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South America's Anticipated Offshore Wind Boom

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Foreign energy companies are taking **initial steps** to develop a large number of offshore wind farms along the coasts of Brazil and Colombia. As governments seek to reduce their carbon emissions to meet climate goals and obligations, they are increasingly turning to new sources of energy. Offshore wind is a technology that historically has mostly been utilized by countries on the North Sea and in China, but others are now entering the space, with the U.S. due to complete its first large-scale offshore wind installation next year. The Biden administration **pledged** in September to develop 30 gigawatts of offshore wind power by 2030, which is enough to power 10 million homes. Until now, South American nations have shied away from large scale offshore wind developments, but this looks set to change. Brazil's government estimates there is potential for up to 700 gigawatts of offshore wind power along its 7,400 km Atlantic coastline. As of December 2022, **over 70 applications** had been filed with Brazil's Institute for the Environment and Natural Resources (IBAMA), representing approximately 176.6 gigawatts in proposed capacity. Shell has submitted **plans** to IBAMA for six offshore wind farms with a planned 17 gigawatts of capacity. It is expected that Brazil's Ministry of Mines and Energy will host its first auction of seabed concessions in early 2023.

Currently neither Brazil nor Colombia have announced plans to offer financial subsidies to encourage the development of offshore wind installations. Instead, they are relying on the continued fall of technology costs to make offshore wind competitive with more traditional sources of energy.

Elbia Gannoum, CEO of the Brazilian wind energy association ABEEólica, who advised recently elected President Lula on energy policy during his first government **stated** that "Lula began the wind boom in 2003/04 and they believe it is an important [sector] for investment."

Taking The Temperature: Brazil and Colombia both have enormous potential to develop renewable energy and become regional leaders in the sector. Like many countries across the globe, countries in LatAm are looking to reduce carbon output and adhere to their international agreements such as the Paris Agreement. We recently outlined the [ambitious environmental policies](#) of the new Brazilian government. If Brazil can overcome political opposition and address deforestation in the Amazon region, it stands to benefit from significant inflows of foreign investment targeted at green projects. The Brazilian Real's current weak standing against the U.S. Dollar is likely to make these investment opportunities attractive. However, in attracting international investors to such large scale energy and infrastructure projects, Lula will also have to convince the international markets that these high-profile Brazilian tender and contracting processes will be transparent and subject to high-quality governance. International investors are likely to be cautious due to significant irregularities that occurred under Lula's previous administrations, particularly the "Car Wash" corruption case involving offshore oil projects for the state-owned oil company, Petrobras.