

Energy Transition in Chile: An Inconvenient Truth

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What do you get by combining favorable policies with strong institutional frameworks, high investor confidence and ample natural resources? You get Chile the last renewable energy center in Latin America¹

Executive Summary

This document reviews the main changes that the Chilean energy sector has experienced in the last decade, both in terms of its regulatory aspects and its development, and the expansion of its energy infrastructure, identifying the main challenges and opportunities that exist for the future of the sector. Improvements are proposed for the development of the sector, in the context of a market economy, with increasing restrictions on CO₂ emissions. And, attention is given to the policies and actions that have been implemented in recent governments and their impacts. The background information provided in this work allows us to conclude that the profound transformation process that the energy matrix in Chile has been undergoing begins, with force, in the period 3/2010 -3/2014. Where, the actions of policy and improvement of the sector, plus the signals emanated from the executive and the citizenship, complemented by the favorable financing conditions and a strong decline in the costs of renewable energies, such as wind and solar, led to a drastic turn in the focus of investment projects, towards a strong growth of investments in non-conventional renewable energy (NCRE) projects.

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We appreciate the contributions and comments of Juan Manuel Contreras, Executive Secretary of the CNE 2010-2014 and General Manager CTG Energía; and Cristián Cárdenas Lailhacar, former Executive Director of the Country Energy Efficiency Program and the Chilean Energy Efficiency Agency, Assistant Director Industrial Assessment Center and Mobile Energy Laboratory, Associate Research Scientist, Dept. of Mechanical and Aerospace Engineering, Herbert Wertheim College of Engineering, and Affiliate Faculty - Center for Latin American Studies University of Florida.

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¹ World Economic Forum, April 14- 2016

Investments that take advantage of the most advantageous natural conditions for their development in Chile and their favorable business climate, have led to NCRE today accounting for 18.8% of electricity generation, versus 0.4% that they represented at the beginning of this decade.