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Power Outages Expose Flaws in Nicaragua's Energy Overhaul

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Back-to-back blackouts left Nicaraguans quite literally in the dark last month and turned new attention to the country's much hailed "energy revolution," which for all the accolades it receives, is still very much a work in progress.

The first and most disruptive of the power outages occurred Jan. 9, one day, incidentally, before Nicaragua's controversial leader, Daniel Ortega, was sworn in for his third consecutive five-year term as president (NotiCen, Jan. 19, 2017). The blackout began at approximately 9:30 a.m. and affected residents throughout the country, El NuevoDiario reported. Authorities weren't able to restore power for some communities until the afternoon. Residents in other areas had to wait until 8 or 9 p.m. before the lights finally went back on.

"You think that when the power goes off, it won't take long to come back. Especially since the [period of frequent] blackouts ended. But that's not what happened. Most of my inventory was ruined," a small grocery store owner in Managua told the independent news magazine and website Confidencial.

The lengthy electricity failure also knocked out cell phone and Internet service and left an estimated 600,000 people without running water, according to Vice President Rosario Murillo, who is also the country's first lady. Many parts of Nicaragua depend on electric-powered pumps to bring water up from aquifers and deliver it to people's homes. Without electricity, faucets run dry.

Exactly one week later, on Jan. 16, a second blackout, also starting mid-morning, again affected a large swath of country, including the populous departments of Managua, Matagalpa, Granada, and León. In this case, authorities were able to resolve the problem far more quickly, restoring power to most communities within an hour.

There are no official estimates on how much the blackouts cost the country in terms of material losses, such as spoiled food or lost commerce and productivity. But they certainly took a toll. "Obviously, it affected all of us, because it was a dead day for the economy," Freddy Cruz, president of the Consejo Nicaragüense de la Micro, Pequeña y Mediana Empresa (CONIMIPYME), an association of small- and medium-sized businesses, told the daily La Prensa after the first power outage.

Economist Adolfo Acevedo, in an interview with Confidencial, suggested US$35 million as a reasonable cost estimate for the Jan. 9 blackout. "Assuming it was nationwide and affected all sectors, losses could be around that amount," he said.

'It's a mystery'

In some ways, the power failures were a reminder of how much Nicaragua's system of electricity generation and distribution has improved since Ortega returned to power in early 2007. At that time,

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blackouts (and dry faucets) were a regular occurrence, part of a forced rationing system resulting from overall supply problems (NotiCen, April 19, 2012). In contrast, last month's blackouts—a disruptive as they were, and even though they occurred in quick succession—were very much the exception to the rule.

And yet, the power failures also hint at some real and persistent problems with the system. They add a bit of nuance, in that sense, to the feel-good narrative that has so often been used to describe the Ortega regime's successful overhaul of the electricity sector, which has improved not only in terms of supply, but is also far "greener" thanks to the increased use of wind farms, geothermal plants, and other renewable energy facilities (NotiCen, Nov. 20, 2014).

One of those problems, say observers, is a lack of transparency by the increasingly authoritarian Ortega regime, which leads what is now, for all intents and purposes, a one-party state and is no more accountable in politics than it is with regards to energy policy (NotiCen, Nov. 17, 2016). Its handling of last month's blackouts is a case in point, critics argue.

Salvador Mansell, head of the government's Empresa Nacional de Transmisión Eléctrica (ENATREL), the national electricity transmission company, said the Jan. 9 blackout was due to a connection problem caused by heavy winds along power lines linking Nicaragua with Honduras. But the Ente Operador Regional (EOR), a body that oversees the Sistema Eléctrico Regional (SER), a power grid connecting all of the countries in Central America, told a different story. The EOR said there were "diverse events" that day, including outages, due to power surges, both within Nicaragua and along the power lines connecting the Nicaraguan and Costa Rican grids.

There were also competing versions about what triggered the Jan. 16 blackout. Mansell said there was a problem with one of the country's wind plants. But the EOR said the outage was caused by a power surge from Panama. What is clear, according to press reports, is that in both cases, electricity went down in other Central American countries as well. But nowhere did it take as long to restore power as it did in Nicaragua.

Why? Francisco Sovalbarro, the secretary of the Cámara de Energía (CDE), a private sector association of energy producers, is among those posing that very question. So far, however, the government hasn't offered any answers. "The chamber members would like to know what the problem was. But there hasn't been any official explanation from any [government] body," Sovalbarro told Confidencial last month. "It's a mystery what happened."

Going green

Lack of transparency isn't the only concern. There also appear to be technical issues at play regarding Nicaragua's ability to mesh with the Central American grid and adequately respond when problems arise.

Confidencial and La Prensa, both of which have decidedly anti-Ortega editorial lines, ran articles in January questioning the "stability" of the country's electricity matrix. Fernando Bárcenas, a Nicaraguan electrical engineer, told La Prensa that the expanded role of wind power—which tends to be inconsistent in terms of how much electricity is produced at any given time—has made Nicaragua's grid less stable. Thermoelectric plants installed after Ortega's return to power and financed by Venezuela, headed at the time by the late Hugo Chávez (1999-2013), should, theoretically, be able to function as backup sources and mitigate the variability of the country's wind

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farms, Bárcenas noted. But they weren't made up to spec and therefore aren't able to kick into gear exactly when they're needed, he said.

Ortega referred to the Venezuela-backed plants during his Jan. 10 swearing-in ceremony, recalling how Chávez had helped rush the facilities into place in response to the serious electricity supply problems Nicaragua experienced at the time. "Those [power plants] required paperwork. But there weren't any papers," the Nicaragua leader said. "If we'd waited for the papers, there simply wouldn't have been electricity in our country. And [Chávez] said: 'This needs to be solved now; later we'll come up with the documents and formalize it' … What a humane, beautiful, Christian gesture on the part of President Chávez."

Stability issues aside, the Nicaraguan electricity system has clearly undergone a major transformation under Ortega, who has set aggressive green-energy goals and benefited by a surge in investment, much of it from private enterprises. In 2007, renewables accounted for just 27% of the country's energy production, according to the Ministerio de Energía y Minas (MEM). Last year, they represented just shy of 50%, the Banco Central de Nicaragua (BCN), Nicaragua's central bank, reported.

Slightly more than 17% of the power produced came from wind farms. Geothermic plants, which harness natural underground heat sources, produced 15.8% of the country's power, while hydroelectric facilities and biomass burning facilities contributed 10% and 6.7% respectively, according to the BCN. The government is hoping that by 2020, Nicaragua will get 90% of its power from renewables.

Nicaragua's "energy revolution," as it's often described, has attracted rave reviews and plenty of positive press, even when the Ortega government refused to join more than 180 other nations in committing to reduce emissions during the UN Framework Convention on Climate Change of 2015 in Paris (NotiSur, Jan. 8, 2016). Without mentioning the country by name, then US Secretary of State John Kerry praised Nicaragua by noting that it "has already moved a very significant percentage of its economy into alternative renewable energy." The top US diplomat went on to say—in reference to the Nicaraguan government—that, "some people resist because not enough is being done fast enough."

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