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**LAW No. 13,576 OF DECEMBER 26, 2017.**

Provides for the Brazilian Biofuel Policy (RenovaBio) and makes other provisions.

**CHAPTER I**

**BRAZILIAN BIOFUEL POLICY**

Article 1. The Brazilian Biofuel Policy (RenovaBio) is hereby established and becomes an integral part of the national energy policy referred to in art. 1 of Law No. 9,478 of August 6, 1997, with the following objectives:

I – to contribute to the Country’s commitments under the Paris Agreement under the United Nations Framework Convention on Climate Change;

II – to contribute to the proper relationship between energy efficiency and reduced emissions of greenhouse gases in the production, commercialization, and use of biofuels, including mechanisms for life-cycle assessment;

III – to promote proper expansion of the production and use of biofuels in the Brazilian energy matrix, with emphasis on regular fuel supply; and

IV – to predictably contribute to the competitive participation of the several biofuels in the domestic fuel market.

Article 2. The principles of the Brazilian Biofuel Policy (RenovaBio) are:

I – contribution of biofuels to the reliability of the national supply, of fuel, to environmental preservation, and to promote development and economic and social inclusion;

II – promoting free competition in the market for biofuels;

III – the importance of adding value to the Brazilian biomass; and

IV – the strategic role of biofuels in the national energy matrix.

Article 3. The Brazilian Biofuel Policy (RenovaBio), composed of actions, activities, projects, and programs, shall enable the supply of energy in an increasingly sustainable, competitive, and reliable manner, observing the following principles:

I – predictability of the share of biofuels, with emphasis on sustainability of the biofuel industry and on reliable supply;

II – protection of consumers’ interests as to price, quality, and offer of products;
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III – efficacious contribution of biofuels to the effective mitigation of emissions of greenhouse gases and local pollutants;

IV – potential contribution of the market for biofuels to creation of employment and income and to regional development, as well as to promotion of value chains related to sustainable bioeconomy;

V – progress of energy efficiency, by using biofuels on vehicles, machines, and equipment; and

VI – boosting of technological development and innovation, aiming at consolidating the technological base, increasing competitiveness of biofuels on the Brazilian energy matrix, and speeding up the development and commercial inclusion of advanced biofuels and of new biofuels.

Article 4. The instruments of the Brazilian Biofuel Policy (RenovaBio) are, among others:

I – the reduction goals for emissions of greenhouse gases at the matrix of fuels referred to in Chapter III of this Law;

II – the Decarbonization Credits referred to in Chapter V of this Law;

III – the Biofuel Certification referred to in Chapter VI of this Law;

IV – the mandatory addition of biofuels to fossil fuels;

V – the tax, financial, and credit benefits; and

VI – the actions in the scope of the Paris Agreement under the United Nations Framework Convention on Climate Change.

Sole paragraph. The instruments provided for in this article, regarding the reduction goals for the emissions referred to in item II of the main section of art. 1 of this Law, shall be aligned with the goals expected for any other sectors.

CHAPTER II

DEFINITIONS

Article 5. The following definitions are hereby established:

I – Biofuel Certification: set of procedures and criteria in a process through which the inspection company assesses compliance of the measurement of aspects related to the production or import of biofuels, in relation to energy efficiency and emissions of greenhouse gases, based on the life-cycle assessment;
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II – Certificate of Efficient Production of Biofuels: document issued exclusively by an inspection company as a result of the Biofuel Certification process;

III – life cycle: consecutive and interlinked stages of a product system, from raw material or its generation from natural resources, to the final disposal, as defined in regulations;

IV – accreditation: procedure by which an inspection company is evaluated, qualified, accredited, and registered as being eligible to certify and issue the Certificate of Efficient Production of Biofuels;

V – Decarbonization Credit (CBIO): a book-entry instrument for purposes of evidencing the individual target of the fuel distributor referred to in article 7 of this Law;

VI – fuel distributor: economic agent authorized by the National Agency of Petroleum, Natural Gas, and Biofuels – ANP to distribute fuel, pursuant to ANP’s own regulation;

VII – primary issuer: producer or importer of biofuel authorized to operate by ANP, qualified to request the issuance of Decarbonization Credits in an amount proportional to the volume of biofuel produced or imported and traded, with regard to the Energy-Environmental Efficiency Rating included in the Certificate of Efficient Production of Biofuels, as defined in regulations;

VIII – bookkeeping agent: bank or financial institution contracted by the producer or importer of biofuels responsible for issuing book-entry Decarbonization Credits on behalf of the primary issuer;

IX – inspection company: an organization accredited to issue the Biofuel Certification, the Certificate of Efficient Production of Biofuels, and the Energy-Environmental Efficiency Rating;

X – importer of biofuel: economic agent authorized by ANP to import biofuel, pursuant to the regulations;

XI – carbon intensity: rate of greenhouse gas emission, based on a life-cycle assessment, in the fuel production process, per unit of energy;

XII – decarbonization target: target set to ensure the lowest carbon intensity in the national fuel matrix;

XIII – Energy-Environmental Efficiency Rating: individual classification in the Certificate of Efficient Production of Biofuels, by primary issuer, which represents the difference between the carbon intensity of its alternative fossil fuel and its carbon intensity established in the certification process;
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XIV – producer of biofuel: economic agent, pursuant to art. 68-A of Law No. 9,478 of August 6, 1997, authorized by ANP to produce biofuel, pursuant to ANP’s own regulations; and

XV – product system: collection of unitary processes, with elementary and product flows, that perform one or more defined functions and model the life cycle of a product.

CHAPTER III

TARGETS FOR REDUCING EMISSIONS IN THE FUEL MATRIX

Article 6. The annual mandatory targets for reducing greenhouse gas emissions for trading of fuels will be defined pursuant to regulations, considering the improvement of the carbon intensity of the Brazilian fuel matrix over time, for a minimum period of ten years, considering:

I – the protection of consumer interests as to fuel price, quality, and supply;

II – the availability of biofuels supplied by producers and importers holding the Certificate of Efficient Production of Biofuels;

III – (VETOED);

IV – appreciation of the energy resources;

V – evolution of national consumption and imports of fuel;

VI – the international commitments to reduce greenhouse gas emissions made by Brazil, and sectoral actions within the scope of these commitments; and

VII – the impact of fuel prices on inflation rates.

Article 7. The annual mandatory target referred to in article 6 of this Law shall be broken down, for each calendar year, into individual targets, applicable to all fuel distributors, proportional to the relevant market share in trading of fossil fuels in the previous year.

Paragraph 1. The individual targets of each fuel distributor shall be made publicly available, preferably by electronic means.

Paragraph 2. Compliance by each fuel distributor with the individual target shall be verified based on the number of Decarbonization Credits held thereby on the date defined in the regulation.

Paragraph 3. Each fuel distributor shall verify the achievement of its individual target according to its strategy, without prejudice to the volumetric additions provided by specific law, such as ethanol to gasoline and biodiesel to diesel.
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Paragraph 4. Up to fifteen percent (15%) of the individual target for one year may be demonstrated by the fuel distributor in the subsequent year, provided that it has proven full achievement of the target for the previous year.

Article 8. The regulation may authorize the reduction of the fuel distributor’s individual target in the following cases:

I – acquisition of biofuels upon:

a) supply agreements for more than one year, signed with a producer of biofuel holding the Certificate of Efficient Production of Biofuels;

b) (VETOED);

II – (VETOED).

Article 9. Failure to achieve the individual target shall subject the fuel distributor to a penalty proportional to the number of Decarbonization Credits it has failed to demonstrate, without prejudice to the other administrative and monetary sanctions provided by this Law and Law No. 9,847 of October 26, 1999 and to other applicable civil and criminal sanctions.

Sole paragraph. The penalty referred to in the main section of this article may vary, pursuant to the regulation, from one hundred thousand Reais (BRL100,000.00) to fifty million Reais (BRL50,000,000.00).

Article 10. The percentage of achievement of the individual target by each fuel distributor and, when applicable, the relevant administrative and monetary sanctions applied shall be published on an annual basis.

CHAPTER IV

MONITORING OF BIOFUELS AND FUEL

Article 11. The national biofuel supply shall be monitored pursuant to the regulation and shall serve as a basis for the definition of:

I – the annual mandatory targets for reducing greenhouse gas emissions in the trading of fuels, pursuant to article 6 of this Law, and the relevant tolerance intervals;

II – the criteria, guidelines, and parameters for accreditation of inspection companies and the Biofuel Certification; and

III – the requirements for technical and economic regulation of the Decarbonization Credit.

Article 12. Prior to their approval, the mandatory targets referred to in item I of the main section of article 11 of this Law shall be submitted to public consultation.
CHAPTER V

DECARBONIZATION CREDIT (CBIO)

Article 13. The primary issue of Decarbonization Credits shall be made in the books or records of the bookkeeping agent, upon request of the primary issuer, proportional to the amount of biofuel produced, imported, and traded.

Paragraph 1. The definition of the number of Decarbonization Credits to be issued will consider the amount of biofuel produced, imported, and traded by the primary issuer, observing the relevant Energy-Environmental Efficiency Rating included in the primary issuer’s Certificate of Efficient Production of Biofuels.

Paragraph 2. The request referred to in the main section of this article shall be made within sixty days by the primary issuer as of the biofuel purchase and sale invoice, extinguishing, for all purposes, the right to issue Decarbonization Credits after this period.

Article 14. The Decarbonization Credit shall include the following information:

I – the title “Decarbonization Credit – CBIO”;

II – a control number;

III – the date of issuance of the Decarbonization Credit;

IV – identification, qualification, and addresses of the companies named in the biofuel purchase and sale invoice that will guarantee the Decarbonization Credit;

V – the date of issuance of the invoice that will guarantee the Decarbonization Credit;

VI – product description and code included in the invoice that will guarantee the Decarbonization Credit; and

VII – gross weight and amount traded included in the invoice that will guarantee the Decarbonization Credit.

Article 15. The Decarbonization Credits shall be traded in organized markets, including in auctions.

Article 15-A. The revenue of qualified legal entities, according to item VII of the main section of article 5 of this Law, earned until December 31, 2030 in the transactions referred to in article 15 of this Law is subject to the application of the withholding income tax at the rate of fifteen percent (15%) (included by Law No. 13,986 of 2020).
Paragraph 1. The revenue referred to in the main section of this article shall be excluded in the determination of the taxable income or estimated profit and from the amount of the result for the year, but any losses determined in those transactions shall not be deductible in the determination of the taxable income.

Paragraph 2. The provisions in paragraph 1 of this article do not prevent the regular use, in the calculation of the taxable income of the legal entities referred to in the main section of this article, of the administrative or financial expenses necessary for the issuance, registration and negotiation of the credits referred to in item V of the main section of article 5 of this Law, including those related to the certification or the activities of the bookkeeping agent referred to in items I and VIII of the main section of article 5 and article 15 and 18 of this Law.

Paragraph 3. The provisions in the main section and in paragraph 1 of this article apply equally to all other individuals or legal entities successively conducting acquisition and disposal transactions pursuant to article 15 and with the registration referred to in article 16 of this Law, except when those individuals or legal entities are legally characterized as a ‘fuel distributor’.

Article 16. The bookkeeping agent shall be responsible for keeping the record of the business chain during the period in which the securities are registered.

Article 17. A regulation shall provide for the issuance, maturity, distribution, intermediation, custody, trading, and other aspects related to the Decarbonization Credits.

CHAPTER VI

BIOFUEL CERTIFICATION

Article 18. The certification of the efficient production or import of biofuels, for purposes of this Law, shall have the increased efficiency as priority, based on the life-cycle assessment, in terms of energy content with lower emission of greenhouse gases compared to the emissions from fossil fuel.

Sole paragraph. A regulation shall provide for the criteria, procedures, and responsibilities for granting, renewal, suspension, and cancellation of the Certificate of Efficient Production of Biofuels.

Article 19. The Certificate of Efficient Production of Biofuels shall be issued to the producer or importer of biofuel individually achieving the parameters defined in the regulation.

Paragraph 1. The Certificate referred to in the main section of this article shall be effective up to for four years, renewable successively for the same period.

Paragraph 2. (VETOED).
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Article 20. For issuance of the Certificate of Efficient Production of Biofuels, bonds, insurance, and a minimum fully-paid capital may be required to ensure the full performance of obligations.

Article 21. The Certificate of Efficient Production of Biofuels shall expressly include the Energy-Environmental Efficiency Rating of the primary issuer.

Article 22. For accreditation of an inspection company regarding the certification of efficient production or import of biofuels, the competent body shall be responsible, pursuant to the regulation, for:

I – establishing the procedures and responsibilities for accreditation of the inspection company;

II – the accreditation, upon an ex-officio administrative act or a specific instrument, with direct and indirect Public Administration bodies of the Federal Government;

III – keeping the list of accredited Inspection Companies updated on the internet;

IV – inspecting the accredited inspection companies and applying administrative and monetary sanctions regarding compliance with the requirements provided for in this Law and in related acts;

V – requesting data and information of the inspection companies and establishing deadlines therefor, for assessment, monitoring, and inspection purposes; and

VI – auditing the process of issuance or approval of the Certificate of Efficient Production of Biofuels.

Sole paragraph. A report shall be published on the internet, on an annual basis, with the result of the inspection actions and with any administrative and monetary sanctions applied to the inspection companies.

Article 23. For certification of efficient production or import of biofuels, the handling of traded fuels shall be inspected pursuant to the regulations, in order to verify their adequacy with the Decarbonization Credits issued and achievement of the mandatory individual targets.

Paragraph 1. In order to comply with the provisions in the main section of this article, data and information of producers of biofuels, importers of biofuel, and fuel distributors will be requested, without prejudice to other monitoring and inspection actions defined in Law No. 9,478 of August 6, 1997 and Law No. 9,847 of October 26, 1999.

Paragraph 2. An updated list of the Certificates of Efficient Production or Import of Biofuels issued, renewed, suspended, canceled, or expired shall be published on a monthly basis on the internet, with information of the producer or importer of biofuel,
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the Energy-Environmental Efficiency Rating, the validity of the certificate, the amount produced and the amount sold, without prejudice to other data provided for in the regulation.

Paragraph 3. (VETOED).

Article 24. Prior to the issuance or renewal of the Certificate of Efficient Production of Biofuels, the inspection company shall submit, for at least thirty days, a proposal for certification to public consultation, with express indication of the proposal for the Energy-Environmental Efficiency Rating to be attributed, with wide disclosure of the process.

Paragraph 1. The certification proposal shall include the amounts and data based on which the Energy-Environmental Efficiency Rating was proposed.

Paragraph 2. Suggestions and comments presented during public consultation shall be taken into account by the inspection company:

I – by including the relevant ones in the process; and

II – by justifiably refusing the other.

Paragraph 3. The inspection company shall inform the competent federal agencies of the result of the public consultation, which shall include the suggestions and comments presented and their consideration.

Paragraph 4. Upon prior request, full access is ensured to the entire certification process.

Article 25. During the period of suspension or cancellation of the Certificate of Efficient Production of Biofuels, the amount of biofuel produced, imported, traded, dispatched, or delivered will not be effective for purposes of issuing Decarbonization Credits.

Article 26. (VETOED).

CHAPTER VII

MISCELLANEOUS

Article 27. When trading biodiesel in public auctions, mechanisms and targets shall be established to ensure priority participation of small producers of biodiesel and family farmers.

Paragraph 1. The regulation shall provide for the conditions for participation of the small producers of biodiesel referred to in the main section of this article. (DEGREE NO. 9,365 OF MAY 8, 2018)
Paragraph 2. For purposes of defining small producers, the provisions in Law No. 11,326 of July 24, 2006 apply.

Article 28. A bonus shall apply to the Energy-Environmental Efficiency Rating of the producer or importer of biofuel whose Biofuel Certification proves negative emission of greenhouse gases in the life cycle regarding its alternative fossil fuel.

Sole paragraph. The bonus provided for in this article shall be up to twenty percent (20%) on the amount of Energy-Environmental Efficiency Rating mentioned in the main section of this article.

Article 29. Those failing to comply with the provisions in this Law and other applicable rules shall be subject to, under the regulation, the administrative and monetary sanctions provided for by Law No. 9,847 of October 26, 1999, without prejudice to other applicable civil and criminal sanctions.

Article 30. This Law becomes effective on the date of its publication.

Sole paragraph. The mandatory targets referred to in article 6 of this Law shall become effective within one hundred and eighty days of the date of sanction, and the targets referred to in item I of the main section of article 11 of this Law will come into force eighteen months after implementation of the targets provided for in article 6 of this Law.