

SOUTH AMERICA

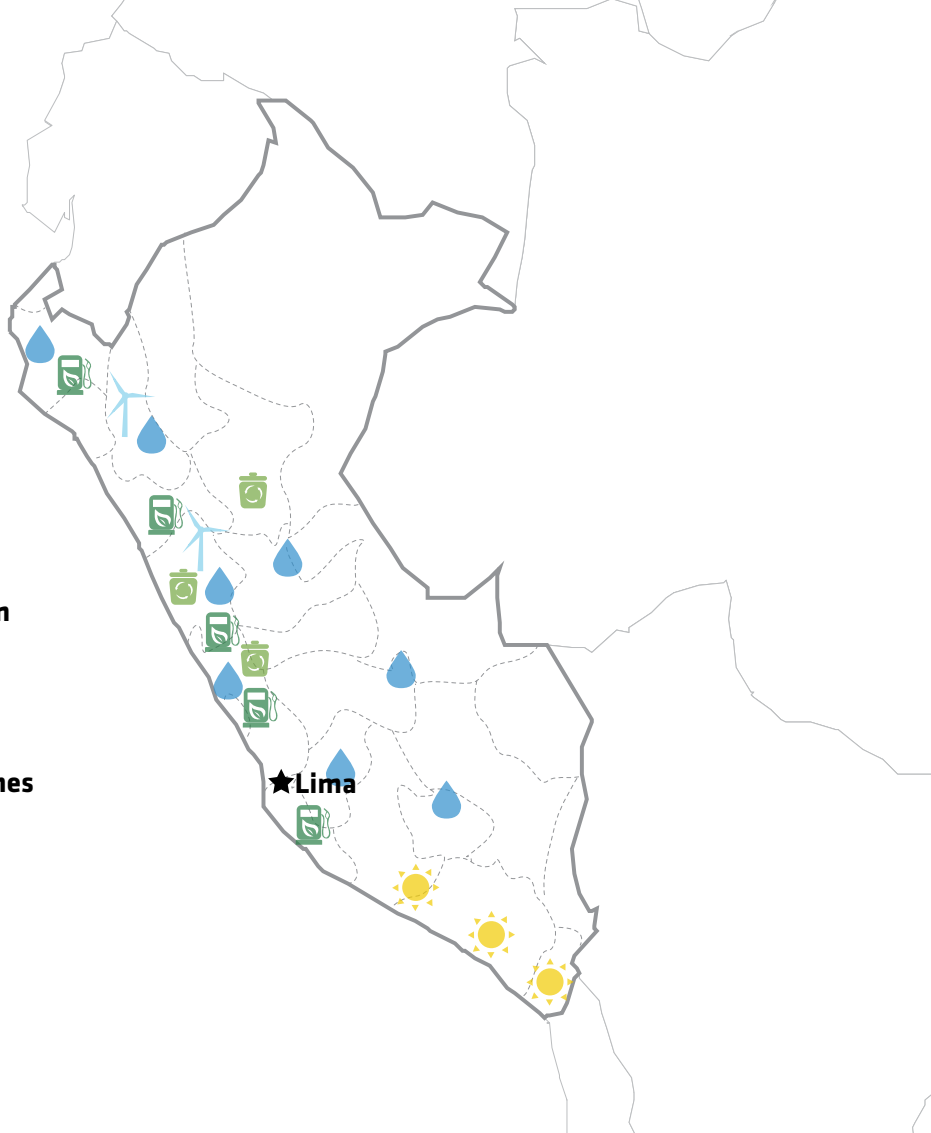


Peru

GDP: **\$202.3bn**
 Five-year economic growth rate: **11%**
 Population: **30.4m**
 Total clean energy investments, 2006-2013: **\$3.4bn**
 Installed power capacity: **10GW**
 Renewable share: **7.8%**
 Total clean energy generation: **4,532GWh**
 Top energy authority: **Ministry of Energy and Mines**

OVERALL RANKING 2014
11

OVERALL SCORE 2014
1.50



PARAMETER	RANKING	SCORE
I. Enabling Framework	10	1.40
II. Clean Energy Investment & Climate Financing	12	0.88
III. Low-Carbon Business & Clean Energy Value Chains	23	2.05
IV. Greenhouse Gas Management Activities	09	2.46

SUMMARY

Peru was placed 11th among the 55 countries assessed in Climatescope 2014 with a score of 1.50. Compared to its Latin American and Caribbean neighbors, the country ranked 5th.

Peru's \$207bn economy grew a firm 5.8% in 2013, resulting in increasing power demand. The country's relatively low electricity prices mean that the market for renewables is dependent on government-driven renewable energy auctions. In 2013, 240MW was contracted by this method from 19 small hydro projects at an average price of \$56.55/MWh. That same year, Peru announced its first off-grid renewable energy auction. This

is to be concluded in 2014 and will seek PV systems to expand electricity coverage to 500,000 users in rural and isolated areas of the country.

From 2006 to 2013, the country attracted \$3.4bn in clean energy investments. In 2013, \$773m was invested, with the majority going to wind and small hydro. Solar, which saw more than \$400m invested in 2011 and 2012, is awaiting opportunities in off-grid and in future auctions.

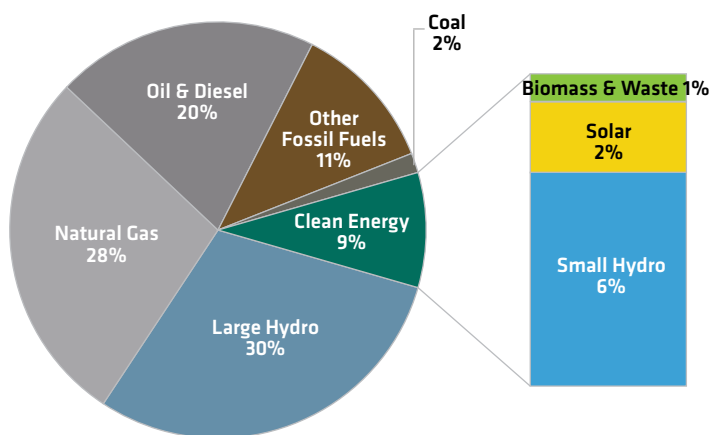
For further information, access www.global-climatescope.org/peru

PARAMETERS AT A GLANCE

Peru performed best on the Enabling Framework Parameter I, ranking 10th globally. Policies and regulations are important to the country's good performance. Renewable energy auctions started in 2009 and have been used to contract PV, wind and small hydro. The government reviews the need to hold auctions every two years.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

10GW total installed capacity



Source: Bloomberg New Energy Finance, MINEM, Osinermin, COES SINAC

In the 2013 tenders, the government mandated solar to service its clean energy rural electrification program: it will conclude its first off-grid renewable energy auction in 2014, and aims to expand electrification to the 10% of the population that does not have access.

KEY POLICIES

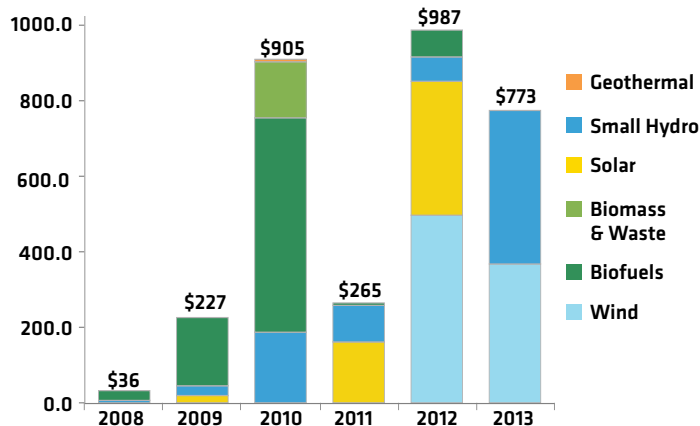
Energy Target	Renewable power consumption was to reach 5% of total by 2013. Target was achieved in 2010 and has not been revised.
Auction	The national energy and mining investment regulator has held three auctions, contracting a total of 58 projects from small hydro (526MW), wind (234MW), solar (100MW) and biomass & waste (31MW) sources for 20 years.
Biofuels	Mandate 5% biodiesel blend and a 7.8% ethanol blend.
Tax Incentives	Accelerated depreciation of up to 20% for renewable energy generation investments in machinery and equipment.
Utility Regulation	Peru's grid operator is required to guarantee priority dispatch for electricity generated from renewable sources.

Source: Bloomberg New Energy Finance Policy Library

In addition, the country has one of the lowest import duties for renewable energy equipment out of 55 countries analyzed on *ClimateScope*. That, coupled with an enabling power sector structure, support the sector and offset the low electricity spot prices (\$26.52/MWh in 2013) and retail prices (industries paid an average of \$76.11/MWh in 2013).

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

\$3.4bn total cumulative investment



Source: Bloomberg New Energy Finance

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

Peru continues to attract clean energy investment, and was placed 12th globally in Clean Energy Investment and Climate Financing, Parameter II. In 2013, \$773m was invested in wind and small hydro plants. Cobra Peru financed construction of its first wind farm in the country, the 32MW Marcona Wind Farm, while five companies drove development in small hydro and cumulatively invested \$382m in eight small hydro plants.

Peru falls short in its Low-Carbon Business and Clean

Energy Value Chain, Parameter III, reflected by its relatively lowly 24th place. While the country has companies developing projects in all sectors, it does not have equipment manufacturing capacity for any of them. However, there is significant presence of clean energy service providers, especially financial and legal services.

Peru fared well in its GHG Management Activities, Parameter IV (ranking 9th globally), thanks to its low CDM risk and 76 GHG offset projects registered. Almost three quarters of these are power generation projects. Additionally, the country has capacity-building institutions, such as Pontificia Universidad Catolica del Peru, offering certification programs for related fields.