CORFO

Gobierno de Chile

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Call for the manufacturing and/or assembly of electrolyzers and their components in Chile

Collaboration with

InvestChile

Objective

To contribute to the implementation of the first manufacturing and/or assembling plants for electrolyzers and their components in Chile.

Facilitate the creation of **industrial and commercial partnerships between domestic and foreign companies along the green hydrogen** value chain.

Contribute to the **local supply of electrolyzers** to reduce delivery times and costs in Chile, and ensure the availability of **qualified personnel for maintenance services.**

Accelerate the implementation of green hydrogen production initiatives by offering electrolyzers manufactured and/or assembled in Chile.

Who can apply?

Recipient Entity

Legal entities, whether created or incorporated in Chile, public or private, for profit or non-profit, and that have engaged in first-category business activities.

Co-executor(s) *(optional)*

Legal entity, created or incorporated in Chile, public or private, profit or non-profit. Complementary capabilities for the execution of part of the project activities.

Temporary foreign applicant *(potential)**

Foreign legal entity, incorporated in accordance with the regulations applicable in their country of origin, and engaged in activities similar to those subject to first-category tax.

Associate(s) *(optional)*

A legal entity created or incorporated in Chile or abroad, public or private, profit or non-profit. It contributes to the execution of the project, through its "monetary" and/or "in-kind" contribution".

*In the case of selected applications with **temporary foreign applicants**, they must establish or acquire in Chile a corporation, joint stock company or limited liability company, as established in the bidding rules of the instrument.

Amounts and terms

- ✔ **Up to 60% of the total cost** of the selected project(s) would be financed, with a maximum of **USD 10 million per project.**
- ✔ **Participants** must contribute the **remaining 40%.**
- ✔ Up to **5 years** to achieve the expected results defined in the call, **ending with the construction and comissioning of the production plant.**

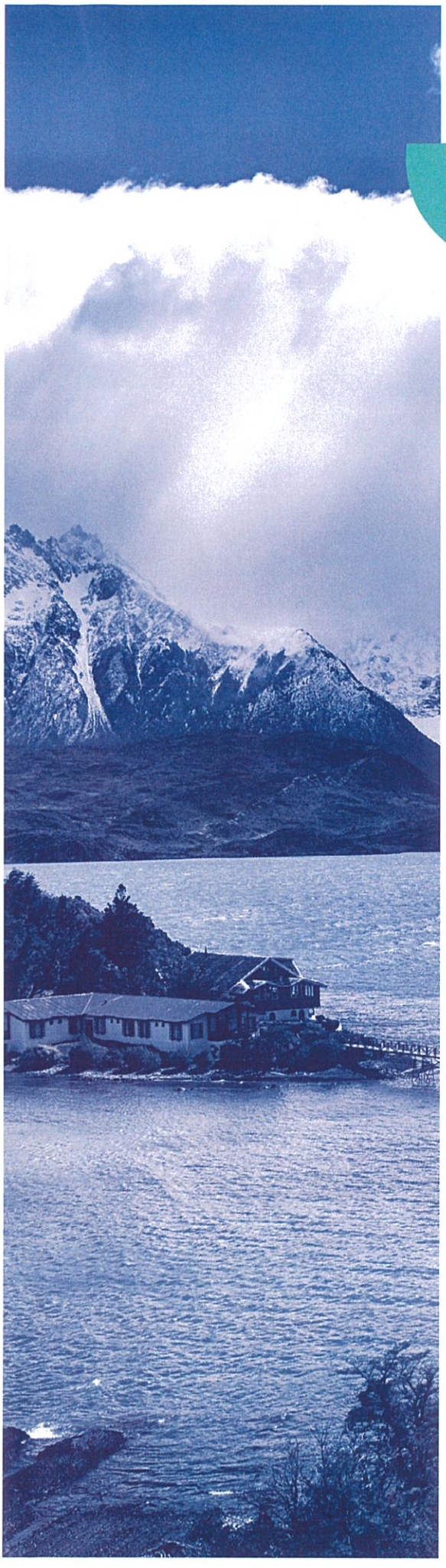
Application	Evaluation	Results
From: 05/17/2024	**From:** 08/30/2024	**From:** 11/04/2024
To: 08/30/2024	**To:** 10/30/2024	**To:** 11/15/2024

Questions and answers via e-mail:

hidrogenoverde@corfo.cl

A compilation of the questions received and the answers will be published, safeguarding the identity of the person or company.

More information



Why Chile

Non-discriminatory environment: foreign companies in Chile have the same rights and responsibilities as Chilean companies (national treatment).

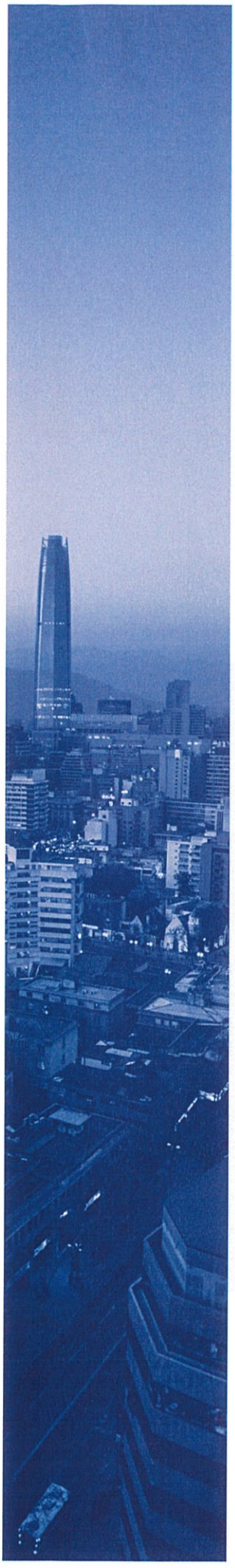
33 trade agreements in force with 65 economies, representing 88% of the world's GDP: this allows products produced in Chile to enter the main global markets under advantageous tariff conditions[1].

Free movement of capital and profits: Chilean legislation allows the entry and transfer of capital without cost or restrictions other than formal procedures.

Commitment to promote investment: "pro-investment" government agenda, including credits, subsidies, technical support, facilities to establish a company, among others.

To date, Chile has 20 collaboration agreements (MoUs and/or Joint Declarations) with international institutions on topics related to the hydrogen industry.

[1] https://www.subrei.gob.cl/acuerdos-comerciales/acuerdos-comerciales-vigentes



Enabling conditions

Chile stands out as a key player in the global energy transition due to its great potential in natural energy resources, international commitments towards carbon neutrality, existing infrastructure, access to territory, experience in desalination, and the presence of critical minerals such as copper and lithium. The north of Chile has the highest solar radiation on the planet, with capacity factors of around 35% for PV plants, while the southernmost part of the country has capacity factors of around 60% for on-shore wind turbines. According to estimates by the Ministry of Energy, Chile has a renewable energy potential equivalent to 70 times the country's demand:

509+ GW
Concentrated **solar power**

1180+ GW
Solar photovoltaic

191+ GW
On-shore **wind**

6+ GW
Run of **river hydro**

1.800+ GW
of renewable energy potencial
amounts to 70 times current installed capacity

Source: National Green Hydrogen Strategy, Ministry of Energy.

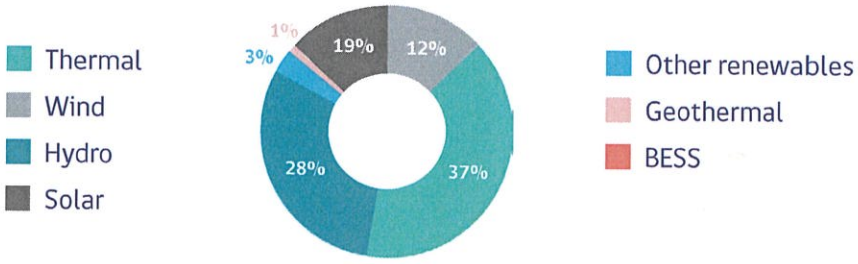
Large increase in the share of renewable energy plants in the energy matrix during 2023, as well as in the country's commitments defined in 2022 in the National Energy Policy [2]

63% **of renewable** generation

13% **Solar energy** increased by

12% **Wind energy** increased by

-27% **Coal-based generation** decreased by



Source: Coordinador Eléctrico Nacional, 2024.

National Green Hydrogen Strategy[3]

In 2020, the National Green Hydrogen Strategy was published, defining ambitious goals for 2025 and 2030. The objective is to promote the development of the industry locally and position the country among the main exporters of hydrogen and its derivatives globally.

Source: Ministry of Energy.

[2] https://www.energia.gob.cl/sites/default/files/energia_2050_-_politica_energetica_de_chile.pdf
[3] https://energia.gob.cl/sites/default/files/national_green_hydrogen_strategy_-_chile.pdf

Projects **under development**

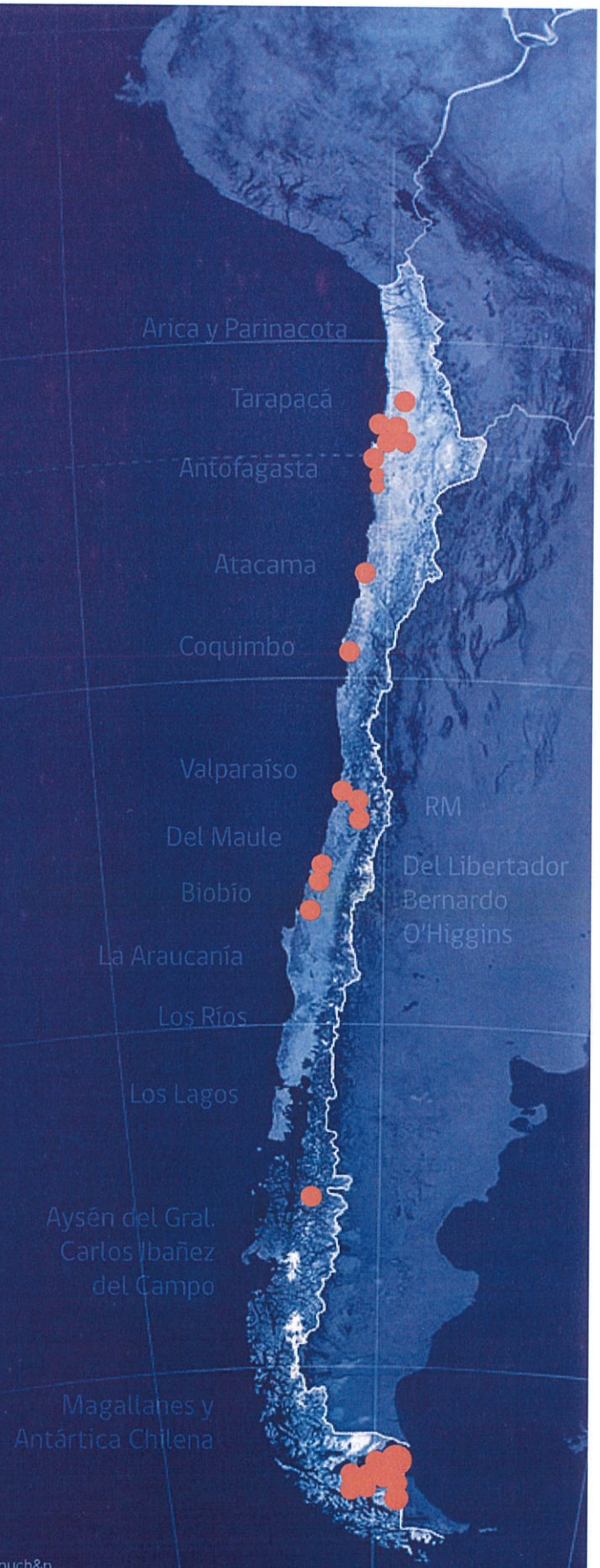
More than 50 green hydrogen and derivatives production projects have been publicly announced, amounting to approximately **40 GW of electrolysis capacity**, mostly concentrated in the Magallanes region, with 25 GW, and in Antofagasta, with 15 GW [4].

As of May 2024, 7 projects are already authorized to operate, 1 has an approved RCA (environmental qualification resolution), and 4 are currently undergoing the environmental evaluation process.

5 hydrogen and derivatives production projects supported with co-financing from Corfo in 2021, **equivalent to an electrolysis capacity of 388 MW[5].**

5 hydrogen demand projects awarded in 2023 under the call for Technology Programs for the use and adoption of hydrogen in the Chilean industry, **with a maximum contribution of approximately USD 3 million per project[6].**

As of December 2023, 5 hydrogen projects have been certified under the **R&D Law[7]**, for a total amount **of approximately USD 170.000.000 in tax credit.**



Source: Green Hydrogen in Chile, InvestChile, 2024.

4 Green Hydrogen in Chile, InvestChile, 2024. Available at: https://tools.investchile.gob.cl/chile-green-hydrogen

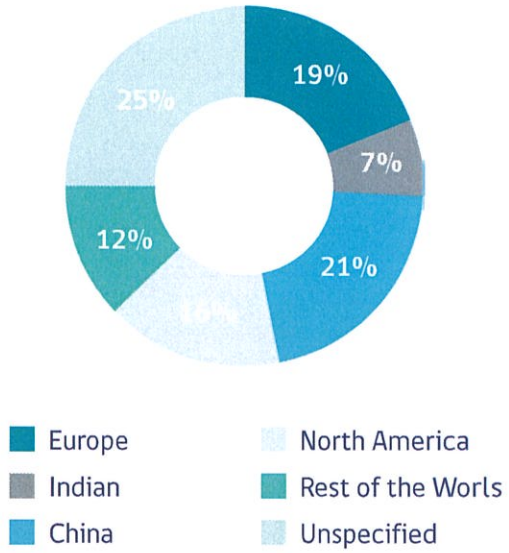
5 https://www.corfo.cl/sites/Satellite?c=C_NoticiaNacional&cid=1476730772854&d=Touch&pagename=CorfoPortalPublico%2FC_NoticiaNacional%2FcorfoDetalleNoticiaNacionalWeb

6 https://www.corfo.cl/sites/cpp/convocatorias/ptec_hidrogeno_en_la_industria_chilena;jsessionid=uEtU5vI8jIlpDSugHHMHhltXpOlSN7XTeBYWaj7hos0iW9PfAaL5!1548436270!NONE

7 https://www.corfo.cl/sites/cpp/incentivo_tributario

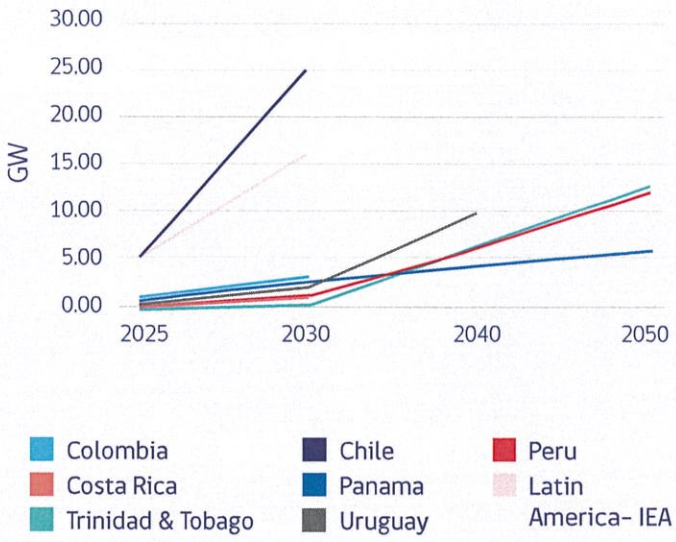
According IEA[8], **global electrolyzer manufacturing capacity could reach between 130 and 155 GW per year by 2030**, with much of the capacity located in China, United States, Europe and India. However, **about 25% of the announced expansion plans have not yet defined a specific plant location.**

Source: IEA - https://www.iea.org/energy-system/low-emission-fuels/electrolysers#tracking



Regarding the demand for electrolyzers, **projects located in Latin America could host between 10 and 20% of the installed electrolysis capacity by 2030[8]**. According to an IDB report[9], the targets for installed electrolysis capacity in Latin America amount to at least 34 GW, as shown in the following figure:

Source: Unlocking Green and Just Hydrogen in Latin America and the Caribbean, 2023, IDB.



In this context, there is now a **strategic opportunity for electrolyzer manufacturing companies** to establish a presence in the region in order to facilitate access to the Latin American market and improve logistical efficiency related to the supply, maintenance and provision of spare parts for operating projects.

[8] Global Hydrogen Review 2023, IEA.
[9] Unlocking Green and Just Hydrogen in Latin America and the Caribbean, 2023, IDB.