ODH | ANÁLISISVENEZUELA
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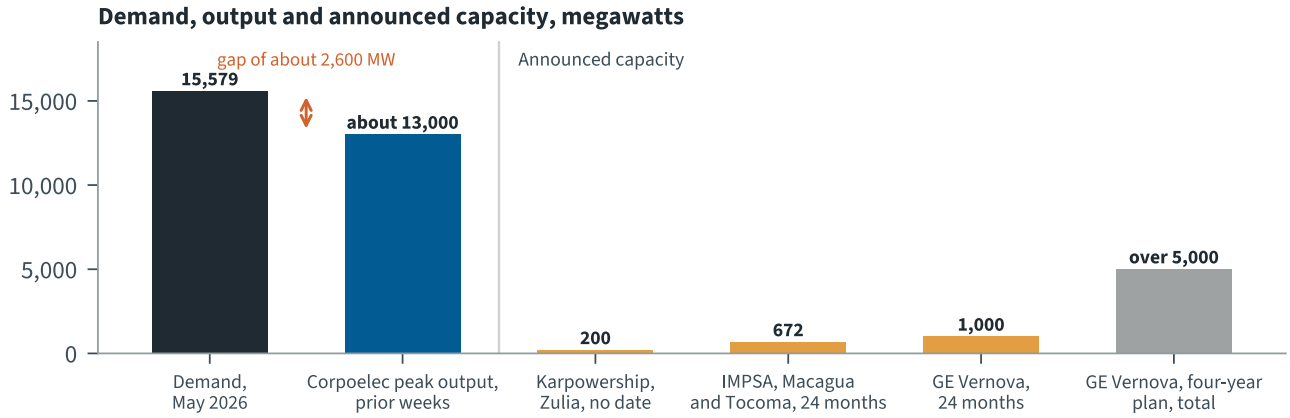
Power reform opens generation to private players and moves tariffs to hard currency

Large companies will be able to generate, buy and sell electricity at negotiated prices. For households, the change is a tariff indexed to the euro, with subsidies still to be defined. Relief from blackouts depends on investment that has no date yet.

WHAT HAPPENED

On November 10, the National Assembly passed the partial reform of the Organic Law of the Electricity System and Service. The text amends 31 of the current law's 115 articles and adds 11 new ones [P]. It cleared its first reading in June, and the second reading was postponed several times. It now goes to the executive to be signed into law and published in the Official Gazette, and much of its implementation is left to regulations with no date [P]. Assembly President Jorge Rodríguez said it responds to a request from Delcy Rodríguez and denied it amounts to privatization, describing it instead as a mixed delivery model [D].

The law comes amid the worst run of blackouts in years. Reuters reported that less than 40% of generating capacity is available, and in the west of the country outages last several hours a day [P]. According to Bloomberg Línea, demand reached 15,579 megawatts in May, while Corpoelec's peak output was around 13,000 in the preceding weeks [P]. The government announced 7,400 megawatts in the medium term with GE Vernova and IMPSA [D]. Siemens Energy and General Electric estimates cited by the industry association Aviem put the investment needed at between $15 billion and $40 billion [D]. The gap between demand and output, some 2,600 megawatts, is equivalent to 17% of May demand [E].



Sources. Bloomberg Línea (demand, output, GE Vernova), Corpoelec and IMPSA (announcements). Demand and output figures are not from the same day. The gap is an ODH calculation.

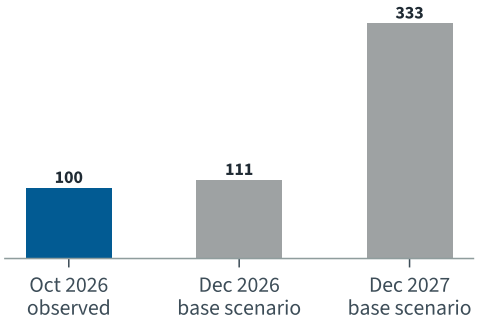
WHAT IT MEANS

For large companies, the reform makes it possible to turn self-generation into a business. They will be able to generate for their own use and sell surplus power, build independent thermal or renewable plants and buy from private generators under bilateral contracts, at negotiated prices with no prior tariff control [P]. Concessions above 50 megawatts or involving public assets can run for up to 25 years, after which the assets pass to Corpoelec free of encumbrances [P]. Disputes can go to arbitration, and municipalities will not be able to tax generation or transmission [P]. For a manufacturer or a shopping mall, this opens the door to hedging against outages with its own generation and selling what it does not use.

The state keeps the core of the system, and private entry is likely to stay at the margins. Hydropower on the Caroní, Paragua and Caura rivers and the Uribante-Caparo complex, the main transmission grid and dispatch all remain reserved to the state [P]. Historically, most of the country's electricity comes from those basins and travels over that grid. A private plant connected to the system will depend on dispatch and on Corpoelec's ability to pay, so the most viable projects in the short term will be self-generation located next to demand [E].

Opened to private players	Kept by the state
Self-generation and sale of surplus power	Hydropower on the Caroní, Paragua, Caura and Uribante-Caparo
Independent thermal and renewable plants	Main transmission grid
Direct sales to large consumers, at negotiated prices	System dispatch
Distribution and retail by license or concession	Regulation, under a new Superintendency of the Electricity System

A tariff fixed in hard currency, measured in bolívars, October 2026 = 100



ODH illustration using the observed official rate, our base scenario and a constant euro-dollar rate. Not a forecast of the tariff, which depends on the regulations.

For households, the change is the tariff. Tariffs will be indexed to the strongest currency published by the BCV, currently the euro, with cross-subsidies paid by industry and commerce for those who cannot afford the full price [P]. Categories and percentages are left to the regulations. A tariff fixed in hard currency rises in bolívars at the pace of the official rate. Under our base scenario, it would go up 10% between October and December 2026 and more than triple by December 2027 [Py]. In 2024, Corpoelec's reference tariffs for registered users ranged from $1.16 to $4.34 a month [P].

The money to repair the system has yet to show up in the accounts. Of the direct payments to suppliers from the custody account at the US Treasury, $8.3 million went to turbine parts for Termozulia III and to restoring power infrastructure [O]. The memorandum with GE Vernova envisages 1,000 megawatts within 24 months, and the company's president said on October 28 that it is waiting for the first payment to start repairs [D]. The law improves the conditions for investment. Our view is that next year's power supply will depend more on those payments than on the new framework [E].

What to watch.

- Signing into law and publication in the Official Gazette.
- The regulations, including the tariff methodology, subsidy categories and licensing requirements.
- The creation of the Superintendency of the Electricity System and its first licenses.
- The first payment to GE Vernova and IMPSA and the arrival of Karpowership's power barges in Zulia.

Sources. Tal Cual, El Diario, Descifrado and Finanzas Digital (with Reuters), November 10, 2026. Bloomberg Línea for demand, output, 2024 tariffs and GE Vernova. US State Department and KPMG, Report on Venezuela Custody Account Operations, October 29, 2026. The text as passed has not been published in the Official Gazette, so its provisions are taken from press coverage and National Assembly statements.

O official data · **M** market data · **D** statement by officials or companies · **P** press report, with source · **E** ODH estimate · **Py** ODH projection

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