

Amendment of the Capacity Transfers Regulation and Supreme Decrees No. 125 and No. 88

On June 5, 2024, Supreme Decree No. 70 dated November 24, 2023 (“DS No. 70”) was published in the Official Gazette. This decree amends Supreme Decree No. 62, the Capacity Transfer Regulation (“Amendment to the Capacity Regulation”), and the decrees indicated therein.

Among the central aspects of DS No. 70 is the update and harmonization of current regulations, aimed at promoting the development of Energy Storage Systems (“SAE”, by its acronym in Spanish in Chile by providing regulatory certainties and signals for investment in such projects).

The main implications of the entry into force of DS No. 70 for the energy sector, specifically for SAE and renewable energy generation projects with storage component, are highlighted as follows:

1. Amendment of the Capacity Transfer Regulation.

Among the most relevant changes for SAE included in the Amendment to the Capacity Regulation, we highlight the following:

- (a) Participation of SAE and Renewable Plants with Storage in Capacity Transfers: A series of definitions established in the Capacity Regulation are included and/or modified to harmoniously and coherently incorporate SAE and Renewable Plants with Storage Capacity within the projects eligible to participate in capacity transfers.

Thus, in accordance with Article 72-17 of the General Law of Electric Services, SAE and Renewable Plants with Storage Capacity are incorporated as “Capacity Balance Participants” (as defined in the Capacity Transfers Regulation).

- (b) Recognition of SAE capacity in permanent regime: Specific methodologies are established for the calculation of initial capacity of Generation-Consumption Systems, SAE, and the storage component of Renewable Plants with Storage Capacity (new Articles 34 bis, 37, 37 bis, and 38 are included).

In this regard, and within the modifications incorporated by DS No. 70, it is established that the definitive sufficiency capacity of a Renewable Plant with Storage Capacity may not exceed the instantaneous capacity it is capable of injecting into the system, according to the technical capacity of its series equipment such as inverters, transformers, and/or reclosers, as determined by the Coordinator.

- (c) Withdrawals from the SEN: The withdrawals made by SAE or by the storage component of a Renewable Plant with Storage Capacity for its load will not be considered as capacity withdrawals.

- (d) Recognition of SAE capacity in transitory regime: From the publication of DS No. 70 and for a period of 10 years (until June 5, 2034), the calculation of the sufficiency capacity of the SAE and the storage component of Renewable Plants with Storage Capacity corresponds to the multiplication of the maximum capacity and the percentage of initial capacity recognition, determined according to the following table (Art. 1 transitory of DS No. 70):

Storage capacity (hours)	Percentage of recognition
<1	0
1	36%
2	65%
3	85%
4	98%
≥5	100%

2. Amendment to Supreme Decree No. 125, Regulation of Coordination and Operation of the National Electric System (“SEN”).

Supreme Decree No. 125, Regulation of Coordination and Operation of the SEN (“DS No. 125”), is modified, among other aspects, as follows:

- (a) Regulation Concordance: Definitions of (i) Auto-producer, including SAE; and (ii) Renewable Plant with Storage Capacity are modified. Both definitions are respectively found in letters b) and d) of Article 2 of DS No. 125, aiming at harmonizing the current regulation.
- (b) SAE Participation in Capacity Transfers: SAE are allowed to participate in capacity transfers, in line with the aforementioned changes to the Capacity Regulation (Art. 30).
- (c) Energy Withdrawals: SAE and Renewable Plants with Storage Capacity are allowed to withdraw energy from the electric system for storage purposes (Art. 91). Therefore, these hybrid projects can now store energy generated by the generation plant as well as that withdrawn from the electric system.
- (d) Coordinator’s Withdrawal Program: The Coordinator must incorporate the withdrawal program communicated by SAE and Renewable Plants with Storage Capacity into the operation schedule.
- (e) Operation of Renewable Plants with Storage Capacity: These types of plants are allowed to charge their storage component with energy produced by the plant or with energy withdrawn from the system, giving priority to the former. Additionally, it is established that when a Renewable Plant with Storage Capacity injects energy from withdrawals from the system, it will be considered an SAE (Art. 110).
- (f) Thermal PMGD: It is established that thermal generating units operating with self-dispatch must have an information and communication system, if they are required by the Coordinator. If this requirement is not met within 2 years, they will be considered with an equivalent null capacity.

3. Amendment to Supreme Decree No. 88, Regulation for Small-Scale Generation Means (“DS No. 88”).

In addition to the aforementioned regulatory amendments, DS No. 70 also amends Decree No. 88, “Regulation for Small-Scale Generation Means”.

In this regard, a new final paragraph is added to Article 93 of Decree No. 88, stating that “The Coordinator may instruct the operation of thermal generating units operating under the self-dispatch regime in order to preserve safety and service quality, provided that there is technical feasibility to do so, in accordance with current regulations”.

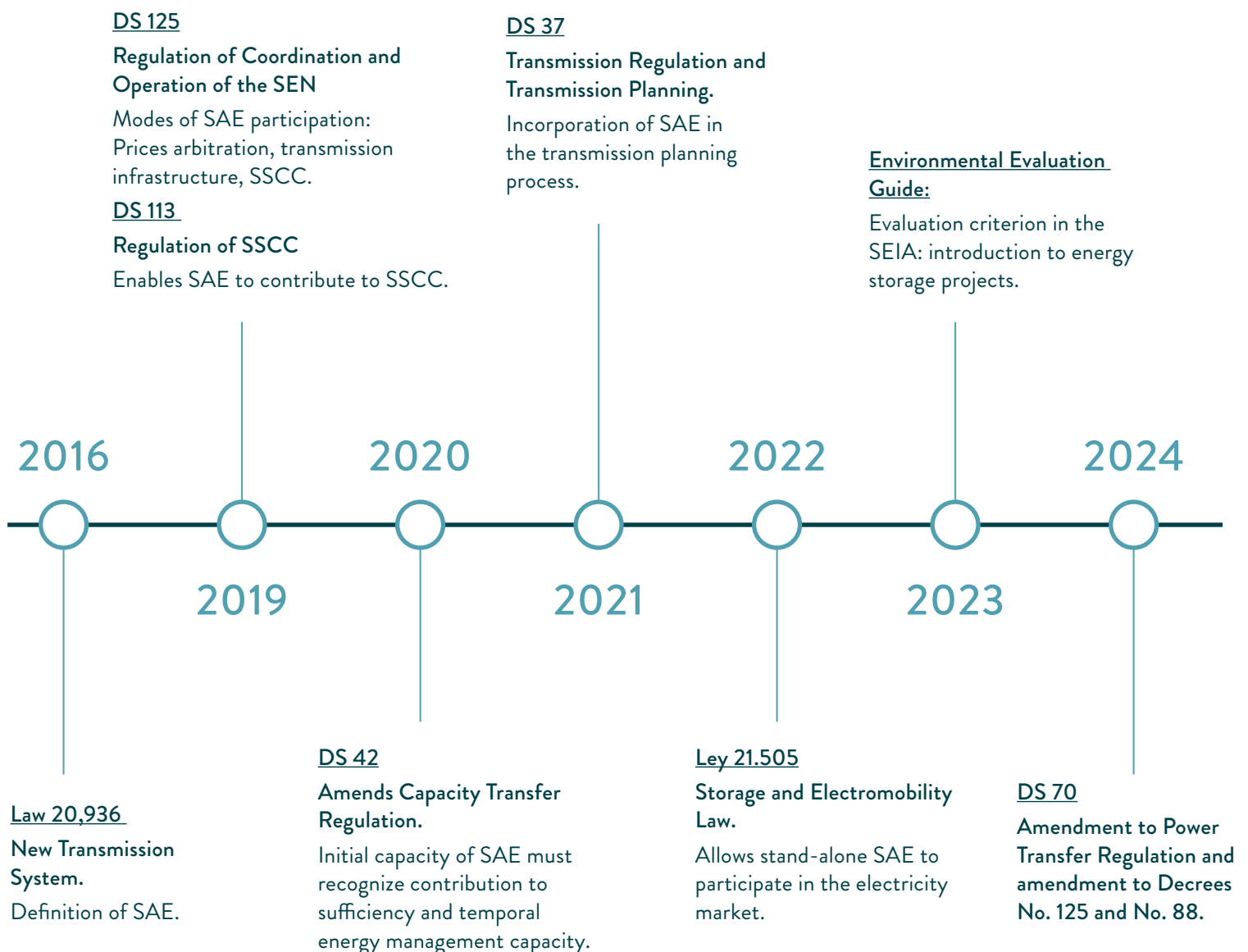
In other words, the Coordinator is allowed to instruct the operation of thermal PMGDs operating under the self-dispatch regime. It should be noted that this applies only to those PMGDs consisting of thermal generating plants.

The text of DS No. 70 published in the Official Gazette can be found at the [following link](#).

Evolution of SAE Regulation and Next Steps

This Amendment to the Capacity Transfer Regulation represents a very important step in the process of consolidating electrical regulations for the definitive development of SAE in Chile, whose evolution is summarized in the following timeline:

REGULATORY EVOLUTION OF SAE



Regarding future steps, during the year 2024, developments are expected in:

› **Amendment of Supreme Decree No. 125 – Regulation of Coordination and Operation of the SEN.**

The regulatory process aims to: (a) provide clarity on the operation of SAE and (b) enhance transparency in price arbitrage projections in the spot market.

Currently, the Ministry of Energy is working with the industry on the modifications to be incorporated into the aforementioned regulation. It is expected to begin the respective public consultation between January and March of the year 2025, followed by the stages of scrutiny and publication of the regulatory amendment in the Official Gazette.

› **Update of DS No.88 – Regulation of PMGD / PMG.**

The Ministry of Energy has announced that this year it will initiate a process to update Supreme Decree No. 88, focusing primarily on the following: (a) Incorporation of storage into the regulation; (b) Review of connection costs; (c) Network services and tariff signals; (d) Review of connection procedures, disputes, among others; and (e) Congestion management.

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