

## **Alert** | Energy & Natural Resources



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### **Latin America Renewable Energy: Calls for Public Bids**

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In Latin America, encouragement of renewable energy use is a growing trend. Several countries have called for public bids for electricity supply generated from renewable sources, including biomass, hydraulic, geothermal, solar, and tidal. Concessions for the construction and operation of renewable energy projects have been granted. So far in 2019, Chile, Colombia, and Ecuador have called for public bids, and Brazil and Argentina will do so in the second half of the year.

#### **I. General Terms**

1. Argentina. On May 17, 2019, agreements relating to electricity generation through renewable power sources were awarded via “Round 3” of public bidding. In addition, the media recently announced that a new call for public bids on renewable energy projects (wind and solar), “Round 4”, will be published in Argentina in the second half of 2019. However, this notice has not been officially published.
2. Chile and Colombia recently published calls for electricity generation projects from renewable energy sources.
3. Ecuador. On Aug. 28, 2019, the Ministry of Energy and Non-Renewable Natural Resources (*Ministerio de Energía y Recursos Naturales No Renovables*) published two calls for public bids

related to the construction and operation of a photovoltaic project known as “El Aromo” and a wind power project known as “Villonaco II and III”.

4. Brazil. The Ministry of Mines and Energy (*Ministerio de Minas y Energía*) called for public bids for the procurement of electricity: A-6 2019, A-4 2020, A-6 2020, A-4 2021 and A-6 2021, through orders PORTARIA N° 151 and PORTARIA N° 152, which will be published on Oct. 17, 2019; April 23, 2020; Sept. 23, Sept. 24, 2020; April 29, 2021, and Sept. 30, 2021, respectively.

## II. Relevant Information on the Calls for Public Bids

The following table compares the most significant information regarding the existing calls for public bids, including the one in Argentina (which was already awarded):

	Item	Argentina	Chile	Colombia	Ecuador
1	Publication Date	Nov. 14, 2018.	April 26, 2019.	July 9, 2019.	Aug. 28, 2019.
2	Official Publication Document	Resolution 100/2018, issued by the Ministry of Energy of Argentina.	Exempt resolution N° 273, issued by the National Energy Commission of Chile.	Resolutions 4-0590 and 4-0591, issued by the Ministry of Mines and Energy of Colombia.	<ul style="list-style-type: none"> <li>• Public tender guidelines for El Aromo photovoltaic project Concession.</li> <li>• Public tender guidelines for Villonaco II and III wind project Concession.</li> </ul>
3	Purpose	Execution of electricity supply agreements produced from renewable sources.	Execution of power and electricity supply agreements produced from renewable sources.	Execution of long-term energy agreements obtained from renewable sources.	Granting of two concessions for the construction, operation, and maintenance of a photovoltaic and wind project.
4	Participating Project Types	Biomass, hydroelectric, wind, and solar.	Biomass, hydraulic, geothermic, solar, and tidal.	Biomass, hydroelectric, wind, geothermic, solar, and tidal.	<ul style="list-style-type: none"> <li>• Photovoltaic project with a minimum installed capacity of 200 MW +/- 2% (“El Aromo”).</li> <li>• Wind project with a minimum installed capacity of 110 MW (“Villonaco II and III”).</li> </ul>
5	Agreement Price / Estimated Budget for the Construction of the Project	Price of the generated electricity (expressed in Dollars per MWh).	Price of the power offered (expressed in Dollars per MWh).  The price of power in peak time at the	Value offered in Colombian pesos per kilowatt per hour [COP\$/kWh].	<ul style="list-style-type: none"> <li>• El Aromo: CAPEX \$180 billion.</li> <li>• Villonaco II and III: CAPEX \$200 billion.</li> </ul>

	Item	Argentina	Chile	Colombia	Ecuador
			offer point: 8,2222 US\$/kW/month.		
6	Supply or Concession Term	20 years.	16 years.	15 years.	<ul style="list-style-type: none"> <li>• El Aromo: 20 years.</li> <li>• Villonaco II and III: 25 years.</li> </ul>
7	Award Date	May 17, 2019.	Dec. 6, 2019.	Oct. 22, 2019.	Feb. 28, 2020.

### III. Participation Requirements

To participate in the ongoing calls for public bids, the following legal, technical, and financial requirements must be satisfied:

	Requirements	Chile	Colombia	Ecuador
1	Technical/ Experience	<p>Evidence of the following, as applicable:</p> <ul style="list-style-type: none"> <li>• Production of its own energy for the past five years.</li> <li>• Power and energy agreements with other generation companies for the past five years.</li> <li>• Existing energy agreements with regulated and non-regulated clients in the past five years.</li> </ul>	<ul style="list-style-type: none"> <li>• The project must have a total effective capacity of 5MW or more.</li> <li>• Submit a detailed project schedule setting forth the critical path, the effective commercial operation date, and the requested construction and execution milestones.</li> </ul>	<ul style="list-style-type: none"> <li>• Experience in the development of non-conventional renewable power projects, with a minimum installed capacity of 300 MW in the last 10 years.</li> <li>• Have the applicable certificates pursuant to the IEC Standards 61215, 61730, 61701, 62804, 62109, 62116, 62103, 61400 and EN60529.</li> </ul>
2	Legal	<ul style="list-style-type: none"> <li>• Two or more Chilean or foreign legal entities, individually or through a consortium or association.</li> <li>• Corporation (<i>sociedad anónima</i>) or shares company (<i>sociedad por acciones</i>) with electricity generation as business purpose.</li> </ul>	<ul style="list-style-type: none"> <li>• Legal entities organized as public utility companies in Colombia.</li> <li>• Submit a binding and irrevocable public tender.</li> </ul>	<ul style="list-style-type: none"> <li>• Private, national, or foreign legal entities, associations, or consortiums formed by such associations.</li> </ul>
3	Financial	<ul style="list-style-type: none"> <li>• Submission of a public tender bond.</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of a public tender bond.</li> </ul>	<ul style="list-style-type: none"> <li>• Granting of a public tender bond.</li> </ul>

Requirements	Chile	Colombia	Ecuador
	<ul style="list-style-type: none"> <li>• Risk rating of at least BB+, issued by one of the ratings agencies included in the bidding guidelines.</li> <li>• Business and financial background.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial information, including compliance with the financial requirements requested.</li> </ul>	<ul style="list-style-type: none"> <li>• USD 300 million in assets.</li> <li>• International credit rating during the year 2018 of BBB (-) or higher, issued by any of the ratings agencies set forth in the bidding terms.</li> <li>• If no international rating is available, a local rating of AA+ or higher during the year 2018 may be submitted.</li> </ul>

#### IV. Execution of Agreements Between Private Parties

1. Argentina. The Renewable Energy Term Market (*Mercado a Término de Energías Renovables*) (MATER) provides a contracting mechanism between private parties as an alternative to the joint purchase of renewable energy with the government. So far, MATER has launched seven rounds of bids for wind and solar projects for the execution of agreements between private parties. The last three have not been awarded yet.
2. Mexico. Since the government’s cancellation of the fourth bidding process for the procurement of renewable energy for power and long-term clean energy certificates on June 27, 2019, companies Bravos Energía and Aklara announced the first private long-term electricity call for bids that will allow for the development of some clean technology projects, and in which power, electricity, and clean energy certificates may be purchased and sold. This public call represents the first attempt to develop the renewable energy market through the private sector. As more companies continue to replicate private bids, a new path for the development of the electricity market will be developed. According to the calendar published by Bravos Energía and Aklara, the terms to participate in the bidding are expected to be published in September 2019.

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