



## Editorial – Issue 25 – October 2016

Joseph Alois Schumpeter, born in 1883 in Austria, was one of the first scholars of the science of economics to consider technological innovation as a development driver. Wikipedia has a good summary of his theoretical contributions to the area of economy. According to his business cycle theory, innovation is the agent which brings turmoil and causes economic development. When an innovation happens, the economy goes out of its state of equilibrium and undergoes an acceleration that significantly alters its previous balance conditions.

But what is necessary to make innovation occur? According to his views, three conditions must be met. The first condition has to do with attractiveness, that is, there should be opportunities to attract entrepreneurs, the private sector, the industry. The second condition refers to challenge, both in terms of human competence and in terms of external circumstances. In other words, the greater the challenge in overcoming difficulties, the greater the potential for innovation. The third requirement has to do with the ability to make it happen, with a robust planning, with a reliable cost estimate and, therefore, with a situation in which the economic balance is possible.

The Brazilian electricity sector is, at this very moment, facing questions about its concepts and models, due largely to adversity with which the country has had to cope with in last few years with regard to the availability of energy resources and its costs. One of the initiatives arising from these circumstances culminated in the ANEEL strategic R&D notice number 20, focused on the theme "Enhancing the Brazilian Electric Sector Business Environment". Therefore we are on the verge of having an excellent opportunity to make the energy sector not only more efficient but also more capable of achieving better results with technological development, bringing valuable benefits to the Brazilian society.

It seems to be common sense in the electricity sector that the current model does not provide adequate incentives to the entrepreneur. In some circumstances, the model does not allow for the exploration of a particular strategy aimed at conceiving new ways to produce energy or even to improve the effectiveness of certain energy source. This occurs when its conceptual model is based on strong regulation, which quickly and easily becomes outdated in relation to technological development. In other words, regulation does not foresee that certain opportunities will emerge, culminating in a demotivating attitude on the part of entrepreneurs, who, according to Schumpeter, are the ones primarily responsible for development. More generally, we can not admit any longer that the sector be governed by a mechanism that restrains progress, namely, an attitude averse to competition as a way to pursue innovation and excellence. We can not let alone nurture the notion, which seems to be in vogue in the country, that free thinking, entrepreneurship and innovation are hurtful actions and even characterize a transgression. A country that craves its technological independence and its blossoming as an innovative nation must get rid of ideologies and mechanisms that end up punishing the entrepreneur.

The adoption of a new approach in the electricity sector is therefore imperious, and the opportunity for this seems to be taking shape at this very moment. We hope that paradigms can be broken, that critical thinking find room to be freely practised and that averse attitudes to innovation, which seem to be more relevant today, may be replaced by a mindset aiming at encouraging the entrepreneur, the exploitation of technological riches and the free quest for excellence and development.

This edition of Espaço Energia brings innovative papers focused on modern issues, ranging from energy planning, energy efficiency and technical aspects related to power plant dams to studies related to the ten-year expansion plan and the formation of expectations. We hope this issue can enrich the knowledge of our readers and bring valuable contributions throughout the national energy sector.

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