

Views of implementing a GHG market mechanism in Chile

Workshop on integrating carbon pricing
with energy policies



Gobierno
de Chile

Ministry of Energy
Chile

March 18th, 2013

Chile: Country profile



Population

- 17.1 million
- 6.6% unemployment
- Income distribution problems

GDP (2011)

- US\$ 303.5 billion (PPP)
- Annual growth rate: 5.9%
- Inflation: 3.3%

Primary economic activities

- Mining (copper)
- Agriculture (wines, forestry)
- Services (finance, tourism)

Source: World Bank (201)



Background: Electricity profile (2010)

Two main electric grids

SING (Great north)

Mining
35% electric demand

3.7 GW
Installed capacity

15,043 GWh Thermal
Generation

SIC (Central)

Large population
centers

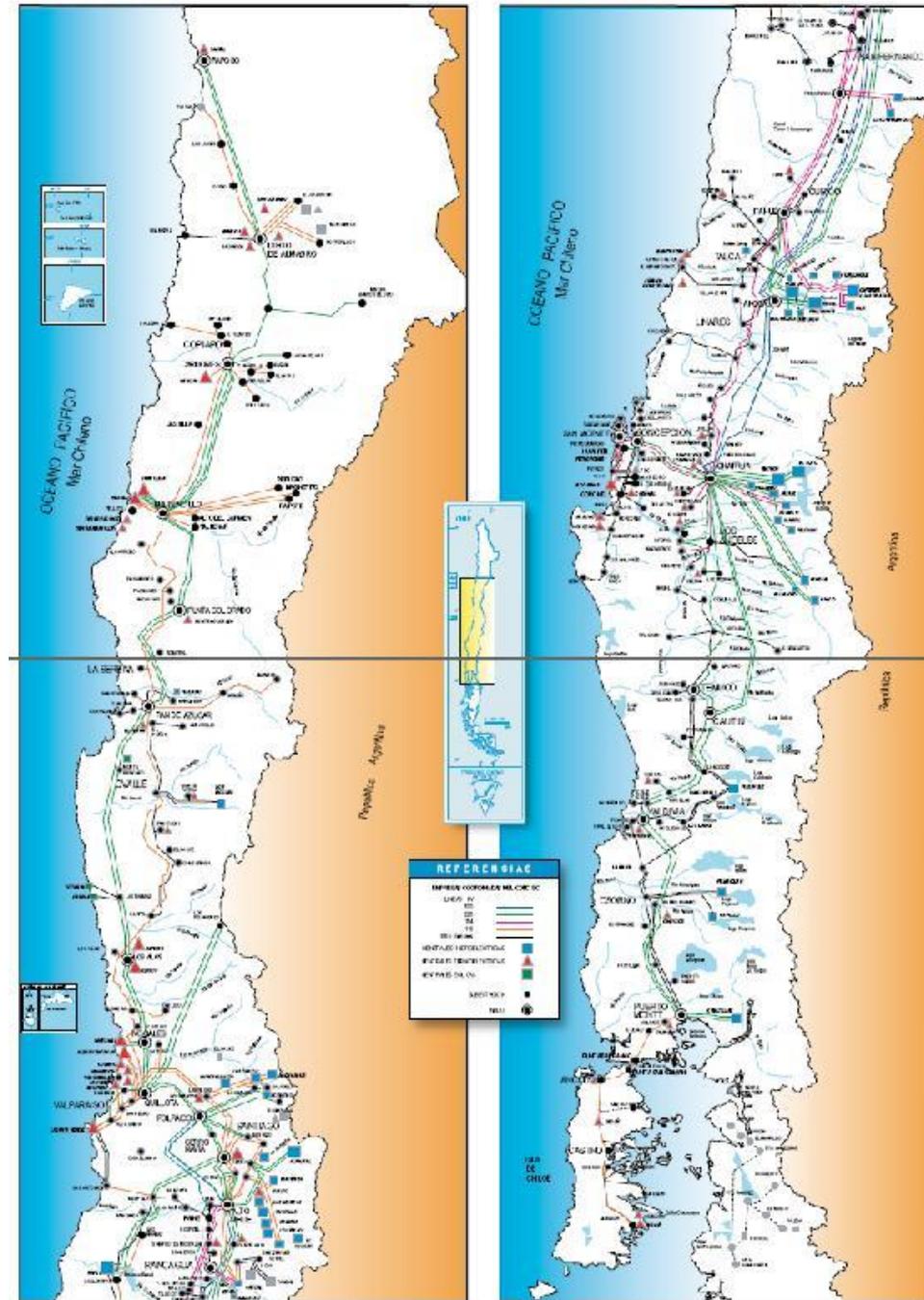
12 GW
Installed capacity

22,681 GWh
Thermal

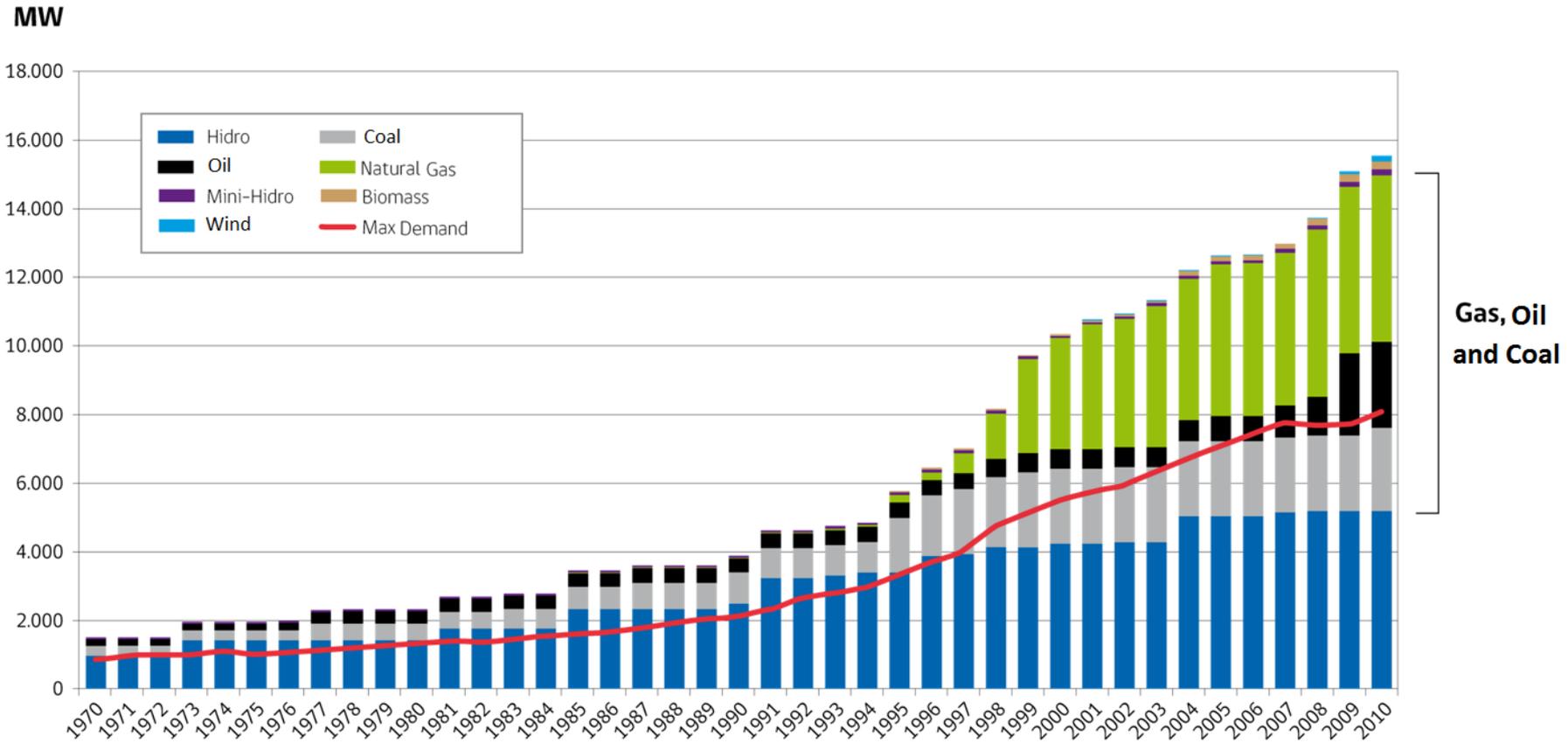
21,248 GWh
Hydro

325 GWh Wind

Source: CDEC SIC



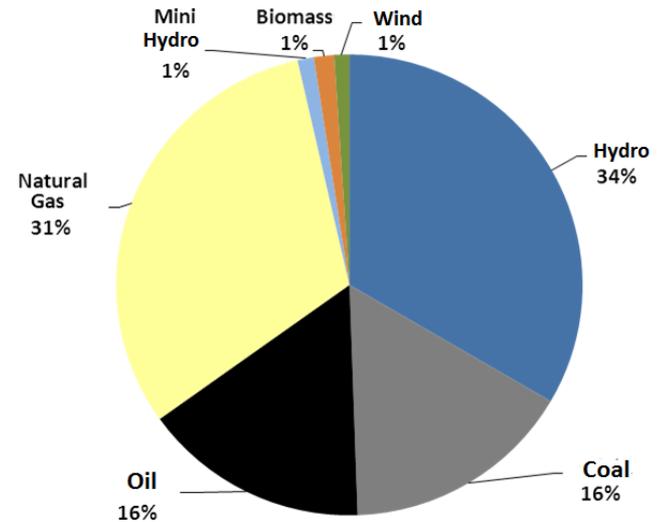
Background: Electricity supply mix (1970 - 2010)



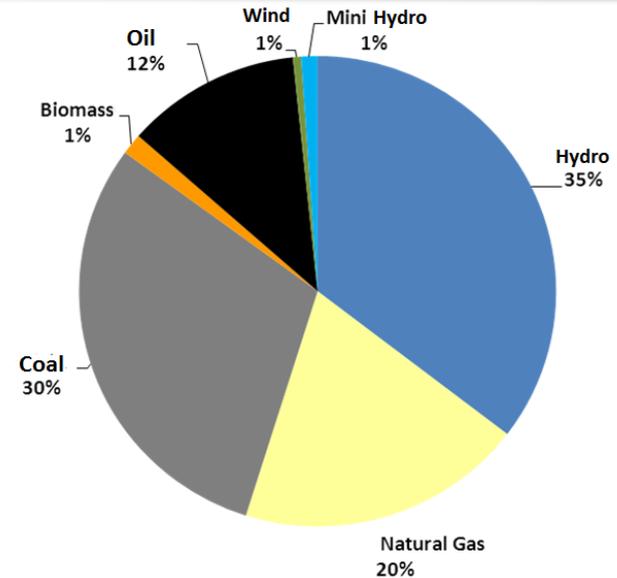
Source: National Energy Commission: Electricity Statistics

Background: Electricity sector profile (2010)

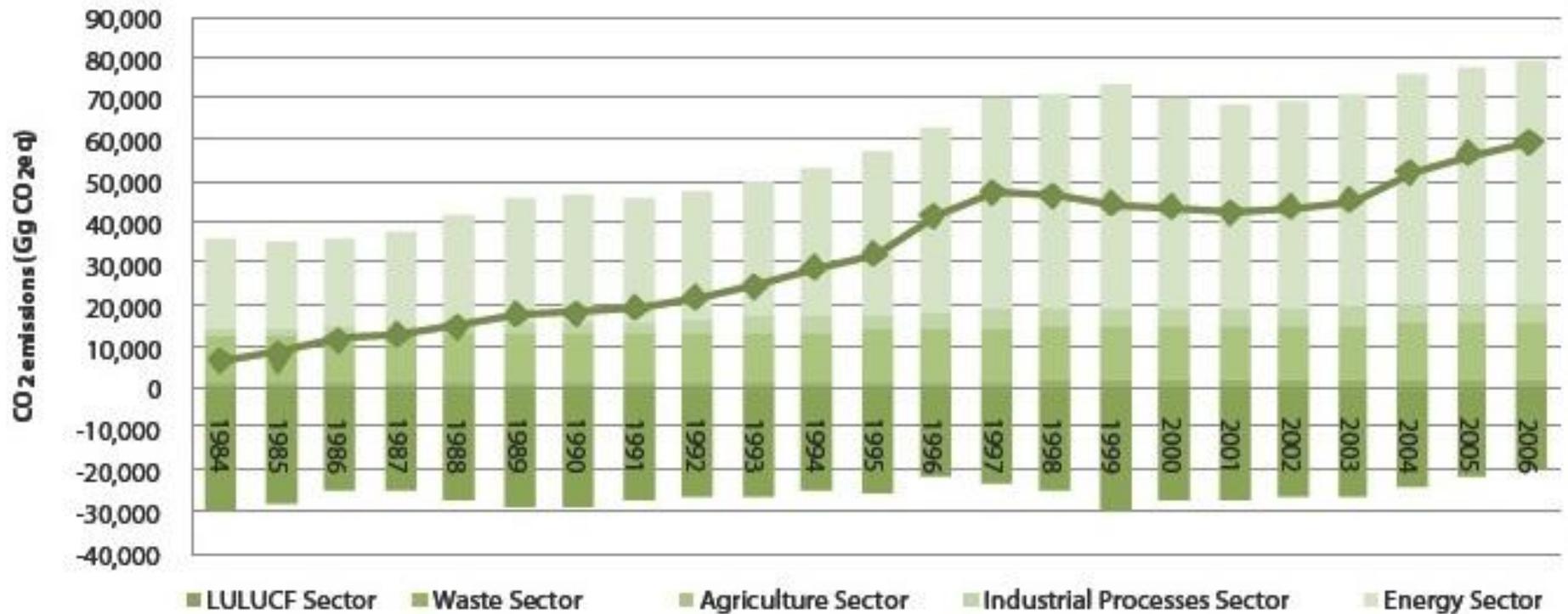
Supply mix: 15,600 MW



Electricity production: 58,300 GWh



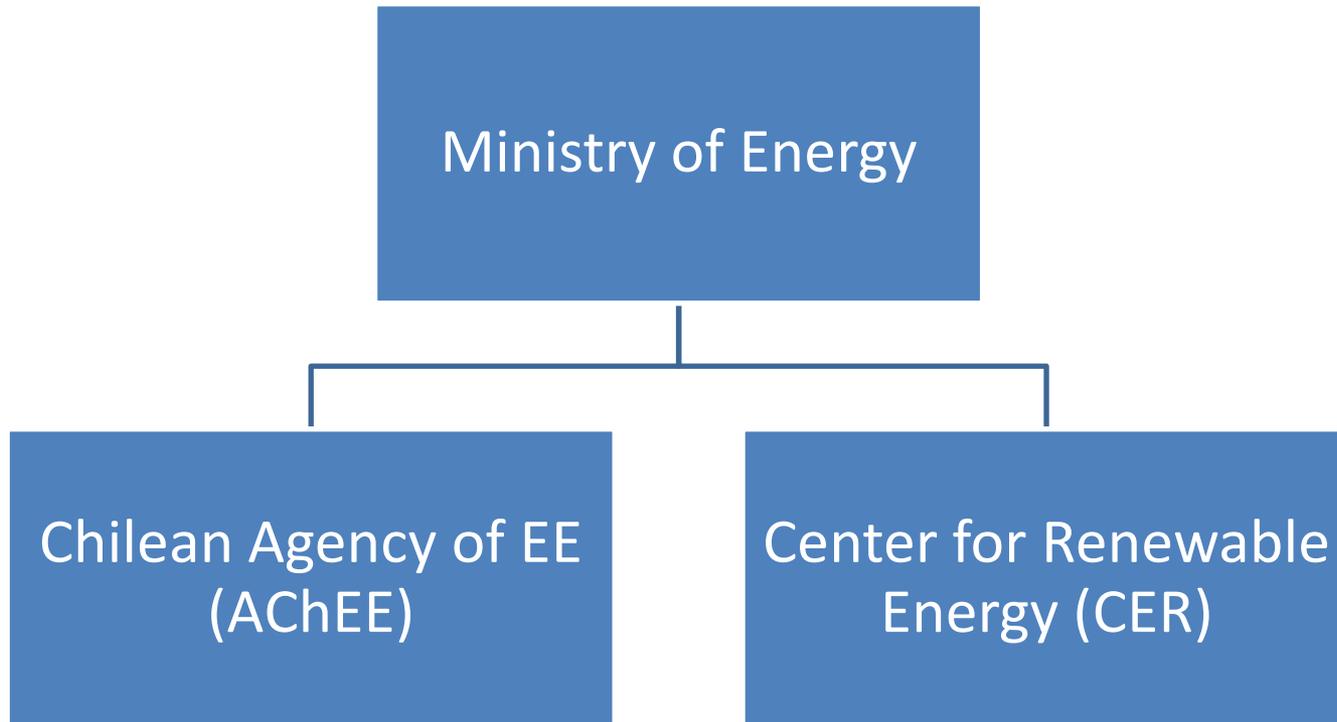
Chile's 2nd National Communication GHG Inventory



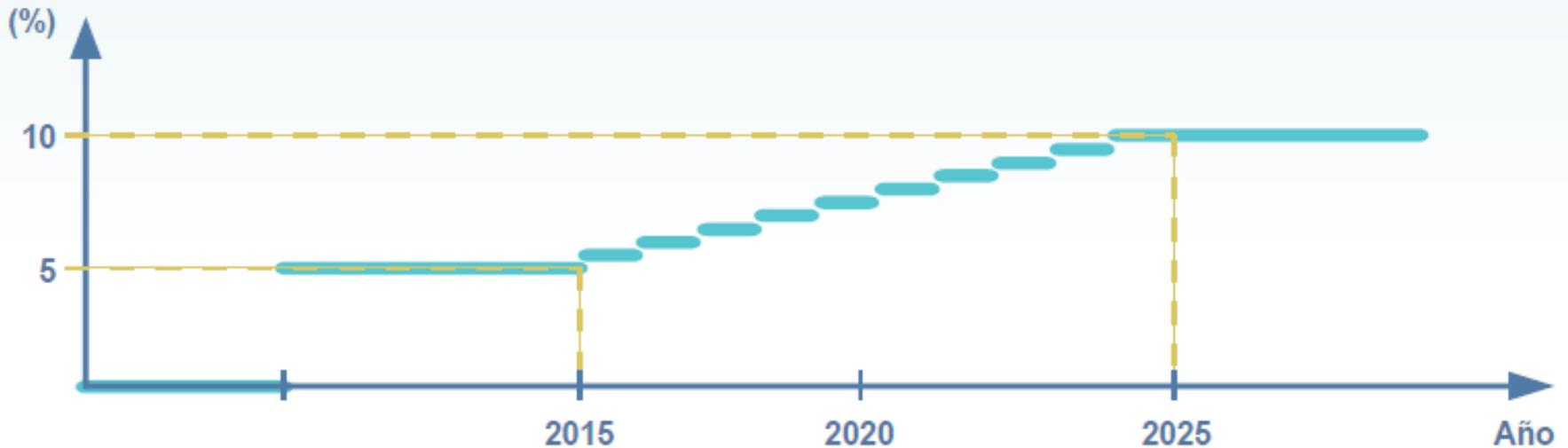
Sectoral contributions and balance of Chile's National GHG Inventory (INGEI), 1984-2006

Source: Ministry of the Environment, 2011

Chile's Energy Institutional Framework



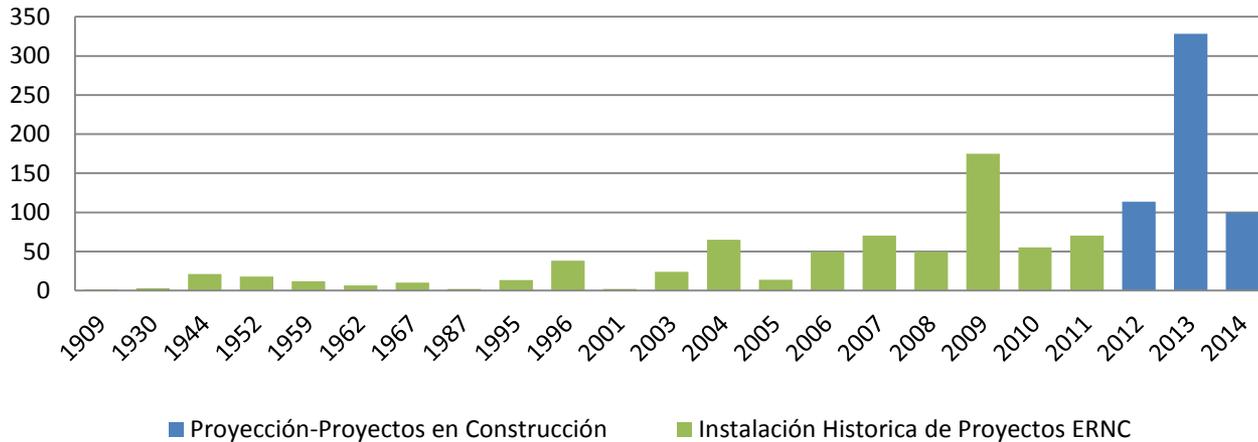
Renewable Energy Policy (Law 20,257)



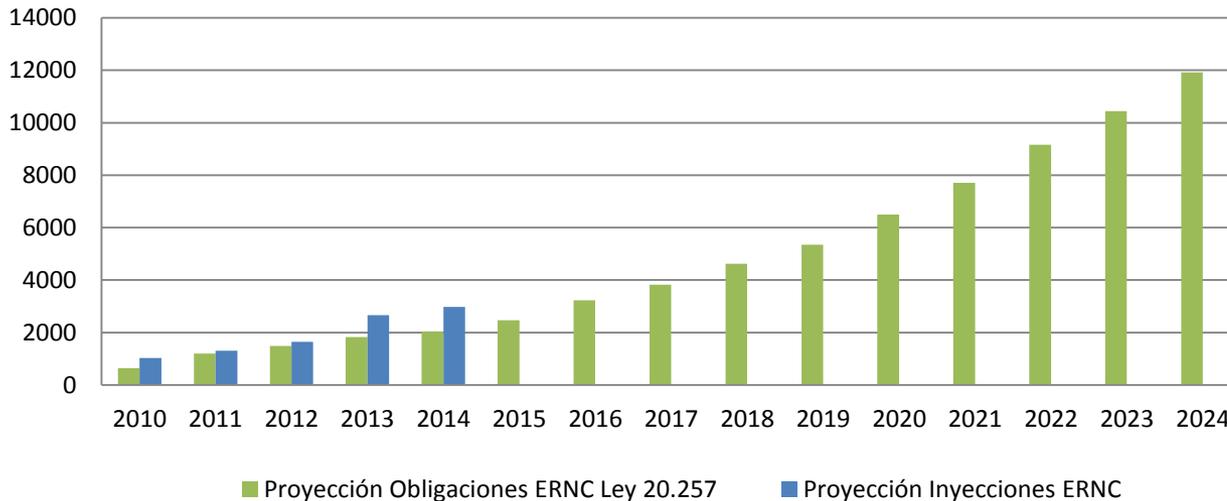
- RPS that requires that a given % of the electricity sold by power generators comes from renewable energy sources
- Increase of the requirement:
 - 2010-2014: 5%
 - 2015-2024: goes up 0,5% annually up to 10% by 2024

Projections of the Renewable Energy Law

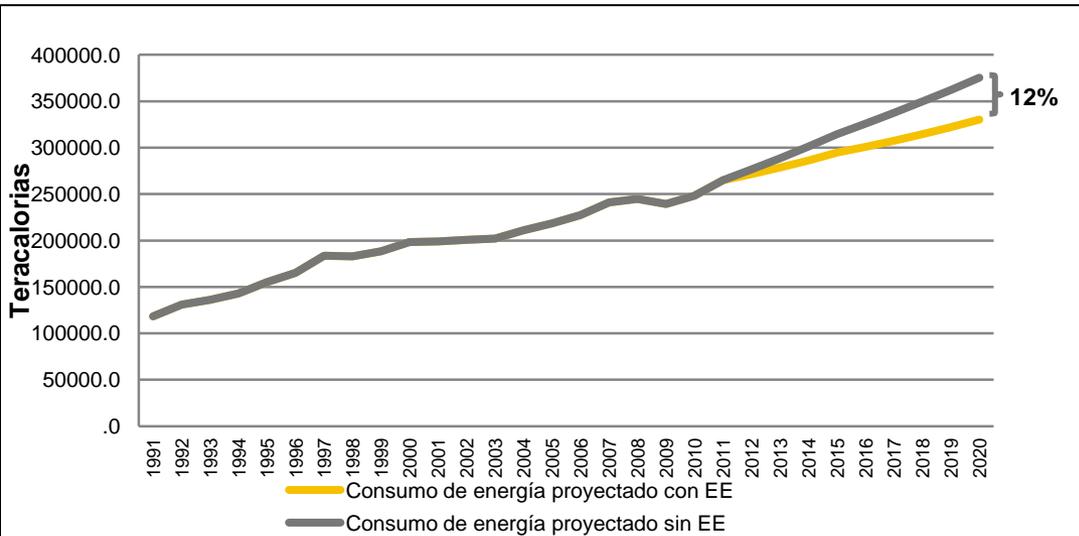
Historic rate of implementation of RE projects
Projection based on projects under construction (MW)



Required total additionality by RE Law and RE power generation estimate (GWh)



EE Action Plan 2020



Sector	Total savings by 2020 (Tcal)	Savings on 2020 (Tcal)	Savings on 2020 (%)
Buildings	36,071	8,357	20.0
Appliances	12,905	3,463	8.3
Industry and Mining	62,046	16,878	40.44
Transport	22,396	5,041	12.1
Firewood	36,637	7,991	19.1
Total	170,055	41,730	100

Actions to implement EE Action Plan

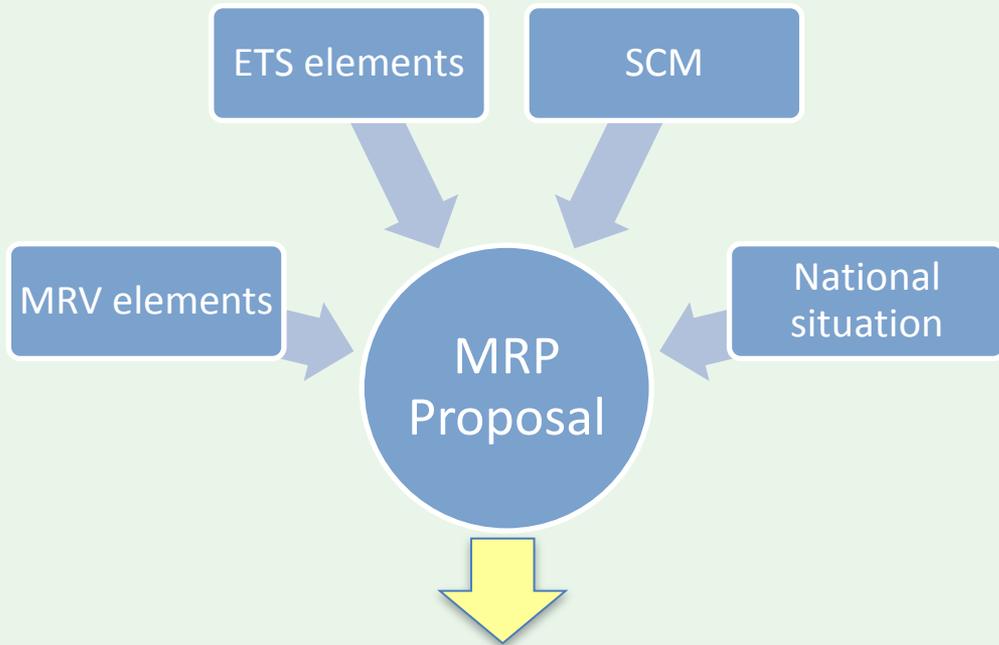
- Set MEPS
- Design and implement EE programs such as CFL, industrial energy audits, etc.
- Massive awareness campaigns
- Channels financing for EE for both public and private sectors

Questions we face today

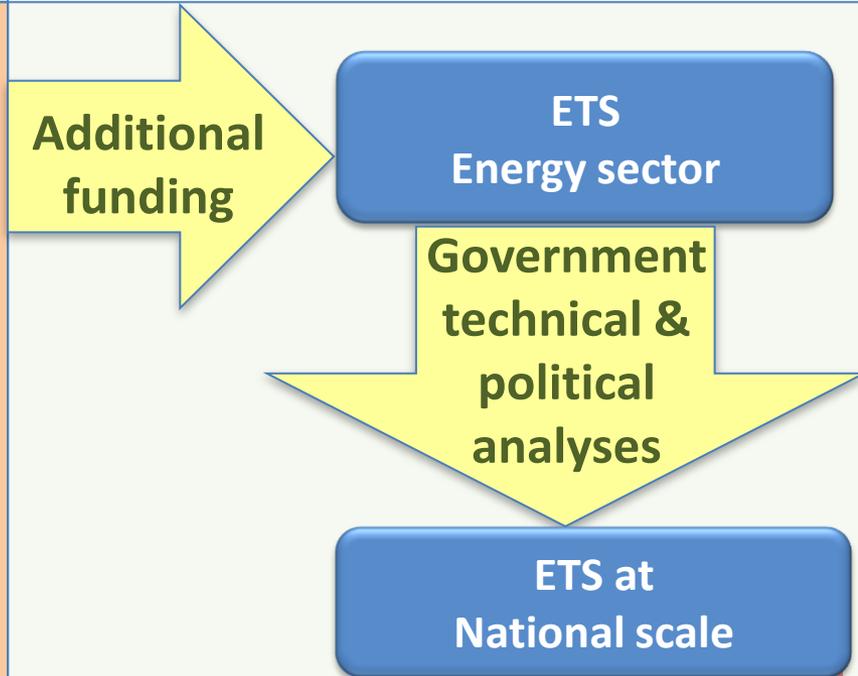
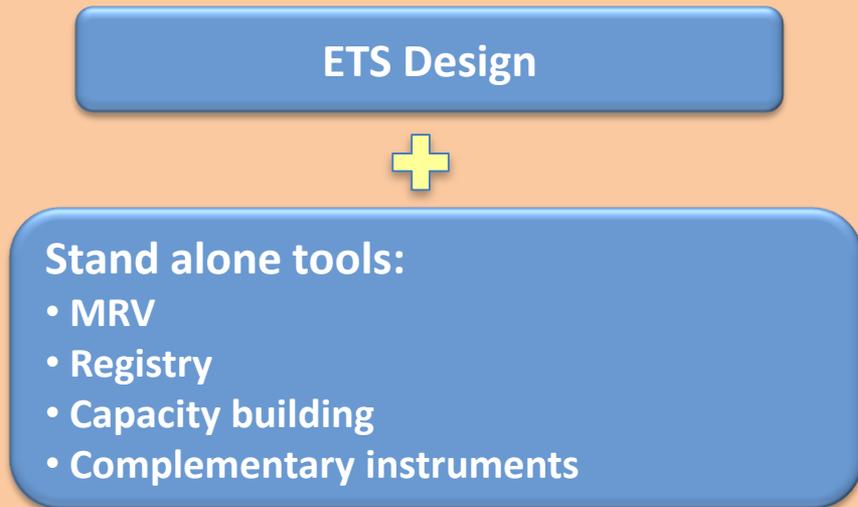
- How do we transition from a CO₂ supply source (CDM) to a CO₂ demand source (ETS)?
- Can we combine EE and RE with CO₂ markets?
- How?
- How do we make future climate policies compatible with the current EE and RE policies?



PMR Preparation Phase



PMR Implementation



Thanks



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