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President Sebastián Piñera Pulls the Plug on Coal-Burning Power Plant

by Benjamin Witte-Lebhar

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Six months into his presidency, President Sebastián Piñera—Chile’s first conservative head of state since dictator Gen. Augusto Pinochet (1973-1990)—continues to prove a penchant for perplexing his more liberal opponents.

After tongue tying would-be critics by swerving left on issues such as corporate taxes, which he raised, same-sex civil unions, which he supports, and a church-proposed pardon for human rights abusers, which he rejected (NotiSur, Aug. 13, 2010), President Piñera is now extending his populist pattern to energy policy, winning the admiration of environmentalists and once again leaving his critics in the center-left Concertación coalition more than a little off balance.

Until recently, Piñera had been conspicuously quiet on energy matters, dividing his attention instead between Chile’s earthquake-recovery process, last month’s high-profile mine accident and pending rescue efforts (NotiSur, Sept. 10, 2010) and the upcoming Sept. 18 bicentennial celebration. All that changed, however, on Aug. 24, when environmental authorities in the northern region of Coquimbo forced the energy issue to the forefront with an unpopular, albeit not entirely surprising, decision to approve construction of a coal-burning electricity plant called Barrancones.

By a 15-4 margin, the local Comisión Regional del Medio Ambiente (COREMA) sided with the project’s developer GDF Suez, which promised its US$1.1 billion facility—slated for the coastal community of La Higuera—would not only add 540 megawatts of electricity to the country’s central grid but also create more than 1,500 jobs.

Welcomed by some as much-needed investment for the backwater region, the Barrancones project nevertheless has a long list of detractors—local citizen groups, environmental organizations, a handful of leftist politicians, and even some entertainers—who insist the plant’s potential environmental costs far outweigh any short-term benefits it may provide.

Of particular concern is how the coal-burning facility would affect nearby Punta de Choros, a picturesque coastal point 21 km north of La Higuera. The site of two marine reserves, Punta de Choros and its surrounding islands boast a rich population of dolphins, sea otters, Humboldt penguins, and other marine animals.

Environmentalists and their leftist congressional backers blasted the COREMA decision. Deputy Enrique Accorsi of the Partido por la Democracia (PPD), one of the Concertación’s four member parties, called it the "worst environmental news in recent years" and a "giant ecological crime." The move was also opposed by the PPD’s recently elected president Carolina Tohá, one of approximately 2,000 people who—just hours after the COREMA ruling was announced—marched through the center of Santiago. Riot police broke up the demonstration before it could reach La Moneda, the presidential palace.

"It’s very worrisome because there have been several instances of [police] preventing citizens from demonstrating peacefully," said Tohá, who served as a Cabinet minister under Piñera’s predecessor,
President Michelle Bachelet (2006-2010). "Here they used tear-gas bombs and an armored water cannon for an event to which some people even brought their children. It was a totally peaceful citizens' event, something we should be applauding."

What made the decision even more galling for the project’s opponents was that, during his campaign for the presidency, Piñera said he was against the plan. In a 2009 interview with Radio Conquistador, the rightist candidate pledged "to oppose all thermoelectric plants that seriously threaten [nearby] nature, communities, and quality of life."

Par for the course

Yet, as disappointing as the decision was, it was hardly a surprise. In Chile, energy decisions tend to be dictated by the market, which, in the case of electricity production, is dominated by just a handful of mostly foreign-owned corporations. GDF Suez is the country’s fourth-leading electricity provider, following Italian-owned Endesa, Colbún, a Chilean firm, and AES Gener, a US corporation. Consequently, GDF Suez and the other market leaders wield tremendous lobbying power.

In contrast, Chile’s environmental-impact-assessment system (Sistema de Evaluación de Impacto Ambiental, SEIA) is notably weak—little more than a rubber stamp, argue critics. As researcher Manuel José Prieto explained in a 2009 interview with The Patagonia Times, "The SEIA is a system made to neither reject projects nor evaluate alternatives. The system is designed instead to facilitate projects. It orients companies so that they can follow the law and meet all the existing requirements."

Environmental groups say the supposedly autonomous COREMAs that oversee the SEIA process are also easily influenced. The voting boards do not comprise scientists and environmental engineers but rather regional public officials, many of them direct appointees of the central government. It is no wonder, then, that, since the SEIA’s implementation in 1997, Chile’s various COREMA boards have approved all but a few of the many projects sent their way.

The Barrancones decision, in other words, was very much par for the course, even more predictable, perhaps, given Chile’s recent change in government, which is now led by a conservative businessman (Piñera) and a largely corporate-trained group of Cabinet ministers (NotiSur, Feb. 19, 2010). The few Chilean lawmakers who do consistently champion environmental causes, people like Accorsi, PPD Sen. Guido Girardi, and Sen. Alejandro Navarro of the Movimiento Amplio Social (MAS), all hail from the political left.

President Piñera to the rescue

Yet, if there’s one thing President Piñera is proving not to be, it’s predictable. On Aug. 26, two days after the COREMA vote, the president shocked both friends and foes by blocking the controversial project. With help from fellow Chilean tycoon Juan Claro, Piñera put in a "telefonazo" to GDF Suez, which agreed to the president’s request that the electricity plant be moved—to a so-far-unspecified location. To relocate the plant, GDF Suez will have to begin anew the long SEIA process. Given the time and costs that would require, the company may very well scrap the project altogether.

Piñera defended his decision during a visit the next day to Punta de Choros. "I'm very happy and proud because we protected something that was well worth defending—this marine park," he said. "Some criticize just to criticize, but I'm convinced that I did what had to be done, that by
preserving this wonder, I fulfilled my duty as president, my promise as a candidate, and, above all, my commitment to our country’s future generations."

Environmental groups applauded the president’s unusual intervention. But they also described the move as evidence the current SEIA system simply does not work. "There are things that must be done so that, in the future, we won’t have to rely on the president’s discretion to correct what the technical bodies didn’t do well," said Alex Muñoz, head of the Chile office of Oceana, an international nongovernmental organization (NGO).

Chile, for example, has no zoning plan in place to determine where generators of this type can and cannot be built. Nor do the COREMAs, when carrying out their evaluations, have any real guidelines when it comes to things like air or water pollution, according to Flavio Liberona, executive director of the Santiago environmental organization Fundación Terram.

"Chile’s environmental laws are very permissive," Liberona explained. "Projects are reviewed within the framework of existing norms, but if there are no norms regarding specific problems, in this case thermoelectric plants, then there’s little to nothing [the COREMAs] can say on the matter."

The Piñera administration agrees—at least partially. Speaking to reporters Aug. 30, top government spokesperson Eva Van Baer admitted that Chile’s environmental laws contain certain shortcomings that in this particular case obliged President Piñera to make an "exceptional" intervention. The new government inherited the flawed legislation, she pointed out, from its Concertación predecessors.

The president is now promising changes to the laws. During his speech in Punta de Choros, he promised to create a new department within the Ministerio de Medio Ambiente called the Servicio de Biodiversidad y Áreas Protegidas, which will be tasked with balancing "the protection of unique, beautiful, and exceptionally rich places like Punta de Choros with the development that the country needs." He also announced "very ambitious" plans to embrace nonconventional renewable-energy sources, saying the government will launch solar, wind, tidal, and geothermal pilot projects.

A tough act to follow
Piñera’s last minute heroics vis-à-vis Punta de Choros will likely prove popular with the Chilean public, which, according to recent polls, is starting to warm to the new president. The move was not, however, without its critics. Several figures within the hard-right Unión Demócrata Independiente (UDI) openly questioned the decision, warning that, by pandering to environmentalists, Piñera risks not only scaring off investors but also establishing a precedent that will be next to impossible to live up to in the future.

I’m not comfortable with the way this was decided," said the UDI’s Hernán Buchi, a Pinochet-era former finance minister who went on to found the Instituto Libertad y Desarrollo (ILD), a conservative think tank from which Piñera selected several of his Cabinet ministers.

"If we don’t want electricity blackouts, we’ll have to make some investments. I guarantee you that if we fill up the country with windmills, we’re going to think they’re ugly. On top of that, they won’t be able to substitute other generation. At this point, there is no technologically reasonable electricity substitute for thermoelectric and hydroelectric generation," Buchi added.

Piñera may very well have opened something of an environmental Pandora’s box. In the coming months and years, Chile’s various COREMA boards will be voting on other projects that, like
Barrancoes, will test the president’s loyalties. In far northern Chile, developers are awaiting approval of the Castillo plant, a US$4.4 billion coal-burning facility four times the size of the GDF project. In the far south, Endesa and Colbún—partnered under the name HidroAysén—continue to plan a massive five-dam hydroelectric project that has environmental groups both in Chile and abroad up in arms (NotiSur, Oct. 17, 2008).

Emboldened by Piñera’s handling of the GDF Suez project, opponents of Castillo, HidroAysén, and other controversial ventures will no doubt be demanding the same treatment. There is no guarantee they will get it, especially if Piñera is serious about limiting his "exceptional" maneuvering to Barrancoes. Sooner rather than later the president will discover he cannot please everyone.

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