

Electricity market havana

HAVANA TIMES – Between 2018 and 2022 the Cuban government appealed to "scheduled service interruptions" to cut domestic consumption by 10.6%. However, this saving wasn't enough to compensate the electricity generation deficit, which was the result of fuel shortages and the deterioration of old power plants. For that reason, the state-led sector had to also shrink its demand by 19.9%, partially paralyzing production. The harshest cuts affected agriculture (which had 45.3% less energy), industry (31.9% less) and construction (19.4% less).

The current year was looking brighter with electricity supply growing 37%, according to an annuouncement from the minister of Energy of Mines Vicente La O Levy, that was up until longer blackouts began again in September.

In May 2023, the Government proved its "energy optimism" with two acts. The reinauguration of the Antillana de Acero electric steel mill and Deputy Prime Minister Alejandro Gil Fernandez's announcement of an order from President Miguel Diaz-Canel: "prioritize agriculture as soon as we have a better fuel situation."

With electricity shortages in recent weeks, and only two-thirds of national demand being supplied, it seems unthinkable to get the steel mill working in the capital or to allocate resources to barely "guarantee harvests," as Gil Fernandez said during the Mesa Redonda TV show in which he announced the current electricity crisis.

The more than 220,000 tons of "liquid steel" the Antilla steel mill could produce per year would give an important push to construction and other industries. Steel just so happens to be one of the scarcest products in the country, and programs such as the local manufacture of building materials can't replace it.

Investments in Antillana de Acero came from a Russian credit worth 95 million USD that has to be paid back with revenue from the steel work's production. However, problems that stand in the way of it working at full capacity will force the Government to get this money by other means or most likely to negotiate late payments under unfavorable conditions.

Something similar is happening in the agricultural sector. Diverting fuel towards electricity generation has had a bearing on the failure to meet the latest cultivation and harvest plans. Likewise, plans for irrigation that use electricity are on standby. Both the lack of foreign currency to buy equipment as well as foreseeable problems with its use exist, even late in the night when domestic energy use drops.

Alarm bells about Cuba's energy crisis began ringing when drastic measures were announced by the provincial governments of Villa Clara and Cienfuegos to reduce electricity consumption, to paralyze non-essential services, changing working hours, adjusting water pumping times and even disconnecting refrigeration and cold rooms when produce won't be affected. These extreme measures reveal just how serious

the electricity crisis is in Cuba.

The landscape has ended up becoming a vicious cycle. The island needs to increase industrial and agricultural production to reduce imports, but in order to do this, it needs a steady and cheap supply of electricity which it can't guarantee, because it is spending the foreign currency it needs to do this on buying products it could be producing.

"In Cuba, the residential sector consumes 60% of electricity generated, compared to 42% that is the Caribbean average. Between 2000 and 2023, the residential sector more than doubled its total consumption," economists Jorge Piñon and Ricardo Torres explain in an article published by the Cuba Capacity Building Project, from Columbia University in the US, in December 2022.

For a couple of years, the State's "self-blackouts" were enough to prevent blackouts in homes. The situation changed in 2018, when problems importing fuel forced the return of residential blackouts, which have marked national everyday life ever since; sometimes, dramatically.

With the private sector's energy consumption growing – it increased 33.8% between 2021 and 2022 – and the residential sector's demand not being met, but also clearly growing, blackouts in the productive economy seem to have reached their limit. The only solution is to renovate Cuba's electricity industry from top to bottom.

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