Marginal electricity prices fell while contract unit costs rose

Panama evidence from two distributors in Q4 2024 compared with Q4 2023

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In October–December 2024 (Q4), Panama's published system marginal cost (CMS) was markedly lower than in the same quarter of 2023. The simple mean of the three monthly values fell 58.1%, from B/.111.93 to B/.46.94 per megawatt-hour (MWh). Over the matched period, contract-related energy-plus-capacity cost per MWh rose 1.13% for EDEMET and 2.12% for EDECHI. [1–3]

For readers assessing procurement exposure, the practical lesson is to separate the marginal-price benchmark, contract-related accounting unit costs and purchased volumes. Treating one as a complete budget measure can obscure the others. For these two distributors in the matched quarter, spending rose alongside both higher unit-cost ratios and larger purchase volumes. [2–4]

Q4 comparison of published measures

Measure	Q4 2023 B/./MWh	Q4 2024 B/./MWh	Change
CMS simple monthly mean	111.93	46.94	−58.1%
EDEMET energy plus capacity	107.86	109.08	+1.13%
EDECHI energy plus capacity	112.54	114.92	+2.12%

Sources [1–4]. B/. denotes Panamanian balboas. Published cost totals are summed before display rounding. Rates and percentage changes also use source precision. Small component-sum differences are retained.

What the measures capture

CMS is a marginal-energy benchmark, not an average realized wholesale transaction price. The quarterly summary is a simple average of three published monthly CMS values, without hourly or purchase-volume weighting.

The distributor measure is the quarter's total published energy-plus-capacity cost divided by corresponding purchased MWh. Total spending therefore equals that accounting unit cost multiplied by volume. It is not an average of monthly unit rates, and contract mix is not held fixed.

EDEMET's volume rose 15.8% and its unit cost 1.13%, while published spending rose 17.1%, from B/.128.53 million to B/.150.48 million. EDECHI's volume rose 11.8% and its unit cost 2.12%, with spending up 14.1%, from B/.23.85 million to B/.27.22 million. This accounting identity does not attribute causes. [2–4]

These rates concern contract-related purchases. They do not provide a complete account of procurement, including spot transactions, or of network costs, subsidies and retail bills.

Why the evidence stops at Q4

For EDEMET and EDECHI, the Q4 monthly purchased MWh in ASEP's section IX reconcile to the annual contract-volume tables in both years. Their Q4 2024 energy-dollar amounts also reconcile to the annual contract table. Those checks support this restricted comparison, rather than a complete audit of all published costs. [2–4]

ENSA's Q4 2023 monthly volumes reconcile with the annual contract table. Its 2024 monthly volumes fail that check, so ENSA is excluded from the year-on-year Q4 comparison. [2–4]

The annual records also contain material inconsistencies. In the 2024 report, the January–June contract-dollar entries repeat the spot-dollar amounts for all three distributors. These published fields cannot support a reliable full-year contract-cost total without correction. The restricted Q4 comparison does not validate other months or all remaining cost fields. [4]

What remains unresolved

The opposite movements do not establish why the measures diverged or how a marginal-price change affected final procurement costs. They provide no estimate of causal pass-through, cost or risk transfer, generator margins, or household-bill effects. A full procurement comparison would require corrected monthly records that reconcile contract energy, capacity payments, spot purchases and sales, and the corresponding MWh. Household effects require separate tariff, subsidy and billing evidence.

Q4 also does not summarize all of 2024. In April, CMS was 81.6% higher than a year earlier, while commercially metered hydro generation was 11.9% lower. Full-year hydro generation nevertheless rose 29.5%. These observations provide context, not a causal explanation of the Q4 comparison. [5, 6]

Sources

[1] ASEP published CMS series. December reports, PDF p.16 (2023) and p.17 (2024). December 2023 · December 2024

[2] ASEP Q4 2023 monthly reports, section IX, PDF p.18 in each. October · November · December

[3] ASEP Q4 2024 monthly reports, section IX, PDF p.19 in each. October · November · December

[4] ASEP annual wholesale market reports, contract tables p.10; 2024 spot table p.11. 2023 report · 2024 report

[5] INEC monthly commercial-metering series for 2023–24, p.1; annual changes sum the 12 monthly values. Supply and generation table

[6] ASEP April CMS observations, PDF p.15 (2023) and p.16 (2024). April 2023 · April 2024