



Written by:  
[Allan Brown](#)

# Clifford Chance lawyers talk Chile distributed generation, green hydrogen

Published: 04/21/2022

[Clean Energy Transition](#) [Non-banking financial institutions](#) [Green Hydrogen](#) [Mergers & Acquisitions](#) [Project Finance](#)  
[Private Investment](#) [Financing](#) [Legislation & Regulation](#)



Chile's [PMGD](#) distributed generation segment has been growing rapidly and could surpass the milestone of 2GW of installed capacity this year if the pace of construction accelerates.

PMGD plants, which are up to 9MW in capacity and grid-connected, are becoming increasingly important in the Chilean power grid. Authorities recently tweaked [regulations](#) to support a large flow of projects – estimated at over 800MW – seeking to qualify for inclusion in an existing remuneration framework before a rule change enters force.

The sector is attractive to developers and foreign financial backers. Recent transactions include a project finance deal for a batch of 24 solar projects, in which international law firm [Clifford Chance](#) advised Latin America-focused infrastructure financier [CIFI](#). Based in Panama, [CIFI](#) acted as senior lender and as subordinated lender, mandated lead arranger and administrative agent.

To find out more and touch on the area of green hydrogen, BNamericas spoke with counsel Alberto Haito (pictured, right) and associate Greg Jehle from the Washington, DC office of Clifford Chance.

**BNamericas:** What attracts developers and financial backers, such as CIFI, to Chile's [PMGD](#) regime?

**Haito:** Chile has a strong background of being a very welcoming country for foreign investment, particularly PMGD and other renewables projects. They're at the forefront of energy transition in Latin America having taken the lead with the development of many successful renewable energy projects, including small and medium-sized distributed generation projects, such as the PMGD deals.

When it comes to projects under the PMGD program, the general consensus of the market appears to be that the regime is robust and that it works. All participants, including international lenders such as CIFI, understand the underlying risks and are generally comfortable with them.

**BNamericas:** In general, are you seeing any trends in terms of types of PMGD project financing being sought and offered? For example, project finance or traditional debt financing?

**Haito:** We're seeing a lot of them being financed in the international market under a project finance structure, both under a traditional debt financing but also some structures that include an international markets component.

**Jehle:** [We're seeing] a mix, but more project finance.

**BNamericas:** Do you envisage any project trends? For example, what impact could Chile's planned new major transmission line have in terms of location of new projects?

**Haito:** Transmission is a big issue, not only in Chile. You have a similar issue in some neighboring countries like Peru and Colombia, where you have certain areas of the country with a fantastic wind or solar resource, for example, but lack the necessary transmission infrastructure to take that energy from where it's generated to where it's needed.

**BNamericas:** Before we move on, is there anything you want to add about the latest deal?

**Jehle:** I think this is just testament to the strength of the regulatory framework, the comfort that participants in the market have with the deal structures. It was really great working with CIFI, a great client that we have worked with a lot and has a mandate to finance interesting, new cutting-edge infrastructure projects across Latin America. The project fits very well with the mission of the institution and its development strategy goals.

**Haito:** This is just more proof that when CIFI commits to do something in a short timeframe, they do it. Not many lenders have the capacity to close a project finance transaction in two months; CIFI does.

**BNamericas:** Can you tell us about any transactions you have in the pipeline?

**Haito:** We're pretty busy in Chile with the PMGDs and other renewable energy projects. We're seeing a lot of movement in Chile, Colombia, Central America, Ecuador, a little bit here and there in Peru, where there are rumors about a new renewable energy auction. The Latin American market is pretty active in terms of renewables, and I think that trend will continue.

**BNamericas:** What about green hydrogen? Is it on your radar, are companies talking about it?

**Haito:** Not only is it on our radar but we [Clifford Chance] have a worldwide specific taskforce for energy transition and, within that taskforce, there's a team tackling clean hydrogen. We're committed to helping our clients not only to identify opportunities to develop green hydrogen projects in the region, but also to help them understand the specific challenges posed by this type of projects.

Given our deep knowledge of Latin America and our green hydrogen and project finance expertise, clients have already approached us to talk about these projects and our expectation is that green hydrogen will become a trend in Latin America in the near future.

**Jehle:** I would also just add that the firm, worldwide, is doing a lot of work in the space and the major players are active in multiple different markets. We have an early-stage development project in the US right now and the suppliers are worldwide and shipping the electrolyzers all over the world to be used in projects. So we've got our eye on that for sure.

**BNamericas:** Any thoughts on Chile?

**Haito:** It wouldn't surprise us if Chile becomes one of the world's leading exporters of green hydrogen and [derivate products](#). With more green hydrogen projects – either proposed or under development – than any of its neighboring countries and with a very-well defined national green hydrogen strategy, Chile is on the right path to set the standard for other Latin American countries.

#### Related news (3)

[Chile's PMGD distributed generation segment: The state of play](#)

Published 7 days ago

[Chile publishes PMGD rule tweak addressing permitting deadline concerns](#)

Published 22 days ago

[Green hydrogen: 'What we need longer term is thousands of GWs of electrolysis capacity'](#)

Published 2 months ago

#### Related companies (2)

[Corporación Interamericana para el Financiamiento de Infraestructura, S.A.](#)

Updated 4 months ago

[Clifford Chance LLP](#)

Updated 3 years ago

#### Related people (1)

[Allan Brown](#)

Updated 3 years ago

The information in this document is for personal use. It is strictly forbidden to share any part of this document with any third, without a written consent of Business News Americas. Copyright 1996-2019 All rights reserved.

**Need help?**

Email: [info@bnamericas.com](mailto:info@bnamericas.com)

Phone: [+56 \(2\) 2232 0302](tel:+56(2)22320302)

Account manager: Ricardo Lillo ([ricardo.lillo@bnamericas.com](mailto:ricardo.lillo@bnamericas.com))