

A Snapshot View of Transparency in Guyana's Electricity Sector

Summary

Guyana is experiencing a rapid surge in electricity demand, driven by economic expansion following the start of offshore oil production in 2019. To close a widening power supply gap, the state-owned utility has relied on powerships and is advancing a large-scale Gas-to-Energy (GtE) project, expected to reduce generation costs when it comes online by the end of 2026. However, the system remains fiscally fragile. The utility carries arrears of roughly US\$392.6 million (as of 2024) to the government and depends on subsidies to keep tariffs stable. As Guyana shifts toward long-term Independent Power Producer (IPP) contracts, transparency will be important to ensuring these arrangements deliver their intended benefits. With proper oversight, new contracts can build on existing experience and establish a stronger foundation for the power sector going forward.

Introduction & Electricity Overview

Guyana's power sector is dominated by Guyana Power and Light (GPL), a fully state-owned, vertically integrated utility responsible for generation, transmission, and distribution. The sector is split between the Demerara-Berbice Interconnected System (DBIS), which mainly serves the coastal population, and the Isolated Power Systems (IPS). The IPS comprises four power plants, one each in Anna Regina, Wakenaam, Leguan, and Bartica. Beyond the DBIS and the IPS, it is estimated that self-generation accounts for some 100 megawatts (MW) of installed capacity.

Historically reliant on heavy fuel oil, the grid is now shifting toward natural gas and solar, particularly to support expanding demand and improve access in hinterland communities.

TABLE 1: Electricity sector overview

GENERATION SOURCE	INSTALLED CAPACITY	KEY FACILITIES
GPL (Thermal)	213.8 MW ¹	Includes 13 plants; some units are aged/unreliable
Powerships	111 MW	Two leased units (36 MW and 75 MW) were brought online in 2024. ²
Self-Generation (heavy fuel oil)	~10 MW ³	Skeldon Energy Inc. Initially a co-generation power plant using both HFO and biomass from the sugar industry. It is now using HFO only.
Solar PV (utility-scale)	~2.8 MW (grid-tied)	Lethem Solar Farm: Commissioned in August 2022, 1 MW solar farm. ⁴ Bartica Solar Farm: Operational since March 2023, the 1.5 MW solar farm. ⁵ Mahdia Solar Farm: Inaugurated in December 2024, this 0.65 MW solar project includes a 1,500 kWh battery energy storage system (BESS) and a 13.8 kV transmission line, supplying around 935 MWh of electricity annually to approximately 3,000 residents. ⁶
Solar & Hybrid Mini-grids	~0.6 MW (mini-grids)	Around 35 villages have solar mini grids installed in hinterland regions (total ~0.6 MW). These are typically off-grid community system
Hydropower	~2.2 MW	Moco Moco and Kumu projects (commissioned 2024–2025). ^{7 8}

¹ Guyana Power and Light Inc., “Development and Expansion Programme 2023–2027,” (Georgetown: GPL Inc., December 2022), 6–12.

https://gplinc.com/pl/plc/media/DE-Programme-2023-2027-23.12.2022-3.31-pm_V1-Dec-29-2022-printed.pdf.

² Kaieteur News, “Second powership arrives in Guyana,” December 11, 2024,

<https://kaieteurnews.com/2024/12/11/second-powership-arrives-in-guyana/>.

³ Guyana Power & Light, Inc. Development and Expansion Programme, 2021–2025. March 17, 2021,

<https://gplinc.com/pl/plc/media/Development-and-Expansion-Programme-2021-2025.pdf>.

⁴ Stabroek News, “\$472M solar farm commissioned at Lethem,” August 7, 2022 (reported from DPI),

<https://www.stabroeknews.com/2022/08/07/news/guyana/472m-solar-farm-commissioned-at-lethem/>.

⁵ Stabroek News, “PM commissions 1.5 MW solar photovoltaic farm at Bartica,” April 2, 2023,

<https://www.stabroeknews.com/2023/04/02/news/guyana/pm-commissions-1-5-mw-solar-photovoltaic-farm-at-bartica>.

⁶ PV Magazine, “Guyana inaugurates grid-forming 0.65 MW solar plant,” December 11, 2024,

<https://www.pv-magazine.com/2024/12/11/guyana-inaugurates-grid-forming-0-65-mw-solar-plant/>.

⁷ Stabroek News, “PM commissions 1.5-megawatt Kumu Hydropower Station,” July 12, 2025,

<https://www.stabroeknews.com/2025/07/12/news/guyana/pm-commissions-1-5-megawatt-kumu-hydropower-station/>.

⁸ Stabroek News, “\$472M solar farm commissioned at Lethem,” August 7, 2022 (reported from DPI),

<https://www.stabroeknews.com/2022/08/07/news/guyana/472m-solar-farm-commissioned-at-lethem/>.

Background & Market Structure

Guyana operates a single-buyer model where GPL acts as the exclusive public supplier.

- **Rapid growth:** GPL's electricity demand has grown rapidly, with output rising from around 903 gigawatt-hours (GWh) in 2020 to approximately 1,485 GWh in 2025, alongside peak demand exceeding 200 MW.⁹
- **Emergency measures:** Due to demand rapidly outstripping supply, GPL procured two powerships via emergency public tender to provide immediate capacity.¹⁰
- **Off-grid solutions:** 218 hinterland communities remain removed from grid access and are being electrified via solar mini-grids.¹¹

Key players in the power sector

- **Guyana Power and Light (GPL):** The principal state-owned electric utility, which sets tariffs that are then approved by the sector regulator.
- **Office of the Prime Minister:** Handles licensing and utility regulation.
- **Guyana Energy Agency:** Leads energy planning, rural electrification, and renewable policy.
- **Public Utilities Commission (PUC):** The independent regulator for tariffs and service standards.
- **Ministry of Public Utilities and Aviation:** Provides governmental oversight of GPL.

Legal and Regulatory Framework

- **Electricity Sector Reform Act (1999):** Established GPL as a vertically integrated utility and introduced the current licensing system. The law however kept GPL as the exclusive public supplier in its franchise area (mostly the coastal grid).
- **Public Utilities Commission Act (1999):** Empowered the PUC to regulate rates and protect consumers.
- **Guarantee of Loans Act (1971, amended in 1974 & 1997):** Allows the government to back financial obligations for state corporations like GPL.
- **Grid-Tied and Net-Billing Programme (2025):** A new initiative allowing households to sell solar power back to the grid.

Current Status of Power Contract Transparency

While the use of long-term PPAs has been limited (e.g., Giftland Mall and Skeldon Energy), Guyana has demonstrated some level of transparency in its recent emergency procurements.¹²

- **Powership pricing:** GPL has publicly disclosed the pricing structure for its leased powerships. The contract is with a joint venture of Turkish-based Karpowership Global

⁹ Guyana Chronicle, "GPL to expand grid as electricity demand soars," February 20, 2026, <https://guyanachronicle.com/2026/02/20/gpl-to-expand-grid-as-electricity-demand-soars/>.

¹⁰ Kaieteur News, "Second powership arrives in Guyana," December 11, 2024, <https://kaieteurnewsonline.com/2024/12/11/second-powership-arrives-in-guyana/>.

¹¹ Guyana Energy Agency, "Unconnected Communities," <https://gea.gov.gy/renewable/unconnected-communities/>.

¹² Guyana Power and Light Inc., Annual Report 2019, pp. 10–12.

DMCC and Qatar-based UCC Energy International LLC JV. It requires GPL to pay a fee of 6.62 US cents per kilowatt-hour (kWh) as a monthly charter fee for the powership and a monthly operation and maintenance fee of US\$0.98 per kWh, based on electricity generated, excluding fuel costs.¹³

- **Future commitments:** Phase II of the Gas-to-Energy project is explicitly designed to operate under a 20-to-25-year PPA, signaling a shift toward more formalized IPP arrangements.¹⁴ The two-phase GtE project at Wales aims to deliver 600 MW of gas-fired power, anchor low-cost electricity, support industrialization, and reduce reliance on imported fuels. Phase I, targeted for completion by the end of 2026, is expected to double electricity generation capacity, reduce the cost of electricity, and improve competitiveness.

Key Considerations impacting PPA contracting

- **Sovereign exposure and guarantees:** As of September 2024, GPL and other state-owned entities owed the government approximately US\$392.6 million in on-lent loans and Treasury borrowing. Despite difficulties in servicing this debt, the government continues to meet external obligations and frequently acts as guarantor for major projects, including a reported US\$500 million guarantee through Export-Import Bank of the United States for the GtE project. This reduces perceived risk for investors but increases sovereign exposure.¹⁵
- **Tariff policy and cost recovery:** Average household tariffs are approximately US\$0.23/kWh, above the Latin America and Caribbean average, but have been frozen since 2021 through government subsidies. This creates a disconnect between actual system costs and end-user prices, raising uncertainty over cost recovery for new PPAs.¹⁶
- **Infrastructure reliability and capacity risk:** A significant share of GPL's installed capacity of around 213.8 MW is considered unreliable due to aging infrastructure, necessitating short-term, high-cost solutions such as powerships, which distort pricing signals for long-term procurement.¹⁷
- **Gas-to-Energy transition risk:** The viability of future PPAs is closely tied to the successful delivery of the Wales Gas-to-Energy project, which is expected to significantly reduce generation costs and reshape tariff dynamics. The GtE project

¹³ iNews Guyana, "2nd power ship arrives in Guyana; to add 60 megawatts of electricity to GPL's grid," December 10, 2024, <https://inewsguyana.com/2nd-power-ship-arrives-in-guyana-to-add-60-megawatts-of-electricity-to-gpls-grid/>.

¹⁴ Guyana Times, "Gas-to-energy: Phase II: Govt invites proposals for 2nd power plant, NGL facility at Wales," October 24, 2024,

<https://guyanatimesgy.com/gas-to-energy-phase-ii-govt-invites-proposals-for-2nd-power-plant-nql-facility-at-wales/>.

¹⁵ Export-Import Bank of the United States, December 21, 2024,

<https://www.exim.gov/news/export-import-bank-united-states-board-directors-approves-more-526-million-for-guanes-e-energy>.

¹⁶ Industry Sources, March 2025.

¹⁷ Inter-American Development Bank, "IDB Group Country Strategy with the Co-operative Republic of Guyana (2023–2026)," (Washington, DC: IDB, November 2023),

<https://idbinvest.org/sites/default/files/2023-12/IDB%20Group%20Country%20Strategy%20with%20Guyana%202023-2026%20-%20Public.pdf>.

¹⁸ Guyana Power and Light Inc., "Development and Expansion Programme 2023–2027," (Georgetown: GPL Inc., December 2022), 6–12.

https://qplinc.com/pl/plc/media/DE-Programme-2023-2027-23.12.2022-3.31-pm_V1-Dec-29-2022-printed.pdf.

utilizes natural gas, which is sourced domestically and is cheaper than imported fuel oil. In addition, the combined cycle technology lends itself to greater thermal efficiency.

Considerations for a New Disclosure Regime

As Guyana modernizes its grid, moving away from ad-hoc emergency leases toward structured PPAs, the following transparency needs should be addressed:

- **Benchmarking:** Establish a CARICOM-wide database to benchmark generation costs, transitioning from isolated national metrics to a shared regional repository. This initiative will unlock collective bargaining power, helping to stabilize energy markets and maintain competitive generation costs.
- **Commercial sensitivity:** Balancing the public's right to know the "all-in" cost of power (including fuel and maintenance fees) against the proprietary terms of private investors.
- **Standardization:** Utilizing standardized PPA templates to ensure consistency across different energy sources (thermal vs. renewables).

Conclusion & Actionable Policy Recommendations

Guyana's energy sector is at a turning point where transparency will dictate the long-term sustainability of its economic boom. To improve the current framework, Guyana should:

- **Mandate transparency:** Enact legislation requiring the disclosure of PPAs and related project information, and establish formal public consultation processes for future long-term power contracts.
- **Strengthen oversight:** Empower the Public Utilities Commission (PUC) to independently review and oversee PPA negotiations, ensuring consumer interests are protected.
- **Improve accountability:** Publish annual reports on PPA performance and disclose key contract information through a regional CARICOM transparency platform.
- **Build institutional capacity:** Invest in technical expertise and advisory support to strengthen the government's ability to negotiate increasingly complex energy contracts associated with the Gas-to-Energy transition.