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**siepac**  
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# FACT SHEET

## CENTRAL AMERICAN ELECTRICAL INTERCONNECTION SYSTEM (SIEPAC) and REGIONAL ELECTRICITY MARKET (MER)

The infrastructure of the Central American Electrical Interconnection System, or SIEPAC (for its name in Spanish, Sistema de Interconexión Eléctrica de los países de América Central), consists of a 230 KV (kilovolts) power line, with a capacity to transport up to 300MW (megawatts) of power among the countries in the region and 1,800 km in length, in addition to its respective bays and substations. The line is practically complete, only missing 36 km in Costa Rica. However, despite this, the line is already in commercial operation.

The total cost of the electricity infrastructure is US\$494 million, of which the IDB has provided more than half, US\$253.5 million. Other financiers include CABEL, BANCOEXT, and CAF. The line is operated by the Empresa Propietaria de la Red (EPR), a company created ad hoc and owned equally by the state transmission companies of each of the Central American countries in addition to the three extra-regional partners ISA of Colombia, CFE of Mexico, and Endesa of Spain.

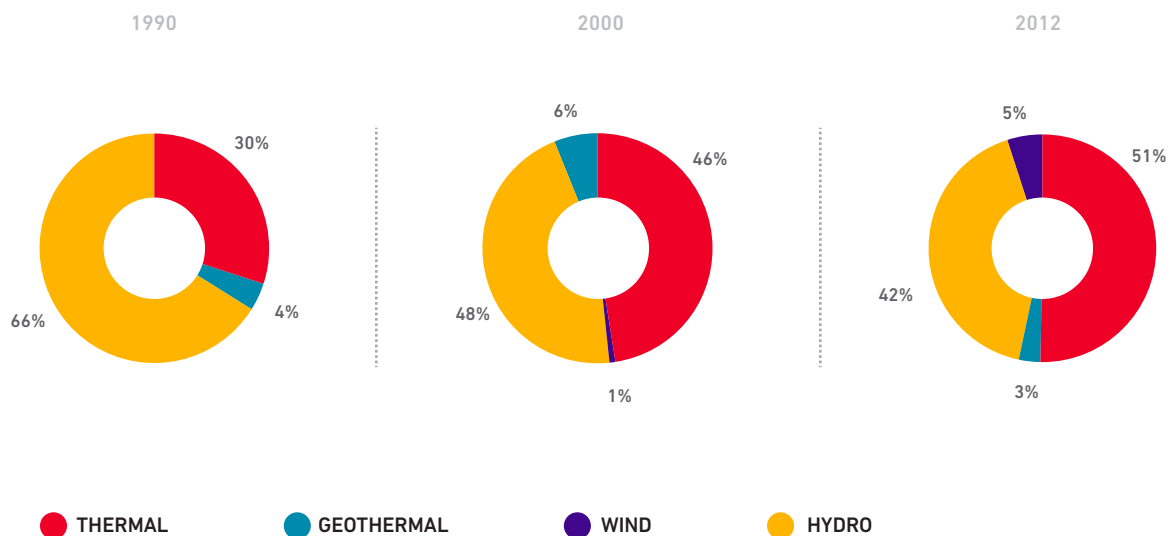
The Regional Electricity Market (MER) operates as a seventh market and is complementary to national markets. On June 1, 2013, the MER regulations enabling regional transactions came into effect. In order to put the MER into operation, different entities have been established to regulate, operate, and provide direction. These include the Regulatory Commission on Electrical Interconnection (CRIE) located in Guatemala, the Operating Agency Network (EOR) in San Salvador, and the Governing Board (Consejo Director) of the MER, which has the task of providing policy and technical direction to the MER and has an Executive Secretariat based in Costa Rica.

SIEPAC and MER offer distinct advantages in that they optimize national electricity markets and facilitate generation projects at a regional and more efficient scale. As different demand profiles and generating supply structures exist in the region, the production of electricity will now be positioned where it is most efficient, leading to electricity production cost reductions. It also increases the security of supply in the region given that the line permits import production if necessary.

MER and SIEPAC offer investment opportunities for private sector projects in power generation and transmission. Additionally it attracts investment to the region and promotes the participation of a greater number of actors in electricity sector activities, bringing more competition and therefore more efficient prices in the medium and long term.

Much of the electricity production in the region is done with petroleum products (see chart below). The presence of oil in the electricity production mix has been increasing since the 90s.

### PERCENTAGE OF TOTAL GENERATION BY FUEL SOURCE IN CENTRAL AMERICA REGIONAL INSTALLED CAPACITY



Modern electrical systems use a marginal amount of petroleum derivatives since there are other much more efficient resources 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.