



# Brazil off-grid energy storage

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Brazilian consultant CELA has said the inclusion of electrical energy storage systems in a federal government capacity reserve auction which could take place in June 2025 could reinforce Brazil's National Interconnected System (SIN) grid.

It is expected project operators would receive a monthly fixed payment, adjusted for inflation annually by Brazil's consumer price index, with the possibility of additional revenue for grid ancillary services provided they do not hinder the delivery required by the capacity auction terms. The electricity supplied by storage facilities would be settled on Brazil's short-term energy market and paid into the Power Account for Capacity Reserve. Contracted volumes of energy would be settled without price risk to the storage plant operator.

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Investments in BESS systems have focused on areas that are not connected to the power distribution grid or those that have limited access to power, Sergio Jacobsen, the chief executive of BESS company Micropower Energy, told Argus.

Based on the current expansion of renewable power generation, grid operator (ONS) estimates that Brazil will have 50GW of unused energy during periods of peak generation. The ONS concluded that energy storage systems would contribute to more efficient use of generation resources. Even with the expansion of generation capacity, ONS is required to dispatch thermoelectric capacity during periods of peak demand, when wind and solar generation declines.

Brazil does not have regulations that encourage the use of BESS technology, but the government is expected to clear the way for these systems to be used in the future reserve capacity auction.

The government announced public hearings to debate the terms of the reserve energy auction last week, but did not include BESS in the public consultation. The Brazilian association of energy storage solutions (ABSAE) is hoping to reverse this decision and has promised that the industry will invest up to R9.8bn if allowed to participate in the auction.

The inclusion of BESS technologies in the auction would help develop a local supply chain for batteries, including the exploration of lithium resources, according to ABSAE president Markus Vlasits.

The sector is also calling on the government to create regulations that would clear the way for BESS to take advantage of so-called revenue stacking, which allows these same systems to earn revenue simultaneously

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from multiple sources using the same capacity. This includes ancillary services, such as frequency control and peak-shaving, which reduce stress on the power grid during periods of high demand.

The sector is also calling on the government to adopt a more favorable tax regime for batteries. BESS technologies are taxed at around 70pc, which is much higher than taxation on thermoelectric plants, Jacobsen said.

ABSAE is calling on the government to eliminate the industrial production tax (IPI) on battery storage systems and to include these systems in the special infrastructure incentive program, known as Reidi.

Demand for storage systems will also be driven by the upcoming auction for isolated regions. BESS projects have participated in previous auctions and several systems are already operating in remote regions of the Amazon basin.

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