
One pager – Green Hydrogen Funding round – Government of Chile

This document is a referential summary of key definitions within “*Primer llamado para el financiamiento a proyectos de hidrógeno verde*” launched by the funding round administrator, CORFO¹ in April 21st, 2021. It is meant to be used for outreach and communicational purposes and it holds no legal validity.

Context and objectives:

- Chile is a country **rich in renewable energies**, with the most powerful solar radiation on the planet and consistent on-shore winds that rival off-shore potentials in other geographies. There is clear potential to have the cheapest green hydrogen on the planet, reaching down to **1.3 USD/kgH₂** in production costs by 2030², and below **1 USD/kgH₂** in the long term. Competitive green hydrogen is an essential piece of Chile’s **carbon neutrality plan**.
- There are key challenges in achieving scalability associated with green hydrogen industry, and initiatives related to **funding and incentives such as this founding round** will allow Chile to achieve cost-efficiency in green hydrogen production in the near term.

Non-reimbursable contribution amounts

- Funding round considers a total maximum non-reimbursable contribution **amount of 50 million USD**, and up to 30 million USD per awarded applicant. The **potential use of these funds** has been specifically defined for **electrolyzers and their Balance of Plant components**.

Applicants

- **Local and foreign applicants will be considered valid**. If a foreign application is accepted, the foreign applicant will have to either constitute a Company in Chile duly incorporated under the Chilean Law with at least 50% of ownership or designate one of its subsidiaries located in Chile as official receiver of funds.

Admissibility – Criteria defined for both projects and applicants:

- Projects will need to demonstrate a **minimum electrolyzer capacity** to be installed of 10 MW, usage of **100% renewable energy** for green hydrogen production, and a **commissioning due date** for the electrolyzer up to 2025. **Total contribution requested** from this funding round must be of 30 million USD or less per project.
- Applicants need to demonstrate an international **risk classification** equal or greater than BBB-/Baa3 and **annual revenues greater than 600.000 UF³**

Assessment & scoring - Scoring will be assessed based on 5 main criteria:

- **Nominal electrolyzer power (30%)**: Measured in MW of electrolyzer capacity of the project.
- **Project efficiency (20%)**: Measured by a ratio between the project’s nominal electrolyzer power and the non-reimbursable contribution amount requested.
- **Project maturity state (20%)**: Measured considering advancement on (1) green hydrogen commercialization commitments, (2) SEIA project admissibility status, (3) water, and (4) terrain availability.
- **Applicant experience⁴ (20%)**: Measured considering existing experience on: (1) development of green hydrogen projects (2) development of gray hydrogen projects, and (3) installation of renewable energy capacity.
- **Project financing model (10%)**: Measured considering (1) financial capacity demonstrated to fund the project and (2) ratio of equity to be invested by the applicant in the project and the requested contribution.

Contribution delivery

- Funding will be delivered to the designated funding recipient(s) once **key milestones** are achieved. These milestones will be determined in an agreement to be signed between CORFO and the recipient(s).

Timings and communication

- All the information detailing the funding round can be found at www.corfo.cl. Consultations can be made via hidrogenoverde@corfo.cl until July 9th, 2021. **Application deadline** has been set for September 6th, 2021.

¹ Chilean Economic Development Agency

² This and other data shown are sourced from the analytical support of McKinsey&Company which supported the development of the Strategy.

³ UF= Unidades de Fomento. Equivalent to roughly 25 million USD.

⁴ Considered for applicants or associated outsourcing Companies.