

IJGlobal Webinar: Latin American Renewables Discussion

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IJGlobal – in partnership with LAC-CORE – this week (4 June) hosted a webinar focused on renewable energy across Latin America.

The webinar was hosted by *IJGlobal* Americas senior reporter Juliana Ennes and introduced by Jorge Barrigh, Chair of LAC-CORE.

The experienced panel of speakers comprised:

- **Maria Paz De La Cruz** – chairman of the board, Energia de la Patagonia SpA
- **Camila Ramos** – managing director of Clean Energy Latin America (CELA)
- **Ivan Oliveros** – managing director, power, utilities and infrastructure investment banking at Jefferies

To access the webinar, [click here](#).

The conversation highlighted how renewable energy projects and their financings were impacted by the Covid-19 pandemic in countries like Mexico, Chile, Colombia and Brazil.

The speakers talked about the perspective for recovery and looked into how financing may change.

Prior to the coronavirus crisis, Mexico was seen as one of the best places to invest in the renewables sector in Latin America. The need for power is great and the country immense, moreover it has its finances under control and remains an investment-grade nation.

However, the health crisis created an opportunity for the government to further implement its strategy of protecting state-owned companies by prioritizing conventional power plants.

Mexico's power regulator Cenace recently issued a resolution suspending all pre-operative testings for intermittent electricity generation and giving preferential access to the grid to conventional power plants. This decision is now being battled in court.

Independent of the judicial results, regulatory instability spooks investors already scared by drops in electricity demand due to lower economic activity. This means that in the short-term investors will think twice before going to Mexico in search of renewable projects, our experts believe.

One might think that the best option, then, would be to redirect the focus towards what was always seen as the traditional Latin American safe haven, Chile, the most European of the countries in the region – economically speaking.

Our experts warn that you shouldn't be fooled. It is not as easy to invest in Chile as it had been... at least for the short- and maybe medium-term.

The country is now facing not only 1, but 2 simultaneous crises. Following months of social unrest – which did impact the renewables sector with a freeze in prices – Chile is now being affected by Covid-19 and power demand dropped significantly.

However, the webinar speakers say this should not be too much of a concern as things are set to get better. With some luck, by the end of 2021, some would say...

Why not resort to a different strategy and focus on the size? Brazil may not be an investment-grade country anymore, but its rules regarding renewables are stable, the need for power post-Covid is set to continue growing, the sector has been well established (more for wind than solar though) and perspectives seem more encouraging, our experts believe.

Bilateral PPAs will continue to grow, and BNDES should continue reducing its role as a lender. However, do not get too optimistic to the point

of expecting power auctions organized by the government in 2020.

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