

Alert | Energy & Natural Resources



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Renewable Energy in Latin America Updates

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This GT Alert highlights news and updates on renewable energy in Latin America.

A. Chile

On June 6, Chile's National Energy Commission (CNE) launched a public consultation regarding the Technical Standard for Coordination and Operation of the National Electric System Chapter on Operation Programming.

The standard aims to establish the procedure and provide information required for the coordinator to perform operation programming of the facilities within the National Electric System. The goal of this Standard is to preserve and guarantee the safety and economic well-being of the National Electric System, and ensure open access to the transmission system.

The Technical Standard, which will be available for consideration by public and private entities beginning July 20, also establishes modeling criteria to be used by the coordinator and the deadlines to be followed in the development of the intraday programming stage (PID).

B. Bolivia

On June 2, 2022, the Bolivian government, through Empresa Nacional de Electricidad (ENDE), launched a new contractor bidding process for the construction of two new wind farms.

One of the wind farms, Warnes II, will be located in the Santa Cruz department, and the other, La Ventolera, in the Tarija department. Together the plants should add up to about 45 MW.

Interested parties must submit their bids by July 25, 2022, and the results will be published Nov. 10, 2022.

The deal is being carried out within the framework of a financing agreement between Bolivia and the French Development Agency (AFD). Part of the funds will go toward contracting a company or Joint Venture, Consortium or Association (APCA) specializing in the design of wind farms and the provision, transport, assembly, installation, testing, and commissioning of wind turbines.

C. Brazil

Brazil awarded 29 renewable projects in the first New Energy Auction of the year (A-4), leading to the installation of 947.9 MW of power, after registering more than 1,800 bids for 75 GW of supply.

The project allocated the largest capacity was the biomass thermoelectric plant “Suzano RRP1,” with 384 MW and a physical guarantee sold of 130 MWmed, making it the highest project per megawatt-hour.

In second place is Solatio’s Belmonte solar park. The project will cost R\$ 445,275,900 through phases 1.1, 1.4, and 2.1, and it will have a capacity of 50 MW, 6,061 MW, and 50 MW, respectively (total of 106,061 MW and 33.8 MWmed).

In third place is the “Serra da Borborema” wind project from EDP Renováveis, which, divided between stages I and II, will reach 93 MW. It will have a physical guarantee of 22.9 MWmed and 26.5 MWmed, at a selling price of R\$ 178.65 and R\$ 179.49 per MWh.

Additionally, Canadian Solar won the possibility of supplying the demand of distributors through two facets of the Luiz Gonzaga solar park (I and III), which will have an installed capacity of 60 MW (30 MW and 30 MW), in addition to a physical guarantee sold at R\$ 178.52 per each stage.

D. Argentina

The Argentinian government will continue to provide benefits and incentives to the hydrocarbon and gas sectors, as announced by President Alberto Fernández and Minister of Economy Martín Guzmán during a May 26 political event at the Bicentennial Museum of Casa Rosada.

The president stated that Argentina “has everything the world demands in terms of energy” but asserted that gas, rather than renewables, will be the country’s dominant form of energy in the near future, calling gas the “transition energy.”

Notably, Argentina has not reached the goals set forth by National Law No. 27191, which establishes that by 2021, at least 16% of the total consumption of electric energy should come from renewable sources. By 2025, the regulation calls for 20% renewable energy. Despite falling behind on these goals, the government has acted over the last few months to support green energy, such as by modifying some

points and mechanisms of the Term Market (MATER), releasing truncated contracts of the RenovAr Program, and calling for electric infrastructure projects that allow the incorporation of more renewables and storage.

E. Honduras

In May 2022, the National Congress of Honduras proposed and approved reform of the Honduran Electricity Law, resulting in concrete measures that may considerably change the energy sector.

Specifically, Article 5 directly impacts renewable energy within the so-called Special Law to Guarantee the Electric Energy Service. This law may have repercussions not only on the generators already operating in Honduras, which are owed more than 13,000 million lempiras, but also on other private investments in the energy market.

This reform will eliminate the electricity market as it was conceived over the last eight years under the concept of a free market and operation based on supply and demand. This implies a return to the single buyer model, which will be the state-owned electric company.

During the debate on the law, some market participants spoke about the negative impact this market monopoly could have and how this measure would not serve as an effective financial rescue of the National Electric Power Company (ENEE).

F. Mexico

The Program for the Development of the National Electric System 2022-2036 (PRODESEN) detailed the proposed expansion of the National Transmission Network (RNT) and the General Distribution Networks (RGD) of the Wholesale Electricity Market.

First, the National Center for Energy Control (CENACE) recognized 15 projects to expand the RNT, which constitute a total of 78.9 km-c of transmission lines. The largest contribution will come from Sinaloa and Guanajuato.

These projects represent 1,525 MVA of transformation capacity, making Chihuahua, Sinaloa, and Guanajuato the states with the greatest contributions.

Regarding the additions of transformation banks, 375 MVA will be added in those with transformation ratios of 400 kV to 230 and 115 kV. For banks with 230 kV ratios to voltages between 161 kV and 69 kV, 1,150 MVA of capacity will be added. The year 2026 will see the most additions (1,225 MVA), and in 2027 the remaining 300 MVA will be added.

In addition, 17 projects were identified to extend the MEM distribution network, “solve the expected saturation problems in the high/medium voltage transformation banks,” and meet the increased demand in the short and medium term.

The 2022-2036 Plan consists of 57.1 km-c of lines in Sinaloa, Tabasco, San Luis Potosí, Nuevo León, Nayarit, and Oaxaca, almost all at 115 kV voltage level (only one will be at 161 kV with a 40 MVA bank). These projects will incorporate 482.5 MVA of transformation capacity.

Conclusion

Several Latin American countries have made efforts to implement new renewable energy projects. Some of them are in the process of building new projects focused on renewable energy, while others have implemented restrictive laws that may negatively impact the economies of these countries. However, most of the countries in Latin America have developed plans to implement these new forms of energy.

** This GT Alert is not applicable to U.S. law.*

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