

Keynote Remarks

By

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at the

OLADE Meeting of Ministers

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Your Excellency, Juan José Aranguren, Minister of Energy and Mining,
Argentina

Mr. Alfonso Blanco Bonilla, Executive Secretary of the
Latin American Energy Organization (OLADE)

Excellencies, Distinguished Guests, Ladies and Gentlemen,

It is a real pleasure to be here at this important gathering, and I wish to thank OLADE and Executive Secretary Blanco for the invitation. Despite the geographic distance between our respective headquarters, I have been in frequent contact with Mr. Blanco since his appointment and I am encouraged by the growing level of cooperation between our organizations.

I want to also extend my gratitude to the Argentinian authorities for their hospitality and in particular to Minister Aranguren. What Argentina has accomplished in the energy sector in the past two years is remarkable. I am confident that Argentina will carry forward this leadership internationally through its G-20 presidency, and IRENA looks forward to continuing to support the Group's work on energy transition.

I am also delighted to take part in a regional meeting of Latin American countries that are members of the growing IRENA family, recently joined by El Salvador. I wish to thank you all for enriching the Agency's work with your valuable experiences and perspectives. Next year, IRENA's two main bodies, its Assembly and Council, will be chaired by Latin American countries, Uruguay and Argentina respectively. This is a powerful symbol of the strength of our relations and I am confident they will continue to grow in the years ahead.

Ladies and Gentlemen,

The extraordinary growth of renewable energy in Argentina has been much discussed since yesterday. But Argentina's story is part of a changing global energy landscape. The momentum of global energy transformation continues to strengthen, with renewables at its core. Last year, global renewable power capacity increased by a record 161 GW.

Latin America is key to this global momentum. Since 2004, non-conventional renewable energy investment in Latin America has grown 11-fold, in comparison with a 6-fold worldwide. Our *Renewable Energy Market Analysis for Latin America* found that the region has adopted over

300 regulatory, fiscal and financial measures for renewable energy in recent years. As a result, renewables today are competitive with conventional energy sources in many parts of the region.

The chief driver of renewable energy deployment is its business case, which has never been stronger. In Latin America, the levelized cost of electricity has decreased by over 50% for solar PV since 2012, and by around 20% for hydropower and onshore wind since 2010. And the impressive low-prices achieved in auctions throughout Latin America continue to prove this point. Solar and wind projects are now offered for 3 US cents per kilowatt-hour and even less in this region.

Downward cost trends for these technologies are expected to continue. Our analysis finds that costs for solar PV could drop by a further 60%, offshore wind by 35%, and concentrated solar power by almost 45% over the next decade. We are expecting similar trends in battery storage costs, which could fall between 50% and 60% by 2030, as our latest report shows.

Despite these remarkable cost declines, project development and financing is a bottleneck to bringing renewables to scale. To address this challenge, IRENA and the IDB launched the *Sustainable Energy Marketplace* for Latin America, which has advanced rapidly over the last two years. The marketplace provides an online platform for renewable energy project owners and investors to connect, with specific match-making now offered. And as of today, the marketplace has over 60 projects, totalling over 1500 megawatts with a total investment cost of USD 3.2 billion

In addition to improving energy security, the imperative to tackle climate change is also a strong driver now for renewables deployment in the region. Earlier this year, in the context of the Germany Presidency of the G20, we launched a study on the decarbonisation of the energy sector in line with the ‘well below 2C’ target of the Paris Agreement. The report finds that renewables and energy efficiency would meet 90% of emission reduction needs. Most importantly, IRENA’s analysis finds that the energy transition would boost global GDP by around 0.8% by 2050, with renewable energy jobs reaching 26 million by the same year, up from 9.8 million today. This is especially important for Latin America, where we

estimated that in 2016, around 2 million people were working in renewables.

Latin American countries, like many others, recognise the opportunity of renewable energy for tackling climate change in their NDCs. Yet, most NDCs do not capture the full potential of renewable energy deployment as a result of continued cost reductions and improvements in technology. For example, around twice as much new renewable power capacity came online in 2015 and 2016 compared to the amount foreseen in the NDCs.

The review process of NDCs provides an important opportunity for countries to revise these plans and raise their level of ambition. IRENA is establishing a new facility to support to countries in implementing and strengthening the renewable energy components of their NDCs, and we look forward to working with you in this context.

Ladies and Gentleman,

While renewables have made rapid progress in the power sector, a successful energy transformation must also scale-up renewables in end-use sectors like transport, buildings and industry. Efficient and modern bioenergy is particularly important for this region, and is poised to play a key role in decarbonising the energy sector.

As we discussed yesterday, the growth of renewables also calls for developing further cross-border electricity trade and interconnections. To help facilitate this, we developed our Clean Energy Corridor for Central America (CECCA) to strengthen the management of electricity networks with growing penetration of variable renewables. And we stand ready to support similar efforts in the region.

Improved long-term energy planning is also important to integrate higher shares of renewables in power systems. Last August, here in Buenos Aires, we held a successful regional workshop on energy planning, and this is an area of cooperation that we will further develop with the region, building on the workshop's results and feedback.

Ladies and Gentlemen,

The surge of renewables is not just about the replacement of one energy source by another, but about an energy transformation that is reshaping the way energy is produced, distributed and consumed with a more decentralised energy system emerging. With this energy transformation, we can realise our energy, climate and economic objectives in tandem. Regional and international cooperation can make a decisive contribution towards this happening. In this context, IRENA looks forward to continuing to build and expand its work with the region through strong partnerships with all of you.

Thank you very much.