

Natural Gas Development in the Caribbean

Natural gas has been positioned as a transitional fuel for the 21st century due to advantageous characteristics like abundance, lower degree of pollution and greater combustion efficiency in combined cycle power plants, which makes it a competitive and preferred energy source compared to many other fuels, especially other fossil fuels.

Technological developments of liquefied natural gas (LNG), shale gas in North America and virtual transport and commercialization (i.e., small LNG), allow natural gas to be used competitively on a smaller scale and with more dynamism in countries without natural gas production.

Caribbean countries, such as the Dominican Republic and Puerto Rico, where there is no domestic supply of natural gas, are already benefiting from this energy in power generation as an anchor for the grid, and in other uses in economic sectors, mainly displacing petroleum products.

Where projects have been developed with LNG, associated with thermoelectric projects, the countries have been forced to restructure their regulatory and market schemes, to allow the entry of natural gas into the country's energy consumption matrix.

LNG Regasification Terminals in the Caribbean



Source: CEPAL, chart by GELA

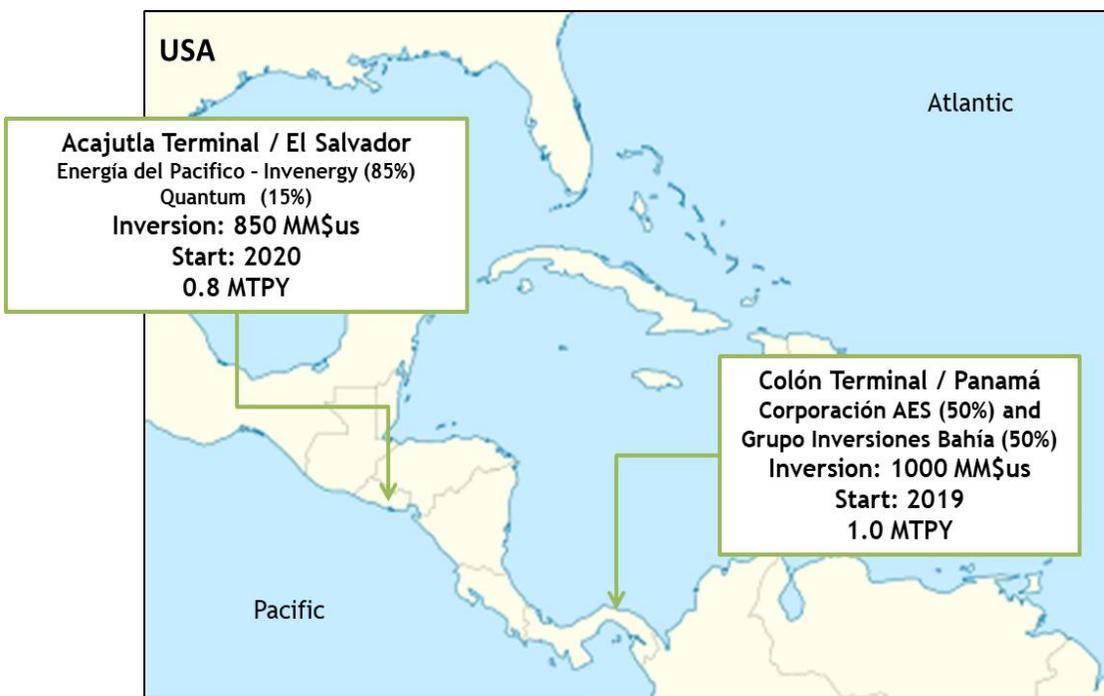
It is easy to imagine that this has been possible by taking into account the appropriate and strategic location of the Caribbean, in relation to the nearby supply of LNG, from Trinidad & Tobago and the USA, more recently.

The tendency to promote the use of natural gas continues in Central America and thus we contemplate two additional LNG terminals, one under construction in Colon, Panama and another in the planning stage in Acajutla, El Salvador. The supply from USA for transportation, especially to Panama, undoubtedly reduces the costs of the "landed" LNG.

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Development in the Caribbean

LNG Regasification Terminals, Under Development in Central America



Source: CEPAL, chart by GELA

It is worth noting that in Panama there have been tenders for two new thermoelectric plants, which may have to use natural gas from new regasification terminals, or those currently under construction.

Actually, the company AES in the Dominican Republic has already consolidated as an important "LNG supply hub" for the Caribbean region, and now, with the terminal in Panama, consolidates its position in the entire Central American region, where small countries require small quantities, and where small and micro LNG will play a competitive role with LPG, diesel, fuel oil and electricity.

Undoubtedly, LNG is the energy that will promote a kind of virtual gas integration in this region, and fairly quickly. If one considers and compares the billions of dollars that studies and infrastructure cost, for the longed-for project of the SIEPAC, (Electrical Interconnection System of the Central America countries, 1987), it becomes evident that the LNG developing a similar commercial scheme, and providing the region with competitive, clean and supportive energy.

After analyzing the future electrical dispatch of Central America we see that more LNG regasification plants are planned after 2020 in other countries.

There is still a lot of work to be done. The countries in Central America and Caribbean must take the 21st century fuel and define the regulatory and market conditions, so natural gas opens its own path and competes in these regions.

Finally, it is necessary to point out that natural gas / LNG is the perfect complement for renewable energies, which have important intermittences, and their use is perfectly aligned with the objectives of COP21, and the environmental sustainability of a less carbonized planet.

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