Uruguay solar incentives

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In recent years, Uruguay has completely transformed its energy matrix. Between 2010 and 2016, it invested US$ 7.8 billion in energy infrastructure, and 97% of electricity is now generated from renewable sources. In 2018, 38% of electricity generation was wind (the second largest in the world in terms of percentage of this energy in its electricity matrix), 7% biomass, just over 3% photovoltaic, just under 3% thermal and the rest -almost half- hydroelectric.

At present, Uruguay is one of the leading countries in the world in terms of wind energy production, together with Denmark, Ireland and Germany, with more than a third of its electricity coming from wind farms.

Uruguay, the most equitable country in Latin America and with the highest average income, achieved this transformation of its energy matrix by assuming strong commitments to environmental care and sustainable production.

So it was no surprise when Uruguay was recognized in 2018 as one of the leading nations in wind and solar energy production by REN21, which is supported by the UN to promote renewable energy worldwide. In addition, the International Renewable Energy Agency (IRENA), in a recent publication (Innovation Landscape for a renewable-powered future, June 2019), cites the Uruguayan experience as one of the examples of successful management of electricity systems with high participation of renewables.

Using forward-looking legislation and incentive schemes, Uruguay is also efficient in attracting good business within the sector. Its policy of freedom to generate energy encouraged significant private-sector investment, and together with the public sector it invested more than 3% of GDP annually in energy infrastructure during the period in which the change in the energy matrix was processed. REN 21 of 2016 (Renewables Global Status Report) ranked Uruguay fifth in the world in terms of investment in renewable energy as a percentage of GDP.

Uruguay is at the forefront of energy policy in Latin America and the world and its successful model has been emulated by several other countries. The keys to achieving these milestones have been the country"s natural conditions, political will, a modern and effective regulatory framework, and the implementation of a public-private partnership model for investment in the sector.

The transformation of the electricity matrix carried out by Uruguay involved the incorporation of renewable generation that will minimize supply costs. At present, there are already structural surpluses that present great opportunities for their use.

Electric mobility will be a fundamental component of this transformation, particularly with urban buses and light vehicles (utilities and taxis). The initiatives that the country is considering in this sector are now aimed at

decarbonizing the global electricity supply matrix.

UTE reduces the energy bill of any end consumer which purchases a solar water heater by a monthly Uruguayan Peso (UYU) 350 over the first 12 months. This corresponds to an investment subsidy of around 11 % for a simple system kit, which costs around UYU 37,000 (EUR 1,600), including installation, 5-year insurance, taxes, etc. Package prices can go up to UYU 47,000 (EUR 2,000), depending on the chosen equipment and how complicated the installation is. The 5-year insurance is granted by a public bank named Banco de Seguros del Estado (State Insurance Bank).

All clients have also access to a low-interest loan by public bank Banco Hipotecario del Uruguay (BHU). Loans range between UYU 40,000 and up to UYU 270,000 (EUR 1,700 to 9,000). They will be easy to get without a mortgage and only one signature. As an interest rate, the bank will charge the lowest rate usually reserved for a "non-warranty requiring loan". The client needs to have a fixed salary over the last 6 months or a pension.

In addition, the National Energy Administration (DNE) is about to set up a list of solar equipment companies and technicians which have fulfilled the technical requirements (see below). And last but not least, there are plans for a comprehensive TV advertising campaign in order to encourage people to buy solar heaters. The campaign should start after the winter time 2011/2012, as soon as there are more eligible equipment providers.

The manual of the Solar Plan, which was published in March 2012 as well, includes a fair number of technical and quality requirements to ensure a good solar water heater performance (see the attached document). Among them are: