



### *Contribution to sustainable development*

Since the introduction of imported natural gas into Chile from Argentina in 1994, the majority of grid capacity additions have been combined cycle natural gas plants. However, in 2004 Argentina restricted natural gas exports to Chile and subsequent gas restrictions have forced many of these plants to reduce generation and use diesel where conditions and environmental restrictions permit this to occur. As a result of this the Chilean Government is actively seeking alternative forms of energy to stabilise supply and meet the rapid growth in demand of between 350-400 MW per annum<sup>1</sup>. However, it is predicted that system expansion will come mostly from thermal energy. This project will therefore provide additional renewable energy capacity to the grid.

In addition to increasing renewable capacity on the SIC grid, the proposed project activity will contribute strongly to the environmental, social and economic wellbeing of Chile, in the following ways:

The proposed project activity will contribute to the social welfare of Chile's 6th Region, where local employment opportunities are limited and infrastructure is poor. PHCSA has taken significant steps to assist local and regional inhabitants to obtain direct employment through provision of training courses and imposing conditions onto the EPC contractor in regards to giving preference to hiring local staff.

- The electricity to be generated by the proposed project activity will reduce the carbon intensity of the SIC grid by reducing the emission of greenhouse gases on a per MWh basis across the entire system.
- The proposed project activity will result in a reduction in air borne pollutants, such as oxides of nitrogen, oxides of sulphur, carbon monoxide and particulates, by reducing the combustion of fossil fuels.
- The project will assist in increasing energy security in Chile by reducing Chile's dependence on imported fossil fuels.
- PHCSA has created a community fund called "Creciendo Juntos" ("Growing Together") to sponsor projects within the locality of the project including projects in education, health and projects aimed at improving the welfare of the local community.
- As part of the proposed project activity new access roads will be built and improvements to existing roads, such as widening of a bridge, will be included. These roads will improve access to the remote region where the proposed project activity is located.