Energy Issues in Peru and the Andes
Presented by
The Center for Latin American Issues
of The George Washington University
and
The Embassy of Peru

On Friday, January 28, the GW Center for Latin American Issues hosted a panel discussion on energy issues in Peru. The event, coordinated with the support of the Embassy of Peru, featured Jaime Quijandría, currently an Executive Director of the World Bank and formerly Peruvian Minister of Energy and Mines, and Robert Montgomery, Head of the Environment and Social Unit of the Private Sector Department in the Inter-American Development Bank.

There have been several fundamental changes in Peru’s energy sector in recent years. Due largely to more than $5 billion invested in energy over the last decade, energy production and distribution have improved considerably. In 1991, 53% of Peru’s citizens had access to electricity; today, 76% of the country can rely on electricity. Minister Quijandría estimated that it would require an investment of another $800 million to provide electricity to 90% of the nation, which is the standard for a country such as Peru.

Dr. Quijandría explained that the business structure of the Peruvian energy sector is similar to that of Argentina and Chile: while energy generation is relatively lightly regulated and open to market forces, the state has a more significant role in energy transmission and distribution. The Peruvian government sold many public assets during the 1990s, but in the future most development in the energy sector will be stimulated by providing incentives and concessions to private investors.

Peru’s primary sources of energy are hydrocarbons and natural gas. While Peru does produce some oil, it is a net oil importer. On the other hand, the nation’s natural gas reserves are substantial, and Peru is developing the infrastructure necessary to take advantage of those resources, both for its own consumption and for export. In fact, through the CAMISEA project, the Toledo government has undertaken an aggressive program to create the necessary infrastructure to generate, transport and market the nation’s natural gas reserves. Since August 2004, CAMISEA has provided natural gas for
electricity to an increasing number of residents in Lima and Callao. The next step will be to expand the ability to export this resource. This is the goal of CAMISEA II, which will help also to connect Peru’s energy supply to the network of the neighboring Andean nations.

While the potential of Peru’s energy sector is tremendous, Dr. Montgomery indicated the possibility of conflict with environmentally sensitive areas and particularly vulnerable populations, including indigenous groups and the rural poor. The best way to ensure successful resource development, he said, is to be expansive in considering the possible impacts of projects. By anticipating problems and needs, developers can increase public support for these efforts and reduce their negative impacts. To accomplish this goal, local communities must be included in project development and evaluation. Credibility must be established among the principal actors, including civil society organizations, the government, and the private sector. Dr. Montgomery presented the CAMISEA project as one which effectively addressed the broader needs of the population, and lessons from that project will be applied as plans are made to implement CAMISEA II.

This event was part of the Peru at GW Program.

POWERPOINT PRESENTATIONS:

Dr. Jaime Quijandría (5.6 MB)

Dr. Robert Montgomery (236 KB)

The Organizers thank the following for their support for this event:

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