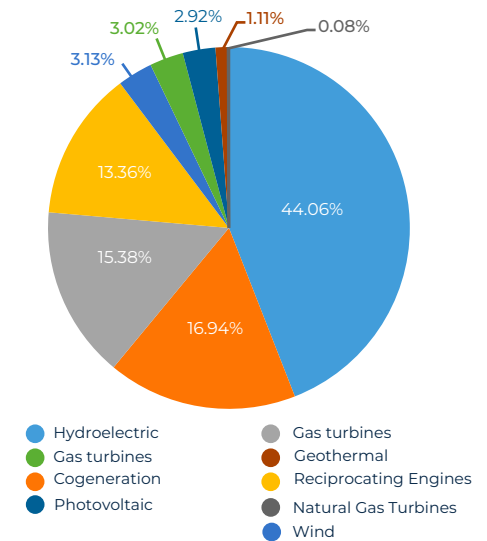




How does the electricity supply operate in Guatemala?

- In Guatemala, the **generation, distribution and transportation of electricity** is free, when it is not necessary to use public property¹.
- Prices for the provision of services are free**, except for transportation and distribution services, which are established by the National Electric Power Commission in a tariff schedule every 5 years.
- Guatemala is connected to the Regional Electricity Market (MER) through the Electricity Interconnection System of Central American Countries (SIEPAC). **Guatemala has positioned itself as the largest exporter to MER.**
- Effective electric power generation capacity 2 of **3,385.14 MW** and a **peak demand of 1,970.0 MW**³.
- In 2023, **66.24%** of the energy consumed was generated by renewable sources⁴.
- In 2023, the average annual Spot price⁵ was: 105.20 USD/MWh. 6

Effective capacity as of December 2023⁷



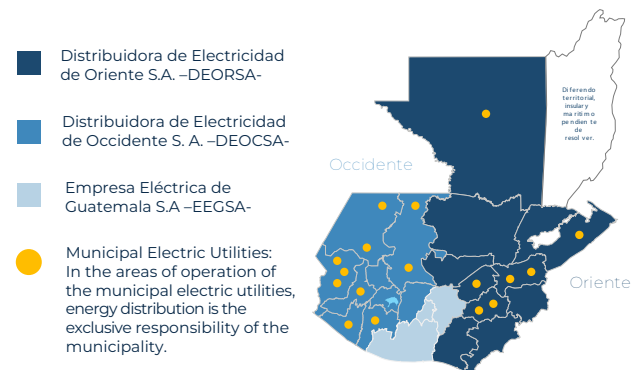
Entities of the national electric system:

- The Ministry of Energy and Mines (MEM)** is the public institution that establishes the long-term vision for the subsector.
- National Electric Energy Commission (CNEE)** technical body of MEM.
- Wholesale Market Administrator (AMM)** system operator.

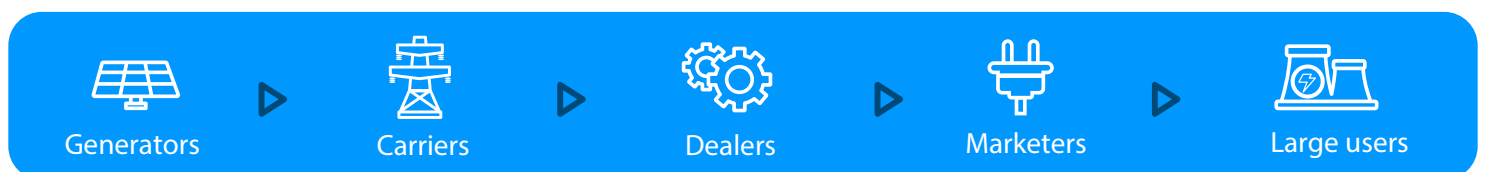
Wholesale market participants 8:

- Generators:** at least 5 MW of power.
- Carriers:** transmission capacity of at least 10 MW.
- Distributors:** They are the only ones that can sell electricity to regulated users and must have at least 15,000.
- Marketers:** specialized intermediaries. They market at least 5MW in block.
- Large Users:** electricity consumers that contract a power of at least 100 kW.
- Distributed Renewable Generators:** plants that generate a maximum of 5 MW and are connected to the distribution grid.

Coverage of distribution companies



The electrical system is made up of:



¹ In the case that public property is used, an authorization from the Ministry of Energy and Mines (MEM) is required. For generating plants with an installed power of less than 5MW, this authorization is not required. Congress of Guatemala (1996). General Law of Electricity. Retrieved July 20, 2021 from https://www.cnee.gov.gt/pdf/marco-legal/LEY_GENERALDE_ELECTRICIDAD_Y_REGLAMENTOS.pdf

² Effective generation capacity means the maximum net capacity in MW (electricity generation under normal conditions minus the amount needed to operate the plant) that a plant can supply for commercialization.

³ Statistical Report 2023 of the Wholesale Market Administrator.

⁴ Monitoring and Evaluation Report on the Operation of the National Electricity Subsector 2023 of the Ministry of Energy and Mines.

⁵ Spot price refers to the value of the short term marginal cost of energy in each hour, or in a period defined by the CNEE, established by the AMM as a result of the dispatch, the cost of adding a MWh in a given hour.

⁶ Wholesale Market Administrator & #39;5 Statistical Report 2023

⁷ Monitoring and Evaluation Report on the Operation of the National Electricity Subsector 2023 of the Ministry of Energy and Mines.

⁸ There is a state-owned company, the National Electrification Institute, which, in the logic of a holding company, has separate companies (as required by the General Electricity Law) that participate on equal terms with the rest of the agents in each activity of the chain.

⁹ According to Article 39 of the General Electricity Law, only transporters, distributors, generators and marketers are classified as agents.

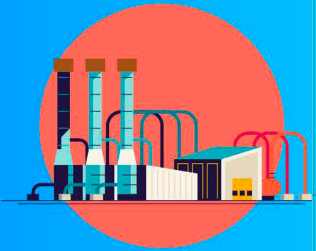
How can I access electricity service in Guatemala?

The energy market is composed of the regulated market and the wholesale market (free market), there are three types of users of the national interconnected system SNI:



I. Regulated User

- The regulated market is composed of authorized distributors that have defined mandatory service areas and electricity service users which contracted power is less than 100 kW (residential, commercial and industrial).
- The location determines the distribution company that will provide the service.
- The cost of energy for a regulated user for 2020 was USD \$0.16. A similar comparison in Costa Rica was USD\$0.22, USD \$0.19 in El Salvador, USD\$0.24 in Nicaragua, USD\$0.22 in Honduras, and USD\$0.20 in Panama.



II. Large User

- It is a consumer with a contracted power greater than 100 kW, is not subject to price regulation and the supply conditions will be freely agreed with a generator or marketer.
- The price, quantity, term and other conditions are freely agreed through a contract between the Wholesale Market participants. The cost of electricity for this user is around USD \$0.085 (8.5 USD cents).
- The large user has two alternatives of participation in the Wholesale Market:
 - Large participating user: is directly responsible for commercial operations with the wholesale market.
 - Large user with representation: operates through a contract with a trading company.



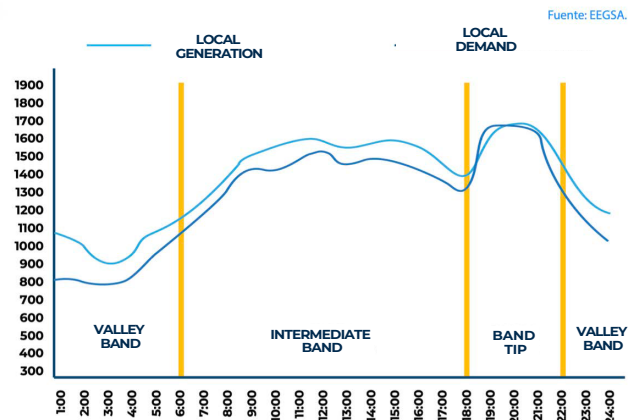
3. Self-producing user with energy surplus:

- User that has a generation plant to supply its own consumption.
- The surplus energy that are not consumed, are injected into the grid through the connection to the distribution system with a bidirectional meter, and is incorporated into the invoice as a positive balance for up to three cumulative months.

Since electricity generation is free, there is the possibility of simply being a self-producer user and complementing different technologies without connecting to the SNI.

Hourly band: there is a special tariff that promotes the use of energy in the valley band. The most expensive period is during the band tip.

Figure 3: Time bands by SEN demand



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