



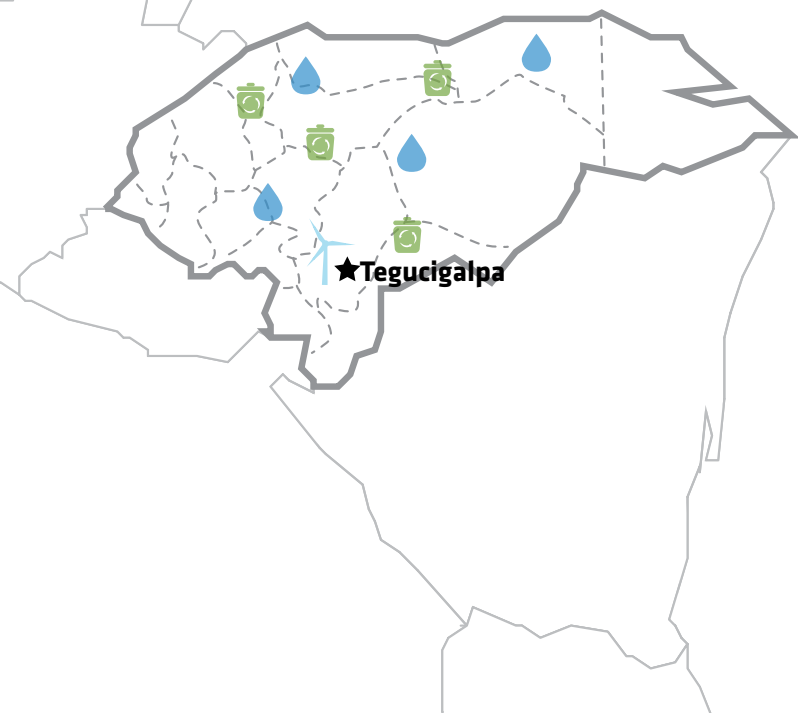
# Honduras

GDP: **\$19.4bn**Five-year economic growth rate: **4.1%**Population: **8.3m**Total clean energy investments, 2009-2014: **\$1.4bn**Installed power capacity: **1.8GW**Renewable share: **24.9%**Total clean energy generation: **1.3TWh**

Top energy authority:

**Department of Natural Resources and Environment**
**OVERALL RANKING**  
 2014 2015

**OVERALL SCORE**  
 2015

**25 14 1.50**


PARAMETER	RANKING	SCORE
<b>I. Enabling Framework</b>	<b>34</b>	<b>1.06</b>
<b>II. Clean Energy Investment &amp; Climate Financing</b>	<b>01</b>	<b>2.06</b>
<b>III. Low-Carbon Business &amp; Clean Energy Value Chains</b>	<b>27</b>	<b>1.48</b>
<b>IV. Greenhouse Gas Management Activities</b>	<b>20</b>	<b>1.56</b>

## SCORE SUMMARY

Honduras advanced 11 places in *Climatescope* 2015, with an overall score of 1.50 to reach 14<sup>th</sup> place. The country's 2014 metrics were a 1.15 score and a 25<sup>th</sup>-place ranking.

In 2015, Honduras benefited from a notably stronger performance on the Growth Rate of Clean Energy Investments Indicator of Clean Energy Investment and Climate Financing Parameter II. The country also registered sharp improvement on the separate Local Investments Indicator of that parameter.

On Enabling Framework Parameter I, Honduras in 2015 lost ground, with a 1.06 score and a parameter ranking of 34<sup>th</sup>. In 2014, Honduras scored 1.29 on the parameter, ranking 20<sup>th</sup>.

Honduras in 2015 bested all *Climatescope* countries on Clean Energy Investment and Climate Financing Parameter II, with a 2.06 score. That result compares with a 0.64 rating in 2014, placing the country in 22<sup>nd</sup> place.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, Honduras in 2015 scored 1.48, ranking it 27<sup>th</sup>. Its 2014 metrics were a 1.42 score and a rank of 30<sup>th</sup>.

On Greenhouse Gas Management Activities Parameter IV, Honduras in 2015 repeated its 20<sup>th</sup>-place ranking and its 1.56 score of the previous year.

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

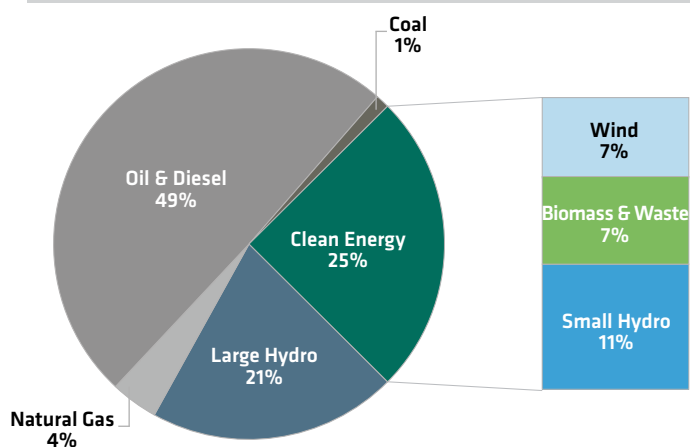
## OVERVIEW

As a result of a generous feed-in tariff (FiT), most solar photovoltaic installations in Central America in 2015 will occur in Honduras. The FiT, along with a new electricity law, have created major changes to the renewable energy sector in the country.

Honduras's power sector is going through a period of transition. The power market has been controlled by state-owned utility Empresa Nacional de Energía Eléctrica (ENEE), which is responsible for all transmission and distribution. ENEE also generated 23% out of the total 7.6TWh produced in 2014, with the remaining coming from private players.

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

1.8GW total installed capacity



Source: Bloomberg New Energy Finance, Empresa Nacional de Energía Eléctrica Honduras

The country approved a new electricity law that entered into force in July 2014 which will end ENEE's monopoly and allow greater participation of private players in the power market. It also creates an independent regulatory agency 'Comisión Reguladora de Energía (CREE)'. The new law was prompted by ENEE's high level of debt (equivalent to 1.8% of the country's \$18.6bn GDP in 2013), late payments and power losses. The reform process is still ongoing.

Honduras has an installed capacity of 1.8GW. In 2014, more than half (53%) of 7.6TWh total power generation was produced using oil & diesel. Large hydro represented 23% of generation, while other renewables (biomass, small hydro and wind) accounted for 16% of power production.

### KEY POLICIES

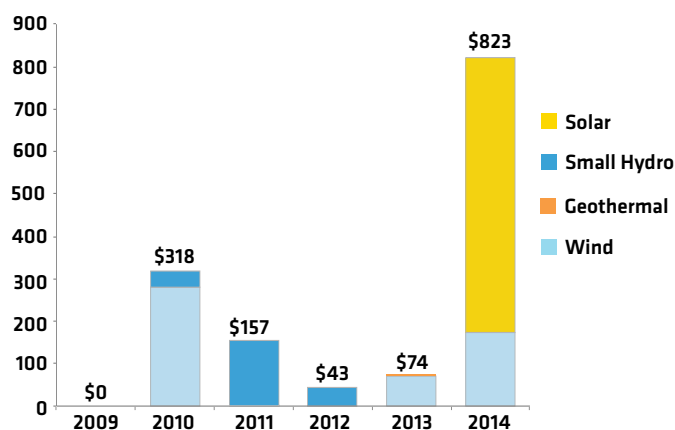
<b>Feed-in Tariff</b>	A 10% price premium for renewable projects and 15% for solar projects that sell electricity to the government-owned and operated electrical power company (ENEE).
<b>Auction</b>	ENEE has held one auction, awarding contracts to 37 renewable projects, from small hydro (257MW), geothermal (35MW), and biomass & waste (33MW) for 20 to 30-years contracts.
<b>Tax Incentives</b>	Import duty exemption to clean energy equipment and machinery and import and sale tax exemption to renewable generators.

Source: Bloomberg New Energy Finance Policy Library

Decree 70, published in June 2007, is the main source of renewable energy incentives. It establishes a 10% price premium to clean energy projects for the first 15 years of operation. It also grants import, income and sales tax exemption to renewable energy generators.

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

\$1.4bn total cumulative investment



Source: Bloomberg New Energy Finance

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

A feed-in tariff scheme offered contracts of \$180/MWh for the first 300MW of PV commissioned before July 2015. Projects commissioned after that date receive \$150/MWh. As of the second half of 2015, a total of 387MW of PV capacity had been commissioned in the country, making it the second largest solar market in Latin America.