



# Nicaragua

GDP: **\$11.8bn**Five-year economic growth rate: **6.2%**Population: **6.2m**Total clean energy investments, 2009-2014: **\$1.4bn**Installed power capacity: **1.3GW**Renewable share: **41.2%**Total clean energy generation: **2.3TWh**Top energy authority: **Ministry of Energy and Mines****OVERALL RANKING**

2014

2015

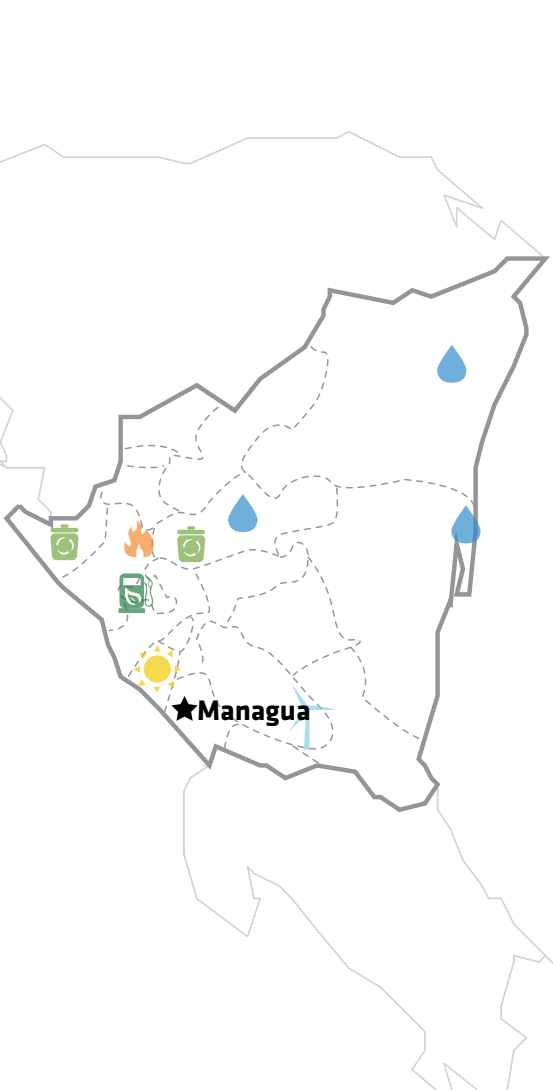
14

27

**OVERALL SCORE**

2015

1.14



PARAMETER	RANKING	SCORE
<b>I. Enabling Framework</b>	<b>09</b>	<b>1.53</b>
<b>II. Clean Energy Investment &amp; Climate Financing</b>	<b>26</b>	<b>0.53</b>
<b>III. Low-Carbon Business &amp; Clean Energy Value Chains</b>	<b>42</b>	<b>0.97</b>
<b>IV. Greenhouse Gas Management Activities</b>	<b>21</b>	<b>1.53</b>

**SCORE SUMMARY**

Nicaragua in 2015 surrendered 13 places in its overall *Climate-scope* ranking, falling to 27<sup>th</sup> with a score of 1.14 from 14<sup>th</sup> last year, when it scored 1.37.

Nicaragua's latest performance was dented by declines in the Amount Invested Category of Clean Energy Investment and Climate Financing Parameter II. It also compared unfavorably in 2015 with 2014 on the Loans, Grants, Grant Programs Indicator of that parameter.

On Enabling Framework Parameter I, Nicaragua's latest score of 1.53 was enough to rank it ninth. In 2014, a slightly lower score of 1.51 earned it the higher rank of sixth.

Nicaragua in 2015 lost ground on Clean Energy Investment and Climate Financing Parameter II, sinking to 26<sup>th</sup> from fourth. Its 2015 Parameter II score was 0.53 versus 1.16 in 2014.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, Nicaragua occupied 42<sup>nd</sup> place in 2015, with a score of 0.97. Its 2014 Parameter III metrics were 36<sup>th</sup> position and a score of 1.16.

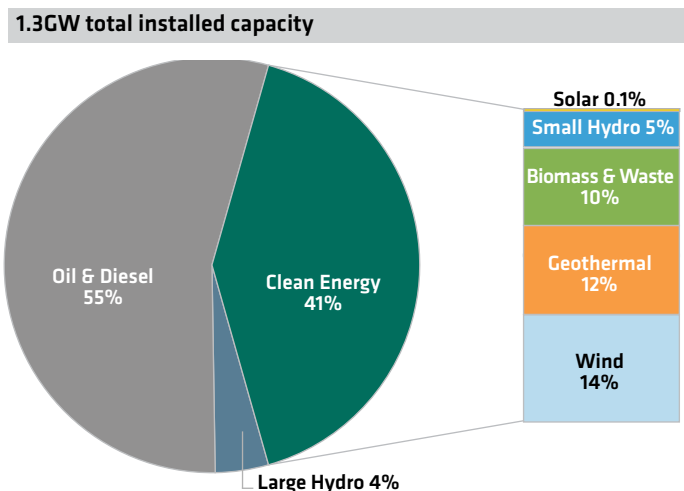
On Greenhouse Gas Management Activities Parameter IV, Nicaragua in 2015 was in 21<sup>st</sup> place, with a 1.53 score. In 2014, it occupied 18<sup>th</sup> place, with a score of 1.61.

**For further information, access [www.global-climatescope.org/en/country/nicaragua](http://www.global-climatescope.org/en/country/nicaragua)**

## OVERVIEW

In Nicaragua, the government has set a non-binding 91% renewable energy generation target by 2027. Renewable energy developers enjoy a full range of tax breaks, including import duty, VAT and income tax exemptions. Distributors must prioritize the purchase of energy coming from clean sources by allocating a percentage to renewable power in tenders for electricity.

### INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)



Source: Bloomberg New Energy Finance, Agencia de Promoción de Inversiones de Nicaragua PRONicaragua

Nicaragua has a diversified renewable matrix. In 2014, 52% of the 4.4TWh generated in the country came from biomass, geothermal, solar, small hydro and wind. Thermal plants using fossil fuels still are Nicaragua's main source of electricity and were responsible for 45% of total generation that year. Large hydro plants accounted for the remaining 3%.

According to the country's November 2013 national plan for electricity expansion, Nicaragua established an interim renewables goal of 74% by 2018 in the course of attaining the voluntary target of 91% of energy generation by 2027. Large hydro qualifies toward goal attainment.

## KEY POLICIES

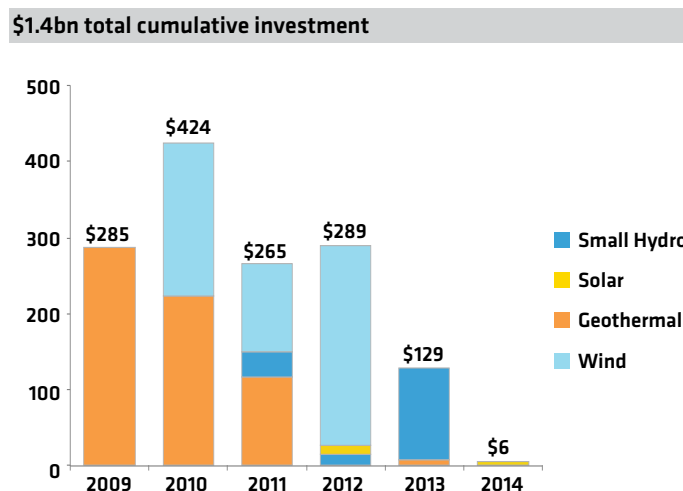
<b>Energy Target</b>	91% renewable installed power capacity (including large hydro) by 2017.
<b>Tax Incentives</b>	Import duty exemption for clean energy equipment, VAT, income tax, and natural resources tax exemption to renewable generators

Source: Bloomberg New Energy Finance Policy Library

Electricity generation can be contracted via tenders organized by distributors or through bilateral contracts between generators and distributors and/or large consumers. The Instituto Nicaragüense de Energía (INE) regulates the electricity sector, where transmission and distribution are subject to regulated tariffs and generators can compete freely in the market.

Law 532 is Nicaragua's main policy supporting renewable development. It mandates the set-asides for renewable energy in tenders and that contracts be at least 10 years in duration. INE is responsible for defining the percentage allocated for renewables in tenders. Generators that do not have contracts with distributors or large consumers may sell their power in the spot market, where they can receive a price determined by near-term supply and demand conditions.

### ANNUAL INVESTMENT IN CLEAN ENERGY, 2009-2014 (\$m)



Source: Bloomberg New Energy Finance

Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

In 2015, the government implemented reference prices for renewable energy technologies in order to improve the competitiveness of clean energy sources in the country. These reference prices would apply to biomass, geothermal, hydro, solar and wind projects. Prices vary from \$66/MWh-\$80/MWh (lowest range) for wind projects up to \$103/MWh-\$118/MWh (highest range) for solar plants.