Electricity Generation and Distribution in Panama

Electrical Power Equipment

U.S. Commercial Service

Overview
Panama has an installed capacity of approximately 2,000 MW, over 50% of which is hydropower. Since Panama experiences a dry season, it supplements hydropower with thermal generation, primarily fuelled by bunker. The net cost to end users is approximately $.12/kW h, much of which is attributable to generating costs. Panama is seeking to lower this cost, as well as smooth out the supply, in order to increase its competitiveness for foreign direct investment. For comparison with electricity rates in other countries, including the U.S., please refer to the U.S. Department of Energy’s Energy Information Administration table: http://www.eia.doc.gov/emeu/international/elecprih.html.

Panama’s demand for electricity is growing by approximately 50 MW per year. The growth of the construction sector has generated a steady demand for electricity in the last 5-7 years. This growth is expected to continue during the next few years driven by the projected increase in low cost housing construction and the implementation of a number of infrastructure projects, including the expansion of the Panama Canal. The electric sector in Panama is controlled by the private sector with the exception of the transmission company which is fully owned and operated by the government.

The Panamanian market is very receptive to U.S. electrical power equipment. Its high quality, durability, competitive prices, quick delivery and service capability are the main factors behind this preference. Price and quality are the main factors in selecting equipment suppliers, followed by after-sale service, which includes technical assistance. Competitors come principally from Sweden, Italy, Brazil, Germany and England. Panama has no particular standards and regulations for power generation equipment. All U.S. made equipment is readily accepted in Panama.

Sub-Sector Best Prospects
The market offers excellent opportunities for both hydroelectric generators, especially small and medium size plants, and thermo generators. There is strong interest by several companies to develop non-traditional energy sources and the government is expected to play a stronger role in promoting the use of these technologies. The U.S. Trade and Development Agency (USTDA) published a report in March 2010 on renewable energy projects in Central America, including Panama, which provides more specifics. To view this report, please click on the following link: http://buyusainfo.net/docs/x_827397.pdf.

Opportunities
The Government of Panama passed Law No. 45 of August 4, 2004 to provide a number of incentives for the construction and development of new electric generation plants, especially hydroelectric plants (up to 20 MW) and other clean energy sources. Also, a new law to promote wind power generation was passed in 2011.
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