



# Guatemala

GDP: **\$53.8bn**

Five-year economic growth rate: **7%**

Population: **15.5m**

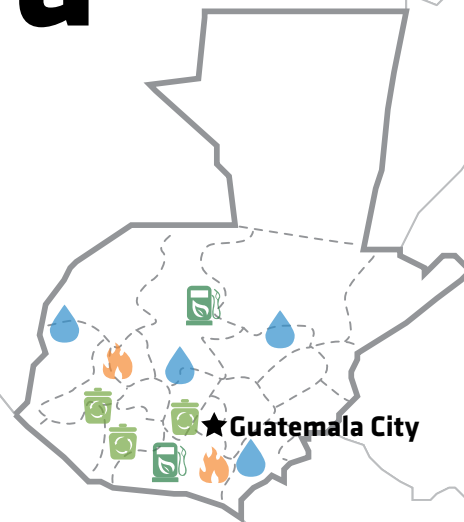
Total clean energy investments, 2006-2013: **\$585.8m**

Installed power capacity: **3GW**

Renewable share: **22.6%**

Total clean energy generation: **2,031GWh**

Top energy authority: **Ministry of Energy and Mines**



OVERALL RANKING  
2014

# 29

OVERALL SCORE  
2014

# 1.10

PARAMETER	RANKING	SCORE
I. Enabling Framework	21	1.28
II. Clean Energy Investment & Climate Financing	25	0.61
III. Low-Carbon Business & Clean Energy Value Chains	34	1.22
IV. Greenhouse Gas Management Activities	21	1.45

## SUMMARY

Guatemala finished in 29<sup>th</sup> place out of the 55 countries assessed by *Climatescope* 2014 with a score of 1.10. Among the 26 Latin American and Caribbean countries surveyed, it ranked 14<sup>th</sup>.

Guatemala is connected to its neighbors through the regional power market and is a net exporter of electricity. Out of a total 2.3GW generating capacity the largest of any Central American country some 27.5% is derived from renewable sources.

Given the country's large sugar industry, it sources a significant amount of its renewable power (326MW) from cogeneration of bagasse (waste sugarcane fiber). It is also focused on solar

and wind: at auctions held in 2012, it contracted 100MW of wind and 56MW of solar, most of which is set to be commissioned in 2015.

Although the country did not attract much clean energy investment in 2013, there was a marked up-tick in 2014 to finance the auctioned projects. This will improve Guatemala's score in the next edition of *Climatescope*.

Looking ahead, the country plans to almost double its power generating capacity in the next four years by adding 1.8GW of new capacity. The focus will be on large hydro, with 1.2GW expected to come online by 2018.

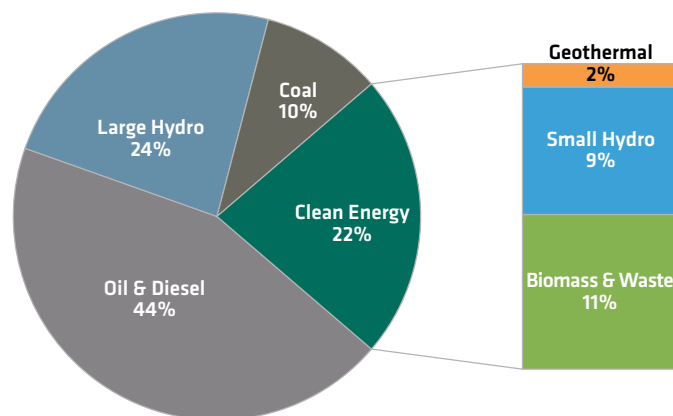
For further information, access [www.global-climatescope.org/guatemala](http://www.global-climatescope.org/guatemala)

## PARAMETERS AT A GLANCE

Guatemala was judged to be strongest on Enabling Framework, Parameter I, and was ranked 21<sup>st</sup> globally. The private sector is active in all areas of the power sector (generation, distribution as well as transmission). Challenges still exist: new transmission and power generation projects (especially hydro) face opposition from local communities.

### INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

3GW total installed capacity



Source: Bloomberg New Energy Finance, Administrador del Mercado Mayorista  
Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers.

The country held its first renewable capacity auction in 2012, securing power purchase agreements for 393MW of clean energy capacity, namely biomass, small hydro, solar and wind. The wind and solar projects closed contracts at an average of \$134/MWh and \$130/MWh, respectively, while small hydro and biomass were more competitive, with prices ranging from \$104/MWh to \$121/MWh. Although they cannot compete with thermal sources, these prices are much lower than Guatemala's average spot price in 2013 of \$156/MWh.

### KEY POLICIES

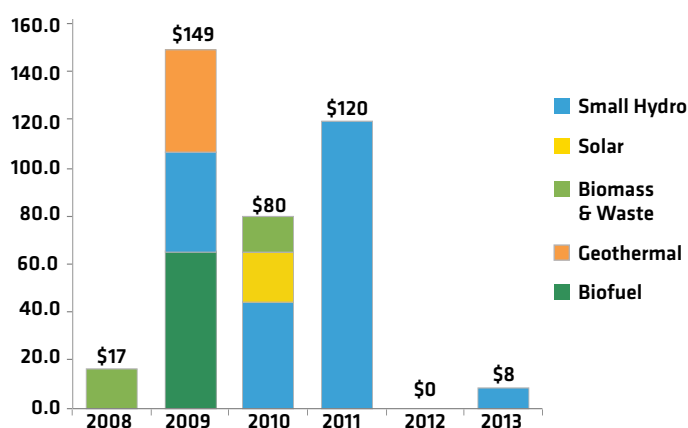
<b>Auction</b>	Comisión Nacional de Energía Eléctrica held the country's first auction, contracting 393MW from small hydro, wind, solar and biomass sources. A second auction will contract 250MW from conventional and renewable sources.
<b>Tax Incentives</b>	Import duty exemption for clean energy equipment and machinery; and VAT, income tax and industrial tax exemptions for renewable generators.

Source: Bloomberg New Energy Finance Policy Library

On Clean Energy Investment Parameter II, Guatemala did comparatively well globally, taking 25<sup>th</sup> place; however, it ranked just 18<sup>th</sup> out of the 26 among Latin American and Caribbean countries. Positive points included two microfinance organizations that offer low-interest loans (3.5% on average) for clean energy purposes. In terms of large-scale investment, the country has attracted a cumulative \$586m since 2006, but only \$8m (for one small hydro plant) was committed in 2013. More investment is expected in 2014 as the auctioned projects reach financial close.

### ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$585.8m total cumulative investment



Source: Bloomberg New Energy Finance  
Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

On Clean Energy Value Chain Parameter III it took 34<sup>th</sup> position globally, but 10<sup>th</sup> position among its regional peers. The country has project developers and fuel producers in all six renewable energy segments assessed: biofuels, biomass, geothermal, small hydro, solar and wind. Nonetheless, it lacks the capacity to manufacture clean energy equipment.

On GHG Management Activities Parameter IV, the country performed relatively well, ranking 21<sup>st</sup> globally. Guatemala's 22 GHG offsetting projects, a significant number given the country's relatively low CO<sub>2</sub> emissions, counted in its favor, but the lack of any policy framework to curb emissions and the absence of any corporate-level GHG offsetting initiatives held it back.