Notable Developments
Ministry of Energy - Chile
EWG45 Thailand

As mentioned in Chile's previous report, our National Energy Strategy was launched by the President of the Republic in February of 2012. The six pillars of energy policy outlined in the document will continue to provide the framework for the Ministry of Energy's work:

- Growth with Energy Efficiency
- Promotion of Non-Conventional Renewable Energies
- Role of Traditional Energies
- New Focus on Transmission
- Towards a More Competitive Electricity Market
- Sustained Progress in the Options for Regional Interconnections

In this context, Chile's Ministry of Energy is pleased to report the following Notable Developments for the year 2012 and the beginning of 2013:

1. Energy Efficiency

- Strengthening of the National Labeling Plan: During the year 2012, energy efficiency labels were implemented for five new products: TVs, DVDs, decoders, Blu Ray and stereos. Labels for new homes have also been established, identifying the level of efficiency of the architecture as well as the heating, hot water and lighting.

- Municipal Lighting: 4,000 streetlights were replaced in four municipalities in Southern Chile

- ISO 50,001: Three Chilean Companies were the first to be certified within our economy under the ISO 50,001, which was launched worldwide in 2011.

- Interministerial Committee on Energy Efficiency: This Committee was created to support the incorporation of energy efficiency criteria in the public sector, ensuring attention to cross-cutting issues. It also advises the President of the Republic with regard to the coordinated formulation of public policies, plans, projects and programs oriented to developing energy efficiency. The first meeting was held in March 2013.

  The Committee is chaired by the Minister of Energy and includes the ministers of the Interior and Public Security, Treasury, Economy, Promotion and Tourism, Social Development, Public Works, Housing, Mining, Transport and Telecommunications and

the Environment. It will also include sectorial committees, made up of representatives of public agencies whose lines of work involve energy efficiency.

2. Non-Conventional Renewable Energies

- New Investments in Geothermal Energy: The Ministry of Energy granted 12 new geothermal exploration concessions in 2012.

- Modifications of the Geothermal Law: These modifications are currently in their final phase, and they are expected to significantly improve the legal framework for the development of geothermal energy in Chile. For more information, please see the Laws and Regulations Section below.

  There are currently 76 geothermal exploration concessions, of which 51 have been granted over the past three years. They represent a total of almost 3 million hectares and a committed investment of approximately US$ 370 million. With regards to exploitation concessions, six have been granted. They represent a total surface of almost 30,000 hectares and a committed investment of approximately US $970 million.

- First Concentrated Solar Power (CSP) Plant in Latin America: In March 2013, the first tender began for the construction of a CSP plant that will store and supply continuous energy. The tender will involve a government subsidy of up to US $20 million, fiscal territory and over US $350 million in additional financing. The initiative seeks to reduce dependency on fossil fuels, reduce knowledge barriers, diminish risk perception and support the process of maturing the local market to facilitate a greater use of solar energy.

- Tender for Wind Energy Projects on Six Fiscal Territories in Northern Chile: Together with the Ministry of National Assets, the Ministry of Energy is holding a tender for wind projects on six fiscal sites in Northern Chile. It is estimated that in 2015 this will represent 600 MW of wind energy.

3. Power Transmission

Recently there has been a historic increase in power transmission investments, approximately five times the volume seen in previous periods. In the context of the goals to strengthen and decongest the power transmission networks, the following developments can be highlighted:

- Concessions and Easements Bill: This Bill has the objective of optimizing procedures, thus allowing for a more opportune construction of new projects. In this sense, it will allow for a more efficient and economic operation of the system.

- Public Power Transmission Corridor Bill: This bill entered Congress in September 2012, and proposes the creation of a public power transmission corridor. In addition, it introduces the criteria of space in transmission lines and incorporates the State in the definition of routes, further enabling long term planning.

  The bill includes changes to the current law that facilitate the incorporation of greater volumes of non-conventional renewable energy, as well as new actors that make use of traditional sources.

4. Regional Interconnections

   - Chilean authorities participated in the III meeting of the Sistema de Integración Eléctrica Andina, SINEA (Andean Electricity Integration System), held in Santiago in September 2012, as well as the Chile - Argentina Binational Interministerial meeting.

5. Access to Energy for vulnerable populations: Over the course of 2012, 45 photovoltaic solar energy systems were installed for electricity, 19 solar collectors were installed for warm water, 45 rural electrification projects were completed, as well as 21 projects for warm water.

6. Laws and Regulations:

   The following laws and regulations that were approved in 2012 or early 2013 can be highlighted:

   - Law N° 20.571 on Net Metering (published on March 20, 2012): This law allows families and small businesses that generate their own power to inject the excess energy produced into the network, receiving payment from the energy distributors.

   - Regulations for Minimum Energy Efficiency Standards: These regulations establish the procedure for defining the minimum energy efficiency standards for the sale of products, machines, instruments and materials that consume energy.

   - Regulations for the Labeling of Vehicles: These labels present comparable information on the fuel efficiency and carbon dioxide emissions of vehicles. This labeling became obligatory on February 2, 2013.

   - Security of LNG Plants: These regulations establish the minimum security standards for LNG plants. They include the stages of design, construction, operation, maintenance, inspection and finalization of operations.

- Geothermal Energy (published in March 2013): These regulations make improvements in the administrative procedures to grant concessions for geothermal exploration and exploitation, thus encouraging the development of this source.

  The new regulations eliminate one of the main obstacles faced by the geothermal industry, which was the lack of legal certainty in obtaining geothermal exploitation concessions. This means that recipients of exploration concessions can now carry out activities that require high investment costs, with the certainty that they will later have the right to obtain an exploitation concession.

  The new regulations also eliminate a series of requirements to request a geothermal energy exploration concession, simplifying the request process.

Regulations that are currently in the final stage of approval include:

- Economic Load Dispatch Centers: Adjustments that seek to give these organisms a greater degree of independence.

- Complementary Services: Defines the services that must be granted in order to maintain the proper functioning of the power system.

- Additional Transmission: Corrects gaps in the current procedure for the connection of a generator to a power transmission line categorized as “additional”.

- Subtransmission Criterion: Defines the criterion to determine subtransmission systems, processes for setting rates, payments by users and remuneration of owners.

- Closure of Hydrocarbon Sites: Establishes the norms that regulate the closure of sites and installations for the mining of hydrocarbons, the contents of the presentations and the procedures.