

Desde Santiago (from Santiago)

Desde Santiago (from Santiago) is Núñez, Muñoz & Cía. Ltda. Abogados' bulletin, which seeks to reach out to colleagues, partners, and the community as well as to inform of relevant issues concerning legal matters, taking place either in Chile or Latin America.

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Núñez, Muñoz & Cía. Ltda., Abogados provides legal services to national and foreign clients in different areas of law.

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The Chilean Government announces the construction of two solar energy plants

By Rodrigo Galleguillos*

According to the Government of Chile, mining companies are logical partners for the development of solar energy plants.

The Government of Chile, through the National Energy Commission (CNE), announced a plan to build two solar energy plants in the North of Chile, a land with extraordinary conditions for solar energy generation.

The objective is to develop two kinds of energy plants: a "photovoltaic farm" with the capacity to generate between 500 KW to 1 MW and a "concentrated solar plant" with a capacity to generate nearly 10 MW. According to the Minister of Energy, Mr. Marcelo Tokman, "In

order to appreciate the magnitude of these projects, the photovoltaic farm will require between 1 to 2 hectares of land (from 2.4 to 4.9 acres) and the concentrated solar plant will use nearly 20 hectares (49.5 acres)".

Bearing in mind that solar energy plants have high initial costs, the Government will subsidize the required investments. During the second semester of 2009, the CNE will open a bidding process in order to select a project which both fulfills the technical requirements and requires the lowest Government subsidy.



Furthermore – in order to increase the project's attractiveness – the Chilean Government has offered major mining companies to enter in long term contracts for the purchase of the generated energy. As Mr. Tokman stated, "Mining companies are our logical partners in this project, since their activities are located

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precisely in the highest solar radiation zones, they have a significant energy demand and they are looking for alternatives that guarantee a

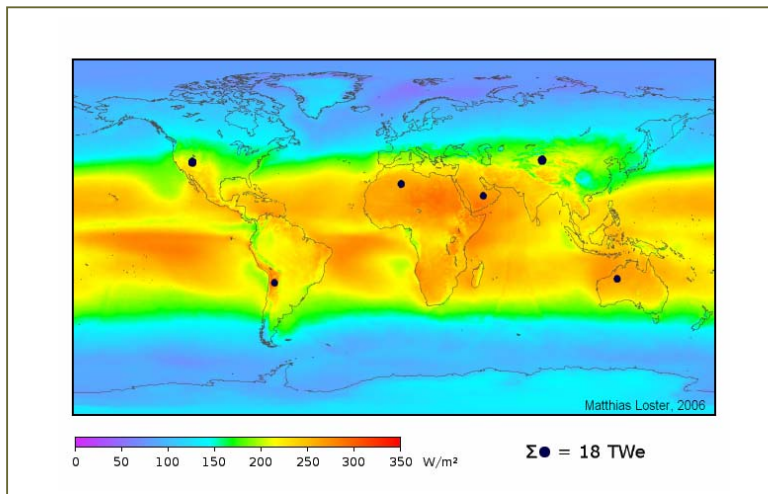
“Chile has a potential to generate between 130,000 and 190,067 MW from renewable sources”.

sustainable and secure supply”.

Mining companies as Antofagasta Minerals, BHP Billiton and Collahuasi made public their interest in such proposal and currently assess becoming part of the referred agreement.

The plan for creating new plants of solar energy was announced at the end of April, coinciding with a conference held in San Francisco, California, which intended to present the aforementioned plan to foreign and Chilean investors. For the occasion, companies like BrightSource Energy; First Solar, Acciona Energy North America; Solel; Ausra; Abengoa Solar U.S.; Solar Millennium LLC and Sun Tech America presented their knowledge of the solar energy field as well as being informed of Chile’s plans.

Last year, a study performed by



Solar power systems covering the areas defined by the dark disks could provide more than the world's total primary energy demand (assuming a conversion efficiency of 8%).

Chile & Renewables

University of Chile and Federico Santa María University demonstrated that Chile has a potential to generate between 130,000 and 190,067 MW with renewable sources, in the forthcoming years. Regarding solar energy, the study provided that such energy source has a generation potential of nearly 100,000 MW, potential that has been barely exploited up to present.

In this sense, the construction of solar energy plants is one of the multiple governmental measures intended to boost the development of nonconventional renewable sources, secure supply and prepare human capital for the moment when solar green technologies become marketable.

** Rodrigo Galleguillos, member of our firm since 2008, was part of the Chilean team that debated - on March - on the international legal framework for climate change at “The Copenhagen Competition”, contest hosted by the University of Copenhagen.*

Hard Facts

- ▶ The bidding process should be opened during the second semester of 2009 (there is not an official date yet).
- ▶ The contracts to build the solar projects are expected to be awarded at the end of this year or in early 2010.
- ▶ Operation of the “photovoltaic farm” should begin next year, and the “concentrated solar plant” should be going online in 2012.

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