

SOUTH AMERICA



Chile

GDP: **\$258.1bn**Five-year economic growth rate: **3.5%**Population: **17.8m**Total clean energy investments, 2009-2014: **\$8.5bn**Installed power capacity: **19.2GW**Renewable share: **13.1%**Total clean energy generation: **8.3TWh**Top energy authority: **Ministry of Energy****OVERALL RANKING**

2014

2015

5

3

OVERALL SCORE

2015

1.97

★ Santiago

PARAMETER	RANKING	SCORE
I. Enabling Framework	04	1.81
II. Clean Energy Investment & Climate Financing	08	0.93
III. Low-Carbon Business & Clean Energy Value Chains	11	3.38
IV. Greenhouse Gas Management Activities	03	3.05

SCORE SUMMARY

Chile's 1.97 overall score in *Climatescope* 2015 placed it third among all countries, up from fifth position in 2014, when it scored 1.79. The country's ascent was powered by significant gains on both Enabling Framework Parameter I and Clean Energy Investment and Climate Financing Parameter II. Chile's strength in the heavily weighted clean energy policies and power sector structures indicators of Parameter I were instrumental, as was its performance on the Parameter II categories of cost of debt and amount invested.

On Enabling Framework Parameter I, Chile finished fourth, up nine levels from 2014, with a score of 1.81. Its 2014 score was 1.38.

On Clean Energy Investment and Climate Financing Parameter II, Chile scored 0.93, up from 0.79 in 2014. Its Parameter II ranking was eighth in 2015 versus 17th in 2014.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, Chile's 11th-place finish in 2015 equaled its 2014 position. The country's 2015 and 2014 Parameter III scores were 3.38 and 3.18, respectively.

On Greenhouse Gas Management Activities Parameter IV, Chile relinquished its first-place finish of 2014, falling to third position. Its 2015 and 2014 Parameter IV scores were 3.05 and 3.48, respectively.

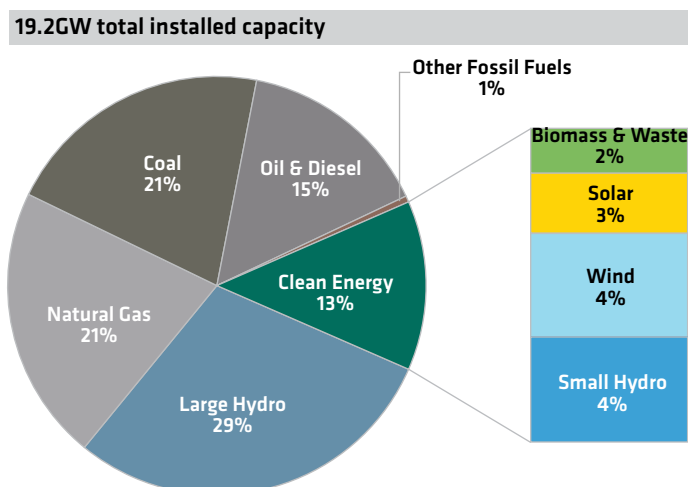
For further information, access www.global-climatescope.org/en/country/chile

OVERVIEW

Chile was one of the first nations in Latin America to set long-range targets for clean generating capacity – today, the mandate stands at 20% of renewable energy generation by 2025. However, given the fast recent development of wind and solar projects in the country, Chile is likely to achieve its target much earlier than 2025.

The Chilean electricity market is divided into four segments: Central Interconnected System (SIC), Norte Grande Interconnected System (SING), Aysén and Magallanes. Chile is the world's largest copper exporter, and mining operations are geographically located in the northern part of the country, mostly serviced by the SING system. Although most of the mining's electricity demand occurs in the SING area, two thirds of the country's total installed generating capacity (19GW) is located in the SIC system.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)



Source: Bloomberg New Energy Finance, Comisión Nacional de Energía

In 2014, Chile generated 12% of a total of 69TWh from renewable sources (biomass and waste, solar, wind and small hydro). Large hydro accounted for 28% and natural gas, coal, oil and diesel accounted for the rest.

The country is the leader in Latin America in solar installations – as of the first half of 2015, 0.5GW was already installed in the country. Most of this development has been propelled by merchant projects – PV plants developed to sell electricity in the spot market. However, a recent fall of prices in the wholesale market has made developers shift to new alternatives.

KEY POLICIES

Energy Target	20% electricity generation from renewable sources by 2025.
Tax Incentives	Renewable generators receive a reduction on transmission tariffs.
Net Metering	Net metering legislation approved.

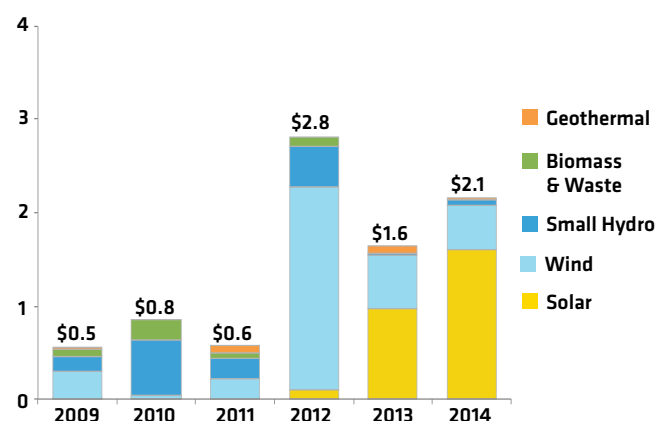
Source: Bloomberg New Energy Finance Policy Library

Chile's 20% renewables mandate by 2025 sets progressive interim yearly targets. It also indicates that auctions can be used as tool to help achieve the country's goals.

In order to improve the competitiveness of renewable projects in the auctions, in September 2014 the government approved a resolution that created three supply time blocks: 11pm-8am; 8am-6pm; 6pm-11pm. Generators bid to supply electricity during a certain time block.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2009-2014 (\$bn)

\$8.5bn total cumulative investment



Source: Bloomberg New Energy Finance

Notes: Total investments includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

In 2014, a net metering regulation was published. Under the regulation, retail electricity consumers who have renewable energy or cogeneration installations smaller than 100kW will be able to connect to the national grid, deliver surplus generation and obtain credit for electricity delivered.