

4. REGULATION

4.1 How is the regulation review progressing in Colombia?

So far, the regulator has issued three draft resolutions. The last one was issued in 2016, and discussed with the different agents and users of the sector.

- Parallel to the tariff revision, the CREG issued resolutions 004/21 and 073/21, which establish the methodology to estimate the cost of capital recognized for transmission, a key component of the tariff definition. However, the value has not yet been defined, since it will depend on the market parameters at the time the new scheme comes into operation. This was a very positive discussion in which ISA had an active voice and relevant adjustments were made to the definition.

- The expectation was that the WACC would be reduced by almost 300 bps, and if we applied the agreed methodology with the assumptions of the current market, the reduction would be a little more than 100 bps.

Meanwhile, the conversations and exercises with the regulator continue, and in accordance with CREG's management agenda for the year 2022, as well as the signals received from said regulatory entity in the framework of the sectoral spaces, we hope that at the end of the first semester or even towards the second semester we have a fourth draft resolution, and towards the end of the second semester the final resolution is issued, whose application could begin as early as 2024, considering the different procedures and processes required so that said resolution can be given application to the different transmission companies.