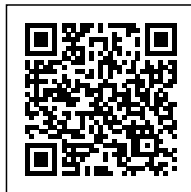


A NEW KIND OF ENERGY

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Category: [Special focus: Latin America](#)



It's not surprising that a country the size of Brazil needs a strong domestic power market to drive its growth. But traditional energy sources, such as coal and gas, are being overtaken by renewable energy in recent years.

And solar is poised to become the next big investment, says Mauro Penteado, an infrastructure and project finance Partner at Machado Meyer Sendacz & Opice Advogados in São Paulo.

"Wind power has been the main focus for Brazilian renewable energy," he says. "Nobody expected wind to be feasible, but the Government brought in generous subsidies in transmission and distribution tariffs and also guaranteed price to buy energy generated from wind projects that won the energy auction – which helped greatly."

The Government is currently reviewing similar incentives for commercial solar projects. At present solar deals are too expensive, but a decent transmission and distribution tariffs discount offered by new regulation could reduce these costs by up to 80 percent. Brazil is aiming to open an auction for a programme of solar projects in 2014, mainly in the north west of the country.

“There are a few projects in the pipeline, notably some of the stadia for the 2014 World Cup will have solar panels,” says Penteado, “and everyone is expecting activity to increase greatly, especially if an energy auction is launched by the Government only for solar projects”.

Local companies, like Bioenergy and Sistema de Energia Renovavel, have already pledged to invest in solar, but the push will also be of great interest to international companies. Permits are lenient too, with organisations given up to five years to construct solar schemes.

“Spanish solar developers have the knowledge and capabilities from their strong local and international experience to benefit,” says Penteado. Companies should start preparing now, to be able to capitalise once the auctions are announced.