

Flash Note

By MAKE Consulting

December 2011

Tender Pricing Stabilizes in Brazil

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Wind power projects participated for the first time in a state-organized A-5 tender in Brazil this December. Developers of wind projects triumphed over a limited field of competing technologies, securing over 80% of the awarded capacity. Ultimately, nearly 1GW of wind projects were awarded 20-year PPAs slated for connection by 2016. This latest tender brings the total contracted wind pipeline at auction in Brazil to nearly 7GW.

Despite the low pre-auction ceiling of R\$112/MWh, the average successful bid by wind power project developers exceeded pricing during the A-3 and Reserve auctions held this past August. Over 90% of the winning projects will be located in just four states.

Although pricing appears to have improved slightly, the Brazilian Real has significantly weakened since the last power auction in August. This FlashNote examines the A-5 tender and current wind power pricing in Brazil. The analysis offers insight into current market trends and the implications of PPA pricing at these low levels.

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