

Energy Transition Law



On December 27, 2024, Law No. 21,721, which amends the General Law of Electric Services regarding Electric Transmission, was published in the Official Gazette. This law is also known as the “[Energy Transition Law](#)” and its text is available at the following [link](#).

The Energy Transition Law aims to position transmission as an enabling sector for the energy transition, including modifications to provide new tools to address the delays that have occurred in the transmission segment.

Below, we summarize the most relevant aspects of the Energy Transition Law:

1. Transfer of the tendering processes for expansion works (“[OOAA](#)”) to the owners of the facilities.

a. New responsible party for OOAA tenders: The owner of the expanded work will be responsible for supervising and ensuring the proper execution of the OOAA tenders, including the preparation of the terms of reference and the awarding process. The Coordinator (“[CEN](#)”) will have a supervisory role to safeguard the competitiveness of the tender process.

b. Objectives of the transfer: With this transfer to the owners, previously handled by the CEN, it is expected that the tendering processes will be expedited, and transaction costs associated with construction contracts for these works will be reduced.

2. Review of the Investment Value (“[V.I.](#)”) of the OOAA, incorporating two mechanisms:

a. Permanent review mechanism: This will apply in case of early termination of the contract awarded for the execution of an OOAA, due to causes not attributable to the owner. A regulated procedure is introduced, managed by the National Energy Commission (“[CNE](#)”), which will require a substantiated request from the owner of the OOAA due to serious and qualified reasons not attributable to it.

b. Transitional review mechanism: This will apply to the OOAA awarded as of the entry into force of the law. A regulated procedure is introduced, requiring a request from both the owner of the expanded work and the awarded contractor of the OOAA. Depending on the cause invoked for the review of the V.I., certain limits will be established regarding the new V.I. to be determined.

3. Necessary and urgent works excluded from the Expansion Plan, defined by the Authority.

a. Special mechanism for executing the Expansion Plan: A special mechanism is introduced for the development of works deemed necessary for the electrical system and which, due to their urgency, must be excluded from the Expansion Plan. This will be defined by a decree from the Ministry of Energy. The valuation of these works cannot exceed 10% of the average value of the last five transmission planning processes, and in the case of new works, it cannot exceed 5%.

b. Procedure for the Decree of urgent works: A regulated procedure is included to determine these works, which requires the request from the CEN or the Ministry of Energy, or ex officio by the CNE. The CNE will prepare a preliminary proposal, which must be supported by a favorable report from the CEN. The procedure includes a phase of observations and the possibility of submitting discrepancies to the Experts Panel. Following the decree that defines these urgent works, the CEN or the owner of the expanded work must proceed with the corresponding tender.

4. Modifications to the Zonal Transmission System for the connection of PMGD.

a. Expansion proposals by PMGD: PMGDs will be able to propose expansions of zonal transmission facilities, thereby enabling the operation of generation units and energy storage systems connected to distribution networks.

b. Financing of works proposed by PMGD: For these purposes, PMGDs must contribute to the financing of the zonal transmission system, with their payment determined based on usage, installed capacity, or other technical criteria, to be defined by the respective regulation.

5. Regulations for the implementation of the Energy Transition Law.

a. Ministry of Energy Regulations: Within one year from the publication of the Energy Transition Law, the Ministry of Energy must issue or modify the relevant regulations to adequately implemented Law.

b. CNE Exempt Resolutions: In the meantime, deadlines, requirements, and procedures will follow the exempt resolutions issued by the CNE within 90 days of the publication. The CNE has announced that on January 3, 2025, a public consultation will begin for 15 days (until January 18) on the following resolutions: (i) Tendering processes for expansion works by their owners; (ii) Permanent review mechanism for the awarded V.I.; (iii) Transitional review mechanism for the awarded V.I. Drafts of these resolutions and the format for submitting comments will be published at the following [link](#). Other regulatory resolutions necessary for the implementation of the Energy Transition Law will be issued shortly, with dates announced by the CNE.

6. Expansion Works in the 2023 Expansion Plan.

a. OOAA of the Expansion Plan: On December 5, 2024, the Exempt Decree No. 266 of 2024 from the Ministry of Energy was published in the Official Gazette, which defines the Expansion Works for the 2023 Expansion Plan. This decree includes 9 expansion works with 7 different owners, and its text is available at the following [link](#).

b. Tendering processes by the Owners of the Works: The OOAA listed in Exempt Decree No. 266 must be bid on by their respective owners within 9 months of the publication in the Official Gazette, as established in Article 4 of the transitional provisions of the Energy Transition Law, i.e., no later than September 27, 2025. These tendering processes will be governed by the norms and procedures established by the relevant exempt resolution from the CNE.

contact



**Sebastián
Abogabir**

sabogabir@guerrero.cl



**Felipe
Frühling**

ffruhling@guerrero.cl



**Clemente
Pérez**

cperez@guerrero.cl



**Francisca
Pellegrini**

fpellegrini@guerrero.cl



**Gabriela
Galdames**

ggaldames@guerrero.cl



**Juan Pablo
Hachim**

jphachim@guerrero.cl



**Joaquín
Rojas**

jrojas@guerrero.cl



**Teresa
Trucco**

ttrucco@guerrero.cl



**Vicente
Palma**

vpalma@guerrero.cl