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# PATAGONIA POWER STRUGGLE: CHILE DIVIDED ON PLAN TO DAM AYSEN'S BAKER AND PASCUA RIVERS

By Benjamin Witte

[The author is a US-Canadian journalist based in Santiago, Chile. A former editor of The Santiago Times, Benjamin now edits and writes for The Patagonia Times, an English-language news site focused on southern Chile. He is also a regular contributor to Noticias Aliadas/Latinamerica Press in Lima, Peru.]

A multibillion dollar plan by Chile's two leading electricity providers to build five massive dams in Patagonia has sparked a fierce national debate, pitting the country's leading environmentalists and their congressional allies against a powerful energy lobby that enjoys clear backing from top government officials.

At stake in this ongoing discourse is the fate of two potent rivers: the glacier-fed Baker and Pascua. Located more than 1,600 km south of Santiago in Chile's sparsely populated Region XI, an area also known as Aysen, the pristine waterways were until recently virtually unheard of by the general public. They had not, however, escaped the attention of Endesa, a former state-owned company that is now a huge multinational controlled by Spanish and Italian capital. By its own admission, Endesa has been eyeing the Baker and Pascua rivers for more than 40 years, sizing them up as huge potential energy sources.

Now, partnered with Chilean energy company Colbun, Endesa is finally ready to tap into those rivers. In 2006, Endesa and Colbun--which together provide more than 55% of Chile's total electricity--formed a joint entity called HidroAysen. Soon after, the company unveiled plans to build two large dams on the Baker, Chile's largest river, and three on the Pascua. This past August, HidroAysen presented the project for approval by government environmental authorities, who face the onerous task of sifting through the company's 10,000-page Environmental Impact Statement (EIS).

By far the most ambitious energy project ever proposed in Chile, the five dams would together boast an installed generating capacity of 2,750 megawatts--equivalent to roughly 20% of the country's current available electricity. HidroAysen expects the project to cost US\$3.2 billion. That price tag does not include an additional US\$2 billion needed to connect the Aysen dams to energy-hungry central and northern Chile. The Canadian-owned company Transelec plans to carry out that task by erecting a 2,250 km transmission line, potentially the world's longest.

Backers of the project claim the 2,750 MW will go a long way toward meeting Chile's growing appetite for electricity, estimated to grow by some 6% annually. The energy source, furthermore, is clean and efficient, HidroAysen insists. And, because the water is right here in Chile, it is not--unlike imported oil and natural gas--subject to uncertain price and supply variations.

## Concerns about impact of dams

Not everyone, however, shares the company's enthusiasm for the behemoth venture. For two years now activists in Region XI have campaigned to stop the project, insisting it will ruin the Baker and Pascua Rivers and open up Chilean Patagonia to further industrial degradation.

HidroAysen is not the only multinational looking to set up shop in Aysen. Swiss-owned mining company Xstrata has gone public with its own plans to build large-scale hydroelectric power plants in the region.

"The biggest problem is that it's incoherent with the type of development we've chosen for the region," said Peter Hartmann, a Coyhaique (Region XI) resident and leading member of a group called the Citizen Coalition for Aysen Life Reserve (Coalicion Ciudadana por Aysen Reserva de Vida, CCARV).

"We want to see development by and for the people of the region, development that uses rather than destroys the region's exceptional qualities," Hartmann added. "The development model that's imported from abroad and involves these types of huge projects is completely the opposite. It involves destroying what's here, taking what there is to take, and leaving nothing behind."

The CCARV joined forces with high-profile Chilean environmentalists such as Sara Larrain and Juan Pablo Orrego, who in turn helped attract the attention of influential US nongovernmental organizations (NGOs) like the Natural Resources Defense Council (NRDC) and International Rivers. Last October the various Chilean and foreign organizations opposing the project formed an umbrella group called the Patagonia Defense Council (Consejo para la Defensa de la Patagonia Chilena, CDP), which is busy preparing various legal challenges to the dam project. A handful of pro-environment senators and deputies--known collectively as the Green Bench--have also joined the CDP's Patagonia sin Represas (Patagonia without Dams) campaign.

Critics of the dam project insist it is not only objectionable but also unnecessary. Rather than approve a venture that relies on outdated technology, they argue, Chilean authorities ought to encourage investment in projects using nonconventional energy sources, or NCES. A recent report by the Universidad de Chile and Universidad Tecnica Federico Santa Maria concluded that, by 2025, Chile could generate as much as 40% of its electricity from NCES.

"Instead of running a big, direct current line the whole length of Chile...you look at the country regionally and you say--for example to support the mining industry in the north--solar energy and geothermal energy are probably the most appropriate," said NRDC senior attorney Robert Kennedy Jr. during a visit to Santiago earlier this year.

"To support economic activities in the south, you would look to in-river hydropower. Also you would look to tidal and to some extent geothermal," Kennedy went on to say. "The whole country is appropriate for wind. These are off the shelf technologies. They're exploding every place else in the world. And Chile probably has greater potential per capita than any other nation in the world."

## Chile's commitment to NCEs ambivalent

The Chilean government has made some modest strides in that direction. This past March President Michelle Bachelet signed a law requiring that, by 2024, 10% of Chile's electricity come from NCEs. But at the same time, government officials are sending the message that, to meet growing demand and thus ensure Chile's continued economic development, they will take energy wherever they can get it.

"What we have is water and we need to take advantage of it," Interior Minister Edmundo Perez Yoma told reporters this past February. "We ought, with as much energy as possible, to push forward with construction of the HidroAysen reservoir system."

Perez Yoma's statements were echoed several months later by Bachelet's secretary general, Jose Antonio Viera-Gallo, who said in May that Chile has "no other alternative" but to embrace hydroelectricity. "Inevitably, this means looking toward the south," he said.

The CDP and its congressional allies insist such overt government support for the project amounts to a conflict of interest, as the project has yet to pass through the supposedly independent assessment process of the National Environmental Commission (Comision Nacional de Medio Ambiente, CONAMA). Opponents question just how independent that assessment will be given the political pressure being applied from on high. The commission, they point out, is hosted by the Secretary General's Office, which Viera-Gallo heads. The secretary general, furthermore, is a member of CONAMA's Council of Ministers.

"In the name of the Chilean people, we are asking the president to apply the principle of probity and transparency," said Congressman Enrique Accorsi. "We can't have a system of environmental evaluation in which the ministers who are involved in one way or another have already formed an opinion and support the construction of these dams."

More recently, however, the pendulum appears to have swung somewhat in the other direction. The regional CONAMA office that is reviewing HidroAysen's mammoth EIS recently solicited observations from a host of public agencies, among them the National Water Directorate (Direccion General de Aguas, DGA) and National Forestry Service (Corporacion Nacional Forestal, CONAF).

The EIS lacks "relevant and essential information," concluded the DGA, which also noted mapping errors within the document. CONAF, meanwhile, wrote that the EIS "doesn't meet current environmental standards regarding national parks and forestry legislation." The statement alludes specifically to HidroAysen's planned encroachment into Patagonia's Laguna San Rafael National Park, 48 hectares of which would be swallowed up in one of several large reservoirs the company plans to build. Overall, HidroAysen plans to flood approximately 5,900 ha.

"The more time that goes by, the more convinced we are that this project won't be approved," said CDP head Patricio Rodrigo. "But it'll depend on whether the regional CONAMA office bows to pressure from the interior minister and other government officials who support the project and makes a decision that goes against what these public agencies are saying. It's something we've seen many times in the past."