

Energy Plan 2014-2019

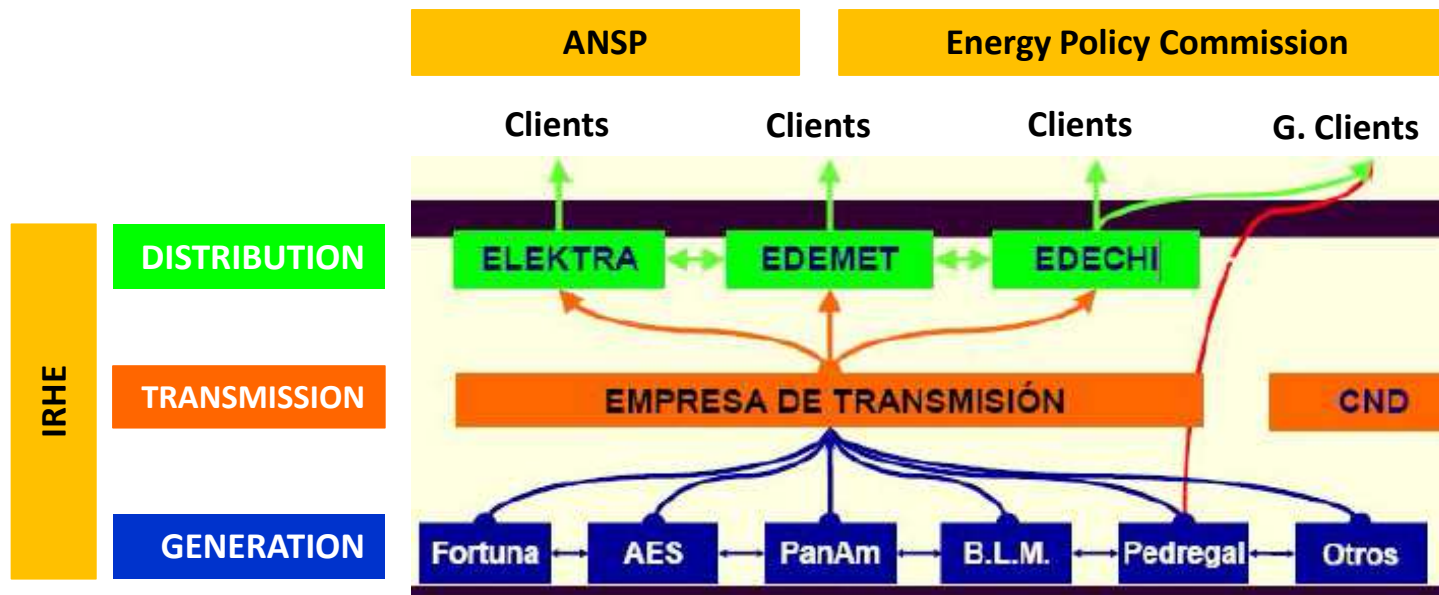
Eng. Iván Barría



May the 25th 2014, Ciudad de Panamá

1. The energy sector today

Main stakeholders



1. The energy sector today

Overview of the current situation



Source: lalibreteca.blogspot.com

1. Deficient generation infrastructures
2. Deficient transmission grid
3. Two consecutive years of energy crisis
4. Consumer prices dependent on public subsidies

**Altogether *costed* the Government \$1,000 MM-
\$1,500MM in 2009-2014**

1. The energy sector today

1. Deficiencies in generation

- Only one new generation project in 2009-2014: the wind farm El Coco in Coclé
- Need to build new 80MW/year in the short term
- Deficit of 400MW
- Endangered capacity to contract **new key projects** due to lack of transparency in recent years:
 - Coal plant for 150MW
 - Natural Gas for 550MW
 - Chan 2



Source: Capital Financiero

1. The energy sector today

2. Energy consumer prices' deficit

- Tariff Stabilization Fund (FET) presents a deficit of \$500MW.
- Consumer prices have been frozen since 2012.

3. Transmission grid deficiencies

- Delay in the construction of the 3rd ETESA Transmission line
- The line Colón-Panamá has not been upgraded
- Interconnection Project with Colombia has been interrupted
- The 4th line from Chan II has not been started yet



Source: www.panoramio.com

2. Secretaría Nacional de Energía



Now, the Secretaría Nacional de Energía aims... ..



...to **get in charge** of the **energy**
sector in Panama

3. The new administration 2014-2019

The challenge for the Secretaría de Energía during the New Administration

1. Adding **transparency and consistency** to the procurement processes
2. Attracting high levels of private investment
3. Increasing the levels of Government supervision
- 4. Reducing** direct public investment
5. Switching from consumer tariff subsidies to **energy saving incentives**



Source: chicago-remodeler.com

3. The new administration 2014-2019

The New Administration's **short term proposal**

- **Generation sector:**

- bidding 200MW to be operating in March 2015 (for 10 years)

- **Chan 2**

- **Natural Gas Terminals:**

- Compromise to build a terminal at each end of the Panama Canal

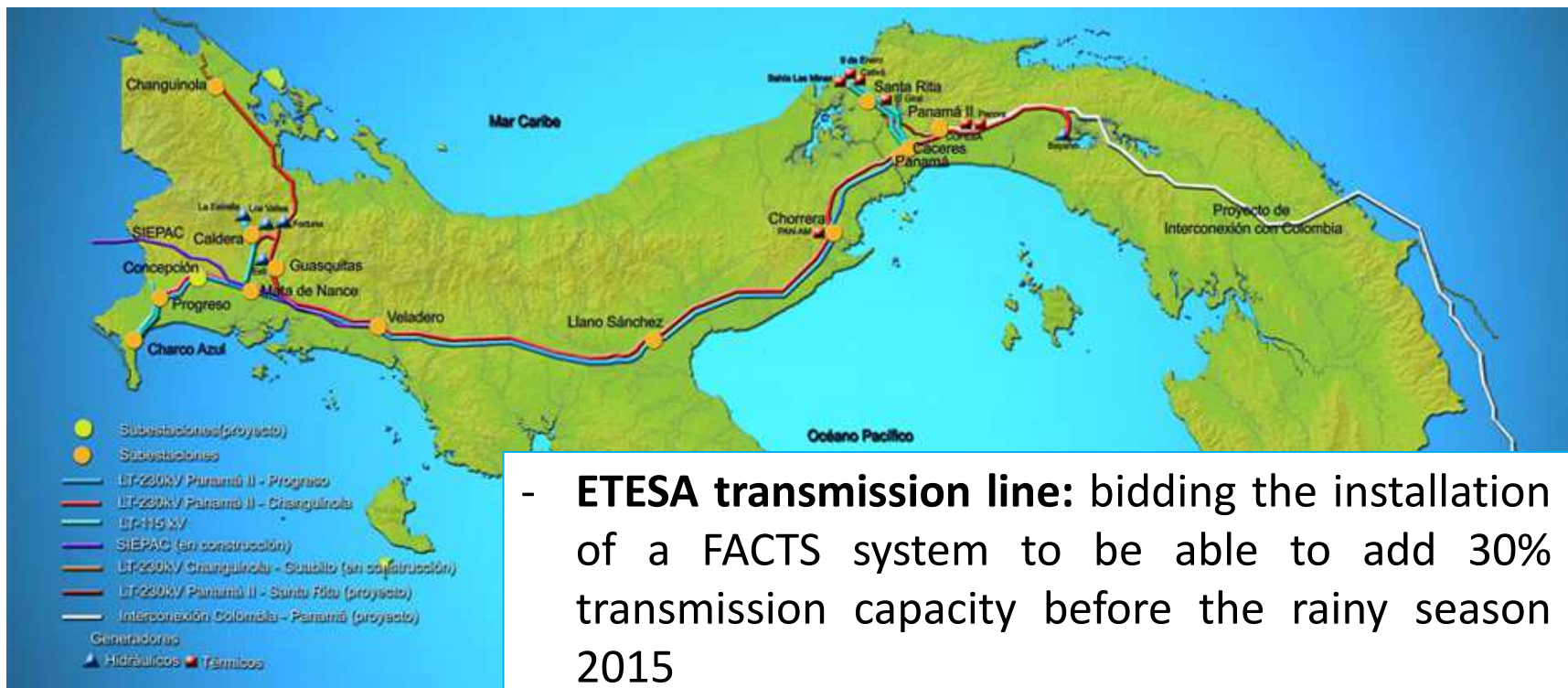


Source: atandociencia.blogspot.com

3. The new administration 2014-2019



The New Administration's **short term proposal**



- **ETESA transmission line:** bidding the installation of a FACTS system to be able to add 30% transmission capacity before the rainy season 2015

- Reactivation of the **Interconnection Project with Colombia**

3. The new administration 2014-2019

The New Administration's **short term proposal**

- **Institutional organization:**

- ETESA: corporatization might include private partners
- Fuel Power line expansion through a BOT Project
- CNC: independent; tender energy bids

- Integrating **Electrification Rural** into the Secretaría de Energía

- **Waste energy plants**



Source: www.ascentnlp.co.uk

3. The new administration 2014-2019

The New Administration's **mid-term proposal**



Improving the procurement processes by:

- Requiring the private investors to fulfil the signed contract terms
- Adding **transparency** to the procurement processes to attract more investors:
 - **6 moths prior notice** before bidding
 - Prior notice to be published on the same month of the year (year after year)
- Reducing growing energy demand by launching **energy efficiency awareness campaigns**



Thank you!