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Key drivers of renewable energy growth in Costa Rica

Costa Rica has committed to becoming the first carbon-neutral country by 2021, with renewable energy playing an important role in attaining that goal. Costa Rica has established several initiatives to achieve their carbon-neutral goal, including tax incentives (specifically import, value added and income tax breaks on select renewable energy materials and equipment) and renewable power tenders held by Instituto Costarricense de Electricidad, a state-owned vertically integrated utility.

Peru

Since 2010, the installed base of energy generation capacity in Peru has increased from 8 GW to 10 GW in 2013, or a CAGR of 5%. The chart below shows Peru's generation capacity fuel mix as of year-end 2013:

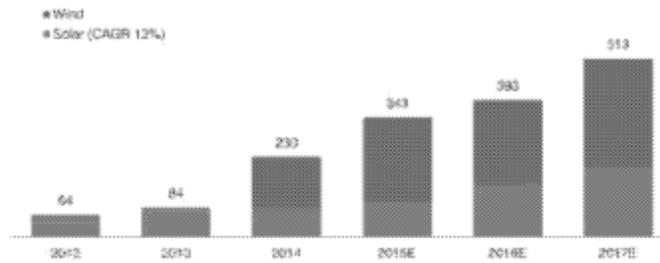
Fuel type	Percentage
Gas	39.8%
Hydro-electric	36.4%
Oil	20.7%
Coal	1.6%
Solar	0.9%
Biomass	0.8%
Total	100.0%

Retail electricity prices increased in Peru at a CAGR of 4% between 2006 and 2013. We expect retail electricity prices in Peru to continue to rise due primarily to increasing costs of conventional sources of energy and overall demand for energy and the removal of government subsidies available to conventional energy sources.

Peru's renewable power market has seen growth over the last three years, with the cumulative installed capacity of renewable energy sources increasing from 3.5 GW in 2010 to 3.7 GW in 2013. Renewable energy accounted for 13% of overall energy capacity growth from 2010 to 2013.

The cumulative installed capacity of solar energy in Peru grew from 0 MW in 2010 to 84 MW by 2014. The cumulative installed capacity of wind energy in Peru grew from 0 MW in 2010 to 146 MW in 2014. The chart below shows the cumulative solar and wind energy generation capacity from 2010 to 2017:

Peru cumulative solar and wind energy generation capacity (in MW), 2012-2017



Source: Bloomberg New Energy Finance