

## 4. REGULATION

### 4.3 What are the main characteristics of Brazil, Peru, Bolivia and Chile in energy transmission?

#### Bolivia:

- The superintendence may decide whether a call option or a specific awarding is to be made
- The discount rate is 10%.
- The payment period is 30 years.
- The adjustments of tariffs depend 65% on the exchange rate and 35% on the CPI.

#### Peru:

- Projects in Peru are made by concession.
- The adjustments to tariffs are made at a rate of "Finished Goods less Food and Energy".
- Revenues are fixed in US Dollars and paid in Peruvian Soles.
- The discount rate is 12% for most projects

#### Chile:

- Projects in Chile are awarded through international competitive bidding.
- They have exploitation rights in perpetuity.
- For the first 20 years the income is the offer that delivers the proponent. It is indexed with a formula that takes into account the CPI and Chilean exchange rate. From the year 21 on is remunerated to the value that says the regulation. It is indexed annually with the same formula.
- Revenue is set in U.S. Dollars but is paid in CLP.
- The discount rate is 10% real in dollars from the year 21.

#### Brasil:

There are 3 types of contracts (categories):

- Category 1: 73% of income. Concessions prior to 1998: (contract # 059)
  - Income updated to the IPCA annually
  - Rate Review every 5 years (O&M, WACC and regulatory asset base)
- Category 2: 1% of income. contracts from 1999 to 2006.
  - Income updated to the IGPM annually
  - 50% reduction in income in year 16
  - There is no rate review
  - Review of Reinforcements and Improvements from June 2019 and every 5 years.
- Category 3: 26% of income. Contracts after 2006.
  - Income updated to the IPCA annually
  - 30-year contracts with 3 rate reviews (Kd).
  - Review of Reinforcements and Improvements every 5 years.