

## Electricity policy venezuela

Venezuela's electricity generation peaked at 120 billion kilowatthours (kWh) in 2013 after rising steadily for over three decades. Since then, Venezuela's electricity generation has decreased by an average annual rate of 2% between 2014 and 2021, reaching 95 billion kWh in 2021 (Figure 13).

The electricity sector in Venezuela is heavily dependent on hydroelectricity, which accounted for 64% of the nation's electricity generation in 2021. Besides hydroelectric power, Venezuela also relies on natural gas and petroleum, contributing 25% and 11%, respectively, to the total electricity output that year.

Venezuela may suffer a deterioration of its power in international affairs if the global transition to renewable energy is completed. It is ranked 151 out of 156 countries in the index of Geopolitical Gains and Losses after energy transition (GeGaLo).

This research paper examines the root causes of the power crisis in Venezuela in the context of the steady collapse of the state in the country, to provide a series of recommendations concerning rebuilding versus replacing existing infrastructure and priorities in Venezuela's critical energy transition.

In this paper, the collapse of Venezuela's electricity system is analyzed. Two well-known recovery plans, the Venezuelan Electricity Sector Recovery Plan (VESRP) and the Country Plan Electricity (CPE), are described in detail, and their challenges are discussed in the context of the energy transition paradigm.

Venezuela has the largest conventional oil reserves and the second-largest natural gas reserves in the Western Hemisphere.<sup>1</sup> In addition Venezuela has non-conventional oil deposits (extra-heavy crude oil, bitumen and tar sands) approximately equal to the world's reserves of conventional oil.<sup>2</sup> Venezuela is also amongst world leaders in hydroelectric production, supplying a majority of the nation's electrical power through the process.

On 29 August 1975, during the tenure of President Carlos Andrés Pérez, "Law that Reserves the Hydrocarbon Industry to the State" was enacted and the state-owned company Petróleos de Venezuela (PDVSA) was created to control all oil businesses in the Venezuelan territory. The law came into effect on 1 January 1976, as well as the nationalization of the oil industry with it, after which PDVSA began commercial operations.<sup>3</sup>

Venezuela has been producing oil for nearly a century and was an OPEC founder-member. In 2005, Venezuela produced 162 million tons of oil, which is 4.1% of world's total production. By the oil production Venezuela ranks seventh in the world.<sup>4</sup> Venezuela is the world's eight oil exporter and fifth largest net exporter.<sup>4</sup> In 2012, 11 percent of US oil imports came from Venezuela.<sup>5</sup>

Since 2010, when the heavy oil from the Orinoco Belt was considered to be economically recoverable, Venezuela has had the largest proved reserves of petroleum in the world, about 298 billion barrels.

The leading gas company is PdVSA. The largest private natural gas producer is Repsol-YPF, who supplies 80-megawatt (MW) power station in Portuguesa, and plans to develop a 450-MW power plant in Obispos.

Venezuela has recoverable coal reserves of approximately 528 million short tons (Mmst), most of which is bituminous al production was at 9.254 million short tons as of 2007. Most coal exports go to Latin American countries, the United States and Europe.

The main coal company in Venezuelas is Carbozulia, a former subsidiary of PdVSA, which is controlled by Venezuela's state development agency Corpozulia. The major coal-producing region in Venezuela is the Guasare Basin, which is located near the Colombian border. The coal industry development plans include the construction of a railway linking coal mines to the coast and a new deepwater port.

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