

## In Brazil's Energy Matrix Ethanol Surpasses Hydroenergy

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Sugarcane and cane-based ethanol became a more important energy source than hydroelectric power in Brazil's overall energy production last year, topped only by petroleum and oil products according to a report from the government's energy planning agency, EPE.

Sugar cane had a 16% share in the country's energy matrix while hydroelectric power dams were left behind with a 14.7% share. Oil and derivatives represented 36.7%, down from 37.8% in 2006. The rest of the matrix is made up of wood and coal, 12%; natural gas 9.6% and mineral coal, 6%.

Non renewable energy sources dropped from 55.1% in 2006 to 53.6% while renewable energy rose from 44.9% to 46.4%.

"It's a historic year in that sense, it's an irreversible trend," EPE President Maurício Tolmasquim told reporters.

He attributed the growing role of sugar cane to booming demand for ethanol as a motor fuel, but expected more cane and ethanol to be used for electricity generation as well. Brazil is a world leader in biofuels with decades of valuable expertise in using ethanol in cars.

In February 2007, the consumption of ethanol surpassed that of gasoline for the first time in two decades. The trend is driven by a drop in ethanol prices and huge sales of flex-fuel cars that can run on ethanol, gasoline or any mix of the two.

Hydrous ethanol consumption jumped 46% last year to 10.4 billion liters, while the usage of anhydrous ethanol that is mostly blended into gasoline sold in Brazil rose nearly 20% to 6.2 billion liters. At the same time, gasoline consumption in the country dipped almost 4% to 18 billion liters, according to EPE.

Tolmasquim said it was important that Latin America's largest country was self-sufficient in the three main sources of energy, including oil. Brazil met its oil needs with domestic output for the first time in 2006.

It still needs to import some light crude to mix with heavy local crude for refining, but it also exports heavy oil. Last year's exports totaled an average of 421,000 barrels per day and imports stood at 418,000 bpd.

Brazil together with United States leads the world's production of ethanol, a green alternative for oil. However the US ethanol is made out mainly out of corn.

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