

Energy integration efforts struggle in Latin America

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Increasing production of renewable energy and tying it—as well as more traditional energy projects such as natural gas pipelines—together throughout Latin America face economic and political stumbling blocks, representatives of multilateral organizations said June 9.

"A sense of caution has replaced the euphoria we were seeing two years ago" about renewable energy including wind, solar and biofuels, Inter-American Development Bank President Luis Moreno said at a conference on energy in the western hemisphere organized by the Institute of the Americas.

The global economic crisis and weak oil and other fuel prices have caused some Latin American countries to pull back on politically unpopular or expensive energy initiatives. Still, Moreno said some projections show Latin America could see \$1.3 trillion in both private and state investment in the energy sector over the next 20 years.

Many projects—whether flowing gas through international pipelines or moving solar or wind energy between countries on interconnected electrical grids—have stalled, Moreno said.

Andean Development Corporation Executive Vice President Luis Berrizbeitia agreed, saying "broad-based integration processes have become weaker in the past few years" in Latin America.

He noted that several gas pipeline projects between countries have been replaced by national LNG terminals, which allow countries to bring in gas supplies from numerous producers and support security of supply.

Argentina, Brazil and Chile are among the countries that have looked to LNG in the face of unreliable gas supply from Bolivia, where political instability has led to a decline in new investments in gas production.

Jeffrey Davidow, president of the Institute of the Americas, said politics and not technical issues are still the main barriers to integration. While he noted that Colombia and Venezuela have had some success in integrating gas pipelines and electrical grids are coming together in Central America, the overall results are still poor.

Colombia's ambassador to the US, Carolina Barco, however, insisted that her country is still pushing to connect with its neighbors through new gas and coal opportunities, the integration of biofuel production, the possibility of gas pipelines toward its Pacific coast and investment in hydropower projects.