

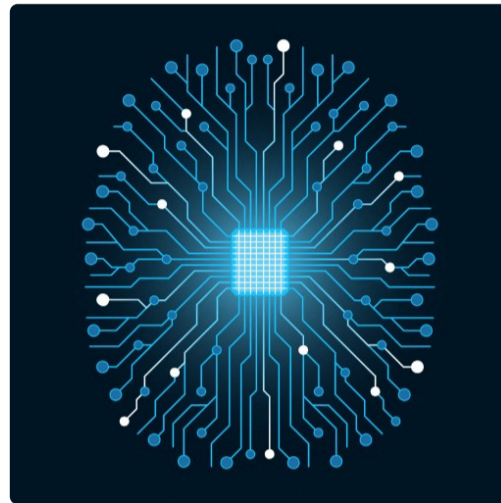


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Why Brazil's AI regulations are good news for utilities

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A bill creating a legal framework for [artificial intelligence](#) (AI), which has been approved by the lower house of congress, is expected to provide greater transparency and legal certainty and boost investments in a host of Brazilian sectors.

The new framework will likely benefit electric power utilities that have been making increased use of sensors and smart meters in networks, tapping AI to collect and analyze data from their smart grids.

“For companies in the electricity distribution sector, having a consolidated framework for AI will reduce the risk of regulatory penalties. This tends to increase investments in these applications, as well as increase the quality of the service provided, leveraging automation of information collection and analysis and reducing losses,” Octavio Brasil, manager of smart grids at [CAS Tecnologia](#), told BNamericas.

Founded 20 years ago, CAS Tecnologia provides smart grid and smart meter solutions to 25 of the 30 largest power concessionaires in the country.

While the framework still needs approval in the senate, electric power companies are already using AI, despite questions about how the technology complies with Brazil's general law on personal data protection, [LGPD](#), which went into effect in August.

“It's possible to say that, in data analysis and machine learning, distributors will only use the information that is inherent to the relationship between them and the consumer. There will be no misuse of external customer data,” Brasil said.

Data inherent to the distributor's relationship with the consumer include information such as meter identification, physical addresses, names, consumption patterns, billing and rates. “Everything will be respected under the current data protection law,” he added.

“One of the major impacts of this law involves the level of detail in AI decision-making mechanisms,” said Marcelo Fernandes, Latin American business development manager in telecom, insurance and optimization at analytics company [FICO](#).

A key element of the bill is the creation of the role of AI agents, who will be legally responsible for decisions made by AI systems, as well as ensuring that the data used, as well as the way in which it is collected, is in line with LGPD.

The bill also provides for the creation of a report to be produced by AI agents in the form of detailed documentation on how the AI was created and how it has been used for decision-making processes, Fernandes said.

This report may be requested by authorities to guarantee the ethical and transparent functioning of the technology, as well as to suggest standards and improvements in the process.

AI DRIVING GAINS

AI technology applied in the distribution sector helps these companies to improve estimates of the amount of power they need to contract from generators, according to Brasil at CAS Tecnologia.

This calculation is generally made based on historical consumption patterns and may vary significantly. The problem is that, depending on the degree of variation, it can lead to penalties for distribution concessionaires from sector regulator Aneel, not to mention the unnecessary activation of power generators.

With AI, however, these companies have a better idea of consumption patterns, and, consequently, about the energy they have to contract.

Furthermore, coupled with smart meters, AI allows them to reduce losses in distribution networks, while also combatting fraud and recording errors.

"The downtime periods, when there is any type of power interruptions, go into a kind of 'clock' that the concessionaire uses to provide accounts to regulator Aneel on how many interruptions there were and for how long. There's an acceptable level of those. The AI helps make this 'clock' more precise," said Brasil.

CAS Tecnologia's Hemera smart meter platform manages data from more than 2.3mn consumers in Brazil, he pointed out.

CAS also has customers in Europe and other countries in Latin America and provides metering solutions for the water and sanitation sector and also for gas companies, albeit to a lesser extent.

In the water sector, CAS claims to have created the first smart water solution in the Brazilian market, which enables the identification of irregularities and losses in real-time.

In addition to the new legal framework for AI, CAS expects its growth to be supported by the [new sanitation legislation](#) and the recent liberalization of the [gas market](#).

Another company that should benefit from the new AI framework, as well as the new sanitation rules, is Italy's [Engineering](#).

"At present, sanitation companies have a large amount of information coming from different systems, which makes it difficult to correctly monitor and manage loss indicators," said Luciano Gajardoni, Engineering Brazil's technical director for energy & utilities.

"Aware of these challenges, we have implemented technologies such as analytics, AI, internet of things (IoT) and machine learning." One of Engineering's biggest clients is [Sabesp](#), the largest water utility in Brazil.

Engineering also expects increasing sales of its DigiSelf application, which is aimed at self-reading water consumption.

The app is intended to reduce reading errors and optimize the end-customer experience through AI, allowing consumers to generate their bill autonomously, that is, without the physical presence of a specialized professional.

OIL & GAS

The new AI rules are also expected to boost businesses in the oil and gas sector.

"Having a regulatory framework is always helpful to eliminate possible doubts in the use of the technology. It sets some rules for the standardization of these investments," Augusto Borella, VP of products at [Intelie](#), told BNamericas.

Founded in 2008 in Brazil, Intelie is controlled by satellite group [Viasat](#) and operates in Latin America, Europe and the US. It offers operational intelligence solutions through analytics and AI mainly for the oil and gas sector.

Full sets of Intelie's solutions (hardware plus software) are present on 60% of drilling rigs operating in deep water around the world and 80% them partially (only the software or the hardware).

The company's main platform, Intelie Live, which is powered by AI, is used to identify problems with real-time data transmission at Petrobras, for example.

According to Borella, the company has seen its revenues grow by a factor of 10 in the last five years and has achieved all its international expansion targets.

The company expects even faster growth for 2022, he said. It is now also investing in onshore operations, in addition to the offshore segment.

Intelie recently signed a technological cooperation agreement with [Ocyan](#), formerly called Odebrecht Oléo e Gás, for the development and commercialization of its BowTie solution.

The product allows dynamic monitoring and management of barriers and reduction of operational risks.

Powered by AI, Bow Tie helps prevent risks of major accidents, as well as mitigation of their impacts when they do occur.

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