Peru electricity regulations

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The National Electricity Office (DGE - Dirección General de la Electricidad), under the Ministry of Energy and Mines (MEM), is in charge of setting electricity policies and regulations and of granting concessions. It is also responsible for elaborating generation and transmission expansion plans and has to approve the relevant procedures for ...

Autonomous regulatory entity that enforces compliance with legal and technical regulations related to electrical, and hydrocarbon and mining activities. Controls compliance with the obligations stated in the concession contracts. Tariff Regulatory Bureau has the authority to publish the regulated tariffs.

Peru"s government identified the development of electricity from renewable energy sources as a public necessity of national interest. The country established a National Renewable Energy Development Plan to be funded by the Annual Budget Law, external debt.

To approved measures about the loading and supply infrastructure for electricity aimed at electric vehicles, in order to make efficient use of energy and reduce the use of fossil fuels, reduce GHG emissions and other polluting elements, to comply with international environmental agreements signed by Peru, and reduce public health risks and harm.

As a consequence, the holders of the awarded RER projects signed power purchase agreements with the Peruvian State and undertook to deliver energy to the SEIN for up to the awarded volume, in exchange for a guaranteed income. Such remuneration had two components:

While the Peruvian Ministry of Energy and Mines (MINEM) has not organised any new RER auctions since 2017, development continues on power plants using non-conventional energies (which account for almost 10% of the entire production at this date). In 2022, the Peruvian government also reaffirmed its interest in developing these technologies by issuing Supreme Decree No 003-2022-MINAM. As part of Peru"s efforts to combat climate change, this decree requires a progressive increase in the market share of renewable energy generation to 20% by 2030.

In 2019, the MINEM created the Multisectoral Commission for the Reform of the Electricity Subsector (Comisi?n Multisectorial de Reforma del Subsector Electricidad, or CRSE) to identify the main opportunities for enhancing the regulation of the electricity subsector, with a view to making RER generation technologies more competitive and providing more incentives to use them, among other objectives.

In this connection, the CRSE identified a limitation on the development of greater competition in the generation sector - given that, unlike generation plants using conventional energies, most plants using renewable energy resources only have firm energy or have firm energy and very low firm capacity, which

does not enable them to earn income through power purchase agreements.

According to the information published by the MINEM, temporary concessions have been granted to conduct feasibility studies for electricity generation projects with a projected installed capacity of 5,885 MW - of which, 64.7% correspond to wind projects, 13.2% to solar projects and 22.1% to hybrid projects (solar and wind).

On the other hand, according to the pre-operational studies approved and under evaluation by COES, there are approximately 22,000 MW of new RER projects that will enter into commercial operation between 2024 and 2029 - 47% (of this MW figure) corresponds to wind projects, 47% to solar projects, and 6% to hydroelectric projects. The foregoing shows that the growth of Peru"s energy matrix will inevitably be led by non-conventional energies.

At the same time, battery electric energy storage systems have been developed to capture, store and release energy when required according to the demand on the electricity system. Specifically, these storage systems are expected to help manage the intermittent nature of RER plants (which depend on natural resource availability at certain times of day) and guarantee the security and reliability of the electricity supply. At present, there are four battery energy storage systems (with a total installed capacity of 92.4%), which are located in Ventanilla, Chilca and Huamalies.

The future of Peru"s energy matrix is clearly trending towards an increased share of non-conventional energies. Generation companies have plans to develop new RER projects, and large consumers in the electricity market want to have their own RER plants or work with companies that can guarantee the supply of RER-generated energy.