

 Early Warning System

MIGA-15168

Corporacion Nacional del Cobre de Chile - CODELCO Renewable Energy
PPAs

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



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Quick Facts

Countries	Chile
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Bank Risk Rating	B
Borrower	Credit Agricole Corporate and Investment Banking
Sectors	Energy, Mining
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 765.00 million



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Project Description

PROJECT DESCRIPTION

ON JUNE 28, 2024, THE MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA), A MEMBER OF THE WORLD BANK GROUP, SIGNED A US\$765 MILLION GUARANTEE EFFECTIVE JULY 1, 2024, PROVIDING NON-HONORING OF FINANCIAL OBLIGATIONS BY A STATE-OWNED ENTERPRISE (NHFO-SOE) COVERAGE TO CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (CREDIT AGRICOLE CIB) FOR THEIR 15-YEAR NON-SHAREHOLDER LOAN TO CORPORACION NACIONAL DEL COBRE DE CHILE (CODELCO). THIS CONSTITUTES THE FIRST GUARANTEE ISSUED BY MIGA IN CHILE TO COVER OBLIGATIONS OF A STATE-OWNED ENTERPRISE AND THE FIRST ISSUED FOR A MINING STATE-OWNED ENTERPRISE WORLDWIDE.

MIGA's NHFO-SOE instrument is enabling Credit Agricole CIB to extend a long-term loan that will be used to support CODELCO's payment obligations under five renewable energy power purchase agreements (PPAs) with third-party private producers that supply electricity to CODELCO (the Project). The long-term lending is allowing the company to optimize its asset/liability management. To better align with CODELCO's funding and disbursement requirements under the renewable energy PPAs, the Project allows for the structuring of two separate MIGA-covered loans. The guarantee signed on June 28 corresponds to the first one.

The renewable energy PPAs included in the Project are an integral part of CODELCO's objective to transition to a 100% clean energy supply, a key target of the company's Sustainable Development Commitments set to be reached by 2030. Beginning in 2018, CODELCO has been advancing its strategy to move its power sourcing over to clean energy. This includes incentivizing and supporting the energy transition of its electricity suppliers by renegotiating and phasing out existing coal and fossil-fuel based PPAs, promoting the early decommissioning of coal plants linked to old PPAs and entering into new renewable energy contracts. As a result, at the time of this contract signing, CODELCO was on target to meet 85% of its energy requirements from renewable sources by 2026 and 100% by 2030.

As the largest state-owned enterprise in the strategic copper mining sector and Chile's largest electricity consumer and most carbon-intensive entity, CODELCO is a driving force in Chile's sustainability goals to become carbon-neutral by 2050 and in promoting the clean production of copper which is a mineral critical to the energy transition. The company's decarbonization of its electricity supply not only reduces its environmental footprint, but very importantly, is playing a crucial role in the transformation of Chile's electricity sector by: (i) supporting the deployment of new renewable energy into the national grid; (ii) contributing to the reduction of greenhouse gas (GHG) emissions, through the acceleration of the early retirement of coal-fired power plants linked to old PPAs (544 MW retired thus far); and (iii) enhancing energy security and independence by transitioning away from imported fossil fuel-generated power onto clean domestically generated renewable energy.

This transition is yielding other important benefits for CODELCO's operations. Notably, cost optimization and predictability, as electricity expenses are no longer tied to volatile external commodities, such as coal and natural gas, while mitigating the risk of incurring additional taxes and fees associated with GHG emissions and the use of fossil fuels.

ENVIRONMENTAL CATEGORIZATION

The Project is a category B under MIGA's Policy on Environmental and Social Sustainability. Click here for the project's Environmental and Social Review Summary.

DEVELOPMENT IMPACT

The Project is expected to contribute to the reduction of GHG emissions in Chile as a result of CODELCO's replacement of carbon intensive energy sources with renewable energy sources, as well as to support the Government of Chile's decarbonization strategy for the mining and energy sectors and the country. Furthermore, the Project has the potential to



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Investment Description

- Multilateral Investment Guarantee Agency (MIGA)



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Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Crédit Agricole	Undisclosed	-



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Contact Information

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing:
migainquiry@worldbank.org

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>



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Bank Documents

- [E&S Action Plan \(ESAP\)](#) [\[Original Source\]](#)