Early Warning System

IDBI-12995-01

Engie Decarbonization Instrument

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Quick Facts

Countries	Chile
Specific Location	Calama, Tocopilla
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2020-05-26
Borrower	Engie Energia Chile S.A.
Sectors	Energy
Investment Type(s)	Fund, Loan
Investment Amount (USD)	$ 125.00 million
Project Cost (USD)	$ 152.90 million

Project Description

The project aims to support Engie Energia Chile ("EECL" or the "Company") in the construction and operation of the Wind Calama (the "Project"), a wind project with an installed capacity of 151.2 megawatts ("MW"), to be located near the city of Calama in the Antofagasta Region, Chile. The energy produced will replace the anticipated decommissioning of units U14 and U15 of EECL, each with a capacity of 125 MW that are part of the Tocopilla Thermoelectric Plant ("TTP"). The estimated cost of the Project is US$152.9 million. IDB Invest will participate in the transaction through a senior loan of up to 12 years, for an amount of US$110.0 million. In parallel, IDB Invest will mobilize resources of the Clean Technology fund ("CTF") for up to US$15.0 million, to complement the Project's financing.

The main objective of this operation is to deploy a pilot financial instrument that supports decarbonization activities in Chile, by monetizing a clean technology project's actual displacement of CO2 emissions of existing fossil fuel fired power assets. In the absence of a carbon credits market, the financing structure will establish a minimum price for the emissions through a lower financing cost in the CTF loan. Methodology of this mechanism is being developed alongside a technical consultant, so that it can be replicated in other projects in Chile and in Latin America and the Caribbean, with the broader objective to foster the development of a carbon credits market.

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Engie SA	Client	-

Contact Information

For inquiries about the Project, contact:

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ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

Bank Documents

- DECLARACION DE IMPACTO AMBIENTAL - PARQUE EOLICO CALAMA.PDF
- Environmental and Social Review Summary (ESRS) & ESAP - Engie (Chile)_0.pdf [Original Source]