Investment for a sustainable ENERGY TRANSITION in Chile

Noviembre 2021
The race against climate change

Chile has committed to achieve Carbon Neutrality by 2050.
Energy transition and its key pillars

Phase out of coal and grow in renewables  
Energy efficiency  
Green Hydrogen  
E-mobility
Towards a green and economic power grid...

- Phase out of coal and grow in renewables
- Energy efficiency
- Green Hydrogen
- E-mobility
We are phasing out coal power plants by 2040. 65% will phase out by 2025.

In 2021: we will double our solar and wind capacity + 6 GW. Equivalent to 25% of our total installed capacity.
Energy efficiency, an ace up the sleeve towards sustainability...
Energy Efficiency Act 21.305
Published in the Official Gazette on February 13, 2021

Other content in the bill
- Energy management in the public sector.
- Interoperability for electric vehicles.
- Accelerated depreciation for electric vehicles
- Hydrogen regulations
Decarbonizing other sector in our economy...

- Phase out of coal and grow in renewables
- Energy efficiency
- Green Hydrogen
- E-mobility
Projected green hydrogen cost per region in USD/kg by 2030

- USD < 1.5/kg
- USD 1.5-2/kg
- USD 2-3/kg
- USD > 3/kg

Chile is the most competitive producer

We have set clear goals to lead the way in the green hydrogen

2025

- 5 BUSD
  Top destination for green hydrogen investment in LATAM
- 5 GW
  Electrolysis capacity operating and under development
- 200 ktonne/year
  Production in at least 2 hydrogen valleys in Chile
- Leaders in export of green hydrogen and derivatives
- The cheapest green hydrogen on the planet
- Leaders in production of green hydrogen via electrolysis

2030

- 2.5 BUSD/year
- <1.5 USD/kg
- 25 GW
Decarbonizing the transport sector...

Phase out of coal and grow in renewables
Energy efficiency
Green Hydrogen
E-mobility
As a result of a participatory process which involved the public and private sector, a structure based on 4 pillars was devised, comprising 51 actions in order to develop electromobility along the next 4 to 5 years.
Goals towards year

2035
- 100% of light and medium vehicle sales will be zero emissions.
- 100% of public transport sales (buses, taxis, others) will be zero emissions.
- 100% of major mobile machinery will be zero emissions.

2040
- 100% of minor mobile machinery will be zero emissions.

2045
- 100% of load transport vehicle and inter-urban bus sales will be zero emissions.
Economic Recovery Government Plan

- Mass Vaccination National Program
- Sustainable Investment Plans
- Employment subsidies
- Support to SMEs (Small and Medium Enterprises)

Plan based on 4 areas of focus

Source: Government of Chile [https://www.gob.cl/chileserecupera/sustentabilidad/](https://www.gob.cl/chileserecupera/sustentabilidad/)
Economic Recovery Plan considers public investments of USD 34 bn in two years in different areas. At least 30% will contribute to accelerate the transition to sustainable development and to mitigation and adaptation of climate change.

Substantiable Investments will be based on:

- Contribution to the fulfillment of the commitments established in our NDC.
- International labeling scheme from Climate Bonds Initiative (CBI) according to green investment label of Chile’s Green Bond Framework.

Source: Government of Chile [https://www.gob.cl/chileserecupera/sustentabilidad/](https://www.gob.cl/chileserecupera/sustentabilidad/)
This year we will launch our Economic Instrument Strategy

A scheme that enables the energy transition

We are working on an Economic Instruments Strategy that will provide the fundamentals for reforms that will allow defining the future path for the boost investment to accelerate the energy transition.

Instruments that have been assessed

- Carbon tax
- Fuel taxes
- Earmarking
- Emissions trading systems
- Quota mandates
- Zero emission vehicles

Studies sustaining our strategy

Options to achieve carbon neutrality in Chile: An evaluation under uncertainty

Economic instrument schemes that catalyze the energy transition needed to comply with Chile’s NDC and net-zero GHG emissions goal

Green hydrogen deployment in Chile’s domestic markets: Definition of regulatory pathways to accelerate the energy transition.
The road to carbon neutrality is forecasted to have positive cost-benefit effects.

Net benefits: USD 37.1 billion = USD -41.3B (investment) + 78.4 O&M (savings)
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