



Caribbean Central American Action
**CENTRAL AMERICAN ENERGY &
COMPETITIVENESS CONFERENCE**



U.S. Agency for International Development
Central American Bank for Economic Integration
U.S. Department of Energy
U.S. Trade and Development Agency

May 24-25 2007
Tegucigalpa, Honduras
InterContinental Hotel

OVERVIEW

CONTEXT

As a region, Central America has the unique opportunity to take full advantage of the economic opportunities presented by the DR-CAFTA trade agreement. However, to make this a reality, the region must overcome the common challenges that affect its competitiveness, the availability of reliable power. Fundamentally, greater emphasis must be placed on the development of an integrated power market.

While there are efforts such as the SIEPAC regional transmission infrastructure project, the Central American energy sector is confronted with numerous obstacles which prevent private investment in the industry to meet growing demands. There continues to be broad-based regulatory uncertainty and in some cases regulatory voids. Some national frameworks are not yet fully compatible with the efforts to promote a Central American regional electricity market. There are also too many pricing disputes and theft incidents that lead to rolling blackouts. This situation is further compounded by high global fuel prices. The Central American Energy and Competitiveness Conference is designed to target these weaknesses and secure a commitment by decision-makers to undertake critical “next steps” to create a more favorable investment climate that is predictable, transparent and market-friendly.

CONFERENCE OBJECTIVES

This Conference will encourage dialogue between the public and private sector stakeholders involved in power generation, transmission and generation. This will include government regulators and policy makers, energy providers, the investment community and customers. The emphasis will be on developing strategies for developing regional regulatory and infrastructure integration, policy harmonization, improved investment climates and encouragement of energy diversification into renewables and conservation. The goals of this Conference is to encourage decision makers and business leaders to agree upon realistic recommendations and “next steps” that will positively improve the regulatory climate and

encourage investments which would ultimately strengthen and diversify the power generation sources and reduce energy costs. The dialogue will be framed to ensure that recommendations will be congruent with the context of the DR-CAFTA in order to maximize the trade benefits of the agreement.

This Central American Energy and Competitiveness Conference will aim to *engage leaders* from industry and government including entrepreneurs and small and medium enterprises; foster *interactive dialogue* between top level executives; *build capacity* and *disseminate information* on energy regulation and investment opportunities and financing; *identify best practices* in regulation structure and management; *forge partnerships* between the public and private sector inter-regionally and extra-regionally; *find equitable solutions* between energy suppliers, generators and consumers; *generate recommendations* that will *deliver results* to the Central American community, and *encourage commitment* from decision makers to implement and act on recommendations.

TARGET AUDIENCE

Government officials, regulators, investors, private sector executives, business and industry, regulatory specialists, financial institutions, and business associations from the Dominican Republic, Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua; as well as the U.S. public and private sector executives involved in the energy and investment sectors who are seeking to do business in Central America.

CONFERENCE METHODOLOGY

The conference will kick-off with a Town Hall style meeting that will include introduction of a “White Paper” funded by USTDA. This paper will provide a country-by-country synopsis of each country’s current regulatory framework in each country, installed capacity, power sector players, and tariff structure. The White Paper highlights the key challenges to the region and will propose thought provoking questions to be considered during each of the conference sessions.

Break out sessions will allow regional and U.S. leaders to present their perspectives and vision for a future that has reduced regulatory bottlenecks and an improved investment climate for power generation and distribution.

The fundamental question to be answered at this Conference is: **What type of national and regional regulatory frameworks should be implemented to optimize and encourage investment in energy?** The Moderator will pose critical questions to be answered relevant to the theme. Comments and suggestions from the ensuing discussion will be summarized into 3-5 actionable responses.

At the conclusion of the conference, a report will be compiled by USTDA, presenting the findings of each Focus Area session. This in the form of an Action Plan that reflects the input of all stakeholders.

FOCUS AREAS

Regulation of Power Generation and Supply

In order to remain competitive the region must move to integrate its essential infrastructure in a compatible and cohesive manner. Central to this effort is the integration of regional energy and power generation systems. Achieving this however calls for harmonized regulatory regimes and adoption of regional best practices. What measures need to be implemented to create market efficiencies and to render long-term benefits to the region? What steps can governments take to encourage investment sufficient to meet increasing demand for new power generation? Is regional regulatory harmonization economically feasible? What innovative policy solutions and legal standards should the region adopt to meet these energy challenges?

Energy and Competitiveness

While the efficiency of the region's utilization of traditional imported petroleum supply must be managed and optimized to lower end user costs, enhanced energy security can be realized by diversifying the energy portfolio. How can countries and the region optimize this potential? What regulatory frameworks need to be in place to encourage the integration of new energy resources into generation and transmission systems? Which renewable energy sources hold the most potential for the region? Are these sources technically and financially feasible? Are policies in place to create incentives for investment and entrepreneurship in this sector?

Regulatory Practices which Encourage Investment

The deficiencies in the energy and power generation infrastructure throughout the region require the inflow of foreign and local investment. To make investment attractive there must be more than just "dialogue" between the public and private sectors to provide investors with confidence in the market. What do international and multilateral lenders and investors take into account in making investment decisions? How can governments ensure the operating environment is attractive?



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WEDNESDAY MAY 23RD

ARRIVAL OF INTERNATIONAL PARTICIPANTS

6:00 - 7:00 PM **REGISTRATION**
7:00 PM **COCKTAIL RECEPTION (TBD)**

THURSDAY MAY 24TH

7:30 **REGISTRATION**

9:00 - 10:30 AM **OPENING SESSION**
WELCOME: **Manuel A. Rosales**, President and CEO, CCAA
COMMENTS: **Hon. Charles Ford**, U.S. Ambassador to Honduras (TBI)
 Harry Brautigam, CABEI (TBI)
KEYNOTE: **Hon. José Manuel Zelaya Rosales**, President of Honduras (TBI)

10:30 - 12:00 **PLENARY TOWN HALL SESSION: OVERVIEW OF REGIONAL ENERGY SECTOR, REGULATION AND COMPETITIVENESS**
A USTDA funded White Paper will help facilitate the discussion by outlining key questions and summarizing the current situation in Central America. This White Paper synthesizes analyses of the overarching regulatory, legal, economic and technical issues facing the region as it

moves towards the goal of an integrated regional power market and seeks to improve its competitiveness as a region.

MODERATOR: Fernando Cuevas, UNECLAC (I)

DISCUSSANTS: Representative, USTDA (TBI), Ignacio Rodriguez, PA Consulting (I); Waldo Moncado, CABEI (I); Carlos Contreras, Minister of Energy El Salvador (I); Representative, USAID; Edwin Rodas, Duke Energy (I); Gloria Villa, Directora Sectorial de Energia Costa Rica (TBI)

12:00 - 1:30 PM

LUNCHEON

ENERGY AND ECONOMIC DEVELOPMENT

KEYNOTE: Luis Alberto Moreno, Inter-American Development Bank (I)

1:30 - 3:30 PM

SESSION I: ENERGY AND COMPETITIVENESS - PERSPECTIVES FROM BUSINESS AND INDUSTRY

This session will focus discussion on the linkages between a competitive power sector, economic growth, and competitiveness. Businesses require reliable, low cost energy in order function and fully take advantage of the opportunities offered by DR-CAFTA. How can power infrastructure be strengthened to improve the business efficiency? What is the role of government and investors in exploring increased capacity through diversification into renewables and new energy efficient technology? Can business benefit from integration of regional power infrastructure and what is the economic cost of the integration effort?

SESSION IA: MODERATOR: Andrew Vesey, AES Corporation (I)

SESSION IB: MODERATOR: TDB

DISCUSSANTS: David Crabtree, TECO Power (I); Henry Fransen Jr., Honduran Apparel Manufactures Association (TBI); Representative, Free Trade Zone; AMCHAM Costa Rica; Silvia Alvarado, Globeleq (I); Cristhian Escobar, Renewable Energy Association Guatemala (TBI); Roberto Dobles, Minster of Energy Costa Rica (I)

3:30 - 3:45 PM

COFFEE BREAK

3:45 - 5:45 PM

SESSION II: PROVIDING AN ENABLING ENVIRONMENT - PERSPECTIVES FROM REGULATORS AND GOVERNMENT

The role of the government policymakers and regulators are to provide the legal, regulatory and policy frameworks which enable transparent, fair and effective power markets. This session will focus on the successes and challenges faced by regulators in managing these responsibilities and how their decisions affect business competitiveness. What has been the

impact of policies on power markets? What are the lessons learned in electricity law reforms, cost models and generation system characteristics? What is the role of the regulator in protecting consumers, ensuring minimum standards of service and reliability and the determination of setting of the maximum energy prices? How are governments and regulators encouraging the development of renewables and the efficient use of the traditional petroleum supply chain? What is the government's outlook on future generation and transmission plans, legislative reforms and the regional integration of power infrastructures?

SESSION IIA: MODERATOR: Teofilo Torre, SIECA (TBI)

SESSION IIB MODERATOR: TDB

DISCUSSANTS: Emilio Rapaccioli Minister of Energy Nicaragua (I); Gary Ward , USDOE (TBI); Adrian Ratner, Quantum Americas (TBI); Eduardo Del Valle, EDGV Consultants (TBI); Michael Realini, PetroLatina (TBI); Alejandro Alle, Puma El Salvador (TBI); Jaime Arimany Ruiz, FERCCA (TBI)

5:45 – 6:00 PM **REMARKS**

6:30 – 8:00 PM **NETWORKING RECEPTION**

FRIDAY MAY 25TH

7:30 AM **REGISTRATION**

8:30 – 10:30 AM **SESSION III: REGULATORY FRAMEWORKS FOR ATTRACTING INVESTMENT, FINANCING AND ENTREPRENEURSHIP**

This session will focus on how the public and private sectors can work together to ensure the availability of financing for new projects. What are the legal, regulatory and due diligence requirements? Are there successful regional reform models and what new reforms are needed? What policies and regulation will attract private lenders and multilaterals in making investment decisions? The session will also aid the investors and governments in identifying potential projects and strategies to minimize legal and financial risks. Do investment opportunities in clean and renewable energy exist in the region? What is the outlook for foreign and local capital in the region? How are global trends affecting regional financing priorities?

SESSION IIIA MODERATOR: Representative, MesoAmerica Group

SESSION IIIB MODERATOR: TDB

MODERATOR: **DISCUSSANTS:** Linda Conlin, USEXIM Bank (TBI); Representative, OPIC; Representative, IDB; Representative, Chamber of Commerce; Jay Gallegos, Mesoamerica Energy (TBI); Victor Hugo Arauja, Comision Nacional de Energia Electrica Guatemala (TBI); Andrew Schroeder, Energy Investment Fund (I); Heidi Achong, RBTT (I)

10:30-11:00 AM

COFFEE BREAK

11:00 - 12:30

SUMMARY TOWN HALL SESSION: RECOMMENDATIONS ON THE NEXT STEPS

The Moderators will provide an executive summary of the discussions and recommendations made during their respective sessions. The goal of the closing “town hall” session is to discuss the recommendation and outline an action plan of “Steps Forward” that reflect the input of both government and private sector stakeholders.

MODERATOR : Jose Enrique Martinez Arbelo, SIEPAC

DISCUSSANTS: Representative, MesoAmerica Group (TBD); Arturo Condo, INCAE (TBI); Teofilo Torre, SIECA (TBI); Andrew Vesey, AES Corporation (I); Fernando Cuevas, UNECLAC (TBI); Lorena Lanza, Ministry of Energy Nicaragua (TBI)

12:30 - 2:00 PM

LUNCHEON

KEYNOTE: **Mayra Mejía del Cid**, Secretary of Natural Resources & Environment (TBI)

2:00 - 3:30 PM

SESSION IV PART 1: THE HONDURAS EXPERIENCE AND ENERGY OPPORTUNITIES

The vertical integration of the electricity industry, political interference and the stagnating regulatory regime of Honduras has presented challenges to upgrade and expansion of the power infrastructure and eventual integration into a regional market. What are the reforms needed to move to a more market oriented position? How can regulatory reform attract investment from the private sector? Are there incentives for renewable energy exploitation? Can Honduras learn from regional best practices and models?

3:30 - 5:00 PM

SESSION IV PART 2: SUMMARY & RECOMMENDATIONS: NEXT STEPS

This session will draw upon the findings and recommendations of the Conference to identify an action plan specifically for Honduras. There

will be a discussion of recommendations on concrete actions that can be taken to improve the national regulatory climate and address Honduras' role and place in the regional integration process.

MODERATOR: Kate Maloney, USTDA (TBI)

DISCUSSANTS: Julio Romero, Comision Nacional de Energia Honduras (TBI); Freddy Naser, Grupo Terra (TBI); Chuckry Kaffie, LUFUSA (TBI); Moises Starkman, Government of Honduras (TBI)

END OF CONFERENCE

DRAFT



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InterContinental Hotel
Tegucigalpa, Honduras
May 24-25, 2007



USAID
FROM THE AMERICAN PEOPLE

REGISTRATION INSTRUCTIONS

CONFERENCE REGISTRATION:

SALUTATION: MR. MRS. MS. DR.

LAST NAME:

FIRST NAME:

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EXACT TITLE:

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COMPANY/ORGANIZATION:

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ADDRESS:

--

CITY:

STATE:

COUNTRY:

--	--	--

ZIP/POSTAL CODE:

AREA/COUNTRY CODE:

TELEPHONE #:

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FAX NUMBER:

E-MAIL ADDRESS:

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Please return completed form via fax to (202) 822 - 0075 or via email to kfenn@c-cao.org

For further information about CCAA's Central American Energy and Competitiveness Conference, please contact Karin Fenn at (202) 466 7464 x 27 or via email at kfenn@c-cao.org. Please note that there is NO Conference fee but space is limited for this event.

HOTEL REGISTRATION

To make a reservation at the group rate of **\$122/night**,
please contact the InterContinental Hotel directly at **(504) 231-2727**.

Space is limited, so be sure to make your reservation early.