

Chile hydrogen energy storage

Washington D.C., June 29, 2023- The World Bank Board of Directors approved a US\$150 million loan to promote investment in green hydrogen projects in Chile, accelerating the country's green growth, energy transition and supporting its commitment to carbon neutrality by 2050. This is the World Bank's first loan to promote green hydrogen to support climate change mitigation efforts.

"Chile has exceptional attributes for developing a competitive green hydrogen industry given its renewable resources and ability to attract investment in large-scale clean energy projects. The country has the potential to become a major global player in this industry, and this project can serve as a model for other Latin American and Caribbean countries," said Carlos Felipe Jaramillo, World Bank Vice President for Latin America and the Caribbean.

Through this project, the World Bank is helping the government mobilize financial resources from the private sector and other multilateral partners to develop this emerging industry. The financial instrument is also expected to raise additional resources from the private sector that can generate investments of at least US\$ 280 million. The project will encourage early investment in green hydrogen production and accelerate the viability of the projects from pilot to commercial scale.

"Today, the opportunities for future development are precisely in the development of industries in which Chile, on the one hand, has a comparative advantage in relation to many other economies in the world. And secondly, in the fact that the world is experiencing a significant change, triggered by the need to have a more environmentally friendly economy. When we talk about opportunities, you must know how to take advantage of them," said Chilean Finance Minister Mario Marcel.

Chile expects to produce the lowest-cost hydrogen in the world by 2030 and to be among the world's top three hydrogen exporters by 2040. According to estimates by Chile's National Green Hydrogen Strategy, this industry could generate up to US\$ 330 billion in private investment opportunities, and some US\$ 30 billion in exports by 2050.

The implementing unit, the Chilean Production Development Corporation (CORFO) is also a partner of the Hydrogen for Development (H4D) Partnership, a World Bank initiative managed by the Energy Sector Management Assistance Program (ESMAP), to accelerate hydrogen deployment in emerging markets and developing countries.

Hydrogen is produced by splitting water molecules into hydrogen and oxygen. When the electrical energy used for this process comes from renewables, such as solar and wind power, the resulting hydrogen is green: clean, highly efficient and does not emit greenhouse gases.

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Green hydrogen can help decarbonize sectors where electrification would not otherwise be technically or economically viable, such as manufacturing and heavy or long-distance transport sectors. Additionally, it can improve energy security since it can be stored for long periods, thereby increasing the integration of renewable energies into the grid. Developing this industry can also strengthen food security by using green hydrogen to produce green ammonia, which can be used as an input for fertilizers.

Following these benefits, the World Bank has just approved financing to promote investment in this energy in Chile. This is the organization's first loan to promote green hydrogen supporting climate change mitigation efforts.

To learn more about Chile's investments in green hydrogen and the promise behind this energy, we are delighted to be joined in this new episode of Expert Answers by Marcela Silva, who is the Regional Director of Infrastructure in the Latin America Region and the Caribbean at the World Bank. Watch now!

00:00 Welcome! Introducing the topic and the expert00:50 What is green hydrogen?01:55 The World Bank is financing it's first green hydrogen project in Chile03:53 Industries adapting to green hydrogen05:07 Chile as the ideal starting ground06:00 Wind and solar power06:45 How green hydrogen is different from other forms of hydrogen08:12 Challenges in terms of production, transport and use10:50 Boosting shared prosperity for a more livable planet12:02 Thanks Marcela Silva for sharing your expertise!

Host: - Hello everyone, and welcome back to Expert Answers. I'm Srimathi Sridhar. Today's episode is all about green hydrogen because the World Bank has just approved financing to promote investment in this energy in Chile. This is the organization's first loan to promote green hydrogen supporting climate change mitigation efforts. Before we sink our teeth deep into the specifics of what this all means, let's take a quick trip back to high school chemistry class.

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