

Interview with Jose Antonio Vargas Lleras, Chair of WEC Colombia



Dr Jose Antonio Vargas Lleras, Chair of Colombian Member Committee of WEC; Chairman of the Board of Endesa-Colombia; Chairman of the Board of Directors of Andesco

What are the major energy issues in Colombia?

WEC's flagship study, the Assessment of Energy Policies and Practices, bears great relevance to an issue that used to keep the electric power industry authorities and officers in Colombia from sleeping soundly; the lack of a reliable electric service supply.

The periodic appearance of El Niño Southern Oscillation (ENSO phenomenon) was the main cause of a long dry season in Colombia in 1992-93, which caused an electric rationing, consisting of an average of 7 hours shortage a day. This impacted the productive sector and of course the population, who had to adapt their living habits during this period. This critical episode was overcome and its 'silver lining' was that it created the path for a new legal framework, which introduced a competitive market model for the provision of public utilities in Colombia. In the electric sector, a law passed in 1994 established a scheme to govern the different activities of generation, transmission, distribution and commercialisation of electricity, as well as the key elements and guidelines for the Wholesale Electricity Market, which came into operation in 1995. Since then, the Government upholds this competitive market model through an institutional structure, consisting of three main elements: definition of the energy policy; regulation; surveillance and control.

During the 16 years since the implementation of the Wholesale Electricity Market, there have been three further 'El Niño' episodes (1997-98, 2001-02, 2009-10) that were considered the 'acid tests' for the model; the reformed electric sector was called on to provide a reliable service. This was indeed possible, thanks to one of the important results of the electrical reform, the diversification of the supply generation matrix – mostly with private investment, thus allowing the system to be supported during critical hydrology periods. The system remains highly dependent on hydro resources; indeed, 63% of installed capacity in Colombia is hydropower.

What other tests does the electricity sector in Colombia face, and what relation do they bear to WEC's work?

Aside from the most recent 'El Niño' episode, the event that caused a great stress for the system was the international financial crisis of the last quarter of 2008. At the end of 2008, the most likely forecast for the annual energy demand growth rate was at most 1%, however the actual rate in 2009 was 1.5%, considered an acceptable performance for the electric demand. The last dry season of 'El Niño' had a strong impact in the agriculture sector, water for human consumption, and also threatened power supply reliability. In addition, the country was also affected by a natural gas main pipeline capacity constraint, to transport gas from the north coast to the interior of the country for the thermal power operation. The governmental energy policy and regulatory framework, which is market-oriented to respond to this kind of situation, was temporarily intervened with several operative rules, in order to assure the reliability for the electric power system and Colombia was able to support the electric demand requirement during this period without any supply shortages.

Because of the gas constraint, the government declared a program to manage gas scarcity, in order to allocate the resource in priority demand sectors (household, compressed-natural-gas vehicles, small commercial and industrial customers) and also in the gas-fired thermal power generation plants. Additionally a safeguard policy was adopted, for domestic demand to take precedence over the exportation contract to Venezuela, during the period of rationing.

The Colombian Commission for the Regulation of Energy and Gas (CREG) modified the regulatory operation code to moderate the agent's behavior and to give incentives to hydro generators to preserve the water reservoirs level according to a reliability standard monitoring, defined by the system operator, the National Dispatch Center (CND). These kind of policies and rules can teach important lessons to the electric sector, because they successfully guarantee a reliable provision of domestic service, and on occasion even allow for excess service to be exported to neighbouring countries.

Now that WEC is developing the energy policy Assessment, which puts together a set of good and advisable practices, the Colombia case can be included in this study to make use of the important experiences mentioned above. These important lessons can be applied by the energy sectors in other WEC member countries, in order to contribute to the achievement of energy availability, accessibility, acceptability and accountability; namely WEC's main goal.

WEC Debriefing

Committee on the Performance of Generating Plant (PGP) meets Latin American colleagues

Over 100 participants from Argentina and neighbouring countries attended a power plant performance benchmarking workshop in Buenos Aires on April 20. The event, which was hosted by WEC Argentina and organised by the WEC PGP Committee, included presentations of the Committee's current work, which is focused on the collection, international exchange and use of data for plant performance benchmarking, and also covers three further activities: trends in the global nuclear power sector, assessment of the challenges in power generation technology transfer and issues related to the integration of rapidly growing share of renewables in the existing grids and supply systems. Experts from the Argentine power sector and CIER (Commission for Regional Energy Integration) presented their activities and shared their experience about how they are addressing issues facing the electricity sector in Latin America, including an interactive demonstration of the benchmarking process, using concrete examples and the assessment framework. A lively discussion confirmed that power utilities in different parts of the world are confronting the same difficulties, given the growing pressures from their governments and customers to supply reliable, clean and cheap electricity in a competitive environment. Presentations from the workshop will be available on the WEC website shortly.

Congress Update

The WEC Montreal 2010 tour program is now online. Participants and their accompanying persons can now choose from among several tours, pre- and post-Congress, that will allow them to discover some of the most interesting places and energy sites in Canada. The routes have been selected to allow delegates to visit energy installations in Canada, and to introduce them to some of the historical, cultural and tourism aspects of this vast country. Tours are planned to Saskatchewan from September 7 to 10 (visits to a uranium mine and an oil facility), to Ontario from September 18 to 21 (visit to a nuclear generating station and a wind farm), to Eastern Canada from September 18 to 23 (visit to a wind farm and a liquefied natural gas terminal), as well as to Alberta and the Canadian Rockies from September 18 to 23 (visit to an oil sands processing centre). The itinerary of each tour is described in detail on the Congress website: www.wecmontreal2010.ca.

Participants who wish to sign up for a study tour must fill out the appropriate section of the registration form, which is available on the website.

The number of places is limited, so those interested should sign up as soon as possible.

WEC Agenda

We invite our members to attend the following events:

May 17; via Teleconference

-WEC Finance Committee (CLOSED MEETING)
-Contact: melton@worldenergy.org

May 27; Bucharest, Romania

-RNC Conference: 'Protection of Critical Infrastructures'
-Organised by WEC Romanian National Committee
-Contact: gmbalan@cnr-cme.ro

June 3-4; Thessaloniki, Greece

-4th South East Europe Energy Dialogue
-Organised by Institute of Energy for South East Europe (IENE) in collaboration with WEC-Europe region
-Contact: secretariat@iene.gr

June 9-11; Beijing, China

-WEC Officers Council (CLOSED MEETING) and Asia Energy Leaders Summit
-Contact: best@worldenergy.org

June 13-17; Neptun-Olimp, Romania

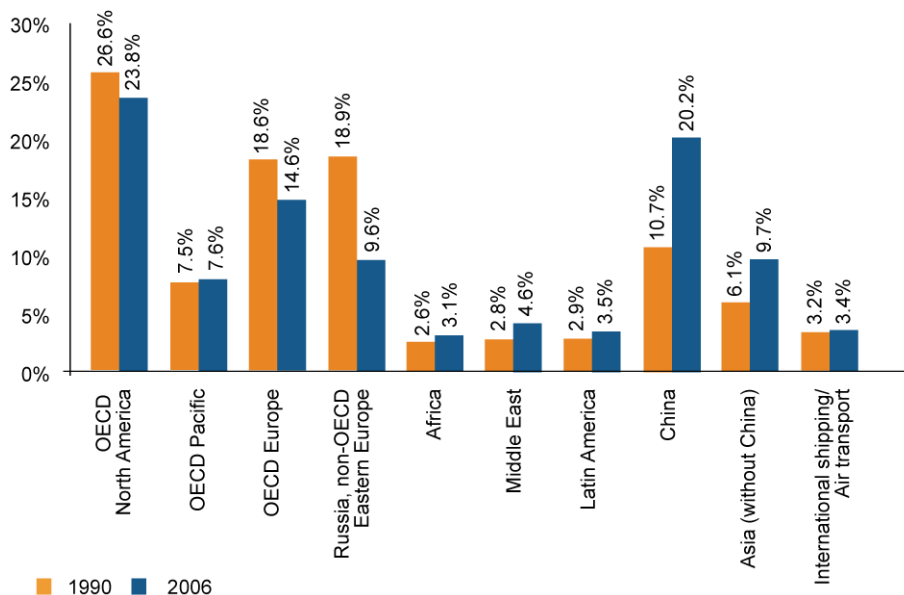
-WEC Regional Energy Forum – FOREN 2010
-Organised by WEC/ RNC and Corporate Members
-Contact: gmbalan@cnr-cme.ro

For further events and more details, please check the Events page on the WEC website...

Inside Insight

Change in global CO₂-emissions by region between 1990 and 2006

Taken from WEC report on "European Climate Change Policy Beyond 2012"
Source: Ziesing, Energiewirtschaftliche Tagesfragen 9/2008, pp. 62-73



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