

## Solar energy market guatemala city

Many nations in Latin America and the Caribbean require significant ...

Governments across Central America are starting to issue renewable energy tenders with a focus on solar power, driven by the fact that PV technology has become more financially competitive with traditional forms of power.

A 2022 report from Wood Mackenzie, "Latin America levelized cost of electricity (LCOE)", found that solar would be the most cost-competitive energy source in the region until 2050, with the LCOE as low as US\$14/MWh across the region, significantly lower than other power sources, such as offshore wind, which is expected to reach US\$57.3/MWh in Colombia by 2035.

The falling costs of solar development has created novel opportunities for developers, including private power purchase agreements (PPAs), in several markets, including Panama, Guatemala, Jamaica, Colombia, El Salvador and the Dominican Republic.

PV Tech Premium spoke to Fernando Zúñiga, managing director for Latin America & Caribbean at MPC Energy Solutions (MPCES), an independent power producer that is developing projects in all of the countries listed, about opportunities and challenges across these markets.

In early January, Panama announced a long-awaited 500MW renewable energy-focused tender, having not held such a government-led tender since 2015. The day of the bid has not been officially released, but there are expectations that it will be held during the first quarter of this year. Alongside solar and wind, the tender also includes an energy storage component, but it is not yet clear if it is included as mandatory or as an option.

The Panama government has also announced more specific information on when firms winning PPAs will need to start operations, since they have different timelines.

Last year, Zúñiga outlined various fiscal incentives that Panama's government had employed to support PV, including an exemption on import taxes. He describes the latest tender announcement since that time as a "very positive" step forward, and the support of national governments could be key in a number of Central American markets.

Bid submissions were due at the beginning of this month but the government has announced a delay until 1 April. While the sizes of these projects are much smaller than in Panama, there was considerable interest in this tender with around 30 companies expressing interest as potential bidders last year, adds Zúñiga.

An even mix of solar and wind capacity could be expected to win out in Panama's larger tender, although

there are no set quotas for each technology, says Zúñiga. Panama has very good wind resources for big projects, but this wind technology is normally more expensive per megawatt, so solar might be competitive with downscaled project sizes as compared to wind.

At a recent conference, the "Latin America Energy Transition Investment Forum", held by the International Renewable Energy Agency (IRENA) in November 2023, the director of electricity of Panama, Dr Guadalupe Gonzalez, said new forms of financing were required to develop new technologies in the region and for the acceleration of the energy transition. In Panama, there were plans to create a National Fund for the Energy Transition, but there were concerns about its fiscal impacts on the national economy as a whole.

Conversely, El Salvador is relying on its private sector to drive investment into solar projects. El Salvador has no government tenders at present and private PPAs are tied to where the demand is, but the country has changed positively in many senses and electricity demand is expected to grow in both the near and long term, says Zúñiga.

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Web: <https://kary.com.pl/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

