
AMERICAS INFRASTRUCTURE DEAL OF THE YEAR: **AGUAS HORIZONTE**

One of the more carbon-intensive parts of the decarbonisation push is the mining of precious metals needed for electrification. Chile's state-owned miner Codelco, the world's largest copper producer, is one of many mining companies looking to operate more sustainably. Part of that is shoring up sustainable water supplies for its mining operations, so it turned to Japan's Marubeni and Chile's Transelec to construct a desalination plant in Tocopilla City that will sell its output to three copper mines owned by Codelco. The financing of the plant this year stood out as the premier infrastructure financing in the Americas.

Marubeni (60%) and Transelec (40%) through their Aguas Horizonte subsidiary closed a US\$1.77bn 22-year project finance loan and a US\$25.3m standby letter of credit backing the project, which brought together a number of players to provide attractive terms on such a large and relatively novel financing.

The thirteen lenders on the deal included BBVA, Banco Santander, Intesa Sanpaolo, KfW IPEX-Bank, Korea Development Bank (KDB), Mizuho, MUFG, Norinchukin Bank, SBI Shinsei Bank, Societe Generale, SMBC, Sumitomo Mitsui Trust Bank, Credit Agricole, and Scotiabank. Norton Rose Fulbright represented the sponsors, while Shearman & Sterling

acted for borrowers. Mizuho advised the sponsors.

Works include construction of a high-pressure water supply pipeline, a pumping station to transport water from the coast to a copper mine area located approximately 160km inland at an altitude of about 3,000m, a large water reservoir, a water distribution pipeline for each mine, and an overhead power transmission line and substation. It is set to supply water to the three following major mines in the northern part of the country: Radomiro Tomic, Chuquicamata, and Ministro Hales, which together account for about half of Codelco's copper production. The project's water production capacity is approximately 70,000 cubic metres per day, with this capacity planned to be expanded to approximately 170,000 cubic metres per day in the future.

Techint Chile is serving as EPC contractor. The plant will be operated for 20 years after completion before transferring to Codelco. Marubeni concluded a long-term water sales agreement related to this project in July 2022. The loan agreement was signed on March 8 2023. Construction on the project then started on March 27 2023.

Codelco runs about 10% of the world's copper production and owns the world's largest existing copper mine production facilities. The



company currently relies on inland supplies for all of the water used in mine development and copper refining processes, but it has committed to reducing inland water consumption by 60% by 2030.

Transelec is the leading provider of high voltage systems in Chile, with more than 10,000km of transmission lines and 69 substations, contributing to transmit power that lights nearly 90% of the homes on the national grid. Japan's Marubeni has a track record of multiple power generation and desalination projects (IWPPs) as well as water production projects (IWPs) mainly in the Middle East. In Chile, Marubeni has been developing the water supply and sewerage business in six of the country's 16 provinces, covering approximately 10% of the total population of these provinces.

AMERICAS POWER DEAL OF THE YEAR: **IRGAH**

IRG Acquisition Holdings (IRGAH), a partnership between Invenery, CDPQ and funds managed by Blackstone Infrastructure Partners, closed the first large-scale tax credit transfer deal in the US, launching a market that has been eagerly awaited since the

passage of the Inflation Reduction Act (IRA) in August 2022. The transaction created a financeable transferability product expected to be used to scale the growth of renewable energy, the energy transition and its associated supply chain development.

IRGAH closed on the acquisition of American Electric Power's 1.3GW contracted renewables portfolio for US\$1.5bn and secured a US\$580m commitment for a production tax credit (PTC) transfer with Bank of America Securities, which served as