

DETERMINATION OF THE NATURAL GAS PRICE FOR THE ELECTRICITY SECTOR IN BOLIVIA AND ITS IMPACT ON ELECTRICAL ENERGY PRICES FOR FINAL CONSUMERS

Luis Salinas San Martín

ABSTRACT

Currently, the Bolivian Electricity Sector is experiencing problems in supplying the country demand of electricity. The payment that generators receive for the energy generated is so low that it discourages investments in hydro electrical power stations and make investments in thermoelectric power stations unprofitable. The cause is the price at which generators buy natural gas from the Government owned oil company YPFB. This situation is worsened by the uncertainty that exist in the sector due to the recent nationalizations of important generation companies, carried out by the Government in favor of the public electricity company ENDE, and the intention of the Government to change completely the Electricity Law N° 1604.

The most benefited with lower energy prices have been mostly final consumers, but they are also more vulnerable to suffer shortages of electrical energy in time by the unsustainability of the present situation. As a matter of fact rationing of electricity is today a reality in the Country. Keeping the situation as it is would just keep the insecurity that prevails in the sector and jeopardize the country's economical growth.

The situation of the Electricity Sector is delicate. In that sense, the present paper aims to establish a proper price of natural gas for electricity generators, determine its impact on electricity prices for final consumers, especially for the Industry in the country. It also aims to propose measures to relieve final consumers from an increase in electricity prices and to make generation projects profitable, especially hydro electrical power stations projects that generate cleaner and cheaper energy; showing in that way that it is possible to manage the Electricity Sector in a rational way.

Keywords: Electricity Price, Energy Price, Specific Investments in Generation.