South America OPEX Report

November • 2024

Executive summary

South America's energy portfolio has seen a significant leap on the number of renewable projects, with a large amount of capacity added across all countries in the region. The two main sectors of clean energy development have been Onshore Wind and Solar PV: since the start of 2021, 19 GW of Onshore Wind and 17.2 GW of Solar PV capacity were installed in South America. Hydropower, which is still the largest sector regarding capacity and number of assets in the region, is seeing its importance being continuously diminished as it hasn't seen relevant start-ups in recent years.

Alongside traditional renewable energy sectors, other new technology transition facilities are seeing their first commissioned assets in South America. Recent years saw start-ups for carbon capture, energy storage and hydrogen plants. Between the three, battery storage facilities are the most developed often being co-located within renewable assets, such as Solar PV plants. The number of energy transition initiatives are expected to grow within the next few years, as countries are seeing the introduction of new policies that incentivise their development. An example of this is the recently approved Brazil's hydrogen legal framework with the Law 14,948/2024 and Chile's Green Hydrogen Action Plan.

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Even with the rise of renewables and energy transition sources, South America still has a large presence of facilities that belong to the Oil and Gas chain. The Oil and Gas sector in South America accounts for around 42% of the number of operational assets on EICAssetMap. The market is still very strong in the region and has a significant number of key developers, with highlights to the number of state-owned companies that operate in the sector. It is also relevant to mention that a large portion of these developers are keen on developing technologies to mitigate the impact of their activities for the environment, including carbon capture initiatives that is a trending matter for Oil and Gas developers.

Regarding decommissioning, the region has almost all its active decommissioning projects related to the Upstream industry. These processes involve the dismantlement of platforms and subsea infrastructures at assets that have reached the end of their lifespan and need to be removed or replaced at production areas. However, as policy is directing developers to find greener ways to operate, we are seeing several modernisation and upgrade projects at older facilities such as terminals, hydropower plants and conventional power plants. This will extend the operational life of these assets by updating older technologies and enhancing the output to make the facilities more energy efficient.

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