

Solar Sold in Chile at Lowest Ever, Half Price of Coal

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Solar power just sold for the lowest price ever, in Chile.

The Spanish developer [Solarpack Corp. Tecnologica](#) won contracts to sell power from a 120-megawatt solar plant for \$29.10 a megawatt-hour at an [energy auction](#) this week.

That's the lowest price on record for electricity from sunshine, surpassing a [deal in Dubai](#) in May. It's the cheapest to date for any kind of renewable energy, and was almost half the price of coal power sold in the same event. According to Solarpack General Director Iñigo Malo de Molina, it's one of the lowest rates ever for any kind of electricity, anywhere.

"Solar energy technology has evolved and proved it is competitive," Molina said in a telephone interview from Santiago Thursday. "Prices for electricity generation have changed drastically in the last years. Solar energy in Chile is now the cheapest in the market."

A key part of the low price is the [ever-declining price](#) for solar panels. The average price on the spot market declined this week to 44.7 cents a watt for standard polysilicon panels, a record low.

Ideal Location

The location for this particular power plant is also a factor, in northern Chile's Atacama desert. It's high in the Andes, close to the equator and is considered one of the sunniest and driest places on Earth. It's ideal for solar energy, and will generate more electricity than projects in areas that get less sunshine.

Chile's government is planning to complete transmission lines that will let the solar farm deliver power to the entire country, which prompted Solarpack and other developers to bid so low, Molina said.

"This is the lowest price ever seen, for any renewable technology," Ana Verena Lima, a Bloomberg New Energy Finance analyst in São Paulo. "The auction was very competitive and such a low price wasn't expected by the market."

The Wednesday auction was Chile's biggest ever for electricity, awarding contracts to provide 12,430 gigawatt-hours a year, a third of what's needed for the country's regulated customers. The average price declined 40 percent from a [similar event](#) last year.

Renewable-energy developers won more than half the contracts. The lowest price for wind power awarded in the auction was \$38.10 a megawatt-hour, power from natural gas-fired plants sold for \$47, coal came in at \$57, hydroelectricity at \$60 and geothermal at \$66.

In Chile's power auctions, developers offer to provide a certain amount of capacity at a specific price, without saying what type of power plant they're planning to build. Bids are listed from cheapest to most expensive, and distribution companies select the lowest-cost proposals available until reaching their target capacity.

Dubai Deal

The Solarpack contract is cheaper than a solar project in [Dubai](#), that sold for \$29.90 a megawatt-hour in May, and for a March auction in Mexico that awarded solar contracts for \$35.50 a megawatt-hour, according to Bloomberg New Energy Finance.

Solarpack has 37 megawatts capacity operating in Chile and another 21 megawatts under construction. The company will begin construction of the project in the Tarapaca region in 2018 and expects it to go into service in 2019. Molina declined to provide the expected cost.

The auction is “a strong warning sign that the energy business continues on the transition path to renewable power and that companies should adapt quickly to this transition process,” said Carlos Finat, president of Chile’s renewable association.

(Corrects price in tenth paragraph of story published Aug. 19. An earlier version corrected a price in the first paragraph after Dubai Deal subhed.)