

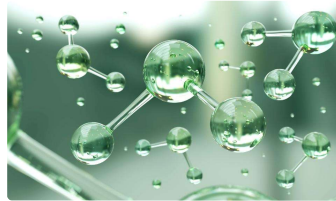


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Chile continues to attract interest in green hydrogen

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Green hydrogen projects continue to surface in Chile as more players enter this nascent industry, key to plans to combat climate change.

One of the newest projects is a pilot by Chilean mining and steel firm [CAP](#), which is creating a 10MW green hydrogen production prototype at its Huachipato steelmaking facilities in Biobío region.

The firm is looking for partners to provide several services, including adapting its metalworks facilities to utilize the project's output and find a company that can build and manage the renewable energy plant that will produce the molecule, according to CEO Julio Bertrand. It is also seeking an electrolyzer provider.

Once completed, the plant will produce some 1,600t/y of hydrogen, Bertrand told a webinar organized by the Chile Pacific Foundation, an organization tasked with supporting Chile's economic insertion into the Pacific region.

The project's output would be used either to replace coal at the firm's blast furnace or to produce direct reduced iron, a necessary component for the production of clean steel and which could also be exported.

"This project will have a hydrogen production cost that is higher than what we seek to obtain in the future, which are those US\$2/kg that would be a break-even price. We are looking for financing to make this project a reality and become forerunners in the production of green steel," Bertrand said.

Similar projects include the [US\\$38mn first phase](#) of an initiative by green fuels developer HIF in Magallanes and the US\$3bn [HNH Energy project](#), owned by AustriaEnergy and Ökowind, both in early stages.

During the webinar, Andrew Dickson, the head of development of Australian renewable developer CWP Global's Asian Renewable Energy Hub, said the firm was very interested in green hydrogen projects in Chile.

"We are very active in South America, including in Chile. We were drawn by the excellent resource," he said. Chile could develop two large green hydrogen production hubs, one in northern Atacama region to supply the mining industry and another in southern Magallanes region, aimed at global export potential, Dickson said.

The Asian Renewable Energy Hub is a green hydrogen project in Western Australia with 16GW wind and 10GW solar capacity, expected to produce 1.75Mt/y of green hydrogen, which will be turned into 9.9Mt/y of green ammonia. The megaproject is expected to come online in 2028.

"There are no projects at a big scale in operation yet globally, although many are under development," Dickson said. "Access to [sea] water is important due to desalination and to export via ships. This is like a new LNG industry, essentially."

A key component of hydrogen production is fresh water, which could become contentious in a country like Chile, where water rights have been a [hot ticket political issue](#) in recent years. At the end of July, the senate approved a water law reform that would prioritize human consumption. Water rights are also expected to become a focus of the constitutional convention, which is drafting a new constitution.

However, according to CAP's Bertrand, water use for hydrogen production is relatively low and is likely to be supplied by desalinated seawater in arid areas.

"In the case of [our project in] Huachipato, our steelmaking process is highly water-demanding, ... and we have water capacity that far exceeds what we could need. If we wanted to make new hydrogen plants to supply the mining industry, we believe it would be necessary to desalinate water," he said.

He added the cost of water for hydrogen production was much less significant than that of electricity, which makes up 70% of the final cost, and equipment costs, especially that of the electrolyzer. Additionally, a desalination plant to produce hydrogen could be used to supply other industrial processes, cutting costs.

The government estimates about 40 projects are being developed in the country, most of them in the early planning stages, which could materialize some US\$10bn investments over the next five years.

Chile is pushing an ambitious strategy to cut emissions and [become carbon neutral by 2050](#), a key step of which is growing a leading green hydrogen production and export industry by 2040.

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