

ANDRÉS
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Introduction

“The future of mankind will be much more intensive in the use of clean, accessible and competitive electrical energy. Transelec is part of that future.”

We are living in times of change throughout the world and these changes are taking place in different dimensions and affecting different industries. The power business has undoubtedly gone through transformations that will set the pace for how we operate in coming years. The power industry has been incorporating the use of renewable energy at a breakneck pace to provide power for Chile's inhabitants and industries and for the rest of the world.

This implies a radical change in the energy matrix and its diversification, while enabling further electrification in Chile at lower energy consumption costs. Other transformations are related to regulatory changes and stiff competition for tenders, power generation and power transmission project development. These changes will lead to steep power cost reductions.

We know that the future of mankind will be much more intensive in terms of electrical energy use. This means that we are going to use more clean, accessible and competitive energy. Power transmission is an essential part of this virtuous equation.

Transelec, the leading power transmission company in Chile, transmits clean energy to increasingly more remote corners of the country. We are consequently enhancing our processes in order to facilitate and accelerate the connection of new generation projects to the power grid.

As part of the dynamic behind the aforementioned changes, society is also experiencing constant transformations that are consistent with its demands as consumers. Greater demands for the development of certain projects that are important for the country and low tolerance of failure to deliver basic services are some of the characteristics of empowered citizenry, whose members often challenge the way things are being done by companies and the authorities.

Our Company will continue to relate with its communities and stakeholders face to face, adapting to these new scenarios.

As part of this same dynamic behind transformation, we believe that climate change affects the way we look at our business and operations. More frequent fires and climatic emergencies require additional efforts to maintain service safety and continuity.

In 2017 we continued working on our strategic thrusts: Innovation, Integrity and Sustainability, and we witnessed some of the rewards for a job well done. We are proud to highlight that the company was presented several awards that reaffirm our culture of leadership in Chile’s power sector over the last 60 years.

We were one of three companies to be presented the Diario Financiero Corporate Generation Award for our Commitment to Integrity in June. This award recognizes our commitment to ethical management and the implementation of best practices.

In August, for the second year in a row, we were assigned a high position in the sustainable development area of the PROhumana ranking. Sustainable development is a key issue for Transelec. This time we were ranked in the silver category, up from the honorable mention we were given in 2016.

This ranking assesses sustainable management aspects for environmental, social and corporate governance issues, among others. The PROhumana indicators can be used to identify gaps and to make progress towards bridging these gaps, which is addressed in great detail in our Sustainability Report.

We have been working since 2015 to ensure that innovation is at the core of our business strategy. We have seen that our collaborators are enthusiastic about blazing new paths and providing innovative solutions in different scenarios as part of their daily work.

These efforts are still underway and have given us several rewards, such as joining the ranks of the 50 most innovative companies in Chiles, according to the Best Place to Innovate ranking.

All of the aforementioned awards take on meaning to the extent that Transelec continues to uphold its commitment with Chile’s development and future challenges.

We are the leading power transmission company in the country and we have a culture of leadership. We transmit the electrical energy that lights the homes of 98% of the population living between Arica and Chiloé by means of 10,000 kilometers of power transmission lines and 61 substations. Our operations span throughout almost every region of Chile, where we actively related with communities neighboring our facilities by means of social investment agreements, early citizen participation initiatives for the development of projects and energy and environmental educational programs, among others.

These achievements confirm that we are on the right road to what we understand as a sustainable business and committed to values that comprise the pillars of Transelec and the society we live in.

Andrés Kuhlmann
 General Manager

Interview with the General Manager

Our commitment with society
 To transport electrical energy for the country’s current and future development.

What are the most important changes in the power sector, in the world and in Chile?

1. The irruption of renewable energy stemming from lower cost technologies used to generate this energy, which implies more intensive use of this energy and the proliferation of new projects.

2. The incorporation of new distributed power generation models, which changes the role of consumers to “prosumers” (producers and consumers at the same time).

3. Increased competition, supported by the Chilean government’s strong encouragement of these new technologies starting with the regulatory modernization of power transmission and distribution. This implies high competition levels in the power generation sector, with the substantial participation of renewable energy and in the power transmission area, which will afford access to more clean energy at lower prices.

What benefits for consumers will all of this entail?

This will provide multiple benefits for the inhabitants of Chile: lower cost access to energy, increased use of electrical energy, polluting devices will be replaced by new clean technologies (electric heaters in southern Chile, electric cars, etc.), diversification of the energy matrix –thus reducing dependency on certain fuels and suppliers– and a steady increase in the generation of energy from internal sources, which should reduce international dependency.

What role does Transelec play in all of this?

Power transmission is fundamental for this to happen, since it enables benefits to reach all corners of our country. Transelec consequently commits to:

- Collaborate with the authorities to ensure a robust power transmission system that has power to spare in order to achieve increasing electrification levels with a focus on renewable energy.
- Actively participate in national and zonal tenders, proposing projects that will add value to the national power grid.
- Perfect its processes in order to facilitate the connection of renewable energy sources to the national grid.