

Current values stand at US\$ 10,000, and experts predict lower levels:

Drop in lithium prices impacts projections of the Codelco-SQM alliance

On January 22, Codelco President Máximo Pacheco made value estimates for the agreement based on an average price of US\$ 25,000 per ton.

**El Mercurio de Santiago. March 7, 2025.
By César Sottovia Jara.**

On January 22, during a session before the investigative commission analyzing the agreement between Codelco and SQM for joint lithium exploitation, the president of the state-owned mining company, Máximo Pacheco, outlined the advantages of this alliance for the State in terms of revenue. The copper company's chief based his calculations and benefits on an average lithium price of US\$ 25,000 per ton (/ton), a figure that contrasts with the current market price and affects the optimistic projections of this agreement.

Amid a scenario of slowed demand from the electric vehicle industry, an oversupply of the mineral, and a complex external environment, current lithium prices hover around US\$ 10,000/ton. Market projections for the next five years are not very promising either, barely surpassing US\$ 20,000/ton.

"In terms of economic benefits for the country between 2025 and 2030, the Chilean State, through Codelco, Corfo, and the treasury, will receive approximately 70% of the revenues generated by this new production, and from January 1, 2031, the Chilean State will receive 85% of the income through Corfo payments, taxes, and Codelco," Pacheco stated in January.

He added that the value of this business for the Chilean State, compared to extending the lease (from Corfo) "with SQM under the same conditions, or having auctioned it to a third party, or reaching an agreement with SQM to avoid the production valley, ranges from US\$ 4.1 billion to US\$ 6.9 billion, respectively, assuming an average price of US\$ 25,000 per ton." He specified that "as a reference, the present value of the cash flows for the Chilean State from this business—through all components, including Corfo, taxes, specific taxes, and Codelco profits—is US\$ 48 billion at the same price of US\$ 25,000 per ton."

More cautiously, SQM's general manager, Ricardo Ramos, stated in a conference with analysts discussing last year's results that revenues had been affected by the low price

of the metal, which is around US\$ 10,000 per ton. He also predicted that, from the company's perspective, the average price could continue to decline this year before starting to recover in 2026.

Pacheco, however, foresees a substantial improvement in the long term. When consulted by El Mercurio yesterday, he stated that "by 2030, global lithium demand will have tripled. The only way to meet that demand is for the price to reach an incentive level that allows for the necessary investments to develop or expand the projects needed to satisfy it. That investment incentive price is around US\$ 20,000 per ton. The current observed price reflects specific conditions. Investment projects are evaluated not based on the spot price but on the long-term consensus price."

Optimistic estimate

Andrés González, head of the Mining Industry at Plusmining, pointed out that considering that SQM Salar's current spot lithium sales prices are around US\$ 9,000/ton, a valuation of US\$ 25,000/ton (nearly triple current prices) seems optimistic. "While we expect prices to trend upward toward the end of the decade, it seems prudent for current projections to be based on long-term prices not exceeding US\$ 18,000/ton. Naturally, this means substantially lower fiscal benefits derived from the agreement."

In this regard, he projected that assuming a price of US\$ 18,000/ton and a discount rate of 10%, "among other assumptions explained in our 2024 modeling, we estimate that the present value of the aggregated benefits for the State amounts to US\$ 24 billion, which is half of Codelco's estimate." The estimate covers the period from 2025 to 2060 as considered in the agreement. This includes not only the alliance but also Corfo's lease revenues, corporate taxes, mining royalties, and contributions to local governments.

According to consulting firm Benchmark Minerals Intelligence, lithium prices will remain under pressure in the coming quarters, ranging between US\$ 9,700/ton and US\$ 10,400/ton. However, they expect a recovery in values by late 2025, reaching a peak average of US\$ 25,000/ton in 2028. They estimate that lithium carbonate prices will stabilize at around US\$ 21,000/ton from 2031 onward.

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**MÁXIMO PACHECO, CHAIRMAN OF THE BOARD OF
CODELCO, JANUARY 22, IN CONGRESS.**

Second Tribunal must rule on actions against the Committee of Ministers' resolution

Dominga moves to Santiago: First Environmental Tribunal recuses itself from new appeals

The judges based in Antofagasta state that they cannot rule again on a case in which they have already issued a decision. The five appeals, submitted on Tuesday, are under admissibility review.

El Mercurio de Santiago. March 7, 2025.
By Catalina Muñoz-Kappes

The ministers of the First Environmental Tribunal recused themselves this week from ruling on new appeals submitted by environmental organizations against the Dominga project, regarding the decision made by the Committee of Ministers in January of this year. Therefore, as dictated by the legal order of substitution, the Second Environmental Tribunal will determine the next step for Andes Iron's mining-port project.

According to the attached documents in the appeals that were transferred last Tuesday from the First to the Second Environmental Tribunal, the ministers recused themselves because they had already ruled on Dominga. Specifically, Minister Sandra Álvarez and Ministers Marcelo Hernández and Alamiro Zepeda indicated that they were subject to the cause for recusal due to "having issued a ruling on the pending matter, with knowledge of the necessary background to issue a judgment."

Unlike the First Tribunal, which is based in Antofagasta, the Second Environmental Tribunal is located in Santiago. It is currently presided over by Marcela Godoy, a titular lawyer minister, and composed of titular lawyer minister Cristián Delpiano and substitute minister in sciences, Cristián López.

The origin

Five appeals against the resolution issued by the Committee of Ministers in January of this year were referred to the Second Environmental Tribunal, representing Oceana, the Association of Shellfish Gatherers and Fishermen of Los Choros, the Environmental Defense Movement of La Higuera, among others.

Although in January of this year, the Committee of Ministers classified the Dominga project as "environmentally unfavorable" and decreed that the proposal "cannot be executed," the body—composed entirely of substitutes—did not uphold all the claims against the initiative. Out of the 12 appeals against the project, the Committee of Ministers only upheld two: those of Oceana and the Association of Shellfish Gatherers and Fishermen of Los Choros. The rest were rejected.

Before the Committee of Ministers, the environmental organizations had appealed against the resolution of the Environmental Evaluation Commission of the Coquimbo Region, issued in August 2021, which had favorably assessed Dominga's Environmental Impact Study.

The new appeals

In its new appeal, Oceana argues against the resolution of the Committee of Ministers, stating that this ruling "partially upholds the administrative appeal filed by this party against Exempt Resolution No. 161 of August 24, 2021, which environmentally approves the Environmental Impact Study of the 'Dominga' project, which does not adequately address citizen observations."

One of the arguments put forward by the environmental organization is that "in the challenged resolution, the Committee of Ministers does not make its own decision, disregarding its competencies on the grounds that the Environmental Tribunal evaluated the project," which would lead to a "violation of the principle of legality, which implies the assignment of powers to each state body and branch."

They also argue that the Committee of Ministers did not act with impartiality but issued its decision under the influence of the First Environmental Tribunal. "When ruling on the administrative appeals filed by citizens, the Committee of Ministers already had a predetermined stance, influenced by the arguments of Andes Iron SpA, which were analyzed by the First Environmental Tribunal," the document states.

Similarly, the Association of Shellfish Gatherers and Fishermen of Los Choros criticizes that, despite classifying the Dominga project as environmentally unfavorable, the Committee of Ministers' resolution "does not duly consider the citizen observations we have made during the project's environmental evaluation process, thereby violating the rules on citizen participation."

On the other hand, the Environmental Defense Movement of La Higuera, whose appeal was rejected by the Committee of Ministers, objects to the dismissal of its claims.

When consulted by El Mercurio, the Second Environmental Tribunal stated that the five cases referred from the First Environmental Tribunal are under "admissibility analysis."

The history

The Andes Iron mining-port project has undergone a long administrative and judicial process. The project entered the Environmental Impact Assessment System (SEIA) in September 2013 and has already been reviewed three times by a Committee of Ministers, all with negative outcomes. The first instance occurred in August 2017, during the second government of former President Michelle Bachelet. The second setback happened in January 2023, under the current administration of President Gabriel Boric, and then again in January 2025.

Currently, cassation appeals for this project are pending before the Supreme Court, despite the fact that in May 2022, the highest court already rejected a series of such actions filed by opponents of Dominga.

2013

The processing of the Dominga mining project has spanned nearly 12 years.

"In the challenged resolution, the Committee of Ministers does not make its own decision, disregarding its competencies on the grounds that the Environmental Tribunal evaluated the project."
— **Oceana's appeal.**

ISA Interchile labels the origin of the failure in its line as "unusual and extraordinary" and rejects "association" with the blackout

The company operating the line where the blackout originated reported that the incident occurred when attempting to restart the communications of its protection system, which had experienced issues nearly two hours before the power outage. During this process, "an unexpected and unforeseen action of that protection function occurred," it stated in response to requests from the Coordinator, and assured that there was "only one previous case worldwide" regarding this.

Pulso, March 7, 2025
By Víctor Guillou

The causes of the total blackout that affected the National Electric System (SEN) are still under investigation by the National Electric Coordinator (CEN), which has until March 18 to deliver its Failure Analysis Study. Meanwhile, new details continue to emerge involving the main parties involved in the incident.

This is how, in a communication sent this Wednesday by ISA Interchile to CEN, the company that owns the 500 kV transmission line, Nueva Maitencillo - Nueva Pan de Azúcar, provided new information about what happened on Tuesday, February 25, when the disconnection of both circuits of the line in question left much of Chile without electricity.

A two-page letter signed by Eduardo Sáez Manríquez, Operations and Maintenance Manager of ISA Interchile, provided additional information to what the company had previously sent in its failure report submitted this Tuesday. Although this response is not yet public, the supplementary information suggests that, initially, CEN considered the company's first response insufficient. This can be inferred from the letter, which when addressing "the root cause investigated" concerning the February 25 event, states that "in our view, with what has been analyzed so far, it is indicated in the failure report." In its work, CEN may request additional information, regardless of whether the coordinated

parties responded within the legal deadlines—48 hours at first, and five working days later—that the process allows.

Thus, Sáez Manríquez's response adds previously unknown details of the incident that caused the failure. Until now, the company had classified the failure's origin as a "non-desired activation of its protection schemes." The reason for that activation remains the big question. Additionally, it was revealed this week that the company had informed CEN nearly two hours before the blackout that the protection of the line was "out of service," but that they had "full operational backup." Despite this, both circuits were opened, de-energizing the line and later Cardones - Polpaico, which led to the total blackout.

But Wednesday's letter provides new details of the event. "The root cause of the event lies in the failure of the communications module and the restart of the CESM2 R1F controller of the FOX 615 multiplexer, to restore communications that were unavailable and reported in the operational limitation 2025000322," the document says. Electrical experts translate the technical explanation as follows: "These are communication devices that allow for the opening of a switch," they note about the first part, but warn that the second part "is a safeguard" by the company, following their notification of the primary protection system's unavailability in the line.

Beyond that, ISA's account of the incident continues: "In the attempt to recover the channel and during the resynchronization of the line differential protection function, an unexpected and unforeseen action of that protection function occurred," it stated.

In this regard, it adds that the type of failure that occurred "has been reported by the manufacturer (of the protection system) as an extremely rare case, with only one previous case worldwide," out of "a total of 17,250 units manufactured."

Additionally, there is another safeguard in which ISA defends the reliability of the mechanism: "Although the failure in the communications equipment is still under investigation, we can initially reference from the manufacturer's data a calculated reliability for this equipment, using the MTTF (Mean Time To Failure) index of 46 years. This demonstrates that what occurred is completely unusual, extraordinary, and clearly not representative of the protection scheme's performance," they assert.

"Currently, a joint investigation process is underway with the manufacturer and ISA's protection laboratory to determine actions that will prevent such cases for the installed relays (protections). The report corresponding to this process will be delivered when available, which we expect to be during the second quarter of 2025," the letter adds.

Moreover, elsewhere in the letter, ISA responds sharply to CEN itself, stating that in a letter, the system operator "refers to the 'Disconnection LT 2x500kV Nueva Maitencillo - Nueva Pan de Azúcar' as the event that led to the total blackout in the National Electric System." Interchile S.A. strongly rejects this association and asserts that the processes

and bodies in charge of the investigation will define the responsibilities and the extent of the various parties involved in the total blackout of the National Electric System.