



Panama

GDP: **\$46.2bn**

Five-year economic growth rate: **9.9%**

Population: **3.9m**

Total clean energy investments, 2009-2014: **\$1.9bn**

Installed power capacity: **2.8GW**

Renewable share: **9.5%**

Total clean energy generation: **852.8GWh**

Top energy authority: **National Secretariat of Energy**

OVERALL RANKING

2014

2015

28

21

OVERALL SCORE

2015

1.31

PARAMETER	RANKING	SCORE
I. Enabling Framework	13	1.48
II. Clean Energy Investment & Climate Financing	06	1.30
III. Low-Carbon Business & Clean Energy Value Chains	33	1.27
IV. Greenhouse Gas Management Activities	36	0.93

SCORE SUMMARY

Panama's 1.31 overall score in *Climatescope* 2015 placed it 21st among all countries, up from 28th position in 2014, when it scored 1.11.

The country's ascent was powered by gains on both Clean Energy Investment and Climate Financing Parameter II and Low-Carbon Business & Clean Energy Value Chains Parameter III. Panama's strength in the Growth Rate of Clean Energy Investments Indicator of Parameter II was instrumental, as was its performance on Parameter III's Financial Institutions in Clean Energy Indicator.

On Enabling Framework Parameter I, Panama finished 13th, down two places from 2014, with a score of 1.48. Its 2014 score was 1.339.

On Clean Energy Investment and Climate Financing Parameter II, Panama scored 1.39, up from 0.89 in 2014. Its Parameter II ranking was sixth in 2015 versus 11th in 2014.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, Panama's 33rd-place finish in 2015 was seven places above its position. The country's 2015 and 2014 Parameter III scores were 1.27 and 1.02, respectively.

On Greenhouse Gas Management Activities Parameter IV, Panama slipped three places to 36th. Its 2015 and 2014 Parameter IV scores were 0.93 and 0.91, respectively.

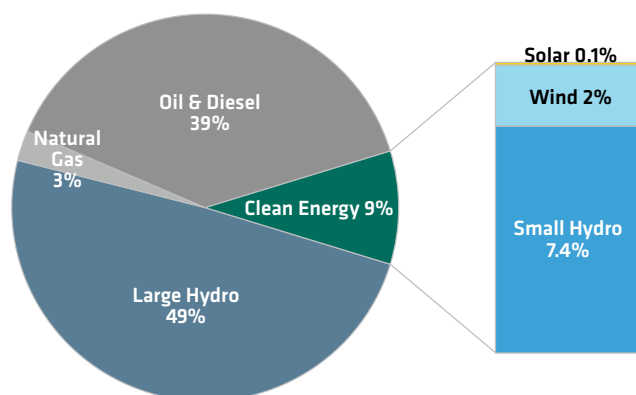
For further information, access www.global-climatescope.org/en/country/panama

OVERVIEW

To date, Panama's clean energy policies have focused particularly on wind and solar, and have included technology-specific auctions plus exclusive tax benefits for both. The country also supports small-scale projects through a range of tax incentives.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

2.8GW total installed capacity



Source: Bloomberg New Energy Finance, Autoridad Nacional de los Servicios Públicos

In the first half of 2014, Panama relied primarily on fossil sources to meet its power needs due to a prolonged drought that affected the country. 57% of the 4.5TWh generated in the first half of the year came from oil, diesel and natural gas; 34% came from large hydro plants, with small hydro accounting for another 6.6%; and the remaining 2% generated from clean energy plants. The first half of the year also saw a substantial rise to 176GWh in Panama's electricity imports from the Central America Regional Market (MER) given a severe drought that hit the country. Hydro generation picked up later in the year, but it raised a flag for the need of diversification of power generation sources.

KEY POLICIES

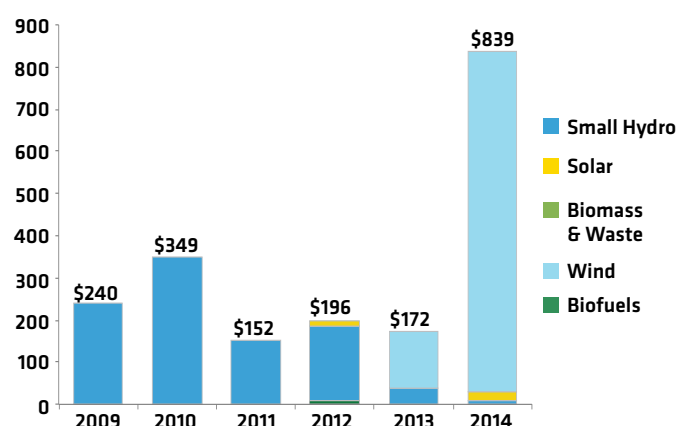
Feed-in Tariff	A 5% price premium is given to renewable projects up to 3MW that sell electricity to La Empresa de Transmisión Eléctrica (ETESA).
Auction	ETESA held two reverse auctions for wind, contracting eight plants with a total capacity of 283MW.
Biofuels	Mandatory blending of ethanol with gasoline from 2013, up to a maximum of 10% by 2016.
Tax Incentives	Import duty exemption for clean energy equipment; income tax credit and transmission and distribution tax exemption for generators.

Source: Bloomberg New Energy Finance Policy Library

State-owned Empresa de Transmisión Eléctrica (ETESA) is Panama's sole transmission company and also responsible for organizing tenders to purchase power. Following other Latin American countries, Panama has adopted auctions to contract renewable capacity. Utility regulator Autoridad Nacional de los Servicios Públicos (ASEP) sets tender guide-

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

\$1.9bn total cumulative investment



Source: Bloomberg New Energy Finance

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

lines and ETESA conducts the auction. Panama held its first wind auction in 2011, awarding contracts to 158MW of projects. The country held a second wind auction in 2013 that awarded a total capacity of 125MW scheduled to be online by 2019. The wind sector also receives exclusive incentives, such as accelerated depreciation for relevant equipment and a 15-year tax exemption for Panama-based companies manufacturing wind equipment. In 2014, Panama held its first tender for solar power contracts, awarding contracts to five projects with a total generation of 90GWh per year, scheduled to be commissioned by 2017. In 2015, the country organized one additional tender, but to contract natural gas capacity – a 350MW power plant.