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SUNPOWER AND LAP NEGOTIATE PPAS WITH METRO DE SANTIAGO FOR USD500 MILLION

Lulu Rumsey

Chilean firm Cariola, Díez, Pérez-Cotapos & Cía Ltda has helped underground railway network Metro de Santiago agree US$500 million worth of power purchase agreements (PPAs) with solar energy provider SunPower and a subsidiary of Latin American Power (LAP), paving the way for it to become the first metro system in the world to run predominantly on renewable energy sources.

Under the PPAs, SunPower, which is controlled by French oil company Total, and LAP's San Juan will supply 60 per cent of the transport system's energy demands. SunPower hired Chile's Carey and the New York office of White & Case LLP. Carey also advised San Juan.

San Juan will supply power from a 185-megawatt wind farm it runs in northern Chile, while SunPower will draw energy from a 100-megawatt solar plant it is building, also in the north. The El Pelícano Solar Project will go live by the end of 2017. Both projects will start supplying the metro with energy in 2018, for a 15-year term.

The PPA between Metro and San Juan was signed on 23 May, while SunPower's contract was agreed on 19 May. SunPower will finance its PPA with Metro with a project finance agreement with a group of banks, including Crédit Agricole. The banks are being advised by Chadbourne & Parke LLP's New York office.

LAP funded its San Juan wind farm last year with a US$306 million project finance package from a syndicate of European multilaterals and international commercial banks, in a deal that called on Clifford Chance LLP, Carey and Cubillos Evans Abogados as counsel to San Juan. White & Case, Barros & Errázuriz Abogados, NautaDutilh, Kroman Reumert and Larraín Rencoret Urzúa Abogados advised the banks.

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