

## **Regional Workshop on Accelerating Renewable Energy Investments in Latin America**

**10-11 September 2019 – Bogota, Colombia**

*Main Outcomes and Conclusions*

### **Role of IRENA**

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- IRENA is key in supporting the regional integration in Latin America. The Agency can serve as a platform to promote the cooperation between the private and the public sectors.
- Enhancing south-south cooperation in Latin America can strongly contribute to regional integration. The exchange of best practices among countries can help in strengthening the regional energy sector, the harmonization of the regulatory frameworks and diversifying the regional energy mix, among others.
- The international experience of IRENA on topics related to grid integration of VRE, documentation standardisation, among other technical aspects, can be of benefit to Latin America.
- IRENA should promote capacity building, among the different energy stakeholders in Latin America, to create awareness and keep promoting the use of clean energy sources, building on the role of the Agency as the global voice for renewables.
- IRENA should continue creating platforms for discussion and experience sharing with active participation from the different energy stakeholders of the region such as, governments, industry, energy consumers, among others, for the development of the Latin American energy sector.

### **Broader policy framework of the region**

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- Political will and commitment are key to promote the deployment of renewables.
- All the participants recognized the socio-economic benefits of RE development and the potential that the sector has to create jobs and fuel economic growth.
- Latin American countries are committed to achieve international climate agreements, however the stage of development of the energy sector in the region is very diverse, and is reflected also in the sophistication in policy design. For example, the region has some of the biggest pioneers in auction design.
- The energy transition should be viewed in the context of the economic structure of the country and its macro-economic conditions and it should be forward-looking and entail a mix of policies that are not limited to deployment policies but also include integrating and enabling policies such as access to finance, education and industrial development.

- Energy planning is key to guarantee the adequate penetration of renewable energy in every context, based on resource availability, energy infrastructure, demand growth, among other aspects.

## Regulatory framework for RE deployment

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- All the participants agreed that there is a need for clear directions for the renewable energy sector, together with establishment of clear rules and procedures for permits and project documentation.
- The regulations should be flexible to adapt to different contexts and objectives, especially in the dynamic market for RE.
- There is a tradeoff to consider between revising policy design when the desired outcomes are not achieved with the objective of creating a transparent and stable environment to attract investors.
- Most of the participants agreed on the key role of distributed generation in the region and the need to establish a clear regulatory framework. They also highlighted that distributed generation can open a wider potential for the penetration of renewable energy in Latin America.

## Risk Mitigation

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- Participants discussed the most prevailing risk that could hindered the investment in the RE sector, those included contractual, production, demand and offtake, currency exchange and payment risks.
- Participants highlighted some of the main risk mitigation instruments that have been used in some Latin American countries, such as Argentina and Mexico.
- Project developers and financiers agreed that PPAs are very important to reduce risks and facilitate access to financial instruments, especially under long-term contracts, as investors in the region are not ready to assume merchant risks.
- Blended finance can be used to mitigate risks, remove market barriers and therefore crowd-in private capital to renewable energy space in the region and beyond.

## Project Development

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- Developers and investors, both stressed on the need to standardized documents and procedures, as well as ensuring community acceptance and engagement to reduce the period needed to achieve financial close.
- Well established developers highlighted that they do not have difficulties in accessing finance in the Latin American market. However, it seems to be an important barrier for small-size RE developers and entrepreneurs.

- Multinational developers highlighted the important role that entrepreneurs play in a market as they are able to take more risks than well-established developers. Additionally, entrepreneurs are key in developing innovative solutions, which is an enabler for the penetration of RE sources.
- Development banks can be a strong partner in supporting RE small-size companies or entrepreneurs to access financial instruments.
- Institutional investors present an untapped potential. However, they need de-risked and liquid instruments to invest in such as yieldcosts and greenbonds.
- International donor funding is no longer needed for commercial technologies such as on-shore wind or solar, but concessional financing is needed for emerging technologies such as battery storage. Limited funds should be used strategically.