



COUNTRY ASSESSMENT REPORT Republic of El Salvador

Version:1.0

Release Date: 29 December 2025

Contents

1.1 Country Assessment Report Template.....	4
1.2 Electrical Generation and Demand	4
1.3 Electrical Interconnection and Import/Export.....	4
1.4 Market Structure.....	4
1.5 Responsible Government Department	4
1.6 Existing/Planned Legislation	5
1.7 Environmental and Renewable Electricity Legislation	5
1.8 Existing/Planned Certificate or Support Systems	5
1.9 Extent of Engagement with Government	5
1.10 Expected Response from Government.....	5
1.11 Proposed Restrictions.....	5
1.12 Any Other Relevant Information	6
1.13 Author.....	6

1.1 Country Assessment Report Template

Country Name	El Salvador
Introduction	El Salvador's electricity market is relatively small but increasingly diversified, with a strong and growing contribution from renewable energy sources. The region has positioned itself as a regional leader in renewable deployment, particularly through its long-standing use of geothermal and hydropower, complemented in recent years by rapid growth in solar PV. As of the latest available data, renewables accounted for a significant share of total electricity generation, reducing reliance on imported fossil fuels and enhancing energy security.

1.2 Electrical Generation and Demand

Generation	Technology	Volume GWh
	Hydro	18.8% - 1574.0 GWh
	Fossil/Thermal	8.7% - 731.0 GWh
	Natural Gas	29.6% - 2480.0 GWh
	Solar PV	14.4% - 1203.0 GWh
	Geothermal	19.0% - 1594.0 GWh
	Biofuels	9.5% - 799.0 GWh (IEA, 2023)
	Total	8381 GWh
Demand	Sector	Demand (TJ)
	Residential	34.8% - 8 891.0 TJ
	Commercial/Service/Public Sector	26.0% - 6 641 TJ
	Industrial	32.8% - 8 372.0 TJ
	Other	6% - 1 624 TJ (IEA, 2023)
	Total	25529 TJ

1.3 Electrical Interconnection and Import/Export

Connected country	Capacity (MW)	Annual import from country (GWh) (2023)	Annual export to country (GWh) (2024)
Guatemala	~300 – 400 MW	208.2 GWh	458.8 GWh
Panama	~300 MW (SIEPAC)	70.7 GWh	13.6 GWh
Costa Rica	~300 MW (SIEPAC)	0.8 GWh (WITS, 2023)	9.9 GWh
Nicaragua	~300 MW (SIEPAC)	-	0.6 GWh (WITS, 2024)
Honduras	~300 MW (SIEPAC)	-	

Additional information	Export Market El Salvador holds a strong market position within the <i>Central American Regional Electricity Market (MER)</i> as a net electricity exporter, supported by its integration into the SIEPAC interconnection system. The region plays a key role in facilitating regional electricity trade, both as a supplier and transit market, benefiting from relatively reliable generation capacity and grid connectivity. In 2025, El Salvador accounted for approximately 41.6% of total electricity dispatched through the regional market, underscoring its significance within MER operations. Cross-border electricity exports increased notably during the year, with export revenues just under USD 20 million. October recorded the highest monthly export revenues at USD 5.7 million, representing a 60% YoY increase, reflecting both favourable price dynamics and strong regional demand. Guatemala emerged as the dominant consumer, absorbing 80% of El Salvador's electricity exports, while additional bilateral trade flows occurred with Nicaragua, Costa Rica and Panama. This export profile highlights El Salvador's role as a net regional supplier during periods of surplus generation, reinforcing its importance in regional energy security and market balancing under the MER framework. (ESN, 2025) Imports El Salvador has intentionally moved away from heavy reliance on imported electricity, which historically provided up to 25% of its power. Imports now represent as little as 7.4% of the national energy mix as domestic solar and geothermal projects come online. El Salvador typically draws imported electricity through the SIEPAC interconnected grid, primarily sourcing from neighboring Guatemala, as well as Panama and Costa Rica.
-------------------------------	--

1.4 Market Structure

El Salvador has a liberalised electricity market established under the *general electricity law (1996)*, which unbundled generation, transmission, distribution, and commercialisation. Generation and retail activities operate under competitive conditions, while transmission and distribution remain regulated monopolies. Electricity generation is based on a diversified mix including geothermal, hydropower, thermal, solar, wind, and biomass. Renewable energy represents a significant share of total generation, with geothermal and hydro power providing baseload supply and growing contributions from solar PV. El Salvador is a regional leader in geothermal power generation.

Electricity is traded through bilateral contracts and a short-term wholesale (spot) market, with long-term contracts commonly used to manage price risk. As referenced above, El Salvador is integrated into the *Central American Regional Electricity Market (MER)* via the SIEPAC interconnection, enabling cross-border electricity trade. While there is no national renewable certificate scheme, renewable generators participate in international environmental attribute systems, such as I-REC(E).

1.5 Responsible Government Department

Oversight and regulation of the electricity and renewable energy sectors involve several specialized government bodies and private entities.

- The Electricity sector in El Salvador is overseen by the Ministry of Economy (MINEC), which is responsible for national energy market development, and renewable energy promotion.
- The National Energy Council (CNE) supports strategic energy planning and policy coordination. Environmental oversight related to energy planning and policy coordination.
- Environmental oversight related to energy projects and renewable development is provided by the Ministry of Environment and Natural Resources (MARN).
- General Superintendency of Electricity and Telecommunications (SIGET) is the primary autonomous regulatory body. In 2025, SIGET's role expanded under the new Law for the Promotion of the Use of

Renewable Energy, making it responsible for qualifying suppliers and setting tariff schedules for surplus energy reinjected into the grid.

Electricity Market Operation and Infrastructure

- Transaction Unit (UT): A private corporation that operates the national wholesale electricity market and performs clearing-house functions. It also manages the operation of the transmission system.
- ETESAL: The state-owned transmission company that maintains the national grid.
- Executive Hydroelectric Commission of the Lempa River (CEL): A state-owned entity that manages hydroelectric and geothermal assets (through its subsidiary LaGeo). In 2025, CEL remains central to executing large-scale renewable projects, such as those funded by the World Bank.
- Regional Operating Agency (EOR): Based in El Salvador, the EOR coordinates the Central American Regional Electricity Market (MER), facilitating cross-border transactions and regional resource optimization.

[Renewables Readiness Assessment: El Salvador](#)

[World Bank and El Salvador Promote Geothermal Energy for Sustainable and Inclusive Development](#)

1.6 Existing/Planned Legislation

There is no existing state backed EAC mechanism in El Salvador.

In 2025, El Salvador took steps to develop a legal framework to explicitly support renewable energy, mainly through tax incentives and decentralized generation rights.

The overarching policy direction for renewables is focussed on accelerating deployment by providing fiscal incentives while also incentivising *decentralised* generation. The intent is to make renewable generation more accessible for households and businesses across El Salvador.

1.7 Environmental and Renewable Electricity Legislation

Excluding the legislation mentioned above, the below are foundational and indicative of El Salvador's overarching approach to renewable energy development

- **Electricity Generation Law (2007)** - This law remains relevant as it established the initial fiscal framework for renewable projects. It continues to provide foundational tax benefits and established the SIGET (General Superintendency of Electricity and Telecommunications) as the primary regulatory body responsible for oversight and technical qualification of renewable systems.
- **National Energy Policy 2020–2050** - This is the foundational strategic document that guides all subsequent laws. It is stated ambition (enshrined in legislation) that aims to eliminate fossil fuel dependence by prioritising sources like solar, wind, and biogas alongside traditional hydro and geothermal.

1.8 Existing/Planned Certificate or Support Systems

As of late 2025, El Salvador does not have a government-operated national REC mechanism. However, as referenced above the 2025 legislation has introduced state-backed recognition of environmental attributes and created a legal pathway for their monetization suggesting state recognition and / or support. Implementation regulations as designed by SIGET will provide more clarity on the outline of this EAC mechanism.

1.9 Extent of Engagement with Government

GCC Business Development and Evident executive have not had direct engagement with decision makers in El

Salvador.

1.10 Expected Response from Government

N/A

1.11 Proposed Restrictions

Presently the voluntary EAC market in El Salvador is not prohibited by specific legislation or a compliance market. Evident and the Foundation will continue to monitor policy developments as published by SIGET.

1.12 Any Other Relevant Information

Market Performance and Potential:

El Salvador has significant market potential for I-REC's continued market operations and growth, displayed through a diverse energy mix, with approximately 77% of electricity generation coming from renewable sources. The region RE potential is supported by favorable natural resources, strategic policy incentives, and regional grid integration.

I-REC Demand – Redemptions

There are approximately 18 operating RE100 companies in the region, with an electricity consumption of 61 GWh, representing 9% of domestic RE supply. Redemption rates in 2024 were calculated at 81%, with a redemption volume growth rate between 2022-2024 standing at 0%. Reflecting an urgency for a better understanding of El Salvador's market conditions, and why redemptions have stagnated.

I-REC Supply – Issuance

Within El Salvador, GGC are the local issuer. At present, the total registered capacity with I-REC is approximately 537 MW, with I-REC issuance in 2024 representing 690,740. Penetration rate (issuance/generated) was 13%. Max issuance in 2024 (Maximum capacity that could be issued) stands at 4,237,884 with an unutilised capacity of 84%, highlighting ample opportunity for increased market capture. The issuance growth trend between 2022-2024 vintage has seen an impressive 667% increase.

As of 2025, El Salvador's solar capacity reached approximately 350 MW, bolstered by the early 2025 inaugurations of the *Santa Marta and Tecoluca plants*, with projections aimed at exceeding 2,000 MW as more utility-scale projects come online. Geothermal energy, a historical pillar of the national grid, provides roughly 21% to 26% of El Salvador's total generation; in March 2025, the World Bank approved \$150 million in financing to further expand this capacity and explore direct-use geothermal heat for local industry. ([Worldbank, 2025](#)). While wind energy remains in its early stages, currently accounting for less than 1% of the energy mix through the 54 MW Ventus farm, the government is actively investigating its 307-km coastline for potential offshore developments. ([PV, 2025](#))

1.13 Author

Complete all fields.

Organization Name

Signature





Name Mary Jones		Evident & GCC	
DATE	29	12	2025