

CHILE: EXPANSION OF THE NATIONAL ELECTRIC SYSTEM

On November 21st, 2017, with the interconnection of the Northern Interconnected System (SING, for its Spanish acronym) and of the Central Interconnected System (SIC, for its Spanish acronym), the materialization of the National Electric System (SEN, for its Spanish acronym) was completed. Key among the transmission works that allowed such interconnection is the 500 KV double circuit “Mejillones-Cardones” transmission line, which extends from the Antofagasta Region to the Atacama Region, with an approximate length of 600 kilometers, property of Transmisora Eléctrica del Norte S.A. (TEN). Prieto Abogados actively participated in the development of such project, including the bidding procedure and negotiation of the construction agreements, the financing agreements and negotiations among the stakeholders of TEN.

Currently there are two ongoing parallel processes for the expansion of the SEN. In the first, which is subject to the General Electric Services Act -prior to its amendment by Lay 20.936, the New Transmissions Law-, and which bidding terms and relevant calendar may be found enclosed to this Newsletter, the National Electric Coordinator (Coordinator) is carrying out a public and international bidding procedure for the works approved by the Ministry of Energy in its Exempt Decree N°422-2017, which established the “Expansion Plan of the National Electric System for the next twelve months”. Please note the following relevant deadlines of the abovementioned bidding procedure:

New Works of Subgroup A:

- (i) Start of Reception of Proposals: March 16, 2018;
- (ii) End of the Bidding Terms’ Sale: March 22, 2018;
- (iii) End of the Bidding Terms’ Sale: March 16 – 26, 2018.

New Works of Subgroup B:

- (i) End of the Q&A Period: February 21, 2018;
- (ii) End of the Bidding Terms’ Sale: May 24, 2018;
- (iii) End of the Bidding Terms’ Sale: May 18 – 25, 2018.

In the second process, subject to the provisions of Law 20.936, the National Commission of Energy (CNE, for its Spanish acronym) has commenced the annual transmission planning process through its Exempt Resolution N°770 dated December 29, 2017, approving the Preliminary Technical Report of the “Annual Transmission Expansion Plan for the year 2017”, which establishes the expansion works and new works of the SEN. Such works, once fixed by an Exempt Decree from the Ministry of Energy, shall be subject of a public and international bidding procedure conducted by the Coordinator, in accordance with the Technical and Administrative Terms to be prepared and published by the CNE.

Such Preliminary Technical Report has been widely publicized in the media due to the ambition of the works contemplated in it, which committed investment amounts approximately to US\$3,170 million, and amongst which the new transmission line “Cardones-Polpaico” is key, for it concentrates a large part of the investment with an estimated investment cost of US\$1,900 million and is expected to be operation in 2030. While the Preliminary Technical Report has been subject to observations from the large mining consumers who are expected to bear -in its majority- the investment costs for such works, Daniel Salazar, Executive Director of the Coordinator, has appeared optimistic in the Coordinator’s ability to resolve such observations prior to the preparation of the Final Technical Report (the term to publish this report ends on February 13, 2018, after which, if the discrepancies with the participants of this planning process persist, the later may appear before the Experts Panel for their resolution). Enclosed please find, for your convenience, copy of the Exempt Resolution N°770-2017 of the CNE.

Juan Tagle Q.
 Partner
jtagle@prieto.cl

José Andrés Pascual M.
 Partner
jpascual@prieto.cl

Camila Kutz E.
 Senior Associate
ckutz@prieto.cl