

## **Brazilian experience in electricity auctions: Comparing outcomes from new and old energy auctions as well as the application of the hybrid Anglo-Dutch design**

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Since 2004, the Government of Brazil (GoB) has acted as an intermediary between distribution and generator companies in the energy procurement sector. The GoB procures energy from generator companies through auctions of long-term energy contracts. After an auction, the winning generator companies sign contracts directly with distribution companies. In particular, the GoB runs two different auctions: one for energy from existing power plants (i.e., old energy) and another for energy from power plants that have not yet been built (i.e., new energy). This paper describes these auctions and compares the outcomes from the old and new energy auctions from 2004 to 2010 using final auction prices. The Brazilian case is particularly interesting, not only because energy is predominantly supplied by hydropower plants but also because new energy auctions reach prices below those for old energy. Therefore, it is likely that it is not necessary to run the two different energy auctions. As a secondary objective, this article analyze whether the Anglo-Dutch hybrid auction model is a better design for electricity procurement in Brazil.

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