ENERGY TENDERS IN CHILE
National Energy Commision
Objective: Award long-term contracts with fixed energy price (USD) + indexation

Contract establishes maximum amount of annual energy committed by generator

Billing considers only the actual energy being consumed monthly by distributors

Responsibility of the process: CNE

Annual tenders’ report with demand forecast

3 types of tenders defined: Long Term, Short Term and Exceptional Short Term Tender
ENERGY TENDERS’ RESULTS

AVERAGE PRICE BY ENERGY TENDER PROCESS

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Awarded</th>
<th>Average Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>13,206 GWh</td>
<td>53.1 US$/MWh</td>
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<tr>
<td>2007</td>
<td>7,500 GWh</td>
<td>61.2 US$/MWh</td>
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<tr>
<td>2008</td>
<td>11,286 GWh</td>
<td>100.7 US$/MWh</td>
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<tr>
<td>2010</td>
<td>2,200 GWh</td>
<td>90.3 US$/MWh</td>
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<tr>
<td>2012</td>
<td>1,172 GWh</td>
<td>131.4 US$/MWh</td>
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<tr>
<td>2013</td>
<td>3,900 GWh</td>
<td>128.9 US$/MWh</td>
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ENERGY TENDERS’ RESULTS

AVERAGE PRICE BY ENERGY TENDER PROCESS

-75%

Energy Awarded
Average Prices
ENERGY TENDERS’ RESULTS

INCREASE IN COMPETITION IN ENERGY TENDERS:

- Number of Proponents
- Average Price

2006: 4, 53.1
2007: 2, 61.2
2008: 6, 100.7
2009: 100.7
2010: 90.3
2011: 131.4
2012: 128.9
2013: 108.4
2014: 79.3
2015: 38
2016: 84
2017: 32.5

US$/MWh


Number of Proponents

Average Price
TENDER’S MAIN FEATURES

- 20-year contract between generator and distributors
- 5 years until beginning of supply
- Supply includes all distribution companies of Chile
- Technology neutral
- Innovative design for energy blocks (hourly/quarterly)
- Maximum price is hidden
- Bids are assessed according to their indexation formula
- Contract price review because of regulatory changes
- Option to postpone or terminate contract early
- Option to cede the contract to a third party
Hourly and Quarterly blocks

- 2017 tender: 1.700 GWh hourly and 500 GWh quarterly
- Allows participation of mini-hydro and NCRE projects

Block 1: (hourly)

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<th>23hr</th>
<th>8hr</th>
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<tbody>
<tr>
<td>A</td>
<td>528</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>778</td>
<td></td>
<td></td>
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<tr>
<td>C</td>
<td>394</td>
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= 1.700 GWh

Block 2: (quarterly)

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<tr>
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<th>Ene</th>
<th>Abr</th>
<th>Jul</th>
<th>Oct</th>
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<tbody>
<tr>
<td>A</td>
<td>125</td>
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= 500 GWh
2017 Tender Results

Energy offered v/s awarded by technology

→ Energy offered was 10 times more than energy auctioned!
→ Solar/Wind and pure Solar were the most successful technologies
2017 Tender Results

Energy and prices offered v/s awarded

→ NCRE projects win over more traditional energy sources
2017 Tender Results

Price bids by technologies

Average offer price: **42.8** USD/MWh
Average awarded price: **32.5** USD/MWh
Energy tenders: Next processes

Next Tenders (GWh/year)

Award year:
- 2017
- 2018
- 2019
- 2020

Start of Supply:
- Jan-2024
- Jan-2024
- Jan-2025
- Jan-2026

Variable Component
Base Component
THANK YOU

National Energy Commission