

OBSTACLES STAND IN WAY OF LATIN AMERICAN ENERGY EFFICIENCY

The promotion of energy efficiency in Latin America and the Caribbean faces a series of obstacles that have slowed adoption of measures, Pamela Cox, the World Bank's VP for the region, said at a conference.

"Markets are not necessarily working, the regulatory environment is not necessarily working, banks do not necessarily want to lend money to companies for energy efficiency because they don't know how much they'll be able to repay in the future," Cox said. "And quite frankly, sometimes it's politically better to open a nice new power plant to deal with energy problems - it's on the front page - rather than putting in place a much more complex energy efficiency program," she added.

She highlighted that distribution losses in Latin America and the Caribbean average 16% in 2005 and equaled the total consumption of Argentina, Chile and Colombia. In order to truly drive efficiency, the region requires the establishment of appropriate institutional and regulatory frameworks rather than simply throwing money at the problem. The region also needs a greater market for energy efficiency measures in the private sector.

"The private sector will have to make many of the investments and innovations. So we want to promote greater energy efficiency in business and we also want to partner with the private sector on new technical solutions," Cox said.

Finally, better financing models are needed for technology innovation and businesses that focus on energy efficiency.

"What kinds of financial incentives can we give people who are going to think of the next innovations in energy efficiency? How do we promote investment in sustainable energy? Is it the state? Is it the private sector? There are many models out there, but we need to think a little better how to make this come about," she said.

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