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# Chile – Market Update

**November 5 – 7, 2023**



# Chile – Market Update

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- Chile is progressing its agenda to achieve net zero emissions by 2050 or earlier:
  - Fast growing renewable energy generation reached 55% of the mix in 2022 (7% more than in 2021)
  - Ongoing decommissioning of coal plants; market share reduced to 19% in 2022 (8% less than in 2021)
  - Electromobility expansion: 2,000 buses, or 31% of Santiago's public transportation are now electric
  - Multiple green hydrogen projects being developed for domestic/global markets; challenging economics despite favourable renewable conditions and modest subsidies
- Renewables are facing significant energy curtailment and decoupling challenges
- Limited transmission capacity remains the main challenge; A 1,400 km transmission line project, with a capacity of 3,000 MW, is expected to come online, but no earlier than 2029
- Chile has Latin America's first CSP project of 110 MW, an installed battery storage capacity of 250 MW (with 570 MW in construction and 2,000 MW more that are being proposed by the government)
- Draft regulation in place to strengthen electric transmission system and promote battery storage

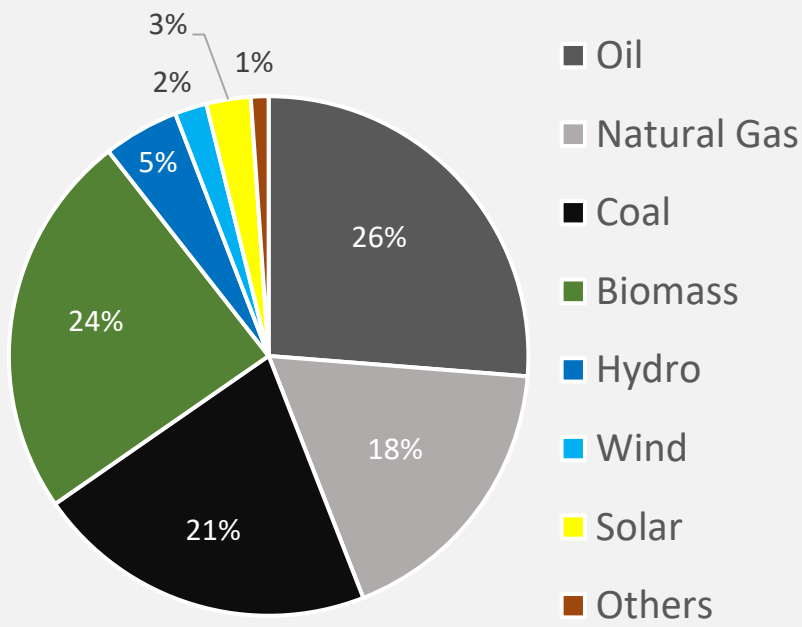
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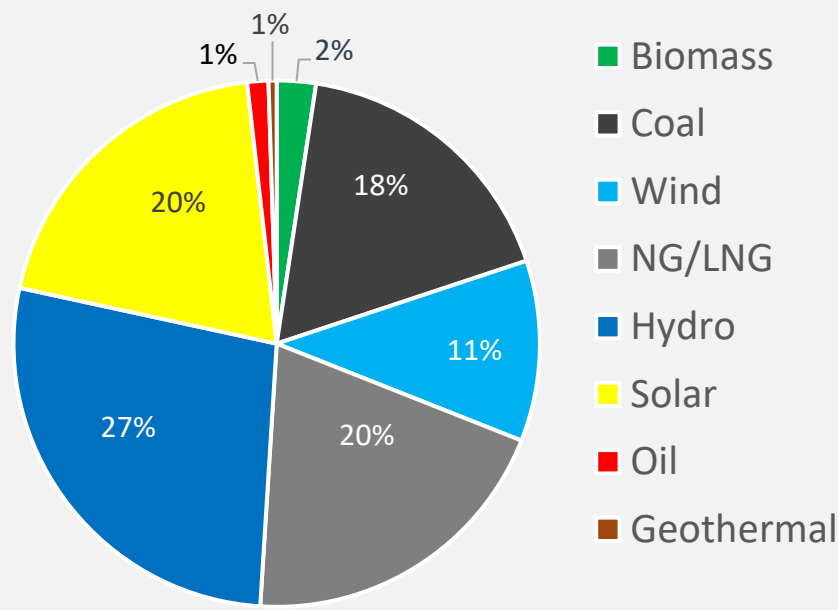
- Natural gas market in Chile grew 6% in 2022, accounting for 18% of the primary energy market (2021), and 19% of electric generation (2022), particularly complementing renewables and replacing coal/diesel
- Pipeline gas from Vaca Muerta has grown significantly, reaching 44% of total gas imports in 2022/YTD2023 (while LNG imports were 56%)
- Argentine gas export contracts are short term/seasonal with pending requests for longer term permits; minimum export price established by government
- LNG demand in Chile has remained stable in 2022/2023 at an average 8.3 MMSm<sup>3</sup>/d (despite a strong hydro recovery)
- Re-export of LNG cargos commenced in 2022 (3 cargos to date)
- 200 LNG fired trucks are in operation (up from 40 in 2021); LNG loading stations network being developed

# Chile – Natural Gas Market

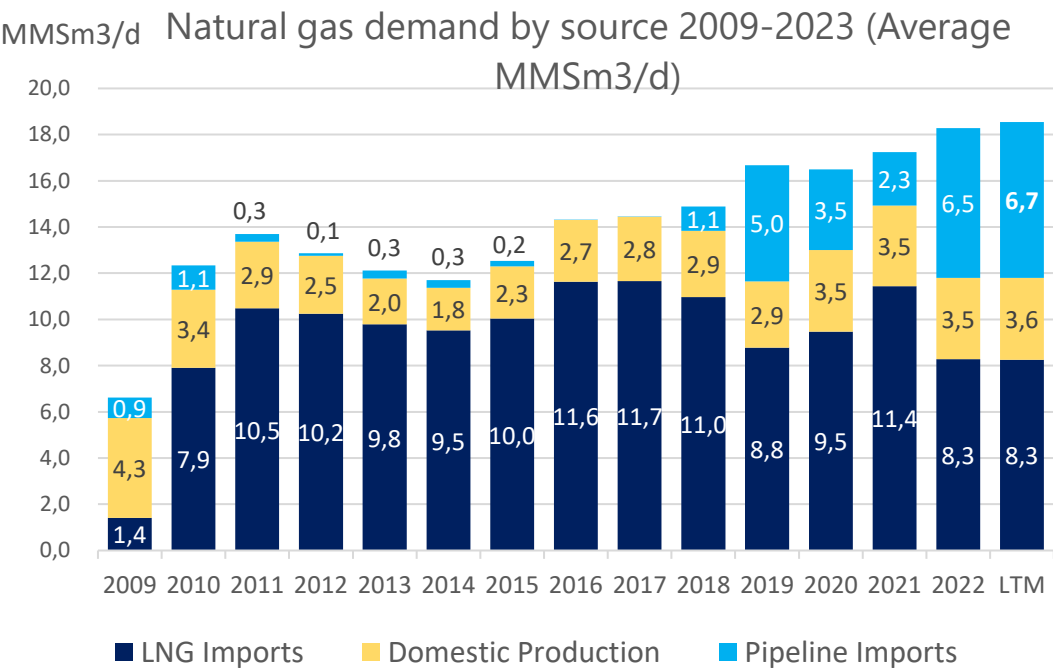
Primary Energy Matrix (CNE, 2021)



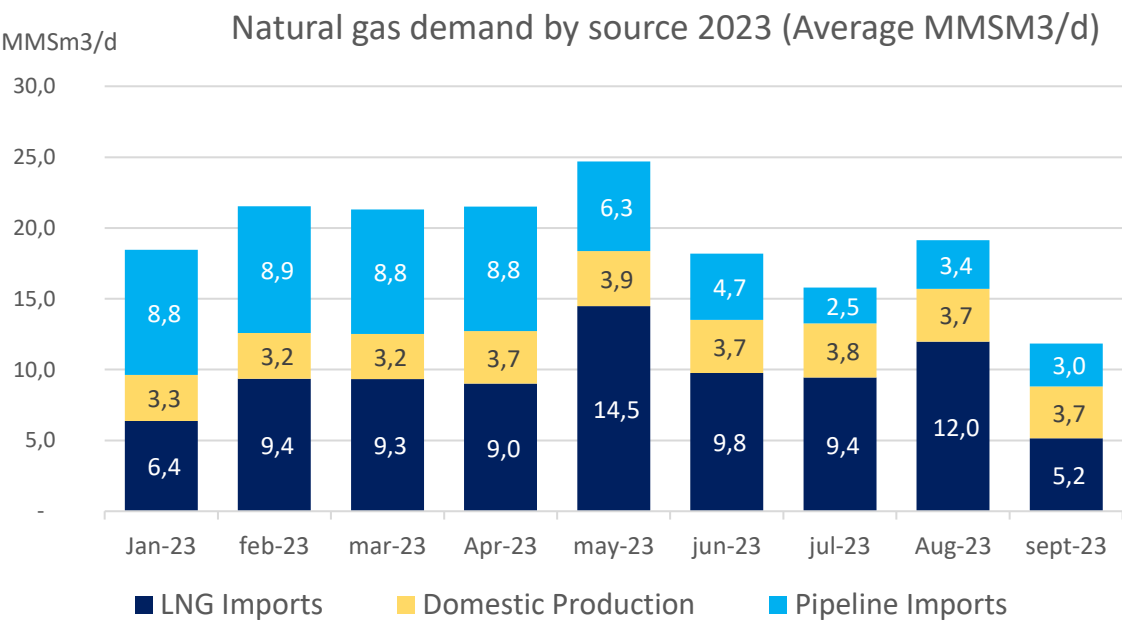
Electric Generation Mix (CNE, LTM)



# Chile – Natural Gas demand by source



Source: Enargas, GNL Quintero, CNE, SEC



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