

Latin & South America – Energy Transition Executive Brief

Date: 1 Oct 2026 | Coverage: Q3 2026 (July – September)

Scope & method: This brief synthesizes the Q3 2026 headlines (July–September) from the internal tracker, complemented with verified public updates, to frame the technology, permitting and policy trends shaping the energy transition in Latin & South America. International developments are included only where they are expected to influence the pace, economics or market access of the regional industry.

Carbon Capture, Transportation & Storage (CCUS)

Brazil was the regional reference for CCUS this quarter, as it moved from a legal framework to an operating rulebook. Decree 13,095/2026, published in August, regulates CO₂ capture, pipeline transport and geological storage under ANP authorization, and explicitly promotes multi-user hubs, shared infrastructure and the reuse of existing gas pipelines. Petrobras then turned policy into execution by contracting Halliburton to drill four onshore wells for the São Tomé pilot in Quissamã (RJ), the first project in Latin America to combine pipeline transport with storage in a saline reservoir, targeting up to 100 kt/yr of CO₂ with injection from 2029. The international context reinforces the relevance of this framework for the region: the start-up of Yara's blue ammonia project in the Netherlands, the construction of CF Industries' blue ammonia complex in the US and the oversubscription of Germany's €5bn Carbon Contracts for Difference round show that CCS is scaling first where it is attached to existing ammonia and hydrogen assets – precisely the configuration that Brazil's hub model, and future gas-based nitrogen projects in the Southern Cone, could replicate.

Low-Carbon Hydrogen

Q3 confirmed that the regional hydrogen agenda has shifted from export megaprojects towards domestic, demand-led deployment. Chile formalized this turn when the government reoriented its national strategy towards local industry and CORFO refocused its support on internal demand and jobs in Magallanes, later signing an agreement with eight companies to accelerate the use of hydrogen in productive sectors. Smaller, bankable applications are emerging as a result, from hydrogen vehicles at the Port of Valparaíso and a 3 MW Colbún–Walmart–Marval plant for Santiago–Valparaíso logistics, to studies showing hydrogen trucks closing the cost gap with diesel and CNE assessments of blending hydrogen into gas distribution networks. Large projects, however, continue to face demanding permitting, as illustrated by the more than 670 public observations received by the USD 16bn INNA project, while HIF Global acknowledged limited layoffs in Magallanes.

Brazil, in turn, completed the regulatory architecture of its hydrogen market with Decree 13,096/2026, which details the REHIDRO tax regime – conditioned on certification and local-content floors of 15% for electrolysis, 40% for other routes and 60% for transport and distribution – creates the SBCH₂ certification system, sets rules for natural hydrogen and

requires beneficiaries to invest at least 1% of project CAPEX in transition-related initiatives. The first PHBC auction (R\$18.3bn in tax credits) has nevertheless slipped to 2027, which will set the pace for Brazilian investment decisions. Elsewhere, Colombia approved a USD 5bn national hydrogen investment strategy and H2Global identified eight Latin American countries as leaders for a renewable hydrogen economy. These signals arrive in a more cautious global market – industry production expectations have been revised down to around 37 Mt/yr and fewer than 10% of European projects planned for 2030 have reached FID – which further supports the region's decision to prioritize local offtake.

e-Ammonia

Magallanes delivered the quarter's main milestone. After the SEA recommended approval in August, HNH Energy's USD 11bn project obtained its environmental permit – the largest volume ever approved under Chile's SEIA – and final approval for 1.35 Mtpa of green ammonia from 2030, while the developer is already exploring supply to Chilean mining. The same region, however, shows how long the path remains for other projects, as Consorcio Austral's USD 4.7bn Acuario project received new observations from SAG and SBAP and specific biodiversity requirements. In parallel, domestic fertilizer substitution is gaining weight in the regional narrative: Chile is promoting a green fertilizer industry, La Araucanía is debating agricultural applications, a biomass-ash fertilizer aims at up to 30% of the Chilean market, and analysis indicates that Southern Cone gas could replace all regional urea imports.

That last point is already materializing in Argentina, where Pampa Energía selected KBR's Purifier® technology for a 3,430 t/d ammonia plant within an ammonia-urea complex in Bahía Blanca, developed with SACDE and Tecnimont; it will be the largest single-train ammonia plant in Latin America, with start-up expected by end-2029. In Paraguay, by contrast, ATOME – which reached FID on its 145 MW Villeta green fertilizer project in April – served a Notice of Dispute under the UK–Paraguay investment treaty in September after the decrees supporting its power purchase agreement were revoked, opening a three-month negotiation period before possible ICSID arbitration. From an export perspective, the commercial start of ammonia-fuelled marine engines and the first large green ammonia shipments from China to Asia are opening a maritime market, although BNEF warns that European FuelEU demand alone will not support a massive scale-up before 2035, reinforcing the case for regional fertilizer and mining offtake.

e-Methanol

Chile's e-fuels clusters consolidated during the quarter, with complementary models in the centre-south and the north. In Biobío, ARAUCO, Copec and Abastible formalized an alliance to produce synthetic fuels using forestry and cellulosic biomass as a source of biogenic CO₂, while in Mejillones the NorQuim/oEnergy e-methanol initiative strengthened its leadership team. Local analysis also stressed that e-methanol, although key to decarbonizing industry, carries environmental risks that must be addressed early in permitting. HIF Global, for its part, expects to start new works in Magallanes in late 2027. In Uruguay, HIF and UTE narrowed the gap on the

economics of the Paysandú plant and the government informed Argentina that the facility would be relocated, favouring an ANCAP industrial site in Nuevo Paysandú; however, HIF still refers only to an “eventual relocation”, and the Environment Ministry has suspended the environmental evaluation until the new site is confirmed, adding schedule risk to the region’s largest e-fuels investment. Internationally, the main factor for these projects is competition: China has started shipping green methanol to Europe and expanding production capacity at scale, which will set the price benchmark that Latin American producers will need to meet in maritime and chemical markets.

e-SAF (Sustainable Aviation Fuel)

The regional e-SAF agenda remains at an early stage, with Latin American aviation targeting a 50% contribution by 2050 and Ecopetrol and GIZ studying e-SAF production at a Colombian refinery. Brazil’s ProBioQAV, regulated in August, is relevant here because it is technology-neutral and based on emissions reduction, which will allow e-SAF to compete on carbon intensity with bio-SAF and co-processed fuels once its costs come down. International developments suggest that this moment is approaching: e-SAF moved from pilots to bankable structures, with a USD 735m first phase reaching FID in South Africa, major offtake agreements signed in Europe, corporate buyers such as Google acquiring e-SAF certificates and new procurement tools such as the joint German–Austrian–Luxembourgish double-sided auction. For Latin America, these mechanisms – especially certificate-based and book-and-claim models – are a potential export route for regions with low-cost renewables and biogenic CO₂, such as southern Chile and Uruguay.

Renewable Fuels

Bio-based routes remain the near-term workhorse of liquid-fuel decarbonization in the region, supported by a clear policy push during the quarter. Brazil regulated ProBioQAV through Decree 13,094/2026, introducing a book-and-claim CS-SAF certificate, technology neutrality and eligibility for co-processed fuels, with airline obligations starting on 1 January 2027 and ANAC’s MRV consultation closed on 1 October. In Argentina, the Senate approved in September a new biofuels regime that raises mandatory blends to 15% bioethanol and 10% biodiesel within twelve months, now pending in the Chamber of Deputies, while YPF is negotiating with TotalEnergies as offtaker for SAF from its Santa Fe Bio biorefinery at the former San Lorenzo refinery (around USD 500m, with a RIGI application planned). Chile is also considering an E10 ethanol blend to lower fuel costs, and Porto do Açu in Brazil plans a sustainable-fuels terminal by 2030. Together, these measures are building a policy-backed demand floor for biofuels and SAF in the Southern Cone, while European SAF mandates continue to provide the external demand that makes export-oriented offtake agreements, such as the one under discussion by YPF, viable.

Eventual Others

Power-system flexibility was the dominant theme beyond molecules, driven by persistent renewable curtailment in Chile. Two storage projects of USD 900m and USD 266m entered environmental assessment, Enel Green Power's Valle del Sol BESS received its first batteries, and the Coordinador Eléctrico, Engie and Huawei carried out the country's first grid-forming pilot tests, while the government launched a reform of electricity distribution and transmission. Brazil's MME published its 2027–2029 auction calendar, which opens capacity-reserve auctions to batteries, pumped hydro and thermal plants running on biomethane, biogas, biofuels and waste from the second half of 2027. At regional level, Chile and Argentina defined an energy integration agenda focused on Vaca Muerta and Biobío, OLADE and ALADI signed an agreement to promote energy integration and trade, and Latin America and the Caribbean surpassed one million electrified vehicles, even though OLADE warns that 70% of final energy consumption in the region still depends on fossil fuels.

Other Relevant Developments

Several international developments are expected to influence the regional industry, mainly through market access and technology costs. In Europe, regulatory uncertainty increased: the fourth European Hydrogen Bank auction has a budget of only €500m, and a leaked EU document suggesting that binding national RFNBO quotas could be replaced by an EU-wide target triggered strong industry pushback. Any weakening of these targets – combined with the delay of European hydrogen infrastructure into the 2030s – would postpone the import demand on which Latin American RFNBO export projects rely. Shipping is the second key variable, as countries remain divided over the IMO Net-Zero Framework, whose adoption session is expected to resume on 4 December 2026 and will largely determine bunkering demand for e-ammonia and e-methanol.

On the technology side, the electrolyser market is consolidating, with Thyssenkrupp Nucera abandoning solid-oxide electrolyzers, Topsoe 'hibernating' its SOEC business and Chinese suppliers failing to sign contracts after ultra-low tender bids, prompting China to plan an approved list of manufacturers. For regional developers this means lower equipment prices but a greater need for supplier due diligence. Finally, rising natural gas prices are making green hydrogen more cost-competitive with grey hydrogen in Europe, and committed clean-hydrogen investment worldwide has exceeded USD 130bn – a supportive backdrop for projects that can demonstrate firm offtake.

Strategic Summary – Implications & Opportunities

The quarter shows a region that is building its energy transition from domestic demand outwards. Chile's strategic reorientation, HNH's option to supply mining and Brazil's REHIDRO/PHBC framework indicate that bankable volumes are forming around mining, fertilizers, refining and logistics, while Brazil's 2027 auction will set the pace for its own project pipeline. Within this shift, the nitrogen value chain stands out as the regional anchor: Pampa

Energía's Bahía Blanca complex, the potential to replace Southern Cone urea imports with regional gas and Brazil's CCS decree all favour capture-ready ammonia and urea designs that can progressively integrate electrolytic hydrogen.

At the same time, permitting and sovereign or contractual risk must be treated as first-order issues. HNH demonstrates that permits in Magallanes are achievable, but the INNA and Acuario observations, the HIF relocation in Uruguay and the ATOME–Paraguay dispute call for early environmental baselines, cross-border and community engagement, and robust PPA stability clauses. In liquid fuels, ProBioQAV obligations from 2027, Argentina's higher blend mandates and the YPF–TotalEnergies SAF talks open near-term EPC scope in feedstock pre-treatment, HEFA and co-processing, and hydrogen units, while biogenic CO₂ hubs such as Biobío prepare the ground for e-methanol and e-SAF.

Finally, export-oriented projects should be designed with regulatory optionality in mind, since EU RFNBO revisions and the December IMO decision can materially change their economics; certification readiness (RFNBO/ISCC, SBCH₂, book-and-claim) and phased capacity reduce that exposure. Curtailment, BESS growth, grid-forming pilots and Brazil's capacity auctions also point to co-locating electrolysis and e-fuels with surplus renewables, with storage emerging as an adjacent opportunity.

Item n°	Workstream	News title used in the brief	Date	Source
1	CCUS	Brazil regulates CO ₂ capture, pipeline transport and geological storage (Decree 13,095/2026) under ANP authorization	12-ago-26	Link
2	CCUS	Petrobras signs Halliburton contract to drill four onshore wells for the São Tomé CCS pilot (RJ)	17-ago-26	Link
3	CCUS	CF Industries starts construction of world's largest new-build blue ammonia project	26-ago-26	Link
4	CCUS	Yara officially starts operations at flagship blue ammonia project in the Netherlands	7-sep-26	Link
5	CCUS	Germany's latest Carbon Contracts for Difference auction oversubscribed beyond €5bn budget	22-sep-26	Link
6	Low Carbon Hydrogen	Brazil's first low-carbon hydrogen (PHBC) auction slips to 2027: public consultation by 30 Nov 2026, tender notice in Jan 2027	17-jun-26	Link
7	Low Carbon Hydrogen	Corfo seals agreement with eight companies to strengthen H2V adoption in productive sectors (Chile)	2-sep-26	Link
8	Low Carbon Hydrogen	H2Global identifies eight Latin American countries as leaders to develop a renewable hydrogen economy	7-sep-26	Link
9	Low Carbon Hydrogen	CNE study analyses the impact of blending green hydrogen into natural-gas distribution networks (Chile)	14-sep-26	Link
10	Low Carbon Hydrogen	Hitachi Energy to replicate Brazilian experience to develop green hydrogen projects in Chile	17-sep-26	Link
11	Low Carbon Hydrogen	Colbún, Walmart and Marval to develop a 3 MW green hydrogen plant for logistics between Santiago and Valparaíso	21-sep-26	Link
12	Low Carbon Hydrogen	INNA green hydrogen megaproject worth USD 16 billion receives more than 670 public observations (Chile)	24-sep-26	Link
13	Low Carbon Hydrogen	Multipurpose port idea revived for the Magallanes Region to support H2 industry logistics	24-sep-26	Link
14	e-ammonia	HNH Energy secures environmental permit to produce green ammonia from 2030 (largest amount approved in SEIA history)	26-ago-26	Link
15	e-ammonia	Southern Cone gas could replace 100% of regional urea imports	7-sep-26	Link
16	e-ammonia	Chile promotes the development of the green fertiliser industry	9-sep-26	Link
17	e-ammonia	Ammonia-powered marine engines enter commercial phase after passing IMO emissions tests	14-sep-26	Link
18	e-ammonia	FuelEU demand unlikely to support a massive scale-up of green ammonia and methanol by 2035: BNEF	15-sep-26	Link
19	e-ammonia	ATOME serves Notice of Dispute on Paraguay over revoked PPA decrees for Villeta project	17-sep-26	Link
20	e-ammonia	La Araucanía debates the use of green hydrogen to produce fertilisers and energy for agriculture (Chile)	21-sep-26	Link
21	e-ammonia	HNH's USD 11 billion project opens the option to produce green ammonia for the mining industry in Chile	22-sep-26	Link

22	e-ammonia	SAG and SBAP file new observations on the USD 4.7 billion Acuario green ammonia project in Magallanes	24-sep-26	Link
23	e-methanol	Uruguay confirmed to the Argentine government that it will relocate HIF's green hydrogen plant in Paysandú	3-sep-26	Link
24	e-methanol	HIF projects the start of new works in Magallanes for late 2027 and highlights progress on its e-fuels projects	8-sep-26	Link
25	e-methanol	Uruguay relocates HIF Global's Paysandú plant; Environment Ministry suspends evaluation pending new site	11-sep-26	Link
26	e-methanol	Energy transition: e-methanol promises to decarbonise industries while posing environmental risks (Chile)	23-sep-26	Link
27	e-SAF	Ecopetrol, GIZ partner on e-SAF study at Colombian refinery	23-jun-26	Link
28	Renewable fuels	YPF and Essential Energy advance Santa Fe Bio SAF/HVO biorefinery at ex-San Lorenzo refinery	18-may-26	Link
29	Renewable fuels	Brazil regulates ProBioQAV (Decree 13,094/2026): book-and-claim CS-SAF, technology neutrality, obligations from 2027	12-ago-26	Link
30	Renewable fuels	ANAC opens public consultation on ProBioQAV MRV rules (until 1 Oct 2026)	3-sep-26	Link
31	Renewable fuels	Porto do Açu (Brazil) plans to develop a terminal for sustainable fuels by 2030	11-sep-26	Link
32	Renewable fuels	Chilean government considers adopting a 10% ethanol gasoline blend to lower fuel costs	17-sep-26	Link
33	Renewable fuels	Argentine Senate approves new biofuels regime raising blends to 15% bioethanol and 10% biodiesel	17-sep-26	Link
34	Renewable fuels	YPF negotiates with TotalEnergies as SAF offtaker for San Lorenzo biorefinery	30-sep-26	Link
35	Eventual others	Chile and Argentina define agenda to drive energy integration with a focus on Vaca Muerta and Biobío	27-ago-26	Link
36	Eventual others	US\$266 million BESS storage project in the Metropolitan Region enters environmental assessment (Chile)	15-sep-26	Link
37	Eventual others	Olacde and Aladi sign collaboration agreement to promote regional energy integration and trade	17-sep-26	Link
38	Eventual others	Coordinador Eléctrico, Engie and Huawei run first Grid Forming technology pilot tests in Chile	21-sep-26	Link
39	Eventual others	Latin America and the Caribbean surpass one million electrified vehicles, securing USD 1,519 million in energy savings	22-sep-26	Link
40	Eventual others	Enel Green Power's Valle del Sol BESS project marks new milestone with arrival of its first batteries in Chile	23-sep-26	Link
41	Eventual others	Olacde warns that 70% of final energy consumption in Latin America and the Caribbean still depends on fossil fuels	23-sep-26	Link
42	Eventual others	Brazil MME publishes 2027–2029 auction calendar opening capacity auctions to BESS, pumped hydro and biofuel thermal plants (Ordinance 143/2026)	30-sep-26	Link
43	Other relevant developments	IMO Net-Zero Framework adoption session expected to resume on 4 Dec 2026	24-ago-26	Link
44	Other relevant developments	Nations remain divided over shipping industry's Net-Zero Framework in latest round of IMO talks	7-sep-26	Link
45	Other relevant developments	Europe's largest gas turbine capable of running on 100% hydrogen installed in Germany	7-sep-26	Link