

Overseas Business Insights

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Argentina: Renewable Energy Powers Forward

Argentina concluded its first renewable energy auction (RenovAr) October 7. The initial bid round attracted 123 bids for projects that represented more than 6 gigawatts (GW) of new power. After technical disqualifications, the remaining 105 bids included 49 wind projects for 3,468 megawatts (MW) (seven times the amount sought) and 58 solar projects for 2,813 MW (ten times the

amount sought). After setting a price floor, the government analyzed qualifying offers against economic and technical criteria, including requirements for technological and geographic diversity, and awarded 17 contracts

(12 wind, 4 solar, and 1 biogas project) that could add 1,109 MW of power to the grid and involve an investment of \$1.8 billion in renewable energy infrastructure. The list of winning bids included wind power projects spanning

six different provinces (Buenos Aires, Chubut, Río Negro, Santa Cruz, Neuquén, and La Rioja) and solar projects in both Jujuy and Salta, as well as a biogas project in Santa Fe. Thus, nine of the country's 23 provinces are lined up to participate in renewable energy development. If all 17 awarded projects are built according to plan, within two years, renewable energy will ac-



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Costa Rica's Path Towards Carbon Neutrality

Costa Rica has positioned itself as a big player in the global climate change arena, despite its relatively small size, by pioneering forward-leaning conservation pol-

icies and bold carbon neutrality goals. The environment is a source of national pride and the average Costa Rican supports policies that would enhance their

country's role as a global leader on climate change and conservation.

Costa Rica's success in recreating itself as a green nation began by centering efforts on for-

est conservation, reforestation, and a robust national parks system. Costa Rica became the first tropical country in the world to reverse the process of deforestation, increasing forest





Costa Rica (continued)

cover from 26 percent in 1983 to 52 percent today, by creating its extensive system of protected areas, implementing a ban on clearing mature forests, and pioneering incentives such as the Payment for Ecosystem Services (PES) programs and Debt-for-Nature Swaps. The PES program was first developed by the government of Costa Rica to incentivize conservation by paying land owners to protect key ecosystem services on their land such as those contributing to the mitigation of greenhouse gases, protection of water or biodiversity, and scenic beauty. Various sources of finance for PES included public funds derived from a selective fuel tax, water fees, loans from international entities such as the World Bank, forestry credits, and agreements with private sector companies. Costa Rica's unique recipe for reversing deforestation has been celebrated globally and replicated in many

countries.

National Climate Change Strategy

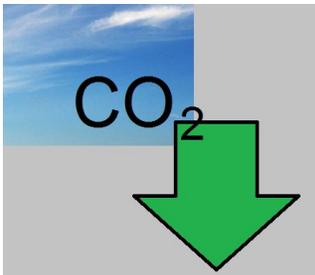
The Costa Rican government's "National Strategy on Climate Change" details a comprehensive national approach to climate change. The National Strategy covers six main pillars: mitigation, vulnerability and adaptation, developing metric systems, technology transfer, education and public awareness and financing. It focuses most mitigation efforts on transportation, energy, and agriculture and most adaptation measures on water resource management and agriculture. In addition, under the strategy, the government has implemented a policy requiring all public institutions to produce and execute short, medium, and long-term action plans that ministries are starting to implement. These action plans serve as catalysts for institutional change and guide the allocation of public and private re-

sources to help the country build resilience to climate change and become a model of low carbon development.

Following the 2008 National Climate Change Strategy, Costa Rica developed a national carbon market as part of its plan for reaching carbon neutrality. Adopted in 2011, the National Norm of Carbon Neutrality defines the conditions in which businesses and organizations can receive a carbon neutral certification. To date, over 60 companies have been certified, showing a strong trend in both the private sector and the public sector towards achieving climate neutrality. These companies have the potential to reduce CO2 emissions by around 60,000 tons annually to support low carbon economies.

Transportation Sector

The biggest challenge to achieving its carbon neutrality commitments is transportation. According to the Ministry of Transportation and Public Works (MOPT), the transportation sector is responsible for approximately 67 percent of the carbon emissions in the country. Of these emissions, 41 percent come from privately-owned automobiles. The Ministry of Energy and the Environment (MINAE) is keen to work with the private sector to bring electric vehicles to Costa Rica. The Ministry welcomes interest by U.S. firms and one U.S. company is paving the way, having arrived in Costa Rica in September 2016 with plans to set up shop building its own electric cars in 2017.



Canada: Alberta Government Introduces Initial Phase of Renewable Electricity Plan

The Alberta government announced its Renewable Electricity Program, which will add 5,000 megawatts of renewable electricity capacity by 2030 using a competitive bidding process, administered by the Alberta Electric System Operator (AESO). This will place Alberta on a path to achieve its target of 30

percent renewable electricity by that time, according to the Ministry of the Environment. The government will also soon introduce the *Renewable Electricity Act*, which will reinforce Alberta's commitment to the "30 by 30" target and provide the legislative framework for the Renewable Electricity Program. Successful private sector bids should result in

new investment of at least CAD \$10.5 billion into the Alberta economy by 2030, with at least 7,200 jobs created, according to the government. Starting on November 10, the AESO will gather feedback from industry on draft commercial terms before the start of the first competition 2017. Currently, Alberta plans a competitive bid for

400 MWs of renewable electricity in the first competition. The government will subsidize projects selected through the bidding process with a portion of carbon revenues collected from large industrial emitters. Additionally, the government intends to implement safeguards to ensure the bidding process is fair and transparent.

Canada Adds to Infrastructure Spending

As part of the government's November Fiscal and Economic Update on November 1, the Ministry of Finance announced further efforts to stimulate the Canadian economy through infrastructure investment. The government's March 2016 Budget had called for C\$120 billion over 10 years in infrastructure spending, but the Ministry reported the government is now planning to spend C\$186 bil-

lion over twelve years. The government maintained its three categories of infrastructure spending (green, transit, and social infrastructure), while adding trade and transportation and rural and Northern communities as two additional pillars. The government also said it will create an infrastructure bank with initial capital of C\$35 billion and create a new Invest in Canada Hub to lure more foreign investment to Canada. The government's new Economic Advisory

Council advanced both ideas.

Additionally, the government said it will relax foreign investment regulations by increasing the threshold of review on foreign investments to C\$1 billion in 2017, two years sooner than initially planned, and revise guidelines under which investments are reviewed for national security purposes. The government also plans to adopt a global skills strategy that will

speed up processing times of visas and work permits. The November Fiscal and Economic Update announced initiatives for a more open and transparent government, including plans to strengthen the role of the Parliamentary Budget Officer (who provides independent analysis of the government's finances) by establishing the position as an independent Officer of Parliament.



Argentina (continued from page 1)

count for at least 4.8 percent of Argentina's power supply.

The winning bids, announced October 7, offered prices averaging half the current cost of electricity. According to a private electricity supplier, the average cost of electricity in Argentina today is close to \$100/mwh with marginal costs of around \$120/mwh. The winning developers will sign 20-year power purchase agreements with CAMMESA (the government wholesale electricity market administrator) and commit to have their projects completed and operating within two years.

To take advantage of the enthusiastic response the auction generated, the government decided to auction off an additional 600 MWs (400 MWs wind and 200 MWs of solar) in a "RenovAr 1.5" round with a price ceiling of \$60/mwh. Solar and wind projects that failed to secure contracts had the option of revising their offers and resubmitting them by November 11. The government received 47 proposals in this round totaling 600 MWs in 100 mw blocks, four for wind projects and two for solar projects. Winning bids were announced on November 25. The government also announced it will launch the second RenovAr auction as early as May 2017.

Table 1. Pricing Data

Technology	USD per mwh				Power Supply MW
	Minimum Bid Price	Average Bid Price	Average Price of Awarded Contracts	Government Price Ceiling	
Wind 	49.1	69.5	59.4	82	3,468
Solar 	59.0	76.2	59.7	90	2,813
Biogas	118.0	177.8	118	160	8.6
Biomass	110.0	114.6	---	110	44.5
Small Hydro	111.1	114.5	---	105	11.4



Other resources for anyone interested in overseas business news:

For **Caribbean and Latin American Markets**, the Department of Commerce has many resources to assist U.S. firms including market research, trade show calendars, trade delegation calendars, etc. Check out their “Trade Americas” and “Look South” websites:

<http://export.gov/tradeamericas/index.asp>

<http://export.gov/tradeamericas/looksouth/index.asp>



The U.S. Government’s main website to assist U.S. businesses at home and abroad. URL at <http://business.usa.gov/>



The Business Information Database System (BIDS) is a portal built to help U.S. businesses learn about significant international commercial opportunities. The site connects U.S. business to detailed information about each project as well as information to contact U.S. embassies overseas. URL at <http://bids.state.gov/>



The Direct Line program provides a unique opportunity for American businesses, particularly small- and medium-sized enterprises, to engage directly via webcast with U.S. Ambassadors overseas. The program is open to U.S. companies – whether they are already in the country where the Ambassador serves or if they are interested in expanding their businesses there. Webcasts will vary in topic according to the specific needs for business in a given country. URL at <http://www.state.gov/directline/>

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