

## **Brazil Power Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 95 pages | Mordor Intelligence

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### **Report description:**

The Brazilian power market is expected to record a CAGR of more than 3.5% over the forecast period, 2022-2027. Due to the COVID-19 pandemic and the policy response, the country's power demand fell by 1.5% (-10 TWh) in 2020. This fall in demand has led to reduced generation from various fuel sources, including coal (-12.1%), oil & gas (-5.8%), -0.6% for hydro and bioenergy, and nuclear (-13.6%). In comparison, non-hydro renewables like wind and solar continued to rise by 2.6% (2 TWh) in 2020. Factors such as the increasing demand for clean and low carbon power sources and favorable government policies are expected to drive the power market in Brazil. However, the long delays in the construction of power transmission projects due to the logistical, environmental, and social challenges are likely to hamper the market during the forecast period.

### **Key Highlights**

In 2021, the hydropower generation segment dominated Brazil's power market, and it is expected to continue during the forecast period. Hydropower is the largest source of electricity in Brazil, and it has great potential with several large rivers making it an ideal location for hydropower projects.

Brazil has a strong future for coupling large-scale solar and wind power as hybrid power plants. In December 2021, the Brazilian energy regulator, Aneel, approved a new regulation for the operation of hybrid power plants. This, in turn, is expected to provide ample opportunity for Brazil's power market in the coming future.

The country has many ambitious renewable projects lined up. With enormous solar, wind, and hydro energy potential, the country is ready to leap into the renewable market. Moreover, the government regulates policies to attract foreign investment in renewable power plants. This, in turn, is expected to drive the Brazilian power market during the forecast period.

### **Brazil Power Market Trends**

#### **Hydropower to Dominate the Market**

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Hydropower has been active in Brazil for a long time. It is expected to continue to be the most dominating form of power generation, primarily due to its enormous potential. Further, hydropower helps to keep electricity tariffs low. In 2020, the total installed hydropower capacity had reached more than 109 GW and stood as the hydropower leader in South America and the second-largest in the world, only after China. Around 213 MW of hydropower capacity was added in the country. In the same year, hydropower accounted for more than 60% of the country's annual power generation. Hydropower is a mature technology in the country, and the scope for future growth may be limited at a large scale. However, the small hydropower projects are likely to increase in the coming years, which will have less impact on the environment and be more economical to build. As of 2022, Brazil has about 195 MW of hydroelectric projects, which are scheduled to start commercial operations in the same year, including Elera Renovaveis' Foz do Estrela small hydro unit. Further, the government has set an ambitious target to achieve a hydropower capacity of 112.5 GW by 2030. This is expected to see significant developments in hydropower during the forecast period. Brazil is also becoming a leader in developing hybrid energy projects with the recent development of a solar floating photovoltaic plant on the Furnas-owned 52 MW Batalha hydropower project reservoir. In 2020, Tractebel was awarded the contract to build the 15-hectares floating plant with a 30 MW installed capacity. With the upcoming hydropower projects and targets, along with the massive hydropower potential in Brazil, the hydropower generation segment is expected to dominate the power market during the forecast period.

#### Supporting Government Policies and Ambitious Renewable Targets to Drive the Market

Over the years, hydropower has dominated the energy matrix in Brazil. However, the Brazilian government has been focusing on increasing wind and solar power capacity in recent years. In 2020, Brazil achieved a historic mark and its target of 7 GW of operational solar power, according to Associacao Brasileira de Energia Solar Fotovoltaica (ABSolar). The renewable power sources solar and wind have witnessed a significant rise in recent years. In 2020, the total installed solar power capacity reached more than 7.8 GW, a rise of more than 70% compared to the 4.7 GW in 2019. Similarly, wind power has recorded an 11% growth in 2020. Further, the Ministry of Mines and Energy and the state-run Empresa de Pesquisa Energetica (EPE) agency have recently given the National Energy Plan (PNE) up to 2050. The government of Brazil has set a renewable energy target of around 45% by 2030 under the new strategy. This is expected to witness massive development in the renewables power sector in Brazil. In January 2022, a Brazilian renewable energy company Ibitu Energia announced its construction of a 1 GW solar power complex in Piaui state. With an initial investment of about BRL 1 billion (USD 181 million), it is planned to be built in three stages. With such projects, the government prioritizes renewable energy projects, which, in turn, is expected to boost the country's power market during the forecast period. Further, in January 2022, a Norwegian hydropower company, Statkraft, planned to start the construction of an 80 MW wind power project in Brazil. The construction is planned to begin in June 2022, and the first wind turbines are expected to start operation by October 2023, and completion is scheduled by 2024. With an excellent wind potential in the area, the project is expected to generate about 386 GWh of renewable energy per year, enough to power more than 190,000 homes in Brazil. Moreover, the Brazilian wind power installation is expected to grow from around 21 GW at the end of 2021 to more than 32 GW by 2026, according to the Brazilian Wind Energy Association, ABEEolica. Therefore, the factors mentioned above and the rising investments in renewables are expected to see significant developments and drive the Brazilian power market during the forecast period.

#### Brazil Power Market Competitor Analysis

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The Brazilian power market is moderately fragmented. Some of the major companies operating in the market include Norte Energia SA, Petroleo Brasileiro SA, Enel Brasil, Eletrosul Centrais Eletricas SA (CGT Eletrosul), and Transmissora Alianca de Energia Eletrica SA.

Additional Benefits:

The market estimate (ME) sheet in Excel format  
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