



CORFO



BUSINESS OPPORTUNITIES IN RENEWABLE ENERGIES FOR CHILE

Javier García M.
Deputy Head
Investment and Development Division
Corporación de Fomento de la Producción –
CORFO
The Chilean Economic Development Agency-
CORFO

July 2008

CORFO



- **The assistance for renewable energy projects**
- **The incentive for investments**

CONTENTS

Barriers for Renewable Energy Projects:

In spite of the new law, modifications and better energy prices, several barriers remain:

- Asymmetries of information
- Asymmetries of the negotiation position
- Access to financing
- Access to transmission lines
- Risk over forecasts of future electricity prices

Opportunities for the assistance of projects

Subsidy for pre-investment studies

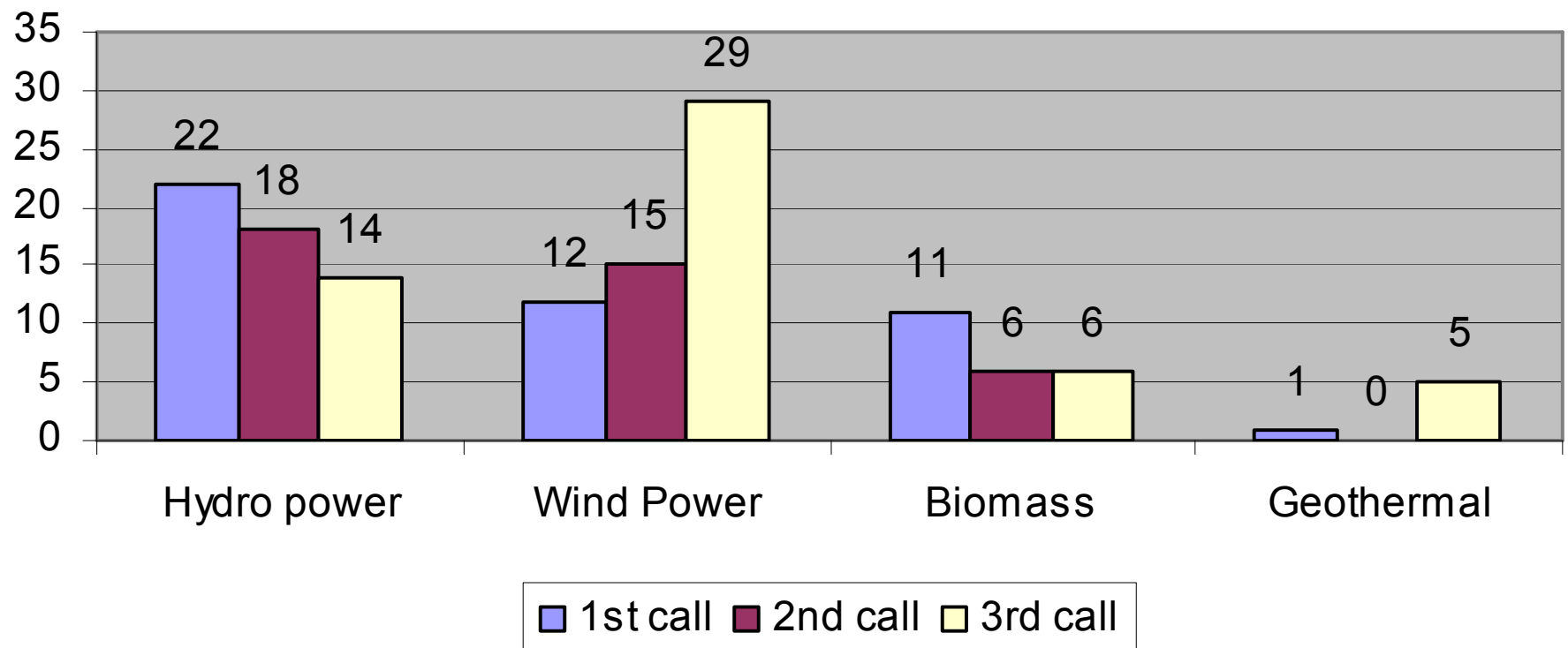
- CORFO co-finances design and assessment studies for the feasibility phase of renewable energy projects.
- The cap of the subsidy is USD 60,000 or up to 50% of the cost of the studies.
- Engineering studies, environmental impact assessment and even the PDD (for projects submitted to the Clean Development Mechanism) can be financed through this subsidy.
- Main eligibility condition: access to the energy resource (water rights, ownership of biomass, land ownership or formal right of entry for wind mill projects).

Three calls for submissions

- July 2005, April 2006 and January 2007.
- 250 projects presented.
- 139 projects approved.
 - 54 hydropower projects
 - 56 wind mill projects
 - 23 biomass and biogas projects
 - 6 geothermal projects
- Projects that have been submitted and approved are included as part of CORFO's portfolio
- More than 120 projects in progress

Statistics of approved projects

Approved projects



Results from Calls: Projects Currently In-Progress

Project	Region	Call	Source	MW
Puclaro	IV	1	Hydro	5,4
El Manzano	IX	3	Hydro	3,6
Lircay	VII	1	Hydro	19
Estancia Flora	VIII	1	Wind	0,15
Lebu*	VIII	2	Wind	2,3
Negrete	VIII	1	Biomass	0,1
Cayucupil	VIII	2	Hydro	3
Río Trueno	IX	1	Hydro	6,5
Río Lican	X	1	Hydro	17
Cuchildeo	X	1	Hydro	0,75
Dongo	X	2	Hydro	6
Total				63,8

Note: On-going projects that have not been received CORFO's subsidy include Canela and Ojos del Agua (Endesa Eco)

Co-financed studies and project characteristics

	CORFO Subsidy	Installed capacity*	Total investment*
	USD	MW	Thousand of USD
Biomass	651,087	72	150,992
Wind power	1,559,400	830	1,022,009
Hydro	2,012,474	316	500,995
Geothermal	349,900	59	116,866
Total	4,572,861	1,277	1,790,862

Source: Corfo

* Based on project information



Avances en proyectos

Hidromaule, marzo de 2008.



Estancia Flora, febrero de 2007



Feasibility Funding for Advanced Projects

- Up to US 160,000 per project
- Requires technical and economical pre-feasibility and source quantification.
- Finances advanced engineering studies, Environmental Assessment, Electric studies.
- Expected to begin September 2008.

CORFO's financial aids for renewable energy projects

- Long term credit to finance projects with local environmental benefits and renewable energy activities
- A maximum amount of USD 5 million for each project, with 30 months grace period and 12 years for total credit repayment
- A new line of credit, with support from the German Government, will allow loans of USD 10 million for each project (as from September 2008)

Incentives for renewable energy projects

- **1st International Congress for Investors in Renewable Energy projects: October 5th and 6th, 2006 (Santiago, Chile)**
- Over 500 participants
- Over 140 investment companies (Capital Risk Funds, Private banks)
- Over 50 project developers
- Over 400 business meetings
- Publication of a catalogue with detailed information on 40 projects.

Incentives for renewable energy projects (2)

- **2nd International Congress for Investors in Renewable Energy projects: November 14, 15 and 16, 2007 (Santiago, Chile)**
- More than 700 participants
- More than 250 companies from 40 different countries
- A portfolio of over 60 projects
- More than 1000 business meetings
- Publication of a second catalogue with detailed information on projects.
- A specific day dedicated to the promotion of renewable energy projects within the framework of the CDM of the Kyoto Protocol.

Incentives for renewable energy projects (3)

- This year the “**International Summit on Climate Change and Renewable Energy**” will take place in Santiago (Chile) between the 28th and the 31st of October
- 7 Institutions in the organization: The World Bank, UNFCCC, IETA, OLADE, PROCHILE, CORFO and CONAMA
- Expecting 800 attendees
- Unique opportunity to learn about Latin America’s CDM market and Chile’s renewable energy projects
- A portfolio of over 60 projects
- The 3rd Project Directory currently under development.

MATCH MAKING DE INVERSIONES



The logo for CORFO, consisting of the word "CORFO" in a blue, sans-serif font, enclosed in a white rectangular box with a thin blue border. Below the box are three small blue circles.

CORFO

Join us in Santiago and be a part of this process to incorporate your business in the generation of renewables and CDM in Chile and Latin America!

www.chilenergy-corfo.com

Thank you for your attention