

fact sheet

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**siepac**  
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## FACT SHEET SIEPAC AND MER

Infrastructure Electrical Interconnection System for Central American countries or SIEPAC consists of a 230KV power line (kilovolts), with a capacity of 300MW (MW) to 1,800 km in length, in addition to their respective bays and substations. The line is almost complete, just missing to complete 36 km in Costa Rica. However, the line is already in commercial operation.

The total cost of electricity infrastructure is \$494 million, of which the IDB has provided more than half, \$253.5 million. Other funders include CABI BANCOMEXT and CAF. The line is operated by the company that owns the Red (EPR), a company created ad hoc, owned equally by the state transmission companies each of the Central American countries, plus the three extra-regional partners ISA of Colombia, CFE of Mexico and Endesa of Spain.

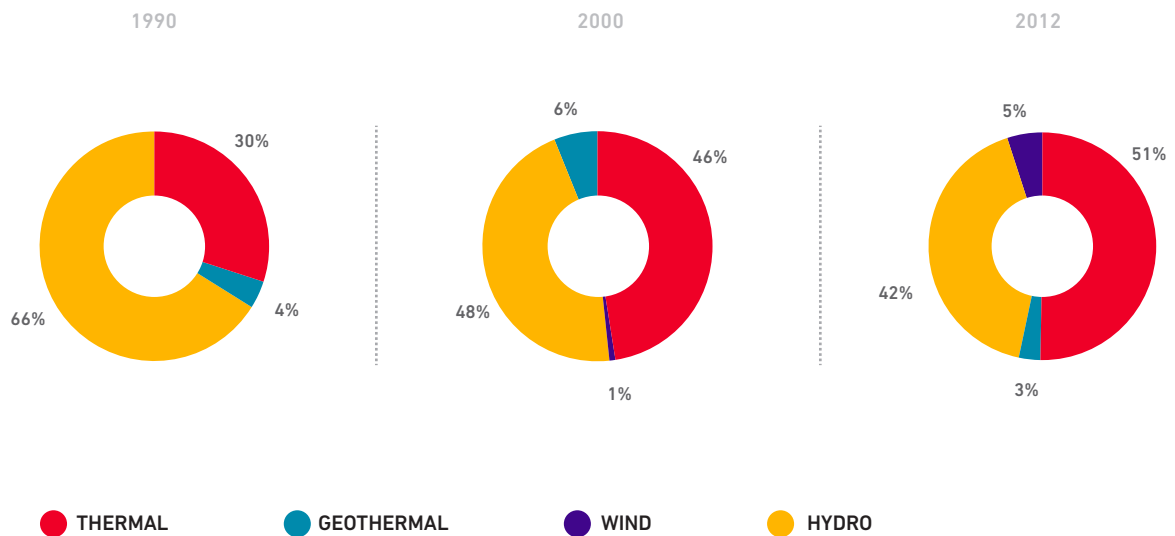
The Regional Electricity Market (MER) operates as a seventh market and is complementary to national markets. On June 1, 2013 came into effect on the MER regulations enabling regional transactions. It is noteworthy that for operating the MER different entities have been established to regulate, operate and provide direction. They include Regulatory Commission Electrical Interconnection (CRIE) located in Guatemala, the Operating Agency Network (EOR) in the Savior and the Council Director of SRM has an Executive Secretariat based in Costa Rica and has the task of provide policy and technical direction.

Prominent among the advantages of SIEPAC and MER to optimize national electricity markets and facilitate generation projects at regional and more efficient. To exist in the region different demand profiles and generating supply structures, the production of electricity will now be positioned where it is more efficient leading to cost reduction. They also increase the security of supply in the region as to import production line if necessary.

MER and SIEPAC offer investment opportunities for private sector projects in power generation and transmission. Also attract investment to the region and promote the

participation of a greater number of agents in the electricity sector activities which brings more competition and therefore more efficient prices in the medium and long term.

## PARTICIPATION RATE IN THE TOTAL GENERATION OF CENTRAL



Modern electrical systems use a marginal amount of petroleum derivatives since there are other much more efficient sources such as natural gas. Although the region still lacks a natural gas supply it is an option that is being considered in the future by countries and potential funders such as the IDB.