SOUTH AMERICA

Uruguay

GDP: **$55.7bn**
Five-year economic growth rate: **13%**
Population: **3.4m**
Total clean energy investments, 2006-2013: **$22bn**
Installed power capacity: **3GW**
Renewable share: **10%**
Total clean Energy generation: **745GWh**
Top energy authority: **Ministry of Industry, Energy and Mines**

OVERALL RANKING 2014

6

OVERALL SCORE 2014

1.75

PARAMETER	RANKING	SCORE
I. Enabling Framework	09	1.43
II. Clean Energy Investment & Climate Financing	01	2.03
III. Low-Carbon Business & Clean Energy Value Chains	35	1.16
IV. Greenhouse Gas Management Activities	08	2.65

SUMMARY

Uruguay scored 1.75 to finish 6th among the 55 *Climatescope* countries and is the smallest nation in the survey's top 10. In Latin America, it ranks 3rd, below only Brazil and Chile.

In the wake of an energy crisis last decade, Uruguay has successfully held reverse auctions for clean power contracts. These have spurred renewable project development and should substantially diversify Uruguay away from heavy reliance on large hydro and high cost thermal plants. As of the end of 2013, 49% of the Uruguay's 3.5GW of installed capacity came from large hydro plants. Since 2009, Uruguay has contracted for 880MW of wind capacity and 58MW of solar projects, hoping to increase non-hydro capacity share.

The tenders have triggered a surge in investment. In 2013, Uruguay's $56bn economy attracted $1.3bn in clean energy investment. Most of the funds have come from multilateral and export-import institutions that view Uruguay as an attractive and stable market.

Looking ahead, Uruguay could find it challenging to maintain recent levels of clean energy investment, simply given its limited size. Nonetheless, it is now poised to become a world leader in installed wind capacity as a percentage of overall capacity.

For further information, access www.global-climatescope.org/uruguay

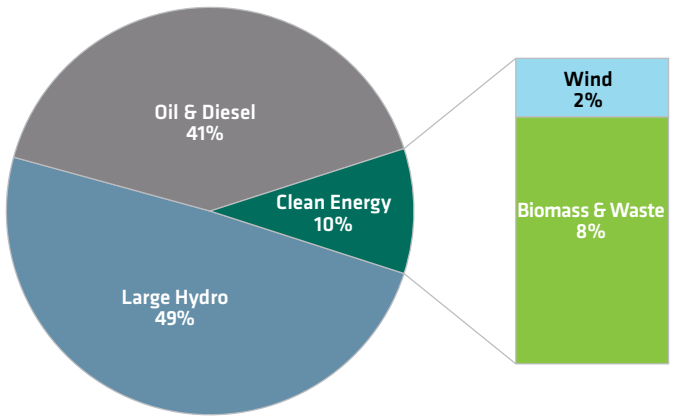
Climatescope 2014 Report by Bloomberg New Energy Finance
Multilateral Investment Fund part of the Inter-American Development Bank,
UK Department for International Development, Power Africa

PARAMETERS AT A GLANCE

Like its South American neighbors, Uruguay relies heavily on large hydro projects to meet its power needs with imported fossil fuels also playing a key role. This matrix has left the country exposed and in Uruguay experienced an energy crisis during few dry years in the 2000s. As hydro generation faltered, the country found itself more reliant on pricey thermal sources. The crisis highlighted the need for energy diversification to improve self-sufficiency.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

3GW total installed capacity



Source: Bloomberg New Energy Finance, Regulated Industries Commission
Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers.

Uruguay has primarily used reverse auctions to add new sources to the grid at competitive prices. Since 2009, it has contracted 880MW of wind capacity with prices ranging from $63/MWh to $86/MWh. The country is now set to add 200MW of solar PV through the same mechanism and $91.5/MWh 20-year power-purchase agreements. Uruguay state-owned utility UTE controls the transmission and distribution markets, but allows independent power producers. UTE has experimented with leasing contracts for one wind farm and with developing projects along the Uruguay-Brazil border with Brazilian state-owned utility Eletrobras.

The results of these policies can be seen in the country's strong Enabling Framework parameter score of 1.43. In 2013, Uruguay clean energy generation grew 21% in 2013 compared to the previous year. Substantially more clean generation is expected over the next four years as tendered projects reach financial close and start operation.

KEY POLICIES

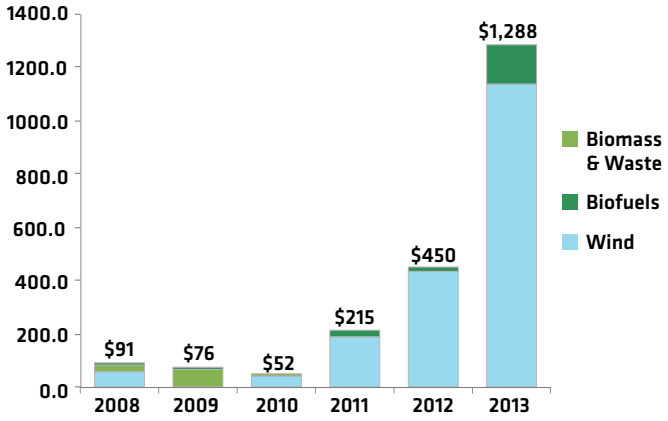
Energy Target	Renewable power to make up 15% of installed capacity by 2015.
Auction	Administración Nacional de Usinas y Trasmisiones Eléctricas has conducted four wind auctions, contracting 684MW of wind capacity for 20 years. Uruguay has also established an auction to contract 200MW of PV.
Biofuels	A 5% biodiesel blend and a 5% ethanol blend is required by 2015.
Tax Incentives	An income tax reduction is available for renewable generators and there is a VAT exemption for wind equipment.
Net Metering	Consumers with their own renewable energy microgeneration systems can connect to the grid, deliver surplus energy and obtain a billing credit.

Source: Bloomberg New Energy Finance Policy Library

Uruguay was the fourth biggest recipient of clean energy investment in Latin America in 2013 with its $1.3bn representing more than the country had attracted over the prior seven years. As a result, Uruguay scored highest among all nations on the *Climatescope* Clean Energy Investment parameter, which takes into account countries' relative sizes.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 ($m)

$22bn total cumulative investment



Source: Bloomberg New Energy Finance
Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

Uruguay does not have a significant manufacturing value chain, due both to its small size and its relatively recent embrace of non-large-hydro renewables. As a result, the country scored 1.61 on Parameter III, ranking 35th among the 55 *Climatescope* nations.