

October 8, 2013

Comments from Germany on Approval by mail: Clean Technology Fund Investment Plan for Chile - Revision

Dear CTF Chile team,

thanks a lot for the opportunity to review the revised Investment Plan (IP) for Chile.

GER is happy to approve the proposed revised IP and the reallocation of 33 Mio. USD of unused CTF resources to a new geothermal program. At the same time we would like to request an in-depth assessment of the proposed Geothermal Risk Mitigation Program (MiRiG) at a later stage, as to date there is too little information given on this program.

Our reasons and more detailed comments are as follows:

The decision to add the geothermal sector is comprehensible because Chile offers a huge but untapped geothermal potential. Geothermal power generally is a reasonable field of intervention as it is renewable (and almost climate neutral) and controllable, but at the same time faces high barriers due to high upfront capital costs and risks (exploration, test drilling). Therefore the transformational impact of this intervention is positive with vast potential for replication and scalability and a very significant potential for GHG emissions reductions. In addition we appreciate the positive development impact (air quality improvement, and contribution to social and economic development due to improved energy supply).

The preparation for the Geothermal Risk Mitigation Program (MiRiG) itself is still at an early stage. Very little information is given on financial instruments that should be deployed and on the type of CTF contribution, especially when it comes to an "optimal grant/loan ratio". We are supportive to the approach of IDB to work with the insurance industry to determine the viability of a geothermal resource risk insurance product.

GER seeks more information on the geothermal potential in Chile in general and especially we would much appreciate to see an estimate of capacity and generation that can be added with the MiRiG program. We assume that the preparation grant for the technical assistance will be used to provide these information.

Kind regards

Dr. Annette Windmeisser

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