

Brazil Publishes Rules to Develop Offshore Wind Potential



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On January 25 the Government of Brazil issued a Decree that enables the identification and assignment of physical spaces and national resources within the country's inland waters, the territorial sea, the offshore exclusive economic zone and the continental shelf for development of offshore wind projects. **The Decree represents a major step toward the development of offshore wind potential.**

The Decree No. 10,946 will allow the implementation of the necessary offshore studies and the identification of areas that are suitable for the development of offshore wind projects. It will come into force on July 15.

Overview

As reported by a statement issued by the Brazilian Ministry of Mines and Energy (MME), the Decree fills in the gaps for a regulatory framework for exploiting Brazil's offshore electric potential. Those regulatory gaps were identified by public institutions, entrepreneurs, specialists and organizations, and were mainly related to implementation and the concession model.

According to the Decree, the operation of an offshore wind power plant will rely on two instruments:

1) an assignment of water use (such as inland waters, territorial sea, exclusive economic zone and continental shelf) issued by the MME for a fixed term to exploit the offshore wind potential or to carry out technological research and development activities; **2)** an authorization from the National Electric Energy Agency (ANEEL) to exploit the offshore wind potential on an independent production or self-production basis. Once the assignment of use is obtained, the entrepreneur is responsible for conducting the necessary studies to identify the offshore energy potential and must meet the criteria and deadlines set by the Ministry of Mines and Energy.

The offer to the private sector to exploit the offshore wind potential can happen in two ways: 1) a planned transfer, through which the MME—after hearing the Energy Research Office (EPE) and ANEEL—defines the available resources and puts them up for bidding (the winner being the one who offers the highest value for the exploitation of the asset); or 2) an independent transfer, through which an interested party expresses interest in studying a certain area, then a bidding is conducted. The winner wins the right to study and exploit the area, celebrating the cession of use and receiving authorization from ANEEL.

Positive Reception

Despite the risk that the Decree is judicialized, forcing a congressional analysis, the guidelines were well received by the market. The Decree is considered a vital achievement because it provides the structure and certainty that were much needed by the wind industry to move toward the development of large-scale projects off the Brazilian Coast.

In a statement, the president of the Brazilian Association of Wind Energy (ABEEólica) declared that **the Decree represents an important advance and enables the country to start building offshore wind farms with more certainty for investors, the government and society.**

Offshore wind power is a sector in Brazil that is taking its first steps, hence the importance of clarity derived from the Decree. Now, companies will know which are the technical criteria, requirements, study obligations and bodies responsible for the analysis, approval and formalization of the progress of each stage of offshore projects, which are generally more complex than those of onshore wind farms.


According to the Global Wind Energy Council CEO Ben Backwell, Brazil has virtually unlimited offshore wind resources, and wind energy companies

have already presented applications for licensing for 40GW of offshore wind projects in Brazil. This represents a **unique opportunity to combine growing power demand, developing green hydrogen projects and creating large amounts of investments and skilled jobs.**

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