

REGULATION

What is the current regulation for Colombia in the energy transmission business? (may 2020)

Income is regulated for assets in operation as of January 1, 2000. They are regulated according to a formula revised every five (5) years. In June 2008 these revenues corresponded to 85% of ISA's revenues.

For assets in operation after January 1, 2000 (approximately 7% as of June 2008), income equals supply. After 25 years, this remuneration is subject to the regulated methodology.

CREG Resolution 011 of 2009, CREG established the methodologies for determining regulated income and the quality scheme of transmission service in Colombia, for the new regulatory period. The CREG has already approved the specific resolutions for all the national transmission companies, so that, in the particular case of ISA, said resolution (078 of 2011) applied as of August 1, 2011. With this resolution, the income annual regulated for ISA is reduced by 1% in relation to the income that had been received with the methodology that was in force since 2000.

In the last quarter of 2012, CREG published Resolution 093, which complements the quality of service scheme established in CREG resolution 011 of 2009, and defines higher requirements for transmission companies in terms of asset availability; This scheme came into effect on April 1, 2013.

See presentations on the Colombian Electricity System and the current Regulation on Investors. Corporate Presentations.

What are the main characteristics of Peru, Bolivia and Chile? (may 2020)

Peru:

- Projects in Peru are carried out through concessions.
- Rate adjustments are made at the rate of "Finished Product minus Food and Energy.
- Income is set in Dollars and paid in Peruvian soles.
- The discount rate is 12% for most projects.

Bolivia:

- The superintendency may decide whether to make a purchase option or a specific award.
- The discount rate is 10%.
- The payment period is 30 years.
- The adjustments of the investment rates depend on 65% of the exchange rate and 35% of the CPI.

Chile:

- Projects in Chile are awarded through an international public tender.
- They are Perpetual Exploitation Rights.
- For the first 20 years, the income is the offer that the proponent delivers and is indexed with a formula that takes into account the CPI and the Chilean exchange rate. From the year 21, the value stated in the regulation is remunerated, which is indexed annually with the same formula.
- Income is set in US Dollars but is paid in CLP.
- The discount rate is 10% real in dollars from year 21.