

Drought squeezes Brazil's electricity supply

September 3 2021, by Luján Scarpinelli



President Jair Bolsonaro has urged consumers to "turn off some lights at home" as power shortages loom.

Brazil's worst drought in almost a century is threatening electricity supply and critical crops, pushing up energy and food prices at a time the country was hoping to start recovering from the economic fallout of the coronavirus pandemic.

The country of 213 million people relies on hydropower for two-thirds of its [electricity](#), but crucial dams are at near-record lows of less than a quarter full.

Last week, President Jair Bolsonaro urged Brazilians to "turn off a light at home" to conserve power, and on Tuesday the government hiked electricity prices by an average of seven percent, partly to cover new power plants and energy imports.

"We are the limit of the limit," said Bolsonaro, who is gearing up to seek reelection in 2022 amid record low popularity ratings, widespread disapproval of his handling of the Covid-19 crisis, and now also confronting extreme climate conditions that show little sign of abating.

Brazil's [water levels](#) will likely continue to deteriorate in September, according to electric grid operator ONS.

And the National Water and Sanitation Agency (ANA) has declared a "critical shortage of water resources," effective until November, for the Parana river basin at the heart of Brazil's hydroelectric capacity.

In a bid to stay ahead of demand and avoid outages, Brazil this week added one new biomass power station, three photovoltaic generators, and four wind farms to its power grid.

But much of the cost has fallen on consumers already contending with high unemployment and surging inflation in the country with the world's second-highest pandemic death toll.



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Eating less

"I was forced to cut down a lot of things at home, some types of food. I cut down on the times my children could use the phone, to save money," consumer Marisa das Dores told AFP at her home in Mateus Leme, in eastern Brazil.

And price hikes are further fueling inflation, which reached 8.99 percent year-on-year in July—almost three times the limit targeted by the [central bank](#) for 2021.

"Energy is an important contributor to inflation because it is reflected in each step of the production chain of all goods and services and impacts on the income of families," said Nivalde de Castro, a researcher at the Federal University of Rio de Janeiro.

On Tuesday, Brazil's national statistics institute, IBGE, said the economy had performed worse than expected in the second quarter of 2021, contracting 0.1 percent.

The drought is also threatening Brazil's critical agriculture sector.

Coffee production is projected to drop 25 percent this season, with staples such as maize, sugarcane, oranges and black beans also at risk.



Experts say the drought in Brazil's south is caused mainly by the La Nina weather phenomenon which causes cyclical cooling of Pacific Ocean surface temperatures, while in the central-west, they point the finger at Amazon

deforestation.

'Urgent effort'

But de Castro said that unless the rainfall pattern changes, dam levels will not be restored any time soon.

And "if the rains remain below average... there will be a mismatch between [electricity supply](#) and demand during peak hours in October," he added.

Brazil's Energy Minister Bento Albuquerque has appealed for an "urgent effort" by all to reduce electricity use, saying the drought had cost hydroelectric generation capacity the equivalent of five months' worth of consumption by a large city such as Rio de Janeiro.

The federal government is seeking to cut public service electricity use by between 10 and 20 percent until April next year.

Some medium-sized towns have also started rationing the valuable resources, including Itu in Sao Paulo state, where since July, residents have access to tap water at home only every second day.

Brazilians fear a repeat of a painful electricity rationing during a previous drought in 2001. No such move is on the cards yet, but it has not been ruled out by the government.

"It is crucial to get results in the short term because every day of delay diminishes the impact of measures seeking to mitigate the risk of electricity shortages," said Luiz Barroso of the firm PSR Energy Consulting and Analytics.

Experts say the drought in Brazil's central-west is caused partly by Amazon deforestation, which has diminished cloud generation and rainfall.

A far-right climate change skeptic, Bolsonaro has prompted commercialization of the Amazon, and forest destruction has accelerated on his watch.

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