

The
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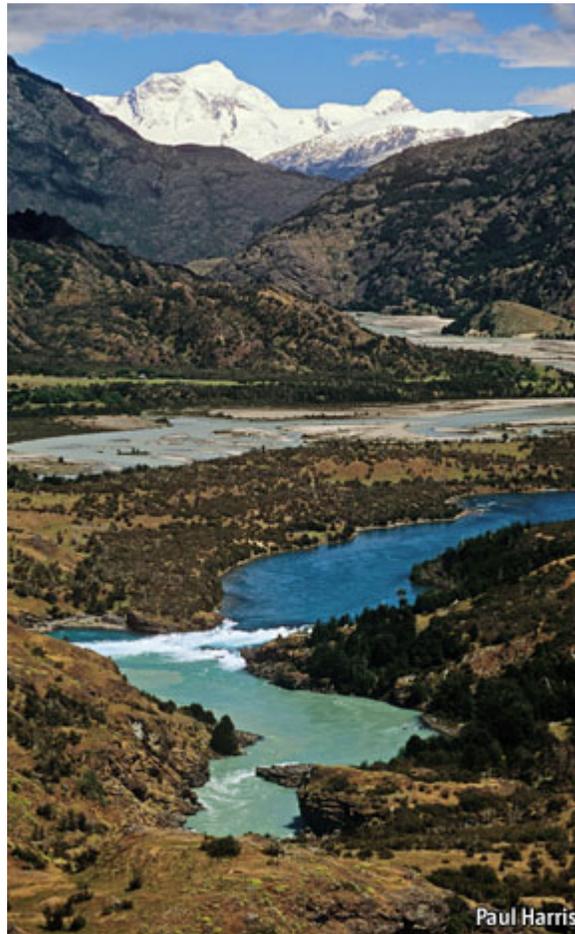
Energy in Chile

Dancing in the dark

A blackout highlights a pressing problem

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ON THE evening of September 24th a power cut plunged almost 10m Chileans, more than half the



Paul Harris

What price 18,000 gigawatt hours?

population, into darkness. Copper mines shut down, traffic lights failed and Saturday night revellers in Santiago found themselves dancing in the dark. Power was restored within a few hours, but the blackout was a worrying foretaste of what may be to come.

By many measures the richest country in South America, Chile is the poorest in energy. It produces almost no fossil fuels and imports some 75% of its energy in the form of oil, coal

and liquefied natural gas (LNG). For a decade, it has sought to rectify that imbalance, but it has hit many obstacles. One solution was to import Argentine gas. But Argentina first bumped up prices and then, as its own (subsidised) demand grew, unilaterally turned off the taps.

One of the world's most earthquake-prone countries, Chile has considered going nuclear, but this year's Japanese tsunami put paid to the idea. Realism rules out importing gas from energy-rich Bolivia or Peru until the three countries resolve their border disputes. Previous governments built two LNG plants. They have helped a bit, but LNG is expensive.

Hydropower could be the answer: it already accounts for 40% of Chile's electricity. But greens vehemently oppose the building of more dams and transmission lines in the country's beautiful, rain-drenched south. In May the centre-right government of President Sebastián Piñera approved HidroAysén, a plan to build five dams on two pristine rivers. These would generate more than 18,000 gigawatt hours of electricity a year, around a third of current consumption. But they would also flood 5,900 hectares (14,600 acres) of wilderness in Patagonia. Such is the public outcry that the plan might yet be scrapped.

In a sop to environmentalists last year, Mr Piñera blocked the building of a coal-fired power station close to a marine reserve north of Santiago. That decision has emboldened greens, but alarmed energy companies, which fear that even if they jump through all the necessary environmental and regulatory hoops, projects may still be stopped.

There is plenty of potential for renewables, from solar energy in the Atacama Desert to geothermal wells in the volcanic Andes and tidal generation along the Pacific coastline. The president wants 20% of all power generation to come from such sources by 2020, up from 4% today. That would probably require big subsidies as well as new transmission lines.

And so the debate goes on—and the problem gets more pressing. The government says that if Chile's economy is to grow by 6% a year, as it hopes, the country needs to double electricity output over the next decade. “There is very little consensus about what we should do in future. There are just radical positions,” says Hugh Rudnick, an energy specialist at Santiago's Catholic University. Seeking to forge a consensus, Mr Piñera in May set up a committee to advise on electricity generation. It is due to report this month. But all the options look politically difficult, and nobody gave the committee a magic lamp.

From the print edition: The Americas