

# New Electricity Pricing Triggers Rapid Growth for Renewable Energy Investment in Brazil

*January 2021 marks a historic change for Brazil's energy sector, hourly electricity spot pricing will create new opportunities for renewable energy investment*

SAO PAULO, BRAZIL, January 5, 2021 /EINPresswire.com/ -- On January 1st, 2021, the Brazilian energy sector took a huge step in its evolution towards a

greener, more efficient, and increasingly investor-friendly energy market with its shift from weekly to hourly electricity spot pricing. The move comes amid ongoing reform that is driving an exciting new era of growth for this sleeping giant of the global energy landscape. A new [Mangifera Analytics study](#) explores the details of this foundational pricing change and

demonstrates why it matters to the international investment community.

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*Rachel Andalaft, CEO of Mangifera Analytics*

“Blessed with year-round sunshine and reliable wind, there has never been any doubt about the potential of renewable energy in Brazil. However, developing an effective renewable energy sector is not just about geography, the real challenge is creating a business environment that drives investment into the sector,” says Rachel Andalaft, CEO of [Mangifera Analytics](#). “The January shift to hourly spot pricing is a pinnacle of the ongoing reform across the Brazilian energy sector and as our recent study shows, it will create significant new

opportunities for savvy international energy investors.”

According to Bloomberg’s 2019 Climatescope report, Brazil now ranks third most attractive in the world for clean energy investments. Brazil also ranks third globally in terms of installed capacity from renewable energy sources, after only China and the US, according to IRENA analysis. Despite this, Brazil only ranks 7th in the world for installed wind power capacity and 22nd for solar, revealing the underlying complexity holding back the hydroelectric-dominated market. Experts now see the shift to hourly spot pricing as the trigger for a solar and wind revolution in



the populous and power-hungry South American nation.

In Brazil's solar power sector, supported by dependable equatorial sunlight for daytime generation, the shift to hourly pricing will provide clear benefits from recurring intraday peaks. While for Brazil's more mature wind power sector, the reliable wind profile could be exposed to higher intraday variations. However, as the new study shows, both wind and solar projects trading on an unregulated market that is actively prioritizing these sources will have chances to seize significantly higher returns and carry the burden to manage that exposure.

The new study explains how the introduction of hourly spot pricing will benefit investors, generators, and the grid itself. Power purchase agreements and traders operating in the unregulated market will now benefit from price spreads at an hour-by-hour scale and will have the flexibility to strategize different sources of energy. Solar and wind power in particular present profitable novel business cases for generators seizing fresh opportunities in the new spot market. The shift also incentivizes energy storage, which enables unprecedented flexibility for consumers and the grid, providing balance for Brazilian operators striving to prioritize solar and wind generation in the decades ahead.

The shift to hourly electricity pricing also creates an entirely new investment landscape, with new products, services, platforms designed to serve the new spot market. This is especially significant to international investors that may have previously shunned the Brazilian market due to the complexities of its antiquated electricity price formation methodology. Brazil will still be a complex market but the shift to modern hourly spot pricing is expected to trigger an era of rapid growth that will be impossible for international investors to ignore.

"Brazil has always had a complex energy market but ongoing reform is increasingly converting that potential into tangible business cases, at least for those who know how to navigate Brazil's dense legal and regulatory jungle," says Rachel Andalaft, CEO of Mangifera Analytics. "That's the mission behind Mangifera Analytics. To make Brazil's expert insider-knowledge available to the international investment community, in order to create the bridges and channels that will stimulate the investments and returns required to drive Brazil's renewable energy evolution."

To support its global community of analysts and investors, Mangifera Analytics has also created a free hourly spot price monitoring tool to provide insight for all those exploring the change and what it means for their interests in Brazil. The tool is available at [www.mangifera-analytics.com](http://www.mangifera-analytics.com) alongside an in-depth new report on the new pricing system, in addition to other comprehensive reports and datasets that demystifying the complexities of the Brazilian market while providing [the hard knowledge that investors need to succeed in this bright new era](#) for renewable energy in Brazil.

About Mangifera Analytics

Born in Brazil —offices in Europe, Asia, and North America— Mangifera Analytics offers

actionable market intelligence on the Brazilian energy sector. Through in-depth reports and comprehensive datasets, our network of local experts provides unrivaled insider knowledge and up-to-date information to provide investors the insight they need to succeed in this promising new era for renewable energy in Brazil.

In addition to published reports and datasets, Mangifera Analytics provides a range of tailored services, from financial modeling to bespoke reports and customized datasets, as well as one-to-one consulting. Mangifera is a one-stop-shop for all investor data, analysis, and project development needs. For more information, visit [www.mangifera-analytics.com](http://www.mangifera-analytics.com)

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