

• NEWSLETTER • October 2008

Chilean Government creates a US\$400,000,000 Fund to incentive Renewable Energies

On August 22nd 2008, the Chilean Government sent a bill of law to Congress. The bill is aimed to give a strong boost to the investment in renewable energies and energy efficiency.

Among other initiatives, the government wants to create a new Fund managed by its agency CORFO of US\$400,000,000.- to incentive the investment and use of Renewable Energies ("Fund").

THE FUND WILL BE USED FOR SEVERAL PURPOSES:

- a) To incorporate a guaranty fund that will increase the access to finance new projects of renewable energies and energy efficiency.
- b) To subsidize geothermal exploration. In this regard, the Fund will allow to reduce the major risks existing in the final stage of the exploration, the drilling, where the major investments are concentrated and there are more chances of failure.
- c) To grant a contingency subsidy to promote the construction of power lines for new projects or renewable energies and to improve its technical and economic feasibility; and
- d) To make contributions to risk funds developing projects of renewable energies.

This bill is a complement to Law 20,257 enacted last April, which requires that at least 10% of energy injected to the national power system must come from renewable energies. This threshold goes from 5% in 2010 to 10% in 2024.

If you have any further question, please contact the attorney at Bahamondez, Alvarez & Zegers Ltda. with whom you work with or Felipe Bahamondez at fbahamondez@baz.cl or Matias Zegers at mzegers@baz.cl.

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