

4. REGULATION

4.2 What is the current regulation for Colombia in the energy transmission?

Revenues are regulated for assets under operation as of January 1st, 2000. They are regulated in accordance with the formula revised each five (5) years. These revenues correspond to 57% of the total revenues of the transmission business in Colombia (ISA + Transelca).

For assets under operation after January 1st, 2000 (approximately 7% by June 2008), revenues are equal to bidding number. After 25 years, this remuneration is subject to regulated methodology.

CREG Resolution 011 of 2009: The CREG established methodologies to determine the regulated revenues and the quality scheme of the transmission service in Colombia, for the new regulatory period. The CREG has approved special resolutions for all domestic transmission companies, thus, in the case of ISA, said resolution (078 of 2011) was in effect since August 1st, 2011. Under this resolution, ISA's annual regulated revenues are reduced by 1% compared with the revenues it received under the methodology in effect since 2000.

In the last quarter of 2012, CREG issued Resolution 093, which complements the quality of service scheme established in CREG Resolution 011 of 2009, and sets higher demands for transmission companies in terms of availability of assets, this scheme became effective on April 1, 2013.

For further information, please refer to the valuation kit, in the excel sheet "Energy Regulation".