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CODELCO SIGNS POWER PURCHASE AGREEMENT WITH AES ANDES

AES Andes and Codelco ink renewables PPA in Chile

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Claro & Cía has helped Santiago-headquartered energy group AES Andes sign a power purchase agreement (PPA) with state-owned mining giant Codelco for the supply of renewable energy to two local mines.

Carey advised Codelco on the deal, which was signed on 30 December for a confidential amount.

Through the deal, AES Andes has agreed to supply Codelco with a total of 210 megawatts worth of renewable power until 2040.

The agreement will replace the current coal-based power supply at the Hales and Radomiro mines with renewable energy. The two facilities are located in Chile's northern Antofagasta region.

As part of the transaction, Codelco renegotiated two existing PPA agreements for the mining projects in order to honour the obligations of the latest renewables agreement. First signed in 2011, the terms of the restructured PPAs will remain valid until 2028 and will ensure the two sites are entirely powered by renewable energy.

The new PPA deal will help both companies reach the respective decarbonisation targets that they have established in recent years. Codelco aims to decarbonise its emissions by 70% before 2026 and is seeking to reach carbon neutrality before 2050. Similarly, AES Andes has pledged to make its facilities entirely renewable through its Greentegra strategy.

Codelco is the world's largest state-owned copper company. With a revenue of over US$21 billion, the company renegotiated another of its PPAs in October – this time with Chilean power group Colbún.

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Under the new terms, Colbún will exclusively supply the copper company with 1,000-gigawatt hours of renewable power each year. Carey also advised Codelco on that deal.

AES Andes is owned by US energy company AES Corporation responsible for generating and selling energy in Argentina, Brazil, Chile, Colombia, El Salvador, Mexico and Panama. Its US parent company first entered Latin America in 1993 with the acquisition of the San Nicolás thermal power plant in Argentina.

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