

02. Transelec at a glance

We are the leading power transmission company in Chile. We transmit the power that lights the homes of 98% of Chile's population between Arica and Chiloé, with a 57% share in the National Power Grid.

10 years reporting sustainability



2009



2010



2011



2012



2013



2014



2015



2016



2017



2018

Who are we? ¹

Our business is the transmission of electrical energy. Our company transmits power that lights the homes of 98% of Chile's population between Arica and Chiloé by means of 9,672 kilometers of transmission lines and 61¹ substations, spanning between power generation facilities and populated and industrial centers. We have also been operating in Peru as Conelsur since 2016.

We own and operate most power transmission facilities comprising the National Power Grid in Chile and play an essential role in the country's energy development. Our customers are users who withdraw or inject power into transmission systems, which is to say power generation and distribution companies and industrial and mining clients.

Transelec is owned by a consortium comprised by the Canadian funds Canadian Pension Plan Investment Board, British Columbia Investment Management Corp. and Public Sector Pension Investment Board, and by China Southern Power Grid International. The latter purchased an interest in the company in March, 2018.

POWER TRANSMISSION IN CHILE

Power is transmitted from power generation sources to cities, industrial and mining industry users by means of high-voltage transmission lines. Power is then connected to substations where it is converted to low-voltage power and distributed to end users.

The National Electricity System (SEN) was created in 2017 by interconnecting the Central Power Grid (SIC) to the Far North Power Grid (SING). The system currently spans 3,100 km, encompassing nearly all national territory from the city of Arica in northern Chile to the island of Chiloé in southern Chile. The SEN also independently operates the Aysén and Magallanes power grids.

The National Electricity Coordinator (CEN) controls system operation and implements new tasks indicated in the Power Transmission Law, such as monitoring competition and encouraging Research and Development (R+D), among other issues. It also plays key roles in upgrading power transmission, determining complementary services and incorporating new technologies for system operation security.

For additional information regarding ownership and legal status of the business we are involved in, power transmission system operation, regulation, markets, location and facility specifications, see www.transelec.cl and the 2018 Annual Report, which is also available at our website.

¹. This corresponds to electrical substations where Transelec S.A. is the owner, lessee, usufructuary, or exploits an important number of transmission facilities in any way.



Where and how do we operate?

Business Areas

Transelec power transmission services are provided in three business areas:



• National System

Interconnected and economically efficient lines and substations between Arica and Chiloé that are needed to enable all demand to be met under different power generation availability scenarios.



• Zone Systems

Facilities interconnected to the power system arranged to exclusively supply groups of free or regulated end users, which are generally around and in cities where power distribution companies operate.



• Exclusive Systems

Power transmission lines and equipment mainly used to supply electrical energy to non-regulated customers or to evacuate production from a power plant or a limited group of power plants. Transmission via these systems is regulated by private contracts between the parties.

2018² Figures

Business management, innovation and service quality

9,672 km

of power transmission lines.

57%

stake in the National Electricity System.

US\$ 474

million in revenue. 57% is from the National System; 23% from the Zone Systems; 17% from Exclusive Systems and 3% from Services.

US\$ 400

million in EBITDA.

7.9 system-minutes

of Equivalent Interruption Time (EIT) for the service³. The line outages rate for reasons attributable to Transelec was down 31% compared to 2017.

47 projects

in the innovation portfolio; 17 projects currently operating. 130 collaborators participating in innovation initiatives.

Governance and integrity

13 claims regarding ethics issues. 92% of claims settled in 2018.

0 claims stemming from discrimination.

2,750 residents of neighboring communities were benefited by social investment and local development projects.

0 claims stemming from social impacts.

People

538

collaborators⁴ 96% of them have specialized technical or professional degrees.

3,084 contractors⁵ 18% of our employees are women.

0 fatalities.

26 years without strikes.

Environment

64% of the renewable energy installed over the last five years has been connected by Transelec.

0 incidents with significant environmental impact and 0 significant fines⁶ stemming from non-compliance with social or economic laws and regulations.



2. Information about Transelec S.A.
3. This measures service security as total power not supplied to free and regulated customers over a twelve-month period compared to maximum system demand.
4. Own workers as of 31 December 2018.
5. As of 31 December 2018.
6. Fines over US\$ 1,000,000 are considered to be "significant".

The electricity route

Power generation, transmission and distribution companies work together in interconnected systems in order to supply power to end users.

Power Generation

Energy sources used to generate electricity in Chile are water, natural gas, oil, wind, the sun and biomass, among others. This is the first rung of the electricity market.

Power Transmission System

The power transmission system transmits electrical energy via transmission lines, towers and substations that connect to power producers and end users throughout Chile. The position of National Electricity Coordinator (CEN) was created 1 January 2017. This position is responsible for coordinating different companies participating in the market and ensuring power supply for end consumers.

Power Distribution

The main function of the electricity distribution network is to transmit and supply power from distribution substations to end users. These companies operate under a public distribution service concession with mandatory service and regulated tariffs.

