

Q&A

Whetting local appetites for green hydrogen and its derivatives

Bnamericas

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Latin America's strong potential as a producer of green hydrogen and its derivatives is beyond doubt, as renewable energy resources abound and countries are working on strategies and roadmaps to help the fledgling sector take flight.

Multiple projects targeting domestic offtakers and the export market have been announced. Regional trailblazer Chile has a pilot project operational and a second is poised to enter the tendering phase this year. The major challenge, however, rests on the demand side.

To discuss challenges and trends, BNamericas conducted an email interview with Francisca Salas of New Energy Events, the organizers of regional hydrogen industry conference H2LAC.

Salas is hydrogen and decarbonization program director of the US company, which is holding H2LAC 2023 in Rio de Janeiro from June 13-15.

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BNamericas: What progress have you seen in the green hydrogen space in Latin America since H2LAC 2022?

Salas: As the world shifts toward sustainable energy, more countries are exploring the potential of hydrogen as a clean energy source. Recently, Trinidad and Tobago launched their hydrogen strategy, opening up new opportunities not just for their own country, but for other islands in the Caribbean as well.

President Guillermo Lasso of Ecuador has also announced a working group to create a hydrogen strategy for the country. In Brazil, green hydrogen production has already begun in Ceará, with plans to expand to other projects by the end of this year.

The private sector in Brazil is showing great activity, with announcements of MOUs not only in well-known areas like Ceará but also in other states such as Rio de Janeiro, Bahia, Pernambuco and Rio Grande do Sul. Similarly, Colombia, led by [Ecopetrol](#), and Chile, with the support of Corfo, the state development agency, are pushing to foster more local demand and make progress in their own hydrogen strategies.

Investor confidence in Colombia remains strong despite potential changes to hydrogen regulations under the administration. Chile exported its first batch of e-fuel, made from green hydrogen and captured CO₂, to the UK in March.

BNamericas: What are some of the major hurdles to continued progress?

Salas: The demand-side is the major hurdle. And that's a global, not just a regional issue. Many industries that should be transitioning to H₂ are not finding the incentives to do so. Meanwhile, those industries which are exploring options are all-too-often taking a cautious approach, creeping forward without the necessary urgency.

BNamericas: This clearly must be the type of information that prospective investors are looking for?

Salas: Investors should realize that the entire world is rapidly moving toward hydrogen as a viable option for decarbonizing industries. Investors who wait too long to act may miss out on potential gains, whereas those who act quickly and help set the rules can position themselves for success.

BNamericas: Are there any clearly established trends in Latin America, for example, in the types of projects (green ammonia, e-fuels, etc.) that are advancing?

Salas: As you mentioned, green ammonia is gaining traction as a carrier for hydrogen due to its ease of transport and lower cost. Additionally, it can be used directly for fertilizer, making it a versatile option. The existing infrastructure for ammonia also makes it an attractive choice, as it can be easily replicated for green ammonia production, compared to the costly construction of new infrastructure required for liquefied hydrogen or other hydrogen derivatives.

BNamericas: Does H₂LAC 2023 have a theme or any particular focus?

Salas: Our focus is on engaging local offtakers and promoting local demand for low-emission hydrogen. The producers and developers are highly invested in their operations and aware of the challenges they face, which are similar to those encountered in Europe. They have conducted their due diligence remarkably well and are on par with developers from Europe and the US. However, the offtakers have been passive, assuming that decarbonization is not their problem. This assumption is incorrect.

Decarbonization through low emission hydrogen is crucial for multiple industries, and it is a global challenge that affects all of us as humans. Additionally, carbon taxes will play a significant role in incentivizing the adoption of green alternatives throughout the value chain. If the local industry fails to introduce green alternatives, they will lose market share as commodities and

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