
Codelco merges energy assets with GDF Suez

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Reuters reported that Chilean state copper giant Codelco had reached a deal with GDF Suez to merge electricity generation assets in northern Chile under one company.

Codelco in a statement said that the French utility firm would pay it USD 172.5 million under the deal. Codelco will control 40% stake in the merged energy firm with GDF Suez taking a 52.4% stake and small investors the 7.6% balance. Under the deal, electricity generating companies jointly owned by Codelco and GDF Suez will be wrapped into generator Edelnor EDN.SN, whose shares jumped as much as 6% following the announcement.

The newly merged company will comprise Electroandina, Gasoducto Nor Andino Argentina SA, Gasducto Norandino and the Central Termoelectrica Andina SA thermoelectric plant under construction.

GNL Mejillones, which belongs to both Codelco and GDF Suez and is building a liquid natural gas terminal in the north, was not part of the merger. The new Edelnor will have a total capacity of 1,795 MW equal to around half of the capacity of the regional grid or SING, that supplies Chile's mine rich north. The supply of energy to the far northern desert Atacama region where Codelco holds most of its mines is key to the company's output, which is expected to increase in 2009 after years of decline.

The state run miner said in a statement that "Codelco's goal in the merger is to obtain greater value for its assets in those electricity firms by creating a liquid, listed company with greater visibility and financing capacity."

Codelco said that last month its copper production rose 16% in the January to September period compared with a year earlier to 1.21 million tonnes. Including Codelco's 49% stake in El Abra mine, production totaled 1.27 million tonnes. Freeport McMoran controls El Abra.

(Sourced from Reuters)

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