

SOUTH AMERICA

Uruguay

GDP: **\$57.5bn**

Five-year economic growth rate: **7.4%**

Population: **3.4m**

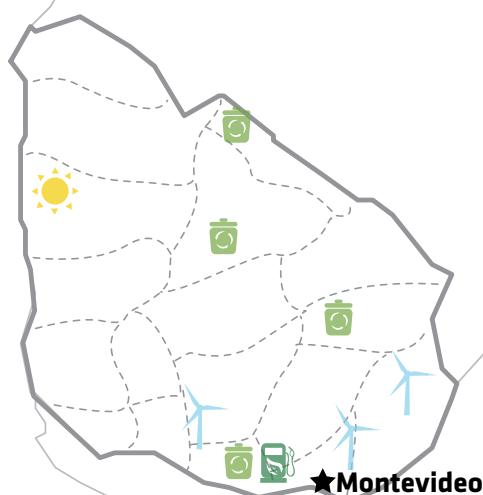
Total clean energy investments, 2009-2014: **\$3.5bn**

Installed power capacity: **3.7GW**

Renewable share: **24.4%**

Total clean Energy generation: **2.0TWh**

Top energy authority: **Ministry of Industry, Energy and Mines**



OVERALL RANKING
2014

6

2015

8

OVERALL SCORE
2015

1.69

PARAMETER	RANKING	SCORE
I. Enabling Framework	01	2.04
II. Clean Energy Investment & Climate Financing	09	0.89
III. Low-Carbon Business & Clean Energy Value Chains	29	1.41
IV. Greenhouse Gas Management Activities	07	2.64

SCORE SUMMARY

Uruguay ranked eighth in *Climatescope* 2015, two levels lower than in last year's surves. Its overall score was 1.69.

Uruguay's biggest improvement came on Enabling Framework Parameter I, where it registered gains in the Clean Energy Penetration Category. Those gains were offset by a retreat on Clean Energy Investment and Climate Financing Parameter II, in which the country failed to match its previous performance on the Growth Rate of Clean Energy Investments and Local Investments indicators.

Uruguay was ranked first among all *Climatescope* countries on Enabling Framework Parameter I, with a 2.04. The country was ninth on Parameter I last year, with a 1.43 score.

Uruguay's Parameter I gain was neutralized by its fall from first to ninth position on Clean Energy Investment and Climate Financing Parameter II. Its 2015 Parameter II score was 0.89 versus 2.03 last year.

On Low-Carbon Business & Clean Energy Value Chains Parameter III, Uruguay's 2015 score of 1.41 elevated it to 29th place, a six-position improvement from last year. Its aerlier Parameter III score was 1.16.

On Greenhouse Gas Management Activities Parameter IV, Uruguay's 2015 metrics of seventh place at 2.64 were little changed from its 2014 metrics of eighth place at 2.65.

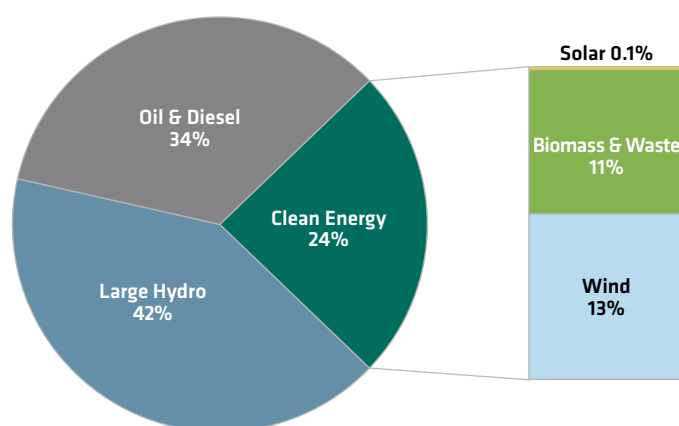
For further information, access www.global-climatescope.org/en/country/uruguay

OVERVIEW

Uruguay has become a dynamic wind market thanks to a set of reverse-auction mechanisms that have contracted 1GW of wind capacity so far. Of this total, 481MW were commissioned by the end of 2014. The government established a 15% clean energy installed capacity target by 2015. As of the end of 2014, Uruguay had achieved the target, with a total clean energy installed capacity of 24% including biomass, solar and wind plants. The country now aims to generate as much as 38% of its electricity needs from wind energy alone by 2017.

INSTALLED POWER CAPACITY BY SOURCE, 2014 (%)

3.7GW total installed capacity



Source: Bloomberg New Energy Finance, Regulated Industries Commission

Uruguay's electricity market is overseen by the Ministry of Industry, Energy and Mines and controlled by state-owned vertically integrated utility Administración Nacional de Usinas y Trasmisiones Eléctricas (UTE). UTE allows the participation of independent power producers (IPPs) through project- or technology-specific tenders, usually for 20-year power purchase agreements.

Uruguay relies primarily on hydroelectric sources to meet its power needs. In 2014, 82% of the 10.3TWh consumed in the country came from large hydro plants, while 13% came from other renewable sources (biomass, solar and wind). The remaining 5% was supplied by plants burning oil, diesel and natural gas.

From 2006 to 2012, UTE held six technology-specific renewable auctions, two for biomass plants and four for wind farms. The biomass auctions failed to contract new capacity due to lack of new available biomass resources. However, the wind tenders contracted all capacity solicited – 1GW. This meant that Uruguay attracted record-levels of investment in the past years. In 2014 alone, \$1.2bn was invested in the country's renewable energy sector.

KEY POLICIES

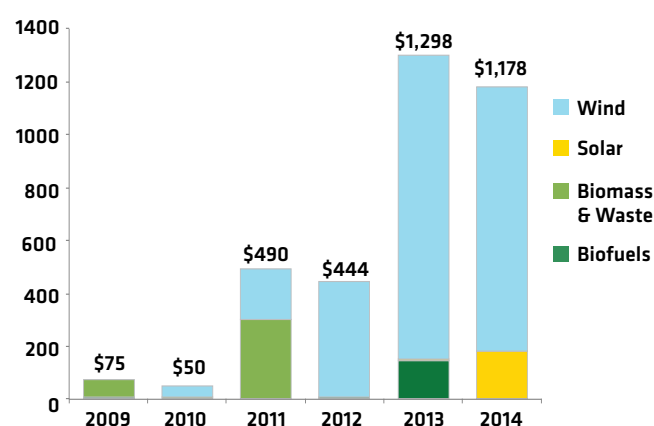
Energy Target	Renewable power to make up 15% of installed capacity by 2015.
Auction	Administración Nacional de Usinas y Trasmisiones Eléctricas has conducted four wind auctions, contracting 684MW of wind capacity for 20 years. Uruguay has also established an auction to contract 200MW of PV.
Biofuels	A 5% biodiesel blend and a 5% ethanol blend is required by 2015.
Tax Incentives	An income tax reduction is available for renewable generators and there is a VAT exemption for wind equipment.
Net Metering	Consumers with their own renewable energy microgeneration systems can connect to the grid, deliver surplus energy and obtain a billing credit.

Source: Bloomberg New Energy Finance Policy Library

In 2013, Uruguay launched a solar tender, aiming to contract around 206MW of photovoltaic utility-scale capacity to be delivered by 2015. As of November 2014, 16 PV projects (199MW), had been awarded contracts. Moving forward, wind investment activity should slow down, while solar projects will attract more funds in the coming years.

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

\$3.5bn total cumulative investment



Source: Bloomberg New Energy Finance

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