

ESG Update

LatAm's clean energy shift: From building capacity to integrating it

Key insights from BNEF's "Latin America Clean Energy Market Outlook 2026" webinar

Last week, BloombergNEF (BNEF) held a webinar to present the key findings of its flagship report, Latin America Clean Energy Market Outlook 2026. The discussion reinforced that the region's clean energy transition is entering a new phase, with the focus shifting from adding capacity to integrating it efficiently, as grid congestion and curtailment increasingly weigh on further deployment. The main takeaways were: (i) renewables account for over 30% of regional capacity, but growth is slowing; (ii) energy storage is emerging as the next growth driver; and (iii) grid constraints and curtailment are making flexibility Brazil's next priority.

Renewables account for over 30% of regional capacity, but growth is slowing. According to BNEF, a decade of strong wind and solar deployment has lifted non-hydro renewables to more than 33% of Latin America's installed capacity, surpassing both hydro and fossil fuels individually (Figure 01). Chile stands out, with non-hydro renewables increasing from 5% to 39% of generation, supported by regulatory reforms and efforts to reduce fossil-fuel dependence. Brazil remains the region's second-largest renewable market, with clean energy sources accounting for 29% of generation. However, momentum has weakened. In 2025, Latin America recorded its first decline in annual clean power additions in more than a decade (Figure 02), largely reflecting a slowdown in Brazil, where new additions fell by more than 25% and are projected to decline further.

Energy storage is emerging as the next growth driver. Storage stands out as the region's fastest-growing segment, with installations expected to increase almost threefold in 2026 (Figure 03). However, growth is becoming increasingly diversified across markets. Chile is likely to lead capacity additions as renewable oversupply and grid congestion constrain further wind and solar expansion, making batteries the preferred near-term solution. Mexico is also emerging as a key market following energy reforms that introduced public, private and hybrid contracting models while establishing renewable energy and storage targets. Argentina also merits attention, as recent auction results are accelerating battery deployment and supporting the development of a new storage market.

Grid constraints and curtailment are making flexibility Brazil's next priority. According to BNEF, Brazil's main challenge is no longer adding renewable capacity but integrating existing generation into the power system. The country faces the highest curtailment levels among the markets monitored by BNEF, with conditions deteriorating between 2024-25 (Figures 04 and 05). As a result, system flexibility has become increasingly critical, supporting demand for both energy storage and dispatchable generation. The government's initial response came through the 2026 Capacity Reserve Auction, which is expected to support ~9.5GW of new gas-fired capacity and 2.5GW of hydro expansions. While the auction helps address medium-term adequacy concerns, BNEF noted that it does not fully eliminate the risk of a supply-demand imbalance by 2028. Against this backdrop, batteries could play a complementary role in meeting Brazil's flexibility needs, supported by increasingly competitive economics and the upcoming dedicated BESS auction. In this context, BNEF projects installed storage capacity to reach ~7GW by 2030, with opportunities spanning utility-scale, behind-the-meter and hybrid applications as curtailment continues to drive investment in storage and grid infrastructure.

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LatAm’s clean energy shift

Key charts

Figure 01: Latin America wind and solar generation share, by country [%]

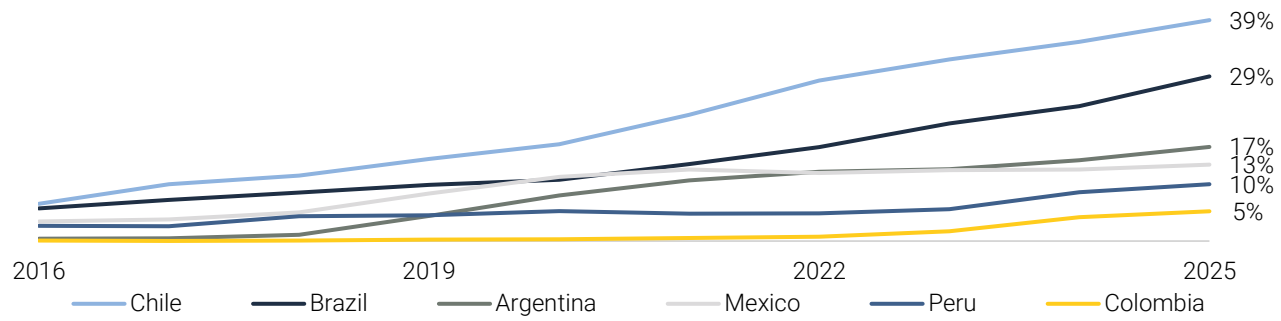


Figure 02: Latin America wind, solar and storage additions [gigawatts]

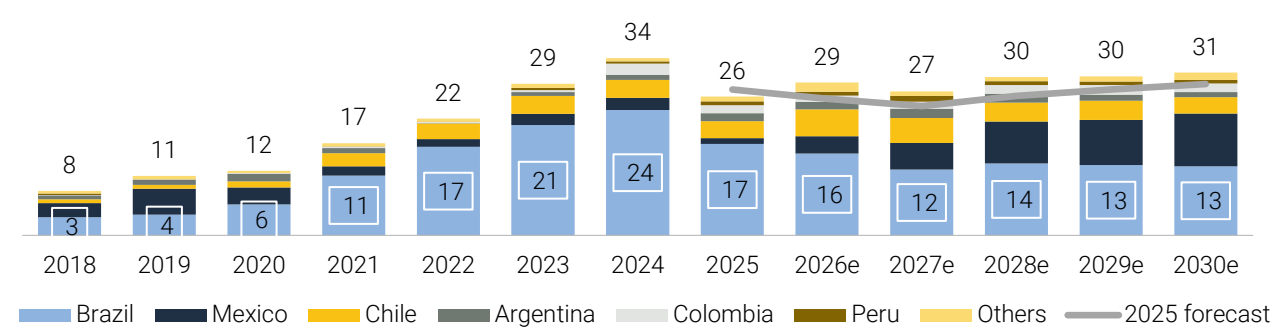


Figure 03: Latin America battery energy storage annual capacity additions [gigawatts]

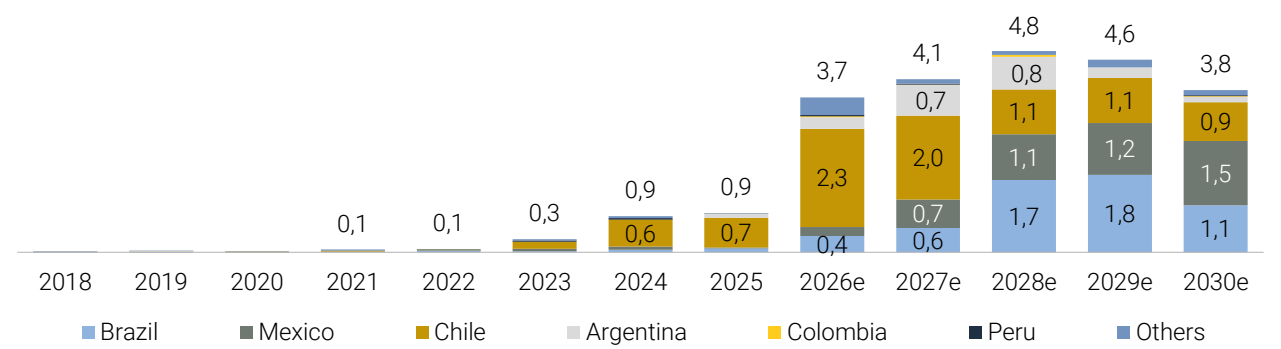


Figure 04: Brazil wind generation curtailment rate [%]

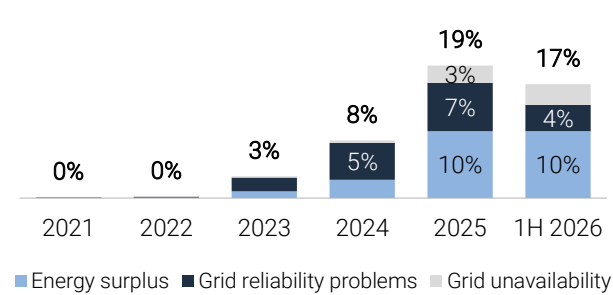
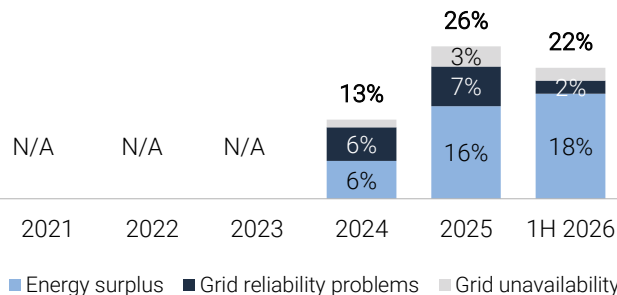


Figure 05: Brazil solar generation curtailment rate [%]



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