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COLBÚN AND CODELCO RENEGOTIATE PPA

Colbún and Codelco renegotiate PPA in Chile

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Barros & Errázuriz Abogados has helped Chilean power company Colbún renegotiate its power purchase agreement (PPA) with state-owned copper miner Codelco.

Codelco turned to Carey for the deal, which was signed on 27 October for an undisclosed amount.

Colbún has agreed to gradually phase out the coal-based energy it provides to Codelco by the end of 2025 and replace it with emissions-free power. From 2025, Colbún will exclusively supply the copper company with 1,000-gigawatt hours of renewable power per year.

The parties first signed the PPA back in 2010. It will now remain effective until December 2044.

Colbún is Chile's third-largest power generator, occupying 15% of the energy market. The majority of its assets are renewables, but it still operates several non-renewable plants – such as the coal-fired power station in the central Biobío region that Codelco uses.

Last month, Colbún obtained a loan worth US$160 million to back its sustainability framework. The company unveiled the framework last year, in which it pledged to double its current 4,000-megawatt renewable energy capacity by 2030.

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Founded in 1976, Codelco is the world's largest copper producer. The demand for copper is projected to increase by 50% in the next 20 years. The material is commonly used in clean-energy technologies, such as power generators and electric cars, making the asset increasingly attractive for sustainable investments.

Codelco has aligned its own sustainability targets with those of the government, aiming to achieve a 70% reduction in all greenhouse emissions by 2030.

Chile hopes to reach carbon neutrality by 2050.

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