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The high and never-ending number of licenses, permits and concessions granted for power generation projects in Latin America and the Caribbean has raised eyebrows among sector agents as to the seriousness of such endeavors.

BNamericas spoke to Maxo Benalal, CEO of wind power developer Industria Tecnológica Panameña (ITP) and a director of the Latin American Wind Energy Association, to learn his views on the myriad of wind projects under development in Panama and the region, as well as ITP's projects in Panama and neighboring countries.

BNamericas: What is your assessment of Panama's current energy situation?

Benalal: One thing that is evident and has not been made very public in recent years is that Panama for about two years has brushed the safety margin between production and consumption, which is dangerous because if nothing is done, then outages will begin. Things, however, have begun to gather steam.

Last year, agreements were reached with company Suez, I believe, to open for example thermo plants in Colón and Chiriqui.

The government has also adopted a strategic plan to deal with the lack of water for hydroelectric generation due to the current drought.

This integrated effort to tackle power sector problems and in particular the promotion of renewables is evident in the current government and was not seen in previous administrations.

Disorganization and mismanagement in the previous administration also led public services regulator Asep to grant in a couple of years 20-30 generation licenses totaling 3GW when the maximum the grid could accept was 200MW.

BNamericas: Is there much red tape in the process to secure a generation license?

Benalal: Today there are various entities involved in the process of securing a license, including Asep, an entity responsible for the environmental impact studies and another entity to determine the impact on the grid.

Investors would benefit from a centralized process instead of having to deal with different agencies.

What is also important is that renewable energy generation projects should be considered "public interest" goods, in other words, the paperwork for these should be

streamlined and centralized. It's not the same a person who will build a hotel on a beach versus someone who will build a power generation plant.

BNamericas: What is the strategy of ITP and its partners in Panama?

Benalal: Our idea is to develop a project and manage it for 20 years versus what has been occurring here in Panama which is requesting licenses, getting on a plane and selling them.

I'm one of the directors of the Latin American Wind Energy Association and I see the list of wind projects in the continent and there are 3-4-5 times more than what could be generated.

Here in Panama, under the previous administration, for example, eight licenses were given I believe to one company, with each wind park for 400MW and one or two for 600MW. It's absurd. So when these developers go to Europe and present a project for 600MW it is attractive. It's a lack of knowledge, however, on the part of the buyer who believes the administration has done its job in granting the license.

BNamericas: Have things changed since the new government took office last year?

Benalal: Today the licenses that are being granted are for much smaller wind parks, less than half of what were granted under the previous administration.

BNamericas: Many argue wind generated power and other renewables must be subsidized to be competitive. What is your opinion?

Benalal: Many people have fallen asleep with information that probably was valid 5-6-7-8 years ago, but not today. Hydro today costs US\$2.8mn-3.3mn/MW, while according to our costs wind power costs US\$1.7mn/MW; thermo is cheaper.

In addition, thermo generators must pay for their fuel source and hydro could put in danger a country's water resources, while in the case of wind power - which has a useful life of 20-25 years - the only costs are maintenance due to the endless fuel source.

BNamericas: What are ITP's most advanced projects in Panama?

Benalal: ITP here in Panama is moving forward with projects Veraguas 1 and 2 (240MW) and Boquete (100MW).

BNamericas: What is the status of the projects?

Benalal: Veraguas and Boquete are ready in terms of design for access roads and substations, and the environmental and grid impact studies are due to be ready in March. We have reserved 91MW of material for delivery in the first quarter of next year and power could begin to be supplied to the grid in July-August 2011.

BNamericas: Does ITP have projects outside Panama?

Benalal: We have signed a turnkey contract for a 40MW wind farm in Nicaragua called San Martín which would be the second in the country. In the Dominican Republic, we are in negotiations with generator Ege Haina to participate in a 100MW project in

Barahona, and are in talks to buy another Dominican Republic company for a 100MW project in Puerto Plata.

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