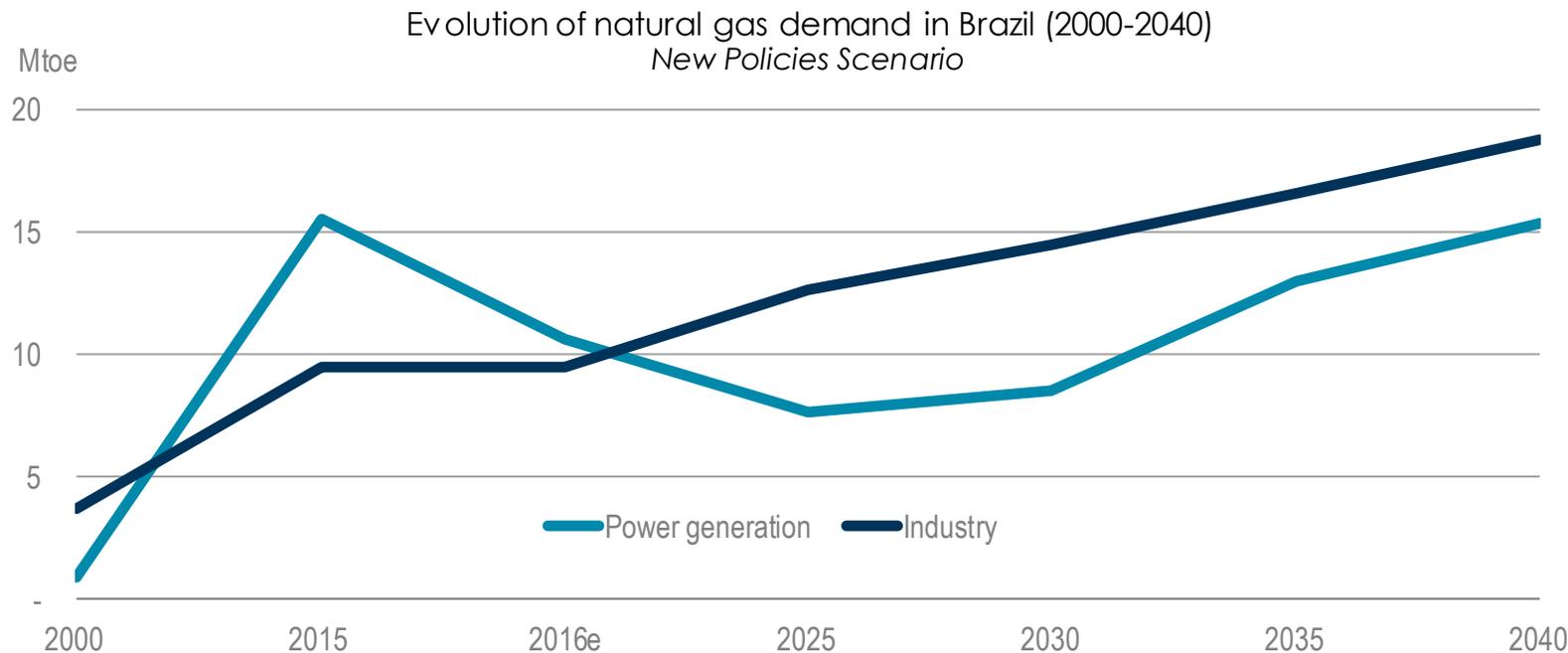
The IEA and Brazil have signed the most ambitious and wide-ranging programme of work to date.

# The IEA's view on the Brazilian gas market

Evolution of natural gas consumption in Brazil by sector (2003-2023)



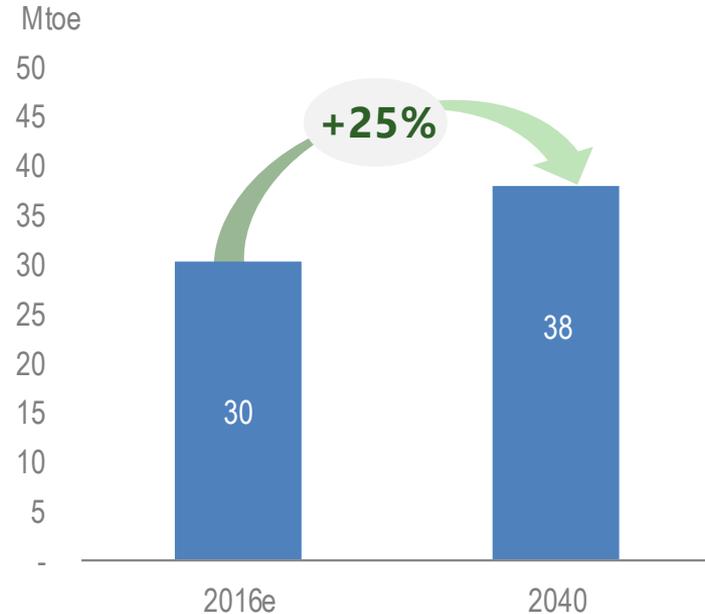
**During the next five years, natural gas demand in Brazil is expected to grow in every sector besides power generation until 2023.**



**Demand in industry is expected to increase steadily over the next decades, while demand for power generation will start increasing in the medium-term.**



Change in total primary gas demand in Brazil  
*Sustainable Development Scenario*



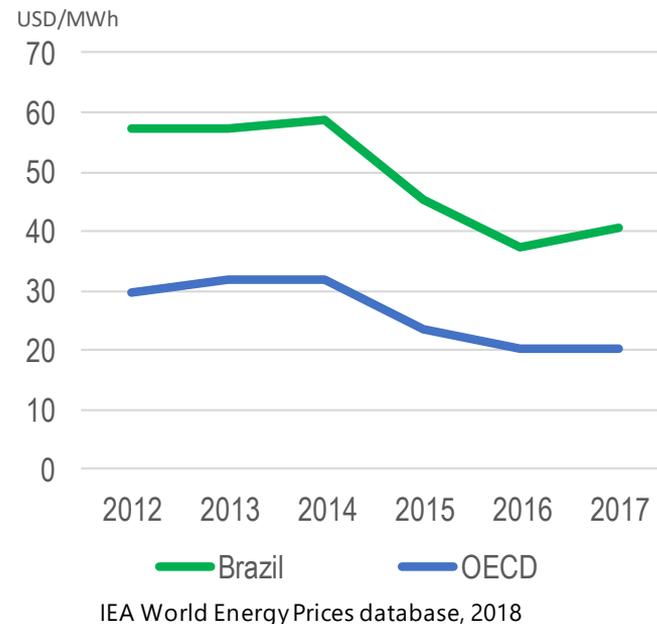
**Additional thermal generation is needed to support the deployment of variable renewable energy, providing flexibility and assuring security of supply.**

## A timely initiative

*Several key elements for a successful market reform are present in Brazil at the moment, including:*

- *Prospect for future growth in demand and supply*
- *Diversified sources of supply (local production, Bolivia, LNG)*
- *Petrobras Programa de Parcerias de Investimentos (PPI) creates new market opportunities*

**Natural gas prices for industry**  
*Annual average prices*



**The conjunction of market factors in Brazil and the prospect of more competitive prices provide a positive motivation for reform.**

- ▶ IEA Member countries are required to undergo an **In-Depth Review of their Energy Policy every five years.**
- ▶ This process is an opportunity to **identify and facilitate the exchange of best practices** between Member and non-member countries, as well as IEA Secretariat experts.
- ▶ Brazil asked the IEA to undertake a limited peer-review with a focus on **unbundling models and network codes** with recommendations to feed into the reform process thinking. Project supported by an IEA Member country (UK).
- ▶ **European experience is not for copy-paste** but can provide policy building blocks for decision-makers around the world to **design policy solutions adapted to local priorities and specificities.**

- ▶ **Fact-finding mission** including meetings with Brazilian stakeholders, experts and academia in January 2018.
- ▶ Drafting of a **preliminary recommendations** by IEA Secretariat experts and peer-review group.
- ▶ Today's workshop is **an opportunity to discuss and challenge** the preliminary recommendations
- ▶ An **IEA Insights Series report** based on this peer-review process to be published **by late September 2018**.



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