

**TENDER TERMS AND CONDITIONS
FOR AWARDING EXPLOITATION AND EXECUTION RIGHTS
FOR NEW TRANSMISSION PROJECTS CONTEMPLATED IN
EXEMPT DECREE 373-2016 ISSUED BY THE MINISTRY OF
ENERGY**

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DISCLAIMER

The purpose of this Document is to introduce to the International companies the Bidding Conditions of the main transmission system expansion, about the New Transmission Projects included in the Exempt Decree N° 373 of 2016, of the Energy Ministry. Nevertheless, the rules and the Bidding Condition Document that will be considered, for all purpose including legal ones, is the original Exempt Decree N° 373, in his original Spanish language version. Also, the modification that may suffer the mentioned Document, has to be considerate for bidding purposes as well in all the general matters that may contain or resolve. Furthermore, the original Spanish language version, of the final Bidding Conditions Document, along with the answer and question to the Bidding Condition Document, will be the ones that will rule the entire process.

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1 INTRODUCTION

Under the legislation applicable to the Tender Process cited in this document, the Tolls Directorate (TD) of the respective CDEC (*Centro de Despacho Económico de Carga*) is the party responsible for conducting an international public tender, in accordance with the Tender Terms and Conditions set forth by the National Energy Commission, henceforth interchangeably the "Commission," to award the Exploitation and Execution rights for new transmission projects set forth in Exempt Decree N° 373 signed May 16, 2016, henceforth interchangeably the "Expansion Plan Decree," of the Ministry of Energy, henceforth interchangeably the "Ministry."

These Technical and Administrative Terms and Conditions regulate the development of the entire Tender Process for new Transmission Projects, covering the call for tender, awarding, construction and until the Project is in conditions to start operations in the trunk transmission system of the Central Grid (SIC) or the Northern Grid (SING), as relevant.

The contract award contemplates Exploitation and Execution rights for each new trunk transmission project, as contained in the Expansion Plan Decree for the SIC or SING, as relevant, based on the conditions established in these Terms and Conditions and in the Expansion Plan Decree, and based on the terms and conditions established in the respective Decrees set forth by the Ministry, in keeping with the legislation that regulates this Tender Process¹.

These Terms and Conditions establish the necessary requirements, delivery terms and means of presentation of the corresponding Administrative Bids and Technical and Economic Bids.

Notwithstanding the implementation of Law N° 20,936, which establishes a new Electric Transmission System and creates an independent coordinating organism for the National Electric System, the present Tender Process will be governed by the prior legal standards that this law repeals. Regardless of the aforementioned, all functions, obligations and responsibilities, based on the legislation that regulates this Tender Process² and the present Terms and Conditions, fall to the

¹ It references Article 97 of the law in effect until the enactment of Law No. 20,936 and which stated the following:

Article 97 - In a term no greater than sixty days following reception of Bids, the respective Tolls Directorate or Directorates, where relevant, must make a determination on the tender and award the Project in keeping with the Terms and Conditions. Likewise, the result will be communicated to the awarded contractor and the Commission and Superintendency will be notified regarding the evaluation of the projects and contract award. Within five days following this report, the Commission will issue a technical report to the Ministry of Energy with all relevant information, which will serve as a basis for issuance of a supreme decree, expedited under the formula "by order of the President of Chile," and will establish:

- a) The company awarded the contract;
- b) The technical characteristics of the project;
- c) The operations start date;
- d) The transmission value per tranche of the new trunk transmission project, based on the outcome of the Tender Process,

and

- e) The indexing formulas of the value indicated in letter d) above.

² This adheres to Article 99 of the law in effect until the enactment of Law No. 20,936 and which stated the following:

Article 99 - On an annual basis, the CDEC Tolls Directorate will analyze the consistency of the development and expansion facilities for the trunk system, as contained in letters b) and c) of the technical report of the National Energy Commission, indicated in article 91, with the effective developments in terms of investment in electrical generation, interconnections and the evolution of the demand, considering the scenarios and hypotheses set forth in letter d) of the cited report, and will issue a proposal to the National Energy Commission.

Tolls Directorate of the respective CDECs in relation to the Tender Process for new trunk transmission projects ; however, these will be understood to be the responsibility of the Independent Coordinator for the National Electric System as of January 1, 2017, in keeping with the provisions of the cited Law.

2 DESCRIPTION OF THE PROJECTS

2.1 REFERENCE VALUES

As established in the Expansion Plan Decree, the reference values of the Projects, expressed in thousands of US dollars, and construction periods are:

Table 1: Project Reference Values and Construction Periods

Number	Project	System	Referential Investment Value Thousands of US\$	Referential Operating and Maintenance Cost Thousands of US\$	Construction Period
1	Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo	SING	96,046	1,537	24 and 48 months

This proposal will be sent within thirty days following reception of the communication cited in the fourth paragraph of article 91, and for each year following during the respective four year period, will be sent prior to October 31. The proposal will present, on good grounds, the works that must be carried out or initiated in the upcoming period to meet the demand, considering quality and safety requirements in place, in keeping with the criteria established in article 74, or the non-performance of works during this period. It may also consider both trunk transmission projects contemplated in the trunk transmission study or those that, while not contemplated, may be presented to the CDEC Tolls Directorate by their promoters.

The Tolls Directorate must accompany the opinion expressed regarding the proposed works by the operators of the trunk transmission system and the users who make use or will make use of this system and who will be subject to a net increase in payments per transmission as a result of the incorporation of new facilities, indicating the increased toll cost percentages to be paid by each of them for each of the works proposed, over the period of time indicated in the regulations.

The Commission, within a 30-day period following the reception of the proposal from the Tolls Directorate, will present the expansion plan for the following twelve months. In this plan, the Commission may additionally incorporate the expansion works necessary to adapt the trunk system expansion plan to the second paragraph of this article. In terms of the incorporation of interconnection projects, the Commission must attach a technical report that includes a technical-economic and public policy justification for the projects proposed in equivalent conditions to those established in the trunk transmission study. Likewise, the Ministry of Energy may exercise the right set forth in the third paragraph of article 91. Participants and interested users and institutions cited in articles 83 and 85, will have ten days to present their discrepancies to the panel of experts, which will issue its ruling within a thirty day period.

If no discrepancies are presented, or once the ruling has been issued by the panel of experts, the Ministry of Energy will have a fifteen day period from the time the reports are received via expedited decree under the formula "by order of the President of Chile" and based on the Commission recommendation or ruling of the panel of experts, to set forth the expansions of the trunk transmission system for the following twelve months, which begin fifteen days following their publication in the Official Gazette.

When so required by other laws, it is understood that those entities required to carry out the trunk transmission system expansion projects determined by decree, are authorized electrical service licensees. The aforementioned is notwithstanding the provisions of laws N° 19,300 and 20,283 and other pertinent legal standards.

Number	Project	System	Referential Investment Value Thousands of US\$	Referential Operating and Maintenance Cost Thousands of US\$	Construction Period
	Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit.				
2	New Autotransformer Bank 1x750 MVA 500/220 kV in Substation Nueva Cardones, Substation Nueva Maitencillo and Substation Nueva Pan de Azúcar.	SIC	72,519	1,160	36 months
3	New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA.	SIC	106,893	1,665	48 months
4	Sectioning Substation Nueva Lampa 220 kV.	SIC	12,883	206	30 months

The construction period is understood to start from the moment the respective Decree is published in the Official Gazette, establishing the Exploitation and Execution rights of the respective new transmission projects.

2.2 TECHNICAL DESCRIPTION OF THE PROJECT FOR TENDER BY THE CDEC-SING TOLLS DIRECTORATE

2.2.1 Sectioning Substation Nueva Pozo Almonte 220 KV; New Line 2X220 KV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2X220 KV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2X220 KV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit

2.2.1.1 Overall Description and Location of Works

The Project consists of the construction of a sectioning substation known as Nueva Pozo Almonte and the sectioning of the line 1x220kV Lagunas - Pozo Almonte in the new substation.

The substation Nueva Pozo Almonte will be located to the south of the current substation Pozo Almonte, in a breaker and a half scheme. The new substation must contain sufficient space for the bays needed for sectioning the existing line between Lagunas - Pozo Almonte and the new lines towards Cóncores, Parinacota and the connection towards the substation Pozo Almonte. In addition, sufficient space must be left for 3 additional diagonals for future projects.

Also, the project considers a new line 2x220 kV between substations Nueva Pozo Almonte and Pozo Almonte, installing the first circuit, with a minimum capacity of 260 MVA and its respective connection bays in the 220 kV yard of substations Nueva Pozo Almonte and Pozo Almonte.

In addition, the project considers a new line 2x220 kV between substations Nueva Pozo Almonte and Cóncores, installing the first circuit, with a minimum capacity of 260 MVA and its respective connection bays in the 220 kV yard of substations Nueva Pozo Almonte and Cóncores.

Finally, the project considers a new line 2x220 kV between substations Nueva Pozo Almonte and Parinacota, installing the first circuit, with a minimum capacity of 260 MVA and its respective connection bays in the 220 kV yard of substations Nueva Pozo Almonte and Parinacota.

The Contractor will be responsible for ensuring technological compatibility with the equipment used in project execution, facilities, and layout of the equipment in the respective substations, in order to enable future substation expansions and comply with the provisions of current regulations regarding open access to transmission facilities.

2.2.1.2 Minimum Technical Characteristics of the Substation.

The new sectioning substation Nueva Pozo Almonte will have a main yard of 220 kV in a breaker and a half scheme with busbars designed in AIS technology, enabling the use of hybrid GIS equipment for protection and handling equipment.

The project includes space for connection bays or diagonals for the complete sectioning of the line 1x220 kV Lagunas – Pozo Almonte, and for the new lines 2x220 kV between substations Nueva Pozo Almonte and Pozo Almonte, 2x220 kV between substations Nueva Pozo Almonte and Cóncores, and 2x220 kV of substations Nueva Pozo Almonte and Parinacota. In addition, it includes the facilities needed for connection with auxiliary supply and sufficient space to build three (3) diagonals or bays for future expansions in 220 kV.

The insulators string used in substations must be glass or porcelain, and the insulators of the equipment must be porcelain.

The sectioning site for the respective line, located approximately 8 km south of the substation Pozo Almonte, as well as the capacities and characteristics of the respective equipment for sectioning, will be informed by the CDEC-SING during the Inquiries and Responses stage of the Tender Process for these works.

2.2.1.3 Minimum Technical Characteristics of the Lines.

The new 2x220 kV lines between the substations Nueva Pozo Almonte and Pozo Almonte, Nueva Pozo Almonte and Cóncores, and Nueva Pozo Almonte and Parinacota, must meet the following minimum technical characteristics.

- Operating voltage: 220 kV.
- Number of circuits: 1.
- Number of conductors per phase: 2.
- Minimum temperature capacity per circuit line: 260 MVA at 35°C at ambient temperature with the sun, 75°C maximum temperature in the conductor, with a wind speed of 0.61 m/s.
- Maximum resistance per each circuit phase: 0.04 ohm/km.
- Earth wire: OPGW or equivalent.
- Insulation string: Glass or porcelain
- In addition, the line must have at least 6 power line monitoring system, each with its corresponding equipments and stations.

2.2.1.4 High Voltage Equipment

The equipment, in terms of amount and type, will be specified based on the level of insulation, level of short circuit, degree of contamination, type of service and installation. The characteristics will be established at a basic engineering level based on the system requirements in these nodes.

2.2.1.5 Start of Operations

The project stage associated with the construction of the sectioning substation Nueva Pozo Almonte, together with its sectioning and all associated elements, must be constructed and start operations, at the very latest, within 24 months following the date of publication in the Official Gazette of the Decree that establishes the Exploitation and Execution rights.

The project stage associated with the construction of the new 2x220 kV lines Nueva Pozo Almonte – Cóncores, Nueva Pozo Almonte – Parinacota, and the new line 2x220 kV Nueva Pozo Almonte - Pozo Almonte, all installed in the first circuit, must be constructed and start operations, at the very latest, within 48 months following the date of publication in the Official Gazette of the respective Decree that establishes the Exploitation and Execution rights.

2.2.1.6 Referential Investment Value (I.V) and Operating, Maintenance and Administration (O&MA) Cost

The referential investment value of the Project is US\$ 96.05 million. The referential operating, maintenance and administration cost is established at US\$ 1,537,000 (1.6% of the referential investment value).

2.3 TECHNICAL DESCRIPTION OF THE PROJECT FOR TENDER BY THE CDEC-SIC TOLLS DIRECTORATE

2.3.1 New 1x750 MVA 500/220 kV Autotransformer Bank at Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar Substations

2.3.1.1 Overall Description and Location of Works

The Project is located in the substations Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar, which are currently under construction, and consists of the installation in each substation of a new bank of 500/220 kV autotransformers, each at 750 MVA, with the same characteristics as the equipment currently under construction in these substations.

The Project includes the bays that connect the Autotransformer Banks to the respective substations.

The Contractor will be responsible for ensuring technological compatibility with the equipment used in project execution, facilities, and layout of the equipment in the respective substations, in order to enable future substation expansions and comply with the provisions of current regulations regarding open access to transmission facilities.

2.3.1.2 Minimal Technical Characteristics for the Autotransformer Bank

The autotransformer banks to be installed in the substations Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar must meet the following minimum technical characteristics:

- Each single-phase unit will have the following characteristics: 170/210/250 MVA, ONAN/ONAF1/ONAF2, transformation rate $525/\sqrt{3} / 230/\sqrt{3}$, nominal frequency 50 Hz, with an on-load tap changer (OLTC) on the $230/\sqrt{3}$ side.
- Minimum BIL winding 500 kV: 1,425 kV.
- Minimum BIL winding 220 kV: 950 kV.
- The impedance parameters will be provided by the Procuring Entity during the Inquiries and Responses stage of the Tender Process for these transmission projects.
- Load losses and copper losses may be no greater than the maximum for similar transformers installed in the SIC.
- The transformation equipment must have tertiary winding, which must be at least 33% of equivalent power. The connection group, voltage level and minimum BIL will be specified by the Procuring Entity.
- The insulators string used in substations must be glass or porcelain, and the insulators of the equipment must be porcelain.
-

2.3.1.3 High Voltage Equipment

The equipment, in terms of amount and type, will be specified based on the level of insulation, level of short circuit, degree of contamination, type of service and installation. The characteristics will be established at a basic engineering level based on the system requirements in these nodes.

2.3.1.4 Start of Operations

The project must be built and in operation no later than 36 months following the date of publication in the Official Gazette of the respective Decree that establishes the exploitation and execution rights.

2.3.1.5 Referential Investment Value (I.V) and Operating, Maintenance and Administration (O&MA) Cost

The referential investment value of the Project is US\$ 72.52 million. The referential operating, maintenance and administration cost is established at US\$ 1,160,000 (1.6% of the referential investment value).

2.3.2 New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA

2.3.2.1 Overall Description and Location of Works

The project involves the construction of a new 2x220 kV line between substations Nueva Maitencillo, Punta Colorada and Nueva Pan de Azúcar, with a minimum capacity of 500 MVA per circuit and its respective connection bays in the 220 kV yards in the aforementioned substations.

The Contractor will be responsible for ensuring technological compatibility with the equipment used in project execution, facilities, and layout of the equipment in the substation, in order to enable future substation expansions and comply with the provisions of current regulations regarding open access to transmission facilities.

2.3.2.2 Minimum Technical Characteristics of the Lines.

The new 2x220 kV line between the substations Nueva Maitencillo, Punta Colorada and Nueva Pan de Azúcar must meet the following minimum technical characteristics.

- Operating voltage: 220 kV.
- Number of circuits: 2.
- Minimum temperature capacity per circuit line: 500 MVA at 35°C at ambient temperature with the sun, 75°C maximum temperature in the conductor, with a wind speed of 0.61 m/s.
- Maximum resistance per each circuit phase: 0.04 ohm/km.
- Guard wire: OPGW or equivalent.
- Insulation string: Glass or porcelain

The insulators string used in the ends of the lines in the connections to the substations must be glass or porcelain, and the insulators of the equipment must be porcelain.

2.3.2.3 High Voltage Equipment

The equipment, in terms of amount and type, will be specified based on the level of insulation, level of short circuit, degree of contamination, type of service and installation. The characteristics will be established at a basic engineering level based on the system requirements in these nodes.

2.3.2.4 Start of Operations

The project must be built and in operation no later than 48 months following the date of publication in the Official Gazette of the respective Decree that establishes the Exploitation and Execution rights.

2.3.2.5 Referential Investment Value (I.V) and Operating, Maintenance and Administration (O&MA) Cost

The referential investment value of the Project is US\$ 106.89 million. The referential operating, maintenance and administration cost is established at US\$ 1,665,000 (1.6% of the referential investment value).

2.3.3 Sectioning Substation Nueva Lampa 220 kV

2.3.3.1 Overall Description and Location of Works

The project consists of the construction of a sectioning substation Nueva Lampa 220 kV and the sectioning of line 2x220kV Polpaico – Cerro Navia in the new substation. The project considers the construction of a new yard with GIS technology, which contains sectioning bays and space for normalizing the existing tap-off, together with the space to house at least 4 new connections. The new GIS substation will be located around the current Lampa substation and it must have a breaker and a half scheme. In addition, the project incorporates all of the works, tasks, adaptations and jobs necessary for the proper functioning of this part of the works.

The Contractor will be responsible for ensuring technological compatibility with the equipment used in project execution, facilities, and layout of the equipment in the substation, in order to enable future substation expansions and comply with the provisions of current regulations regarding open access to transmission facilities.

The insulators string used in substations must be glass or porcelain, and the insulators of the equipment must be porcelain.

2.3.3.2 Minimum Technical Characteristics of the Sectioning Substation Nueva Lampa

The new sectioning substation Nueva Lampa will have a main 220 kV yard with a breaker and a half scheme and GIS technology.

The project includes the space for connection diagonals or bays for the complete sectioning of line 2x220 kV Polpaico – Cerro Navia. In addition, it includes the facilities needed for connection with auxiliary supply and sufficient space to build two (2) diagonals or bays for future expansions in 220 kV.

The sectioning site for the respective line, as well as the capacities and characteristics of the respective sectioning equipment, will be informed by the Procuring Entity during the Inquiries and Responses stage of the Tender Process for these works.

2.3.3.3 High Voltage Equipment

The equipment, in terms of amount and type, will be specified based on the level of insulation, level of short circuit, degree of contamination, type of service and installation. The characteristics will be established on a basic engineering level based on the system requirements in this node.

2.3.3.4 Start of Operations

The project must be built and in operation no later than 30 months following the date of publication in the Official Gazette of the respective Decree that establishes the Exploitation and Execution rights.

2.3.3.5 Referential Investment Value (I.V) and Operating, Maintenance and Administration (O&MA) Cost

The referential investment value of the Project is US\$ 12.88 million. The referential operating, maintenance and administration cost is established at US\$ 206,000 (1.6% of the referential investment value).

3 DEFINITIONS AND ABBREVIATIONS

For a better understanding of these Terms and Conditions, a glossary is provided below, which contains the principal definitions and abbreviations:

- a) CDEC-SIC: Economic Load Dispatch Center of the Central Grid (*Centro de Despacho Económico de Carga de Sistema Interconectado Central* in Spanish).
- b) CDEC-SING: Economic Load Dispatch Center of the Northern Grid (*Centro de Despacho Económico de Carga de Sistema Interconectado del Norte Grande* in Spanish).
- c) Coordinator: Independent Coordinator of the National Electric System, responsible for coordinating the operation of the set of facilities pertaining to the national electric system, which operate as an interconnected group.
- d) Commission: National Energy Commission, decentralized public organism created under Law Decree N° 2,224 on May 25, 1978, modified by Law N° 20,402.
- e) Ministry: Ministry of Energy
- f) Procuring Entity: The Tolls Directorates of the CDEC or the Coordinator, depending on the date that each stage of the process is developed. From the call for tender for the process until whatever stage has been reached by December 31, 2016, the Procuring Entity will be the Tolls Directorate of the CDEC that coordinates the relevant Grid. As of January 1, 2017, the Procuring Entity will be the Coordinator for all works included in the Expansion Plan Decree (2015-2016).
- g) SIC: Central Grid.
- h) SING: Northern Grid

- i) Expansion Plan Decree (2015 - 2016) Exempt Decree N° 373, passed on May 16, 2016 by the Ministry of Energy, and its eventual amendments.
- j) Decree that establishes Exploitation and Execution rights: supreme decree from the Ministry of Energy, enacted in keeping with the legislative provisions that govern this Tender Process³.
- k) Days: Unless otherwise indicated, in the current Terms and Conditions or in the pertinent legislative provisions, when the word “days” is used in this document, it refers to calendar days, i.e. the ongoing chronological sequence of 24-hour days, starting at midnight. Further to the aforementioned, if the respective term comes to an end on a Saturday, Sunday or holiday, it is understood that the term ends on the first following working day.
- l) DFL N° 4: Decree with Force of Law No. 4 of 2006 of the Ministry of Economy, Development and Reconstruction, General Law on Electrical Services, and its amendments.
- m) TD: Tolls Directorate or Directorates
- n) Participant: This refers to the legal entity or group of legal entities, in the event that a Consortium or Joint Venture has purchased the Terms and Conditions, and which can make inquiries in the respective stages established for this purpose, attend site visits, etc.
- o) Bidder: This is a Participant that has presented at least one Proposal, which consists of an Administrative Bid, Technical Bid and Economic Bid, based on the guidelines set forth in the Terms and Conditions.
- p) Contractor: This is the Bidder that has been awarded Exploitation and Execution rights for the Project by the Procuring Entity.
- q) Legal Agent: Natural person designated by the competent organism of the legal entity and who has sufficient powers of representation, specifically to act under the framework of this tender.
- r) Bidder Agent: This is a natural person designated based on the stipulations set forth in number 9.2.3, who is authorized to act in the Tender Process before the Procuring Entity based on details set forth in Appendix 10 of these Terms and Conditions.
- s) Exploitation: Exploitation is understood to mean the following aspects: operation and administration of the trunk transmission facilities that make up the Project, which include the interconnection with the Central Grid or the Northern Grid facilities or both, and its coordination through the respective CDEC, based on the current legal framework in Chile; the adequate maintenance of the transmission facilities; and the rendering of the transportation services stipulated in DFL N° 4.
- t) Tender Process: process through which Exploitation and Execution rights for each Project are assigned, which covers the call for tender, awarding the contract, the supervision of execution and the Technical Audits held until the works have reached the state where they can operate in the SIC or the SING or both.
- u) Terms and Conditions: this refers to the Technical and Administrative Terms and Conditions of the Tender, which regulate the Tender Process. This includes administrative aspects and evaluation of proposals, and the conditions and characteristics of the Technical Audits during the execution process of each Project.
- v) Performance Bond: bank document issued by any of the institutions established in Appendix 8 of the present Terms and Conditions, defined in Chapter 8 on the Compilation of Legislation of the Superintendence of Banks and Financial Institutions.

³ It references Article 97 of the law in effect until the enactment of Law 20,936, referred to in footnote 1.

- w) Project: Each New Transmission Project included in the Expansion Plan Decree for international tender to assign Exploitation and Execution rights, which includes the necessary lines and facilities for incorporation into the SIC or the SING or both, as indicated in the Expansion Plan Decree and the present Terms and Conditions.
- x) Superintendence: Superintendence of Electricity and Fuel.
- y) IV: Investment Value.
- z) AIV Annual Investment Value
- aa) O&MA Cost Operating, Maintenance and Administration Cost.
- bb) VATT: Annual Transmission Value by Tranche (*Valor Annual de Transmisión por Tramo* in Spanish), which is the sum of the AIV and the O&MA Cost.
- cc) Legalized document: A legalized document is any document that has been duly signed by the Consulate of Chile located in the country of origin of the documents and subsequently by the Chilean Ministry of Foreign Affairs.
- dd) Legalized photocopy: A legalized photocopy is any photocopy that has been certified by a notary public as bearing a true likeness to the original document. If the document originates from abroad, it must have been previously certified by the Consulate of Chile.
- ee) SAGET: Chilean acronym in Spanish for a corporation whose sole purpose is trunk transmission in conformity with the provisions of Article 7 of the Law.

4 TENDER PROCESS STAGES AND DATES

The Tender Process for the Projects will be carried out by the Procuring Entity, which must inform and communicate to the participants the address where all communications and documents associated with the Tender Process must be received.

The stages and deadlines of the processes will be those indicated in

Table 2.

Table 2: Stages and Deadlines for Tender Processes for New Transmission Projects.

	Stage	Deadline
1	Technical and Administrative Terms and Conditions available for sale.	Friday, July 22, 2016
2	Last day to purchase Technical and Administrative Terms and Conditions	Tuesday, January 10, 2017
3	Start of Inquiries. Inquiries must be sent in writing to licitacion@cdecsic.cl or licitacion@cdec-sing.cl , whichever is applicable.	Friday, July 22, 2016
4	First series of responses to inquiries	Tuesday, August 23, 2016
5	Site visit	Starting Tuesday, August 23, 2016
6	Second series of responses to inquiries	Monday, October 24, 2016
7	End of inquiries	Friday, December 23, 2016
8	Final series of responses to inquiries	Tuesday, January 31, 2017

Stage		Deadline
9	Final date for modification and/or adaptation of Terms and Conditions.	Monday, February 27, 2017
10	Start of Bid Presentation Period	Friday, March 24, 2017
11	End of Bid Presentation Period	Wednesday, March 29, 2017 at 6:00 p.m.
12	Opening of Administrative Bids	Tuesday, April 4, 2017
13	Estimated opening of Technical Bids	Monday, April 10, 2017
14	Opening of Economic Bids	Monday, May 29, 2017
15	Tender Award	Tuesday, May 30, 2017
16	Estimated start of project execution	June 2017

5 FINANCING THE COSTS OF TENDER PROCESSES AND ACQUISITION OF TERMS AND CONDITIONS

5.1 TENDER PROCESS COSTS

Financing for Tender Processes will be adjusted to the provisions of regulations for this Tender Process⁴ and in accordance with Section 4.1.3 of Article 2 of the Expansion Plan Decree (2015-2016).

For the purposes of financing the costs of the Tender Process, the Procuring Entity must provide detailed, public, and updated accounting of all expenses incurred for the Tender, and any revenues derived from sale of the Terms and Conditions, on its web page. Regardless of the foregoing, revenue generated by sale of the Terms and Conditions will be set aside by the Procuring Entity until the Award date referred to in Table 2 of Section 4 of these Terms and Conditions.

Payment of Tender Process costs, as well as criteria and considerations for determining the corresponding pro rata shares, will be communicated by the Procuring Entity no later than 15 days after the award date of the Technical Audit of each Project.

Among the costs of each Tender Process to be financed by the users of each Project are the cost of Auditing Project execution, hereinafter referred to as the Technical Audit and Inspection, which is specified in Section 11.2.1 of these Terms and Conditions and which has an estimated cost of 4,000 UF (Unidades de Fomento, or inflation-indexed units of account) for each Project.

⁴ It references Article 96 of the law in effect until the enactment of Law No. 20,936 and which stated the following:

Article 96: The Tolls Directorate of the respective CDEC or, in the case of an interconnection between independent electricity systems, the respective Tolls Directorates jointly, in accordance with the periods and terms established in the regulation, will carry out an international public tender of the projects listed in the previous article. The cost of the tender will be paid on a pro rata basis according to the anticipated participation of each user in payment of the annual value of the transmission associated with the new facilities.

The Tender Terms and Conditions will be prepared by the Commission and, at minimum, must specify the objective conditions that will be considered to award the tender, the technical and commercial information that the participating company must provide, the deadlines, the bonds, the description of how the process will be carried out and the award conditions, as well as the technical characteristics of the lines or substations of the trunk interconnection project(s).

5.2 CALL FOR TENDER AND ACQUISITION OF THE TERMS AND CONDITIONS

Calls for tender to be carried out by the Procuring Entity will be public and international and will be conducted via publication of a notice in at least two national newspapers and one international newspaper. In addition, a copy of calls for tender will be published on the web sites of the CDEC-SIC, CDEC-SING and the Commission.

Chilean and foreign legal entities may acquire the Terms and Conditions either individually or as part of a Consortium or Joint Venture, as long as they meet the requirements listed in Section 7 of these Terms and Conditions.

The Procuring Entity will maintain a registry of the legal entities or consortia that acquire the Terms and Conditions, duly specified, which will have access to each Tender Process, in the corresponding stages. The Procuring Entity will provide a receipt for the sale of the Terms and Conditions and registration of the respective legal entity.

The total value of the Technical and Administrative Terms and Conditions to present Bids is CLP 1,000,000 (one million Chilean pesos). The amount collected by the Procuring Entity from sale of the Tender Terms and Conditions will be used to finance the cost of the Tender Processes indicated in Section 5.1 of these Terms and Conditions. Payment will be made via a bank document and/or electronic means.

Acquisition of these Terms and Conditions will grant Bidders the right to participate in the tender of any of the Projects indicated in Section 2.

6 REGARDING PARTICIPANTS AND BIDDERS

6.1 GENERAL CONDITIONS

The Tender Process is open to Chilean and foreign legal entities, whether individually or as part of a Consortium or Joint Venture, which have experience in the electricity sector, which have acquired the Terms and Conditions and are included in the Procuring Entity's registry, including entities that are not corporations whose sole purpose is transmission or transport of electricity.

Bidders must have a risk rating no lower than BB (international) and no lower than BBB (domestic), assigned no more than 12 months prior to the Bid presentation date by one of the risk rating agency agencies listed in Appendix 1 of these Terms and Conditions, and present the financial information as required in Section 8.2.11 of these Terms and Conditions.

Regardless of the foregoing, a Bidder that is not incorporated as a company whose sole purpose is transmission or transport in accordance with Article 7 of Decree with Force of Law No. 4, must fulfill that requirement if it is awarded a contract for Transmission Project as indicated in Section 8.2.7 of these Terms and Conditions. In this sense, the Bidder must be formed as a corporation whose sole purpose is transmission or transport and its share of company capital may not be less than 99.9%. The awarded Contractor will be jointly responsible, along with the corporation created, with respect to

fulfilling all requirements and obligations deriving from the process, the content of its Bid and the pertinent applicable regulations. For the foregoing, it must agree to joint responsibility in the SAGET's deed of incorporation, for the entire construction period and up to one year after operations begin.

If the Bidder has formed a corporation whose sole purpose is transmission or transport (SAGET) in accordance with Article 7 of Decree with Force of Law No. 4 prior to presentation of its Bid, it must include the documents listed in letter a) of Section 8.2.6 for the company as part of its Administrative Bid. The awarded Contractor will be jointly responsible with the SAGET with respect to fulfilling all of its requirements and obligations deriving from the process, the content of the Bid and the pertinent regulations in effect. For the foregoing, it must agree to joint responsibility in a publicly notarized deed within 30 days following the date of publication in the Official Gazette of the Ministry decree establishing the exploitation and execution rights of the respective Project, for the entire construction period and up to one year after operations begin. In addition, the Contractor's share of the capital in the existing SAGET must be at least 99.9%, unless the Commission has previously authorized a change in the share of capital in said corporation, in accordance with the provisions of the applicable Tender Terms and Conditions.

In any case, the legal entity or entities that own 99.9% of the corporation whose sole purpose is transport or transmission (SAGET) must maintain that ownership share during the entire execution of the Project and for one year after each expansion project has been placed in service. Regardless of the foregoing, the National Energy Commission may authorize a change in the ownership share of the Contractor during this period.

In addition, during the Project execution period and for one year after operations begin, the Contractor may, with previous authorization from the Commission, directly carry out through the corporation and in accordance with regulations that apply to the management and decision-making of the corporation, any split or merger transaction, contemplated in Title IX of Law No. 18,046 on Corporations and the complementary regulations, with the condition that the holder of the exploitation and execution rights to the Transmission Project remains an owner of a corporation whose sole purpose is transmission or transport (SAGET) and there is no change in the joint responsibility of the Contractor and the original SAGET, if that is the case.

Any modification in the ownership share of the SAGET, previously authorized by the National Energy Commission, by virtue of which the Contractor reduces its ownership share or permanently exits from said company, will not alter or terminate the joint responsibility that the Contractor has agreed on with the SAGET as indicated in these Terms and Conditions.

Approval of modification of the SAGET must be requested in writing, providing sound reasons as to why the change is required and include the respective support information, which must be submitted to the Commission in order for it to grant said authorization.

6.2 REGARDING CONSORTIA OR JOINT VENTURES

Consortia or Joint Ventures of two or more legal entities may participate in Tender Processes, where at least one of them must provide proof of experience in the electricity sector in order for the Consortia to be able to participate in the Tender Processes. If the Project is awarded to a Consortium

or Joint Venture, it must be incorporated as a corporation whose sole purpose is electricity transmission or transport (SAGET), in accordance with Section 8.2.7 of these Terms and Conditions.

Consortia or Joint Ventures may participate in Tender Processes as long as at least one of the member companies has acquired the Terms and Conditions.

Legal entities that are part of a Consortium or Joint Venture must agree to be jointly responsible for fulfilling the requirements indicated in these Terms and Conditions, the content of their Bid and the pertinent laws and regulations.

7 REGULATORY FRAMEWORK FOR THE TENDER

For the purposes of Tender Processes, the following documents are part of these Terms and Conditions:

- General Electric Services Law, Decree with Force of Law No. 4 of 2006 of the Ministry of Economy, Development and Reconstruction, and its amendments.
- Regulations of the General Electric Services Law, Supreme Decree No. 327, and its amendments.
- Supreme Decree No. 373 of the Ministry of Energy, dated May 16, 2016, published in the Official Gazette on May 23, 2016.
- Law No. 18,046 on Corporations and its Regulations, contained in Supreme Decree No. 702 of the Ministry of Finance, published on July 6, 2012 in the Official Gazette.
- Law Decree No. 40 of 1969, of the Ministry of Labor.
- Law No. 18,410, Organic Law of the Superintendence of Electricity and Fuels.
- Technical Standards of Service Quality and Safety.

Likewise, in preparing their Bids, Bidders may consult the following documents for reference, among others:

- Annual Toll Report, prepared by the corresponding Procuring Entity, in effect on the start date of the Tender Process.
- Node Prices Decree enacted by the Ministry of Energy, in effect on the start date of the Tender Process.
- Trunk Transmission System Expansion Plan, 2015-2016 Period, approved via National Energy Commission Exempt Resolution No. 47 dated January 25, 2016.
- Node Prices Technical Decree prepared by the National Energy Commission, in effect on the start date of the Tender Process.
- Internal Regulations of the CDEC-SIC and CDEC-SING, their Procedure Manuals and/or other pertinent procedures.
- Technical information regarding the facilities of the corresponding grid, in accordance with Section 9.1 of these Terms and Conditions.

This information will be made available to the Bidders by the Procuring Entity, as applicable.

8 REGARDING THE BIDS

8.1 GENERAL ASPECTS

The Bid will consist of an Administrative Bid, a Technical Bid and a Economic Bid, all of which must be delivered in separate envelopes in the format, on the date and at the place specified in these Terms and Conditions.

The delivery protocol for the corresponding Administrative, Technical and Economic Bids is indicated in Section 9.2 of these Terms and Conditions.

8.1.1 Regarding the Costs of Bidding

The Bidder will be solely responsible for all direct and indirect costs associated with the preparation and presentation of each Bid, and neither the Procuring Entity, nor the Ministry, nor the Commission will be responsible for these costs or any reimbursement in any case.

8.1.2 Regarding the Language of the Bids

Each Bid and all appendices delivered by the Bidders must be written entirely in Spanish, except for equipment and facility catalogs, which may be presented in English.

Documents or information required for the Administrative Bid that are originally written in languages other than Spanish must be accompanied by a Spanish translation. In this case, the Bidders must sign a sworn statement in which they declare that the translation is an accurate reflection of the documents in the original language and is consistent with them. The sworn statement must be signed by the Bidder Agent and must be notarized in Chile, which will be done according to the content in the template indicated in Appendix 2 of these Terms and Conditions.

8.1.3 The Bidder -Regarding Bid Currency

The currency of the Economic Bid will be U.S. dollars (US\$).

8.1.4 Regarding the Validity Period of the Bids

Each Bid will be valid for 120 (one hundred and twenty) days from the termination date established for presentation of the Bid as indicated in these Terms and Conditions and in Document 1.

8.2 REGARDING THE ADMINISTRATIVE BID

The Administrative Bid will be made up of legal, commercial, financial and tax information that serves to identify the Bidder, verify its legal standing, establish the guarantees for meeting the requirements in Article 7 of Decree with Force of Law No. 4 for providing the public service of trunk transmission, and verify its experience in the sector and its financial solvency.

A list of the documents to be delivered by the Bidders in their Administrative Bids is provided below.

8.2.1 Document 1: Statement of Acceptance of the Terms and Conditions, its Appendices and the Period of Bid Validity

The Bidder must present a document stating that it accepts the conditions and stipulations included in these Terms and Conditions, as well as its Appendices and the Period of Bid Validity.

The document must be signed by the Bidder Agent and must be notarized in Chile.

Document 1: Statement of Acceptance of the Terms and Conditions, its Appendices and the Period of Bid Validity must follow the format indicated in Appendix 2 of these Terms and Conditions.

If the statement is signed outside Chile, it must be legalized in accordance with Chilean law.

8.2.2 Document 2: Bidder Identification and Description

The Bidder must present a document that identifies and describes it.

Consortia or Joint Ventures that are created specifically for the purpose of this Tender Process must provide, in addition to the identification and description of the Consortium, per Document 4: Consortium or Joint Venture Agreement, a document that identifies and describes each of the legal entities or companies that belong to it.

The document must be signed by the Bidder Agent.

Document 2: Bidder Identification and Description must specify at minimum:

- a. Name or company name of the legal entity.
- b. Business name.
- c. Legal Agent(s) of the legal entity.
- d. Photocopy of the legal entity's taxpayer identification document. Foreign entities must present the equivalent tax document from their country of origin.
- e. Legalized photocopy of the identification card of the entity's Legal Agent(s). Foreign representatives must present a photocopy of their identification card from their country of origin, duly legalized in accordance with Chilean law.
- f. Date of incorporation or start of activities.
- g. Business or sector in which the company operates.
- h. Address, telephone numbers, fax, web page (if it has one) and email.

8.2.3 Document 3: Designation of Bidder Agent

Each Bidder must present a document that designates one or two representatives or agents who are exclusively qualified to act jointly or separately in the Tender Process before the Procuring Entity, through a public deed granted in Chile or document granted in a foreign country that is equivalent to a public deed, and duly legalized in accordance with Chilean law. If the document is from a foreign

country, it must be accompanied by a document in Spanish, issued by a licensed attorney in the country where the company is incorporated, that consists of a sworn statement indicating that the Bidder Agent is duly qualified to act in the Tender Process.

The Bidder Agent may be the same Legal Agent or someone designated by this person as special representative or agent for the Tender Process, regardless of the powers held by the Bidder's Legal Agent. If the aforementioned occurs, it will not be necessary to present Document 3.

If the Bidder is a Consortium or Joint Venture, the Bidder Agent must be clearly established in Document 4: Consortium or Joint Venture Agreement, of these Terms and Conditions, presenting the information and documents requested in this section.

Document 3: Designation of Bidder Agent must specify at least what is stipulated in the format in Appendix 10, Format for Designation of Bidder Agent Form.

In addition, a legalized photocopy of the identification card of the Bidder Agent must be presented. Foreign representatives must present a photocopy of their identification card from their country of origin, duly legalized in accordance with Chilean law.

8.2.4 Document 4: Consortium or Joint Venture Agreement

If the Bidder is a Consortium or Joint Venture, it must present the Consortium Agreement or Joint Venture Agreement through a public deed recorded in Chile, or a document recorded in a foreign country that is equivalent to a public deed and duly legalized in accordance with Chilean law.

The document must be signed by the Legal Agents of the legal entities that are part of the Consortium or Joint Venture.

Document 4: Consortium or Joint Venture Agreement must consist of the following documents:

Copy of the public deed of the Consortium Agreement or Joint Venture Agreement, accompanied by its translation if the text of the document is in a language other than Spanish, specifying at least the following:

- i. Company name or name of the entities that are part of the Consortium or Joint Venture.
- ii. Ownership shares of the entities that are part of the Consortium or Joint Venture.
- iii. Conditions of said Joint Venture for the purposes of presenting the Bid and the award for Exploitation and Execution of the Project.
- iv. Designation of the Legal Agent(s) of the Consortium or Joint Venture.
- v. Designation of a special representative or agent, that is, the Bidder Agent, exclusively qualified to act in the Tender Process before the Procuring Entity.
- vi. Validity or duration of the agreement, which may not be prior to the date on which the company whose sole purpose is transmission or transport (SAGET) was founded, in the event that it is awarded the Tender.
- vii. Joint responsibility agreement with respect to fulfilling the requirements set out in these Terms and Conditions, the Bid content and the pertinent laws and regulations.

If the agreement was signed more than 60 days prior to presentation of the Bids, the Bidder must submit a certificate of validity signed within 60 days of that same date.

In any stage of the Tender Process, the Procuring Entity may require clarification of the Consortium or Joint Venture Agreement or additional conditions related to its functioning.

8.2.5 Document 5: Performance Bond for Seriousness of Bid

To ensure correct fulfillment of the Tender Process in the award stage, the Bidder must present to the Procuring Entity one or more (as indicated in Section 9.2 of these Terms and Conditions) Bank Performance Bonds for this Bid, valid for at least 220 days from the deadline to present Bids, in the amounts indicated below:

- a) Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between substations Nueva Pozo Almonte and Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substations Nueva Pozo Almonte and Cóncores, installing the first circuit; and a New Line 2x220 kV between Substations Nueva Pozo Almonte and Parinacota, installing the first circuit: US\$ 2.4 million, equivalent to 2.5% of the referential investment value for the Project.
- b) New 1x750 MVA 500/220 kV Autotransformer Bank at Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar Substations: US\$ 1.81 million. equivalent to 2.5% of the referential investment value for the Project.
- c) New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA: US\$ 2.67 million. equivalent to 2.5% of the referential investment value for the Project.
- d) Sectioning Substation Nueva Lampa 220 kV: US\$ 320,000, equivalent to 2.5% of the referential investment value for the Project.

The Bond must be obtained by the Bidder(s) and be payable to the Ministry of Energy on demand without prior notification of the bank or the Bidder, and the Superintendence will be responsible for calling in the Bond if the Procuring Entity verifies the conditions that enable its collection. For these purposes, the Ministry may endorse this Bond to allow the Superintendence to collect it. This document will ensure that the Bidder fulfills the conditions and values offered in the Bid in their entirety. Otherwise, the Superintendence will proceed to call in the Performance Bond once the conditions indicated above are fulfilled.

If the Procuring Entity verifies the conditions for calling in the Performance Bond, it must inform the Ministry within 5 days following this verification, attaching the Bond for the purposes of collecting it either directly or through an endorsement. The foregoing must also be reported to both the Superintendence and the Commission.

The Performance Bond document must be issued in Chile by a banking institution duly established in Chile, and from which the Ministry or the Superintendence can collect this Bond. The Bond detail,

depending on the Project, must state: *"To guarantee the seriousness of the Bid in the Tender Process for Exploitation and Execution rights for:*

- a) *Transmission Project for "Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substations Nueva Pozo Almonte - Cóndores, installing the first circuit; and New Line 2x220 kV between Substations Nueva Pozo Almonte - Parinacota, installing the first circuit."*
- b) *New Transmission Project for "New 1x750 MVA 500/220 kV Autotransformer Bank at Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar substations."*
- c) *New Transmission Project for "New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA".*
- d) *New Transmission Project for "Sectioning Substation Nueva Lampa 220 kV."*

The Procuring Entity will inform each Bidder confidentially regarding the custody conditions of the respective Performance Bond(s), which must be uniform and equal for all Bidders.

Bonds from Bidders whose Bids are disqualified on administrative or technical grounds will be returned within 15 days after the date on which the Economic Bids are opened, along with the closed envelopes of the respective Economic Bids. Bonds will be returned to Bidders who participate in the Opening of Economic Bids but are not awarded the Project within 40 days following publication in the Official Gazette of the Decree that establishes the Exploitation and Execution rights of the respective Project. If the call for tender is declared abandoned, the Performance Bonds will be returned within 15 days following notification of this situation.

The Contractor's Performance Bond will be returned to them within 15 days following acceptance by the Procuring Entity of the following documents:

- a) Presentation of the Performance Bond for Fulfillment of the First Important Project Milestone indicated in Section 12.1 of these Terms and Conditions.
- b) Presentation of the Performance Bond for Project execution and Payment of Fines indicated in Section 12.5 of these Terms and Conditions.

If such acceptance does not occur within 15 days following the date on which the Performance Bond on Seriousness of Bid expires, the Contractor must deliver a new Performance Bond to the Procuring Entity within the same period indicated. The detail, amount, and other conditions of the Bond, except for the expiration date and validity dates, will be the same as those governing the original Bond. Otherwise, the Ministry or the Superintendence will proceed to call in the Bond, which will be promptly reported to the Commission, the Ministry and the Superintendence by the Procuring Entity, once the breach of this condition has been verified. Replacement of the Performance Bond will be permitted only once, and the new bond must have a period of validity of 60 days starting from the expiration date of the original Bond.

8.2.6 Document 6: Legal Status of the Bidder

The Bidder will submit background information regarding its legal constitution. Consortia or Joint Ventures that are created specifically for the purpose of this Tender Process must provide Document No. 4 and background information regarding each of the legal entities or companies that belong to it.

Depending on the legal status of the Chilean or foreign company, the following documents will be submitted:

- a. Chilean companies:
 - i. An authorized copy of the company's deed of incorporation, and all its subsequent amendments. If it has been consolidated, an authorized copy of the consolidated deed will be accepted, together with all its subsequent amendments;
 - ii. A copy of the registration of this constitution in the Trade Register of the respective Real Estate Registrar with marginal annotations, and a copy of the registration of each subsequent amendment, with the respective publication in the Official Gazette, if applicable.
 - iii. Corporations must submit a certificate of approval from the Chilean Superintendence of Securities and Insurance.
 - iv. A copy of the deed that appoints the company's Legal Agents, notarized in Chile.
 - v. A certificate issued by the respective Real Estate Registrar that confirms the validity of the company, issued no more than 30 days prior to the Bid submission date.

- b. Foreign companies:
 - i. A complete copy that has been duly legalized under Chilean law of the company's constitution and all its subsequent amendments, accompanied by a translation if it is in a language other than Spanish. If it has been consolidated, an authorized copy of the consolidated document will be accepted, together with all its subsequent amendments;
 - ii. A document or documents that satisfactorily demonstrate the validity of the company and its Legal Agents, issued no more than 60 days prior to the Bid submission date, and duly legalized under Chilean law.
 - iii. A sworn statement in Spanish issued by a lawyer authorized to practice in the country of incorporation of the company, confirming: (i) that the company has been constituted according to applicable legislation, (ii) that the company is valid; (iii) the date of its constitution and of each of its subsequent amendments; (iv) the purpose of the company; (v) its Legal Agents, (vi) that the Legal Agents have sufficient authority to participate in the Tender Process.

Documents that are written in a language other than Spanish must be submitted in their original language, with a corresponding translation into Spanish. Foreign documents will be duly legalized under Chilean law.

8.2.7 Document 7: Public Deed of Commitment to Constitute a Corporation Dedicated Exclusively to Transmission

The Bidder Agent will submit a deed granted in Chile that contains a commitment to constitute in Chile a corporation whose sole purpose is transmission or transport (SAGET), if the Bidder is awarded the contract, and that commits this SAGET to complying with all the terms indicated in

Section 6.1, within 30 days of the date of publication in the Official Gazette of the Ministry Decree that establishes Exploitation and Execution rights for the respective Project.

If the Bidder is already a corporation whose sole purpose is transmission or transport (SAGET) constituted in Chile, or it has already formed a corporation with these characteristics, but has not committed to complying with the terms set out in Section 6.1, it will submit a document committing to such compliance, within 30 days of the date of publication in the Official Gazette of the Ministry Decree that establishes Exploitation and Execution rights for the respective Project.

If the Bidder is already a corporation whose sole purpose is transmission or transport (SAGET) constituted in Chile on the Bid submission date, or it already formed such a corporation with these characteristics, in accordance with the provisions of Section 6.1, and this is recorded in the respective deeds and inscriptions in the Trade Register as described under Document 6, and has certified its compliance commitment, it does not need to submit Document 7.

Failure to comply with any of these obligations will trigger the conditions for calling in the Performance Bond referred to in Section 8.2.8 of these Terms and Conditions and the award will be immediately annulled. The Procuring Entity will then proceed in accordance with Section 10.5.2 of these Terms and Conditions.

8.2.8 Document 8: Performance Bond to Constitute a Corporation Whose Sole Purpose is Transmission (SAGET)

The Bidder will submit a Performance Bond to guarantee the full constitution of a corporation whose sole purpose is transmission or transport (SAGET), and its compliance commitment, all in accordance with the terms indicated in Section 6.1. This Bond will be provided by the Bidder, to the benefit of the Ministry of Energy, be payable at sight, with the Ministry responsible for calling it in, should the Procuring Entity verify that the conditions to call it in have been met. The Ministry may endorse the Performance Bond to the Superintendence within 30 days of its receipt.

This document will ensure that the Contractor will constitute a corporation whose sole purpose is transmission or transport (SAGET) and its compliance commitment, within the deadlines established in these Terms and Conditions and in the corresponding Decree that establishes exploitation and execution rights for the respective Project. If the Procuring Entity verifies a breach, it will promptly report its findings to the Ministry, the Commission and the Superintendence and if the Performance Bond has been endorsed to the Superintendence, it will be called in.

The Performance Bond will be issued in Chile by a banking institution established in Chile and can be called in by the Ministry or the Superintendence, payable at sight, with a duration of 220 days from the deadline for presenting each Bid, for two million US dollars (US\$ 2 million).

The description on the Performance Bond must be: "If the Bidder is awarded the contract by the Procuring Entity in this Tender Process, to guarantee the constitution of a corporation whose sole purpose is transmission or transport (SAGET) and its compliance commitment, according to the terms and conditions in the Decree that establishes Exploitation and Execution rights for the Project "(project name or names, if there are two or more Transmission Projects)" of the trunk transmission system, issued by the Ministry of Energy."

The Procuring Entity will inform each Bidder in a confidential manner about the custody of the respective Performance Bond.

The Performance Bond for the Constitution of a Corporation whose Sole Purpose is Transmission (SAGET) and its compliance commitment will be returned to the Bidders that fail to be awarded the contract under the same terms and conditions as the Performance Bond for Seriousness of Bid, which are specified in Section 8.2.5 of these Terms and Conditions.

The Performance Bond for the Constitution of a Corporation whose Sole Purpose is Transmission or Transport (SAGET) and its compliance commitment will be returned by the Procuring Entity to the Contractor within 15 days of receiving the documentation that constitutes a corporation whose sole purpose is transmission or transport (SAGET) and its compliance commitment.

If the Consortium, Joint Venture or Contractor has not constituted a corporation whose sole purpose is transmission or transport (SAGET) and/or its compliance commitment within 15 days of the expiration of the Performance Bond submitted in the Tender Process to the Procuring Entity, the Contractor will submit a new Performance Bond within the same time limit under the same conditions as the original Performance Bond, except for its duration, which will be 180 days from the date that the original Performance Bond expired. Otherwise, the Procuring Entity will inform the Superintendence of this fact, so that the latter will call in the Performance Bond, which will be promptly reported to the Ministry and to the Commission.

If the Bidder is already a corporation whose sole purpose is transmission or transport (SAGET) constituted in Chile, or it already formed a corporation with these characteristics, but has not committed to complying with the terms set out in Section 6.1, it will submit the Bond referred to in that Section, within 30 days of the date of publication in the Official Gazette of the Ministry Decree that establishes exploitation and execution rights for the respective Project, without mentioning in the description of the Performance Bond the obligation to constitute a corporation whose sole purpose is transmission or transport (SAGET).

If the Bidder is already a corporation whose sole purpose is transmission or transport (SAGET) constituted in Chile on the Bid submission date, or it has already formed such a corporation with these characteristics, in accordance with the provisions of Section 6.1, and this is recorded in the respective deeds and inscriptions in the Trade Register as described under Document 6, and has certified its compliance commitment, it does not need to submit Document 8.

The Performance Bond referred to in this Section will be included in the Administrative Bid.

8.2.9 Document 9: Exploitation Regime Acceptance Declaration

The Bidder will submit a document that declares acceptance and complete understanding of the operation, exploitation and remuneration regime that applies should the Bidder be awarded Contractor. This regime is defined in DFL 4, and in current regulations.

The document must be signed by the Bidder Agent and must be notarized in Chile. Document 9: Exploitation Regime Acceptance Declaration will be in accordance with the format specified in these Appendix 3 Terms and Conditions.

8.2.10 Document 10: Legal Obligations and Fines Acceptance Declaration

The Bidder will submit a document that declares acceptance and complete understanding of the current legislation that applies should the Bidder be successful, and that refers to the obligations and rights of a trunk transmission concession and its relationship with the regulatory authority and the coordinating organization that operates the system, as well as the current fines and penalties regime in Chile.

The document must be signed by the Bidder Agent and must be notarized in Chile. Document 10: Legal Obligations and Fines Acceptance Declaration will be in accordance with the format specified in Appendix 4 to these Terms and Conditions.

8.2.11 Document 11: Financial Evaluation

The Bidder will submit background information that enables the Procuring Entity to evaluate the company's business and financial conditions and its financial solvency.

Document 11: Financial Evaluation will include the following documents:

- a. Risk Rating Certificate issued by one of the institutions listed in Appendix 1 of these Terms and Conditions, no earlier than twelve months before the tender submission date.

The certificate will be supported by a report issued by the same institution that summarizes the company's risk analysis, or the method used to prepare it.

If the risk rating company does not issue physical certificates in Chile, a printed copy of the digital certificate is acceptable.

Consortia or Joint Ventures that are created specifically for the purpose of this Tender Process only need to submit a Risk Rating Certificate for at least one of the legal entities or companies that belong to it.

- b. Total Net Equity. The Bidder Agent must include in Document 11 the total net equity of the Bidder, extracted from the latest available consolidated financial statements, in millions of US dollars.

Consortia or Joint Ventures that are created specifically for this Tender Process must present the total net equity for all the legal entities or companies that belong to it.

This information must be supported by attaching the latest available consolidated financial statements for the Bidder, and Consortia or Joint Ventures must submit them for all the legal entities or companies that belong to it.

This background information provided by the Bidder will be evaluated in accordance with Section 10.2.2.2 of these Terms and Conditions.

8.2.12 Document 12: Bidder Experience and Technical Competency

The Bidder will submit background information that enables the Procuring Entity to evaluate its experience and technical ability, and which describes its construction experience and/or operating electricity transmission systems. Consortia or Joint Ventures that are created specifically for the purpose of this Tender Process must present such background information for each of the legal entities or companies that belong to it.

Document 12: Bidder Experience and Technical Competency will contain the following background information:

- a) Background information regarding transmission lines carrying voltages greater than or equal to 110 kV, constructed or operated by the Bidder, detailing its involvement, such as construction, operation or both, the commissioning date, voltage, distance in kilometers and electrical capacity in MVA.
- b) Background information regarding substations, transformers or compensation equipment for a voltage greater than or equal to 110 kV, constructed or operated by the Bidder, detailing its involvement, such as construction, operation or both, the commissioning date, and transformer capacity in MVA.
- c) Background information regarding transmission projects at a voltage greater than 24 kV.

This information must be provided in accordance with the format specified in Appendix 6. Experience in both the distribution and generation segments will be evaluated as indicated in Appendix 6.

Consortia or Joint Ventures will submit this background information only for partners with a 30% or higher participation in the respective Consortium or Joint Venture.

Furthermore, a certificate of satisfactory execution and/or operation must be submitted for each system or Transmission Project implemented during the last five years.

If there are no institutions that issue such certificates in the Bidder's country, the Bidder will submit equivalent certificates issued by an external specialized consultant, or if not possible, will submit failure and outage reports at these facilities issued by the System Operator in the respective country. These certificates will be duly validated by the Bidder's Legal Agent.

This information must be provided in accordance with the format specified in Appendix 6 of these Terms and Conditions. Projects constructed and operated by the parent company or subsidiaries of Bidder companies may be submitted, but those executed by sub-contractors will not be accepted.

8.3 TECHNICAL BID

An independent Technical Bid will be submitted for each Project.

Each Technical Bid will include the documents listed below.

8.3.1 Document 13: Project Timetable

The Bidder will provide a timetable to implement each Project in the form of a Gantt Chart, which will indicate the activities and milestones that the Bidder will carry out during the execution of each stage of the Project.

The timetable must describe the beginning date, duration, and slack time for each of its activities. The slack time for an activity is defined as the maximum time delay for that activity, without delaying the construction of the entire Project beyond the agreed deadline.

The target completion date for each milestone measured in calendar days must be indicated in the timetable.

Activity start dates and target completion date for milestones as defined in the two preceding paragraphs must be described with the word "day" followed by a number that corresponds to the date in question, for example day 1, day 2, day 3, etc.

Day 1 on this timetable will be the date of publication in the Official Gazette of the respective Decree that establishes exploitation and execution rights for the respective Project.

Notwithstanding the foregoing, the timetable will contain bars that represent the duration of activities, whose length will be measured in months. There will be graphical indications showing which activities precede or depend on others.

The timetable must contain five Significant Milestones as follows:

- i. Significant Milestone 1 Insurance has been contracted and the detailed Project design has been completed This is the submission of the detailed design for each Project, or for each stage of the Project, as appropriate, covering balancers and breakers, etc., which must ensure that these facilities operate correctly when they are connected to the respective Grid. Moreover, civil liability insurance policies covering damage to third parties and catastrophe insurance policies must be submitted by the Contractor.

Compliance with this Milestone for each Project, or for each stage of the respective Project, as appropriate, will be verified as follows:

- a. Reception by the Procuring Entity of the civil liability insurance policy covering damage to third parties, described in Section 13.4 of these Terms and Conditions and the catastrophe insurance policy as indicated in Section 13.5 of these Terms and Conditions.
- b. Approval by the Project auditor and the Procuring Entity of the detailed design for each Project, or for each stage of the Project, as appropriate.

Compliance with this milestone for the entire Project will be within 270 calendar days of the date of publication in the Official Gazette of the respective Decree that establishes exploitation and execution rights for the respective Project.

ii. Significant Milestone 2 Issuing purchase orders for supplies, securing environmental approval and proving the ability to apply for a definitive concession:

Verification of this milestone, with respect to the construction of the Sectioning Substation at Nueva Pozo Almonte within the Project known as "Sectioning Substation Nueva Pozo Almonte; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit," will be when orders to proceed with 50% of the high and low structures for the Sectioning Substation have been issued. Verification of this milestone, with respect to the construction of the New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit, will be when orders to proceed with 50% of the following transmission line items have been issued: conductors, metal structures, insulators.

Verification of this milestone, with respect to the Project known as "New 1x750 MVA 500/220 kV Autotransformers Bank in Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azucar Substations," will be when orders to proceed with 50% of the Autotransformers Bank 500/220 kV have been issued.

Verification of this milestone, with respect to the Project known as "New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azucar 2x220 kV, 2x500 MVA," will be when orders to proceed with 50% of the following transmission line items have been issued: conductors, metal structures, insulators.

Verification of this milestone, with respect to the Project known as "Sectioning Substation Nueva Lampa 220 kV," will be when orders to proceed with 50% of the high and low structures for the Sectioning Substation have been issued.

The Environmental Impact Approval for each Project, or each stage of the Project as appropriate, is approval by the relevant authorized entities of the environmental impact assessment submitted by the Contractor, in accordance with the second paragraph of Article 11 bis of Law 19,300 on General Environmental Regulations. Verification of this milestone for each Project, or for each stage of the respective Project, as appropriate, will be when that Approval has been issued.

Finally, the Bidder must certify that it can apply for a definitive concession from the Superintendence of Electricity and Fuels, in accordance with Law 20.701, which introduced amendments to General Electrical Services Law regarding the procedure for granting concessions. This states that the Superintendence will issue a certificate that verifies that the Bidder can apply for a definitive concession for each Project, or each stage of the Project as appropriate. Notwithstanding the above, there will be no need to certify that the Bidder can apply for a definitive concession for the "New Autotransformers Bank 1x750 MVA 500/220 kV in Nueva

Cardones, Nueva Maitencillo and Nueva Pan de Azucar Substations” and “Sectioning Substation Nueva Lampa 220 kV” Projects, and for the first stage of the “Sectioning Substation Nueva Pozo Almonte, New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit” Project.

iii. Significant Milestone 3 Foundation construction:

Verification of this milestone, with respect to the construction of the Sectioning Substation at Nueva Pozo Almonte within the Project known as “Sectioning Substation Nueva Pozo Almonte, New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit,” will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, regarding the construction of all the foundations for all the equipment and for all the high and low structures. Verification of this milestone, with respect to the construction of the New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit, will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, who will have to prove that at least 50% of the foundations for the line structures have been completed.

Verification of this milestone, with respect to the Project known as “New 1x750 MVA 500/220 kV Autotransformers Bank in Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azucar Substations,” will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, regarding the construction of all the foundations for all the equipment.

Verification of this milestone, with respect to the Project known as “New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV,” will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, who will have to prove that at least 50% of the foundations for the line structures have been completed.

Verification of this milestone, with respect to the Project known as “Sectioning Substation Nueva Lampa 220 kV,” will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, regarding the construction of all the foundations for all the equipment and for all the high and low structures.

iv. Significant Milestone 4 Equipment Testing: This is testing the equipment for the Transmission Projects, such as switches, breakers, insulators, transformers, measuring equipment, high voltage insulated cable, etc. Verification of this milestone for each Project, or for each stage of the respective Project, as appropriate, will be when the Procuring Entity has approved the reports on these tests. The types and numbers of tests, their standards and laboratories, and the volume of equipment to be tested to verify this milestone will be selected by the Procuring Entity, depending

on the nature and scale of the Project. The Contractor will be entirely responsible for all the costs associated with these tests.

- v. Significant Milestone 5 Project operation: This takes place at the end of commissioning for the entire Project, which will be verified by field inspection by Technical Audit staff, as referred to in Section 11.2.1 of these Terms and Conditions, who will verify that commissioning has been fully completed at each Project, according to the Technical Bid, these Terms and Conditions and current law.

Notwithstanding the foregoing, the construction of the new Sectioning Substation at Nueva Pozo Almonte within the Project known as "Sectioning Substation Nueva Pozo Almonte, New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit" must become operational within 24 months of the date of publication of the respective Decree that establishes exploitation and execution rights for the respective Project. The fully completed commissioning of the second stage of this Project will verify compliance with this milestone for the entire Project.

Verification of the preceding paragraph will be by field inspection by Technical Audit staff, as referred to in Section 11.2.1. Therefore, Technical Audit staff will verify the following:

- i. Sectioning of the 1x220 kV Pozo Almonte - Lagunas line with its respective diagonals or bays.
- ii. Construction, installation, commissioning and energizing the 220 kV facility, together with the sectioned diagonals described in Section i) above. The space required in this facility must also be considered.
- iii. Submission for correct operation and coordination.

Verification of Significant Milestones for projects involving facilities with various stages or dates for becoming operational will take place for each stage.

The period between the Significant Milestones for each stage of the respective Project will be greater than or equal to 4 months, except for Significant Milestone number 4. Notwithstanding the foregoing, if stages take over 24 months to complete, the period between the Significant Milestones will be greater than or equal to 6 months, except for Significant Milestone number 4.

Notwithstanding the foregoing, the Contractor may propose only once in writing a justified amendment to the deadline for each of the first four milestones at least 30 days before such deadline, which may be approved by the Procuring Entity. If it approves the requested amendments, these will be reported by the Procuring Entity to the Ministry, the Commission and to the Superintendence, within 5 days of granting their approval. Therefore, the Contractor undertakes to renew the corresponding Bond established in Section 12.1 of these Terms and Conditions, with a validity of 60 additional days beyond the deadline for the amended Milestone. The Contractor will submit this new Bond to the Procuring Entity for its custody, at least thirty days before the original Bond expires. On this date it must also submit a new Deadline Commitment as indicated in Section 8.3.2 of these

Terms and Conditions. If this does not happen, the Procuring Entity will report this situation within 5 days to the Commission, the Superintendence and the Ministry by forwarding the Bonds for collection. The Ministry may endorse over to the Superintendence the collection of the corresponding bond, regardless of whether the potential deadline extension was approved.

8.3.2 Document 14: Deadline Commitment

The Bidder will submit a Private Deed of Commitment, notarized in Chile, where it undertakes to comply with the deadlines and milestones identified in the Gantt Chart referred to in the Section above, and to submit the respective Bonds according to these Terms and Conditions.

Furthermore, this commitment will establish that if the Bidder is successful, it undertakes to bring each Project into operation within the deadline established in the Ministry Decree that establishes exploitation and execution rights for the respective Project.

The document will be signed by the Bidder Agent, defined in Section 8.2.3 of these Terms and Conditions.

If the Procuring Entity approves amendments to the Significant Milestones in accordance with the previous Section, the Contractor will submit a new Deadline Commitment in accordance with the new Significant Milestones, complying with the same conditions established in the preceding paragraph, at least thirty days before the original Performance Bond expires, which is extended as indicated in the previous Section.

8.3.3 Document 15: Technical Description of Project

The Bidder will submit the following information relating to the Projects identified in Section 2 of these Terms and Conditions, which define the specific characteristics of the Project and will comply with the Expansion Plan Decree and these Terms and Conditions:

- a) Basic background information regarding transmission lines:
 - i. Maximum transmission line capacity as a function of ambient temperature, for each circuit (MVA).
 - ii. Estimated line length (km).
 - iii. Resistance for positive, negative, and zero sequences, (r_1 , r_2 and r_0) in Ω/km and per unit, based on 100 MVA.
 - iv. Reactance for positive, negative, and zero sequences, (x_1 , x_2 and x_0) in Ω/km and per unit, based on 100 MVA.
 - v. Susceptance for positive, negative, and zero sequences, (B_1 , B_2 and B_0) in mS/km and per unit, based on 100 MVA.
 - vi. Line capacity curve (MVA) versus ambient temperature ($^{\circ}\text{C}$).
 - vii. Operational flexibility at the substations when connecting to the corresponding Grid.
 - viii. Number of bays with the details of the line and bay for each one, etc.
 - ix. Line measurement and protection system.
 - x. Section for the conductor(s) (mm^2).
 - xi. Conductor type(s) (ACSR, ACAR, etc.)
 - xii. Number of conductors per phase.

- xiii. Average span (km).
- xiv. Estimated plot required for each substation.
- xv. One-line diagram that shows the primary equipment components and the manner in which they interact with existing facilities, with potential solutions both from an operational and a physical perspective.
- xvi. Floor plan for the facilities showing the feasibility of specific solutions, which depend on the existing facilities.
- xvii. Diagrams and specific descriptions of the following Project components:
 - 1. Control
 - 2. Protection
 - 3. Communication.
 - 4. Security
- xviii. Safety clearance distance (m).
- xix. Basic background information regarding substations:
 - 1. Busbar configuration.
 - 2. Number of substations at 220 kV or other voltages.
- xx. Earth wire characteristics
- xxi. Quantity, capacity and surface area used by banks of high voltage power capacitors and high voltage power reactors.
- xxii. Floor plan for the facilities, showing the layout of all of the equipment in the Substation. Furthermore, the following must be presented:
 - 1. Total surface area used.
 - 2. Surface area for substations.
 - 3. Surface area for the control center.
 - 4. Surface area for the compensation platform.
 - 5. Surface area available for future developments.
 - 6. Streets and roads.
- xxiii. One-line diagram that shows the primary equipment components and the manner in which they interact with the facilities, with potential solutions both from an operational and a physical perspective.
- xxiv. Description of Auxiliary Supply:
 - 1. One-line diagram of the auxiliary supply for the alternating and direct currents, including principal and secondary distribution busbars.
 - 2. Design criteria.
 - 3. Back up time provided by the battery banks.
 - 4. Estimated capacities.

b) Type and Characteristics of the Transformer:

- i. Impedance parameters in Ω and per unit, based on 100 MVA, both for the resistance and reactance of the serial and parallel branch (dispersion and magnetization). These are also required for the various cooling stages.
- ii. Maximum transformer capacity (MVA).
- iii. Mechanical and electrical losses.
- iv. Transformer capacity with and without forced ventilation in MVA between yards, versus the ambient temperature.
- v. Stages and types of cooling used.

- vi. Description and characteristics of the oil or silicone insulation used.
- vii. Description and characteristics of the insulation used in the coils.
- viii. Description of the connection groups and the winding taps.
- ix. Type and characteristics of the bushings used in the transformer equipment.
- x. Description and characteristics of the measurement, control and protection systems for the transformer equipment.
- xi. Description and characteristics of the auxiliary supply for the transformer equipment.
- xii. Description and characteristics of the fire protection and security systems for the transformer equipment.
- xiii. The reserve unit connection diagram and replacement time if a unit becomes unavailable.

c) Other information:

- i. Description of the data transmission system.
- ii. Description of the vibration protection system.
- iii. Description of the atmospheric discharge protection system for lines and substations, as appropriate.
- iv. Description of the earth connections at new substations and/or their extensions, as appropriate.
- v. Description of the structures.
- vi. Description of the insulation string.

A qualitative description and diagrams and/or drawings for all the systems described in this point must be included.

d) Calculation Memoranda for Transmission Projects:

Calculation memoranda must be submitted for the "New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV" and "Sectioning Substation Nueva Pozo Almonte 220 kV; New line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit" Projects that justifies the type, characteristics, quantity and arrangement of the conductors, and shows that the proposed design will comply with the capacity of the lines defined in Sections 2.2.1 and 2.3.2 of the Tender Terms and Conditions and with the minimum requirements defined in letter e) Minimum requirements to be included in the background information for each Project.

e) Minimum requirements to be included in the background information for each Project:

The Bidder must include the following minimum requirements for each Project in the description requested under the previous letters:

- i. The new lines for standard 220 kV Projects must ensure that the resistance in ohms per kilometer does not exceed the value indicated under the design conditions established for each Project in the minimum technical characteristics contained in Sections 2.2.1 and 2.3.2 of the Tender Terms and Conditions.

- ii. The line capacity will be designed to operate on a continuous basis under the indicated environmental conditions, subject to the other design restrictions. The transmission lines will support a wind speed of 0,61 m/s.

8.4 ECONOMIC BID

If the Economic Bid submitted by the Bidder is successful, it will be the remuneration for each Project, as established in the regulations governing this Tender Process⁵.

The Bidder will not incorporate into its Economic Bid the cost of using common facilities, land, auxiliary supply services, communications services and other facilities related to the corresponding Grid that are not part of the Project, whose value and payment by transmission system users will be determined later in accordance with current legislation. Similarly, the costs associated with additional or complementary works that appear during the construction of the Project, or when it is connected to the Grid, must be subject to that previously established. All other costs will be understood to be included in the Economic Bid.

8.4.1 Document 16: The Project Economic Bid

The Economic Bid submitted by the Bidder must provide an Annual Transmission Value by Tranche (VATT in spanish), for each Project or project stage as appropriate, in US dollars (US\$) on the estimated award date of each Project. The sum of the VATT for each stage will be inflation indexed according to the formula in Appendix 5, and will constitute the total remuneration for the respective Project. It will be used during the five tariff periods, after which the facilities and their valuation must be reviewed and updated in the corresponding transmission study. Also, the Bidder must indicate the annualized investment value and annual operating, maintenance and administration cost included in the VATT for each Project or project stage as appropriate.

For the purposes established in the preceding paragraph with regard to the "Sectioning Substation Nueva Pozo Almonte, New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte -

⁵ It references Article 95 of the law in effect until the enactment of Law No. 20,936 and which stated the following:

Article 95 - New trunk projects are understood to be all those defined as such by the trunk transmission study or by the decree referred to in Article 99, considering the magnitude defined by the regulations, the new section and its independence with respect to existing trunk lines.

When the decree on adaptations to the expansion plan for the trunk transmission network, referred to in Article 99, identify Projects as new trunk projects, such as lines, interconnections between independent electrical systems and substations, these will be awarded through the Tender Process established in the following articles to a transmission company that complies with the requirements defined in law, which will implement it and have the right to operate it. The tender will be decided according to the annual transmission value per tranche submitted by companies for each Project and the investment value and annual operating and maintenance cost defined in the aforementioned decree will be deemed to be only referential.

The annual transmission value by tranche in the tender and its inflation indexing formula constitute the remuneration of the new trunk projects and will be applied during five tariff periods, after which the facilities and their value must be reviewed and updated in the corresponding trunk transmission study.

Payments for the transportation or transmission service to the company which owns the new trunk transmission lines will be performed in accordance with Articles 101 onwards.

Parinacota, installing the first circuit" Project, Bidders will indicate in the respective Economic Bid the VATT and their respective annualized investment value and annual operating, maintenance and administration cost for the construction stage of the new Sectioning Substation Pozo Almonte. Also the VATT and their respective annualized investment value and annual operating, maintenance and administration cost for the construction stage of the new 2x220 kV lines between Substation Nueva Pozo Almonte and Pozo Almonte, between Substation Nueva Pozo Almonte and Condores, and between Substation Nueva Pozo Almonte and Parinacota. Furthermore, Bidders must indicate in the respective Economic Bid the annualized investment value and annual operating, maintenance and administration cost for each line tranche previously mentioned.

The VATT for the construction stage of the Sectioning Substation Nueva Pozo Almonte may not be greater than 20% of the VATT for the Project as a whole, which is the sum of the VATT for each stage of the Project. This calculation must use the VATT at its present value, according to the following paragraph.

For the "New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV" Project and the "New 1x750 MVA 500/220 kV Autotransformers Bank at Nueva Cardones, Nueva Maitencillo and Nueva Pan de Azúcar Substations" Project, Bidders will indicate in the respective Economic Bid the annualized investment value and annual operating, maintenance and administration cost for each line tranche and transformer tranche that make up each Project.

The Procuring Entity will perform the following when evaluating the Economic Bids: the present value of the VATT for the various stages of the respective Project will be expressed at its present value. A rate of 10% will be used throughout the five tariff periods, starting from when operations are scheduled to begin according to these Terms and Conditions. Finally, Bids will be evaluated and compared by calculating an annuity over the five tariff periods at an annual rate of 10%.

The annual transmission value in the Economic Bid should not include VAT (Value Added Tax), to enable Economic Bids to be evaluated.

These tariff periods refer to tariff periods of four years, according to the regulations governing this Tender Process⁶.

⁶ It references Article 84 of the law in effect until the enactment of Law No. 20,936 and which stated the following:

Article 84.- Every four years a trunk transmission study will be undertaken under various expansion scenarios covering the generation and interconnection with other electrical systems. The preparation of this study will be led and coordinated by the Commission. This study will include an analysis of each trunk transmission system and contain the following material:

- a) An identification of the initial trunk systems, their options for future expansion and the corresponding common areas of influence;
- b) The options for new trunk transmission projects, such as lines, interconnections using any technology between independent electrical systems and substations;
- c) An evaluation of existing lines, substations and interconnections and/or under construction as new trunk transmission projects, and those that interconnect or facilitate the interconnection of two or more electrical systems.
- d) The annualized investment value and annual operating and maintenance cost per tranche of existing facilities evaluated as trunks, and the referential investment value of the facilities referred to in letters a), b) and c), and

During the period that such remuneration applies, it will be indexed according to the formula described in Appendix 5.

The payments for the transportation or transmission service to the company that owns each Project will be performed in accordance with current legislation.

The remuneration period applicable to each Project will cover a total of 240 successive months (20 years), from the date the Project becomes operational or the date the Project stage becomes operational if it is different to that of the respective Project. The start and end dates of this remuneration period will be defined in detail in the respective decree that awards the rights to exploitation and execution the Project.

The bidder must feature the economical bid in accordance with the following tables per each project.

Project: Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit.			
Stage of the Project	AVI [US\$]	COMA [US\$]	VATT [US\$]
1) Construction of the substation sectioning New Pozo Almonte, with its sectioning and all its elements.			
2) Construction new lines 2x220 kV Nueva Pozo Almonte – Cóndores, Nueva Pozo Almonte – Parinacota, y new line 2x220 kV Nueva Pozo Almonte – Pozo Almonte, all with first circuit constructed.			
Total			

Project: New Autotransformer Bank 1x750 MVA 500/220 kV in Substation Nueva Cardones, Substation Nueva Maitencillo and Substation Nueva Pan de Azúcar.
--

e) The calculation of the corresponding inflation indexing formulas and their application to the values indicated in Section d) above, in order to produce the real value of the annualized investment value and annual operating and maintenance cost throughout the four year period.

The study must be performed based on facilities that are financially efficient and required to develop the respective electrical system or systems, as the case may be, for the various expansion options over the subsequent four years. Notwithstanding the foregoing, the study will encompass an analysis period of at least ten years.

If the new transmission projects include an interconnection with independent electrical systems, the trunk transmission study must include and attach an evaluation of the financial impact of the execution and exploitation of such work for each electrical system separately.

This analysis will be carried out in accordance with the basic security and quality conditions established in the regulations and the respective technical standards. The expansion options and new transmission projects, regardless of whether they are trunks, will be the most financially efficient considering the demand, the expansion scenarios and the following works:

1.- The power stations and interconnections between electrical systems declared to be under construction by the generation or transmission companies, and

2.- The alternative power stations and interconnections between electrical systems that are being considered by agents or generically by the Commission, considering various financial and electrical development scenarios.

Project tranche	AVI [US\$]	COMA [US\$]	VATT [US\$]
1) New Autotransformer Bank 1x750 MVA 500/220 kV in S/E Nueva Cardones.			
2) New Autotransformer Bank 1x750 MVA 500/220 kV in S/E Nueva Maitencillo.			
3) New Autotransformer Bank 1x750 MVA 500/220 kV in S/E Nueva Pan de Azúcar.			
Total			

Project: New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA.			
Project tranche	AVI [US\$]	COMA [US\$]	VATT [US\$]
1) Construction New Line Nueva Maitencillo - Punta Colorada 2x220 kV, 2x500 MVA.			
2) Construction New Line Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA.			
Total			

Project	AVI [US\$]	COMA [US\$]	VATT [US\$]
Sectioning Substation Nueva Lampa 220 kV.			

9 TENDER PROCESS INQUIRIES AND BID SUBMISSION

9.1 PROTOCOL FOR INQUIRIES AND RESPONSES REGARDING THE TENDER PROCESS AND INFORMATION REQUESTS

The Procuring Entity will publish on its web site all the relevant technical and commercial information for Bidders to prepare their Bids relating to facilities for the Central Grid or the Northern Grid, as appropriate. This information will at least include the following:

- a) General Documentation:
 - i. A list of all the standards and corresponding files;
 - ii. Background information and/or connection and short-circuit studies; and
 - iii. Background information and/or protection studies.

- b) For the substations:
 - i. Floor plan of the substation;
 - ii. One-line diagram with details of the protection;
 - iii. Primary equipment layout within the substation;
 - iv. Equipment layout in the control center with information regarding the availability of space;
 - v. Earth connection for the substation;
 - vi. One-line diagram of auxiliary supply with availability for the Project; and
 - vii. Plan of the ducts.

- c) For the transmission line:
 - i. If a line route is obligatory, this will be indicated in a plan.
- d) For system equipment:
 - i. Electrical parameters for system equipment that may be required for evaluation purposes.
 - ii. Physical dimensions of this equipment.
 - iii. Physical dimensions of the facilities.
- e) For telecommunication:
 - i. Background information regarding the communication systems.

If any information is missing or not up to date, the information in the trunk transmission study, its supporting background information, the annual review by the TDs, and the Annual Expansion Plan will prevail.

Notwithstanding the foregoing, Bidders will be able to inquire about these Tender Terms and Conditions by writing to the Procuring Entity before the date defined in Section 4 of these Terms and Conditions, in an envelope with the following cover page:

**Attn.
NAME
Tolls Directorate or Coordinator
ADDRESS
Santiago
Chile
COMPANY NAME:
SUBJECT: INQUIRIES FOR THE PROCURING ENTITY WITH REGARD TO THE TENDER
PROCESS FOR THE "PROJECT NAME" PROJECT**

The Procuring Entity must communicate to the Bidders the address to be used for all communications and documents associated with the Tender Process.

The Bidder will receive a receipt confirmation of their inquiry within three working days, which will record the date of its receipt.

Inquiries must be submitted in accordance with the format specified in Appendix 9 of these Terms and Conditions.

The responses to inquiries submitted by Bidders and clarifications to these Tender Terms and Conditions will be made public and included in communications called Explanatory Circulars. These will be sent to all those who submitted inquiries, in accordance with the deadlines indicated in Section 4 of these Terms and Conditions and the requirements established in this Section. They will be sent to the email address requested in the register referred to in Section 5.2 of these Terms and Conditions, or in the envelope referred to above, with the inquiries submitted to the Procuring Entity.

Furthermore, responses to inquiries and the explanatory circulars will be in the public domain and will be published on the web site of the Procuring Entity at the same time as they are communicated to all who submitted inquiries.

The explanatory circulars must comply with the clarity conditions defined in the Terms and Conditions and give complete responses to the inquiries. Bidders will have time to request any clarifications and additional information that they deem relevant, whilst respecting the inquiries already clarified.

The Tender Terms and Conditions may be corrected, amended or expanded as a result of the inquiry process, or for any reason that the Procuring Entity deems relevant, until the deadline for amending the Tender Terms and Conditions. Any corrections, amendments or expansions to these Terms and Conditions must be approved by the Commission before they can be adopted.

9.2 BID SUBMISSION PROTOCOL

The Procuring Entity will receive Bids, one by one, in their private offices, on the days and times indicated in Section 4 of these Terms and Conditions. The Bidder will receive a copy of the Bid reception confirmation, which will record the date and time of receipt, and its contents (as indicated below). This confirmation will also contain a declaration by the Bidder that reliable information has been submitted as indicated in the Tender Terms and Conditions, and acknowledges that the Procuring Entity can eliminate the Bid if it contains false or malicious information. Also that the Bidder waives his right to submit a subsequent complaint to the Procuring Entity, the Ministry or any other entity, due to information found to be missing or inadequate in his Bid. The Bid reception confirmation will be signed by the Bidder Agent.

Bids must be submitted in separate envelopes, clearly stating which is the Administrative Bid, the Technical Bid and the Economic Bid. These must identify the name of the Bidder, the company, or companies that comprise a Consortium or Joint Venture. The Technical Bid and the Economic Bid must also indicate the name of the respective Project. Submission will not be later than the date and time indicated in Section 4 of these Terms and Conditions.

Each envelope must be closed and sealed and must contain a printed original copy of the Bid and its respective documents, together with a copy of this material on CD or DVD, using MS Office or Adobe Acrobat PDF formats, so that further copies of the Bid documents can be printed.

Each envelope will be signed by the professionals representing the Procuring Entity that participate in the Bid reception process. The envelopes containing all the Bids will be kept at the offices of the Procuring Entity.

Bids must be submitted at the address given below. Envelopes must be addressed to the Procuring Entity in the following manner:

**Attn.
NAME
Procuring Entity**

ADDRESS

Santiago

Chile

BIDDER'S NAME:

BID: ADMINISTRATIVE, TECHNICAL or FINANCIAL (as appropriate)

PROJECT: "PROJECT NAME"

The Procuring Entity will not receive any Bid after the date and time indicated as the deadline for the receipt of Bids. It will keep a record of all the Bids received, which will be dated and numbered consecutively.

9.3 ERRORS OR OMISSIONS IN BIDS

Errors, omissions, amendments, deletions, or inaccuracies in the translation of documents, or conditions of any kind, in Bids or their supporting documents, regardless of whether they are mathematical in nature, will be the sole responsibility of the Bidder and will not alter in any way the prices contained the Economic Bid nor the obligation to comply with these Terms and Conditions. This situation will empower the Procuring Entity to eliminate such a Bid from the Tender Process.

10 OPENING AND EVALUATING BIDS**10.1 GENERAL PROCEDURE FOR OPENING AND EVALUATING BIDS**

The criteria to be used when evaluating Bids will be the following: Administrative Bid: compliance with administrative and commercial aspects. Technical Bid: Compliance and quality of the Technical Bid, and Economic Bid: the financial value of the Bid.

The Bid opening and evaluating stages will be performed as follows:

1. Opening the Administrative Bid.
2. Opening the Technical Bid.
3. Evaluation of the Administrative Bid.
4. Evaluation of the Technical Bid.
5. Opening and evaluation of the Economic Bid.

The conditions and requirements to open and evaluate each Bid are as follows.

10.2 OPENING AND EVALUATING THE ADMINISTRATIVE BID**10.2.1 Opening Ceremony for the Administrative Bid**

All the Bidders may attend the opening ceremony, to which the Procuring Entity will invite the Bidders in a timely manner.

The opening ceremony for the Administrative Bid of each Bidder will be performed at the place chosen by the Procuring Entity. This ceremony will include all Bids and will take place no later than twenty-four hours after the expiry of the deadline referred to in Section 4 of these Terms and Conditions.

This ceremony will be performed by professionals representing the Procuring Entity, who will check to ensure that all the documents requested in Section 8.2 of these Terms and Conditions have been included.

At this ceremony the Procuring Entity will prepare a report which will record the Bids submitted and the documents received. When the opening ceremony has finished, this report will be sent to the Commission via email and published on the web page of the Procuring Entity.

The documents contained in each Administrative Bid will be kept by the Procuring Entity until they are evaluated.

10.2.2 Evaluation of the Administrative Bid

The Administrative Bids will be evaluated after they have been opened in two phases.

- a) Initially the submission of Documents 1 to 12 indicated in Section 8.2 of these Terms and Conditions will be verified.
- b) Subsequently, the financial aspects, experience and technical competence of the Bidder that submitted the Administrative Bid will be evaluated, in accordance with the provisions of Document 11 and 12 of these Terms and Conditions.

The evaluation method that will be used to evaluate the Administrative Bid is as follows.

10.2.2.1 Evaluation of Administrative Aspects

The inclusion of all documents that these Terms and Conditions require the Bidder to submit in the Administrative Bid, which are the Documents 1 to 12 indicated in Section 8.2 of these Terms and Conditions, will be verified.

This section will use an administrative evaluation matrix as described below in the Administrative Evaluation Matrix:

Table 3: Administrative Evaluation Matrix

Documents Relating to Administrative Aspects		1 = YES 0 = NO
1	Statement of Acceptance of the Terms and Conditions, its Appendices and the Period of Bid Validity.	
2	Description and Identification of the Bidder.	
3	Appointment of the Bidder's Representative.	
4	Consortium or Association Agreement.	

Documents Relating to Administrative Aspects		1 = YES 0 = NO
5	Performance Bond for Seriousness of Bid	
6	Legal Status of the Bidder	
7	Public Deed of Commitment to Constitute a Corporation whose Sole purpose is Transmission (SAGET), and its Compliance Commitment.	
8	Performance Bond to Constitute a Corporation whose Sole purpose is Transmission (SAGET), and its Compliance Commitment.	
9	Operating Regime Acceptance Declaration.	
10	Legal Obligations and Fines Acceptance Declaration.	
11	Financial Evaluation.	
12	The Bidder's Experience and Technical Ability.	

Document 4 is only required if the Bidder is a Consortium or Joint Venture.

Documents 7 and 8 will not be necessary if the Bidders are already constituted as corporations whose sole purpose is transmission or (SAGET) and this is testified in their respective deeds and inscriptions in the Trade Register included in Document 6.

If any of the documents listed in the Administrative Evaluation Matrix, contain mistakes, errors or is incomplete, the respective document will be evaluated with a zero. Legal documents will comply with the solemnities and formalities required in these Terms and Conditions, otherwise, they will be evaluated with a zero.

Bidders with a zero for any of the documents requested in this matrix will be eliminated from the Tender Process, except as already mentioned for documents 4, 7 and 8 and as described in Sections 10.2.3 and 10.2.4 of these Terms and Conditions.

10.2.2.2 Evaluation of the Bidder's Experience and Financial Situation

Bids that comply with all the documentation requirements in the previous Section will be evaluated according to the Bidder's financial, commercial and technical aspects and experience, which have been submitted in the Administrative Bid. Specifically, the information contained in Documents 11 and 12, as requested in Section 8.2.11 and 8.2.12 of these Terms and Conditions, will be evaluated.

The financial aspects will be evaluated as follows and in accordance with the Table 4: Trade and Financial Background Information Evaluation Matrix :

- a. The risk rating submitted by Bidders should not be less than BB internationally and not less than BBB locally. Bidders that submit lower risk ratings will be eliminated from the Tender Process.
- b. The equity submitted by Bidders, or the sum of the equity of companies or legal entities in a Consortia, must be greater than or equal to the values indicated in the following table:

Number	Project	Minimum Required Equity US\$ thousands
1	Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit.	32,000
2	New Autotransformer Bank 1x750 MVA 500/220 kV in Substation Nueva Cardones, Substation Nueva Maitencillo and Substation Nueva Pan de Azúcar.	24,200
3	New Line Nueva Maitencillo - Punta Colorada - Nueva Pan de Azúcar 2x220 kV, 2x500 MVA.	35,500
4	Sectioning Substation Nueva Lampa 220 kV.	4,300

Table 4: Trade and Financial Background Information Evaluation Matrix

Evaluation of Document 11: "Trade and Financial Background Information"	1 = YES 0 = NO
Risk Rating	
Equity submitted by the Bidder.	

Where total net equity is denominated in Chilean pesos, the average exchange rate for the observed US dollar during June 2016 must be used.

The minimum equity that the Bidder must reach is the sum of the values indicated in the above table for the Projects where the Bidder has submitted a Technical Bid.

The information contained in Document 12 will be evaluated according to Appendix 6. Bidders that achieve an evaluation lower than 5.0 according to indicated Appendix will be eliminated from the Tender Process, notwithstanding Sections 10.2.3 and 10.2.4 of these Terms and Conditions.

10.2.3 Administrative Bid Evaluation Report

When the evaluation of Administrative Bids has been completed, the Procuring Entity will prepare a report containing the results of this evaluation.

If one or more Bidders are evaluated with a score of zero in Table 3: Administrative Bid Evaluation Matrix, the Procuring Entity must indicate the mistakes or points which require clarification in the documents or background information only once, and will start a period of three working days for Bidders to correct these mistakes or submit clarifications with respect to the documents or background information referred to in the report.

This report will contain:

1. The Administrative Bid Evaluation Matrix with the corresponding evaluations of all Bidders.
2. The mistakes or omissions in these documents or background information evaluated with a zero.
3. The unclear points in these documents or background information.
4. The Trade and Financial Background Information Evaluation Matrix with the corresponding evaluations of all Bidders.
5. Evaluation of Document 12 - The Bidder's Experience and Technical Ability.
6. The expiry date of the three working day period for Bidders to correct their errors or omissions.

The report will be sent to all the Bidders, via registered email, no later than 24 hours after its preparation, and will be made public within the same period, through its publication on the web site of the Procuring Entity.

10.2.4 Clarifications or Corrections

Bidders may submit the missing documents or the corrected or clarified background information, in the manner prescribed in these Terms and Conditions, on the day indicated in number 6 of the Administrative Bid Evaluation Report (Section 10.2.3 of these Terms and Conditions), at the address of the Procuring Entity.

On the working day following the expiry of the period for Bidders to correct mistakes or include missing documents, the Procuring Entity will evaluate the new documents or background information in the manner described in Section 10.2.2 of these Terms and Conditions.

The Procuring Entity will prepare a new Administrative Bid Evaluation Report that includes the results of the clarifications and corrections. Bidders that do not achieve the minimum evaluation score will be eliminated from the Tender Process. This report will be sent to all the Bidders, via registered email, no later than 24 hours after its preparation, and will be made public within the same period, through its publication on the web site of the Procuring Entity.

Administrative Bids that have been accepted will be returned to the same envelope they came in and will be sealed and stored in an office with a special key for this purpose. The Procuring Entity will keep that key.

The Procuring Entity will prepare a report that will record who submitted Bids, the documents received and the Bids eliminated from the Technical and Economic Bid evaluation process. The Procuring Entity must send this report no later than 24 hours after completion of the administrative

evaluation to the Bidders whose Administrative Bid has been eliminated in accordance with these Terms and Conditions. This report will be sent by e-mail to the address registered by each Bidder.

If after the administrative evaluation, and the clarification or correction period if any, all of the Bidders have been eliminated in accordance with the preceding paragraphs, the Procuring Entity will follow the procedure indicated in Section 10.5.2 of these Terms and Conditions.

10.3 OPENING AND EVALUATING THE TECHNICAL BID

10.3.1 Opening Ceremony for the Technical Bid

All the Bidders may attend the opening ceremony, to which the Procuring Entity will invite the Bidders in a timely manner.

The Procuring Entity will open the envelopes called Technical Bid within the period referred to in Section 4 of these Terms and Conditions, which refer to opening the Technical Bids.

This opening ceremony for the Technical Bids will be performed by the Procuring Entity, who will check to ensure that all the documents requested in Section 8.3 of these Terms and Conditions have been included.

The Procuring Entity will prepare a report that will record who submitted Bids, the documents received and the Technical Bids eliminated from the opening process. This report will be sent to the Bidders via email.

10.3.2 Evaluation of the Technical Bid

The Procuring Entity will verify that Documents 13 to 15 indicated in Section 8.3 of these Terms and Conditions have been submitted. The Bidders whose Bids pass this stage, will be evaluated in accordance with their Economic Bid.

The evaluation method that will be used to evaluate each Technical Bid is as follows.

10.3.2.1 Evaluation of the General Technical Background Information for the Project

Bids will be initially evaluated in relation to the background information requested in Documents 13 to 15 indicated in Section 8.3 of these Terms and Conditions, in accordance with the following Technical Background Information Evaluation Matrix:

Table 5: Technical Background Information Evaluation Matrix

Documents relating to General Technical Background Information		1 = YES 0 = NO
13	Project Timeline	
14	Deadline Commitment.	

Documents relating to General Technical Background Information		1 = YES 0 = NO
15	Project Technical Description.	

If any of the documents listed in the Technical Background Information Evaluation Matrix are missing, contain significant inconsistencies or are incomplete, they will be evaluated with a zero. Legal documents will comply with the solemnities and formalities required in these Terms and Conditions, otherwise, they will be evaluated with a zero (0).

Bidders with a zero for any of the documents requested in this matrix will be eliminated from the Tender Process. Those Bidders with a one (1) in each of the three fields will pass the Project technical background information evaluation.

10.3.2.2 Project Technical Background Information Evaluation

During the Technical Bid evaluation stage, the Procuring Entity may request any Bidder for information that it deems relevant, in order to verify the background information contained in their Technical Bid or the validity of their proposed deadlines and background information. These requests by the Procuring Entity will be reported to all Bidders via email. Bidders will submit the information requested in the manner and timing indicated by the Procuring Entity.

The criteria for evaluating the background information and technical characteristics of the Project contained in each Bidder's Technical Bid are detailed in Appendix 7. Only those Bidders with an evaluation equal to or greater than five for the aspects evaluated according to Appendix 7, will pass to the opening stage of the Economic Bid.

The Procuring Entity will prepare a report that will record who submitted Bids, the documents received and the Bids eliminated from the Economic Bid evaluation process. This report will include a section that justifies why a Bid was eliminated during the Technical Bid Evaluation stage, with background information and observations that support the respective evaluation according to Appendix 7. This report will be sent to all the Bidders, via registered email, no later than 24 hours after its preparation, and will be made public within the same period, through its publication on the web site of the Procuring Entity.

If after the technical evaluation, all the Bidders have been eliminated in accordance with the preceding paragraphs, the Procuring Entity will follow the procedure indicated in Section 10.5.2 of these Terms and Conditions.

10.4 OPENING AND EVALUATION OF THE ECONOMIC BID

10.4.1 Opening Ceremony for the Economic Bid

All the Bidders may attend the opening ceremony, to which the Procuring Entity will invite the Bidders in a timely manner.

After the Procuring Entity has reported the results of the Administrative and Technical Bid evaluations to the Bidders, it will open the envelopes marked Economic Bid submitted by the Bidders whose Administrative and Technical Bids were accepted, within the period indicated in Section 4 of these Terms and Conditions regarding the opening the Economic Bids, according to the evaluation described in Sections 10.2 and 10.3 of these Terms and Conditions.

The envelopes for the Economic Bids submitted by the Bidders whose Bids were eliminated during the Administrative or Technical evaluation stages will be returned unopened.

The Procuring Entity will eliminate from the Tender Process those Bidders that have included more than one Economic Bid in their envelopes.

At the Economic Bid opening ceremony, the Procuring Entity will prepare a report that will record who submitted Bids, those that were not opened, the background information received in the opened Bids, and the proposed values in the Economic Bids sorted from lowest to highest, clearly identifying the respective Bidder.

10.4.2 Evaluation of the Economic Bid

The Procuring Entity will award the Project to the Bidder that submits the best Economic Bid according to the regulations governing this Tender Process⁷, i.e. the lowest Annual Transmission Value by Tranche (VATT) for each Project, which is described in Section 8.4.1.

The VATT of the successful Bidder will be remunerated, and will consider the status of the system when the Expansion Plan was prepared. Any change in the status and consequences to service security when the Project is connected or during commissioning will be assumed by the owners of the respective facilities, as they must comply with the technical standards and these costs are not included in the VATT for the new Project tender and therefore the new Project is not responsible for them.

If there is a tie between two or more Bids, the contract will be awarded to the Bidder that has the highest simple average evaluation for the aspects listed in Appendix 7, which evaluates the Technical Bid.

If a tie persists, a random selection method will apply.

The Procuring Entity will issue a Final Report regarding the Tender Process, which contains the evaluation results of the Administrative, Technical and Economic Bids. It will be communicated to all the Bidders through their respective representatives, and published on its web page, which will be in the public domain.

⁷ It references Article 95 of the law in effect until the enactment of Law No. 20,936, referred to in footnote 5.

10.5 DECLARATION ELIMINATED BIDS AND ABANDONED TENDER

10.5.1 Declaration Eliminated Bids from the Tender Process

The Procuring Entity will prepare a report that lists those Bidders eliminated from the Tender Process and justifies these decisions, which will depend on the Tender Process stage, and be in accordance with these Terms and Conditions.

10.5.2 Abandoned Tender Process

If there are no Bids submitted, or none of the Bidders comply with the Tender Terms and Conditions, the Procuring Entity will declare the Tender Process abandoned, without the Bidders having any right to compensation, and without the Bidders being able to make a claim or request a refund. This situation will be recorded in a report prepared by the Procuring Entity, which describes and justifies the background information and reasons for their decision to declare the Tender Process abandoned.

If this occurs, the Procuring Entity will have a period of three days to inform the Ministry, the Commission and the Superintendence of this situation, and publish the respective report on its web page.

The Commission will prepare new Tender Terms and Conditions in accordance with DFL 4 and the Expansion Plan Decree, except for those aspects relating to the deadlines established in that Decree, and the Procuring Entity will proceed in accordance with these new Terms and Conditions.

11 AWARDING THE RIGHTS TO EXPLOITATION AND EXECUTION THE PROJECT

11.1 AWARDING THE PROJECT

The Procuring Entity will select the Contractor and award Projects in accordance with these Terms and Conditions, within a period of not more than sixty days from the date the Bids are received. Within 24 hours of evaluating the Economic Bids, it will notify the representative of the successful Bidder in this Tender Process by registered letter, which will be accompanied by a copy of the respective Tender Award Report. A copy of such notification will be forwarded to the Ministry, to the Commission and to the Superintendence. Within five days of receiving such notification, the Commission will submit to the Ministry a technical report, as a basis for the decree that awards the rights to implement and operate the Project.

The Contractor must sign a Project acceptance document, through a public deed, within five days of receiving the letter referred to in the preceding paragraph, which records its acceptance of the Project award and compliance with the conditions contained in its Bid, and its commitment to comply with the obligations, conditions and legal rights that the decree that awards the rights to exploitation and execution the Project imposes. Non-compliance with the provisions of this paragraph will be reported by the Procuring Entity and enable the Superintendence to collect the respective Performance Bonds, in accordance with these Terms and Conditions. Furthermore, the Procuring Entity may then award the Project to the Bidder that achieved second place.

In which case, the Procuring Entity will follow the same procedure detailed in the first sub-paragraph of this Section. The new Bidder must then update the validity of the corresponding Bonds, and must sign a Project acceptance document, through a public deed, within five days of receiving the letter referred to in the first paragraph, which records its acceptance of the Project award and compliance with the conditions contained in its Bid, and its commitment to comply with the obligations, conditions and legal rights that the decree that awards the rights to exploitation and execution the Project imposes. If the new Contractor fails to comply with this obligation, it will be immediately eliminated from the Tender Process, the procedure indicated in the preceding paragraph regarding Performance Bonds will be applied, and the Procuring Entity will proceed as described in this paragraph with the next Bidder.

If the Project is not awarded to any of the evaluated Bidders, the Procuring Entity will declare the Tender Process abandoned, and follow the procedure referred to in Section 10.5.2 of these Terms and Conditions.

11.2 EXECUTION OF THE PROJECT

Project execution under the conditions established in the Bid prepared by the Contractor will be supervised by the Procuring Entity in accordance with the conditions and mechanisms established in these Terms and Conditions, which will be construed as an integral part of its Bid.

The Procuring Entity will be responsible for monitoring Project progress, through Technical Audits of Project execution, approve compliance with the Project's Significant Milestones and report any breaches in technical deadlines and conditions to the Ministry and to the Superintendence, so the latter can collect the corresponding Performance Bonds, in accordance with the modalities, formalities and deadlines that are specified in these Terms and Conditions and the applicable standards.

11.2.1 Audit.

The Procuring Entity will appoint an auditor for each Project during the Project execution phase, with regard to compliance with deadlines, milestones and technical requirements previously defined for implementing the Project.

The audit includes verifying compliance with the Project's Significant Milestones, and its technical characteristics, which the Contractor undertook to meet in his Technical Bid, in accordance with the Tender Terms and Conditions, and which specifically includes the following:

- i. Monitor and certify compliance with the Project's Significant Milestones throughout the execution phase, as defined in Section 8.3.1 of these Terms and Conditions.
- ii. Every two months send an executive report to the Coordinator, the Commission and the Superintendence that describes the status and progress percentage of the works being executed.

The Contractor and the owners of the corresponding substations will grant the Technical Auditor's staff and the Coordinator free access to the Project facilities and to the Project's background

information, as required and deemed necessary to monitor, verify and control compliance with the obligations arising from the decree that awards the rights to exploitation and execution the Project.

Therefore, the Contractor will promptly provide the Auditor with the following information in the manner requested:

- i. All the information necessary to verify compliance with each Significant Milestone, 30 days prior to the expected deadline for the respective milestone.
- ii. All the information necessary to constantly verify the ability of the Contractor and its subcontractors to correctly executed the Project within the deadlines, to the required technical characteristics and quality.
- iii. Calculation memoranda, certificates and other documents that the auditor considers necessary to demonstrate that the Project complies with the Technical Bid and the requirements described in the Tender Terms and Conditions.
- iv. Documentation to support the contractor's administration and communication with public bodies in relation to the Project.
- v. Project schedules, progress, testing and commissioning. The protocols for these tasks and their results.
- vi. Seismic calculation memoranda for the structures and primary equipment at the substations that verify compliance with technical standards.
- vii. Technical inspection of the requirements defined in these Terms and Conditions and those proposed by the Contractor in its Bid.
- viii. Technical inspection of the Project when works are implemented in substations.

The auditing for the Procuring Entity may not be performed by companies that are related or affiliated with the Project's Contractor.

The Procuring Entity may define additional reports, calculation memoranda and protocols apart from those included in this Section, if it deems this necessary to ensure that the Project is properly executed or to verify compliance with milestones, etc. The Auditor and Technical Inspector will request these from the Project Contractor, who must promptly respond in the manner required by the Procuring Entity. The financing of these analyzes or reports will be borne by the Contractor.

12 PERFORMANCE BONDS FOR PROJECT EXECUTION AND OPERATION

The Contractor must provide the Bonds described in Sections 8.2.5 and 8.2.8 of these Terms and Conditions, and the Performance Bonds detailed below.

These Performance Bonds may be provided by any member of a Consortia, where applicable, or by the company indicated in Section 8.2.7 of these Terms and Conditions, if the Performance Bonds are issued after it has been incorporated. In this case the holder of the Performance Bond must be expressed as follows: (name of the corporate member of the Consortium on behalf of the Consortium (name of the Consortium) or of the corporation whose sole purpose is transmission (SAGET)).

12.1 PERFORMANCE BONDS FOR PROJECT MILESTONES

The Contractor must safeguard full compliance with the Project's Significant Milestones, established according to Section 8.3.1 of these Terms and Conditions, by providing Performance Bonds. These Performance Bonds must be submitted to the Procuring Entity within five working days of the publication in the Official Gazette of the Decree establishing exploitation and execution right for the Project.

The mechanism for submitting the Performance Bonds will be as follows:

- i. The Contractor for each Project will submit a Performance Bond that will be valid for a period expiring not less than 60 days after the deadline in its Gantt Chart for the Project's first Significant Milestone. Its value will be equivalent to 2% of the Project's referential investment value, established in the Expansion Plan Decree and in these Terms and Conditions.
- ii. Notwithstanding whether the Superintendence has collected the Performance Bond for this milestone, the Contractor will submit another Performance Bond no later than the deadline for the first Significant Milestone, for the value indicated in the preceding paragraph, and valid for a period expiring not less than 60 days after the deadline in its Gantt Chart for the Project's next Significant Milestone.
- iii. The mechanism for submitting the Performance Bonds for the Project's remaining Significant Milestones will be the same.
- iv. The Contractor must safeguard the proper execution of the Significant Milestones for each stage of the "Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit." Project, in accordance with Section 8.3.1 of these Terms and Conditions. Therefore, the Contractor will submit Performance Bonds for the Significant Milestones for stages 1 and 2 of the Project, with values of 20% and 80% respectively of the figure defined in letter i. above. The Performance Bonds for this Project will be submitted as follows:

Performance Bond for Significant Milestone 1.

- Number of Bonds: One Bond for compliance with Significant Milestone 1 for each stage of the respective Project, considering the stages indicated in Section 2.2.1.5 of these Terms and Conditions.
- Deadline and format of the submission: The Bonds must be submitted to the Procuring Entity within five working days of the publication in the Official Gazette of the decree that awards the rights to exploitation and execution the Project.
- Expiry: Not less than 60 days after the deadline defined in the Bidder's Gantt Chart for compliance with Significant Milestone 1 for the respective stage of the Project.

Performance Bonds for Significant Milestones 2 to 5.

- Number of Bonds: One Bond for compliance with each Significant Milestone for each stage of the respective Project, considering the stages indicated in Section 2.2.1.5 of these Terms and Conditions.
- Deadline and format of the submission: The Bonds must be submitted to the Procuring Entity no later than the deadline established in the Bidder's Gantt Chart for compliance with the previous Significant Milestone for the respective stage of the Project.
- Expiry: Not less than 60 days after the deadline defined in the Bidder's Gantt Chart for compliance with the Significant Milestone of the respective stage of the Project.

12.1.1 General Conditions Applicable to Performance Bonds for Project Milestones

Collecting a Performance Bond will not affect the Contractor's obligation to submit the remaining Bonds within the deadlines already defined.

Each of the Bonds described in the preceding Sections must be provided by the Contractor for the benefit of the Ministry of Energy, be payable at sight, and the Ministry will be responsible for its collection, though it may endorse them for collection to the Superintendence. These documents will ensure that the Contractor will comply with the deadlines referred to in its Gantt Chart for the respective stages and Significant Milestones of the Project. If this does not happen, the Procuring Entity will report this situation within five days to the Commission, the Superintendence and the Ministry of Energy by forwarding the Bonds for collection.

These documents must be issued in Chile by a banking institution established in Chile, from which the Ministry or the Superintendence may collect. The description on each Performance Bond must be: "To guarantee compliance with the deadline for the (the significant Project milestone), according to Document 13 of the Technical Bid, for the execution of the new transmission projects (Project name and stage number), and the conditions established in the decree issued by the Ministry of Energy that awards the rights to exploitation and execution the Project".

The Procuring Entity will inform the Contractor in a confidential manner regarding the custody of the respective Performance Bond.

Performance Bonds will be returned to the Contractor after the Procuring Entity sends the corresponding report to the Superintendence and the Ministry within fifteen days of the Procuring Entity receiving the respective Technical Auditor's report, which verifies timely and full compliance with the deadline for the respective milestone, and after having received the Performance Bond for the next Significant Milestone.

The Performance Bond for compliance with the Significant Milestone associated with the Project becoming operational will be returned within five days of the Contractor submitting the Performance Bond to the Procuring Entity for the proper operation of the Project, in accordance with the conditions proposed by the Contractor.

12.2 FINES FOR DELAYS IN THE PROJECT BECOMING OPERATIONAL

Notwithstanding collecting the Performance Bond for the Project becoming operational, the Contractor will be subject to a Treasury fine equivalent to 0.068% of the Project's referential investment value established in the Expansion Plan Decree, for each day's delay in the respective stage of each Project becoming operational, with a limit of 730 days for each delayed stage.

The percentages of the daily fine for each day's delay in the first stage becoming operational on the "Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit" Project, splitting the 220 kV line between the substations Pozo Almonte and Lagunas, and the second stage for the new lines, in 0.017% and 0.051% respectively.

Therefore, the date the Project becomes operational and its corresponding stages will be established in the decree issued by the Ministry of Energy that awards the rights to exploitation and execution the Project.

The Procuring Entity will certify the number of days' delay that it has verified within each month and issue a settlement statement. It will inform the Contractor about the fines to be paid to the General Treasury of the Republic. The Contractor will pay the fine within five working days of receiving such communication from the Procuring Entity, using form 10 issued by the General Treasury of the Republic. This obligation will be monitored by the Superintendence, by virtue of its legal authority.

12.3 RIGHT TO TERMINATE THE PROJECT EXECUTION PROCESS EARLY AND REVOKE THE AWARD

Notwithstanding collecting the respective Performance Bonds, the Procuring Entity reserves the right to terminate the Project execution process early, after obtaining authorization from the Ministry, in the event of serious contract breaches, such as failure by the Contractor to submit the corresponding Performance Bonds within the required deadlines, or other breaches that suggest that the Contractor cannot comply with Project execution.

The Ministry will authorize early termination of the Project execution process, by issuing the respective administrative deed, provided the Procuring Entity has adequately demonstrated the serious breaches referred to in the preceding paragraph.

Early termination of the Project execution process will not entitle the Contractor to any compensation. In this case the Ministry or the Superintendence will collect the Performance Bond referred to in Section 12.5 of these Terms and Conditions.

If the Project execution process is terminated early, a new invitation to tender must be prepared in accordance with the law.

12.4 BOND THAT GUARANTEES THE PROJECT OPERATES IN ACCORDANCE WITH THE AWARD CONDITIONS

At least 30 days before the corresponding stage of the Project entry into operation, the Contractor will submit a Performance Bond to the Procuring Entity, in order to ensure that the Project stage operates according to the technical conditions proposed by the Contractor throughout its first year of operation. It will expire 15 months after the Project entry into operation I, and be valued at an amount equivalent to 3% of the Project's referential investment value, as established in the Expansion Plan Decree. The value of the Bonds for the "Sectioning Substation Nueva Pozo Almonte 220 kV; New Line 2x220 kV between Substation Nueva Pozo Almonte - Pozo Almonte, installing the first circuit; New Line 2x220 kV between Substation Nueva Pozo Almonte - Condores, installing the first circuit; and New Line 2x220 kV between Substation Nueva Pozo Almonte - Parinacota, installing the first circuit" Project will be split for the 220 kV sectioning line between the substations Pozo Almonte and Lagunas, and the new lines, into 0.75% and 2.25% respectively.

The submission of the indicated Performance Bonds will be a requirement to authorize the respective stage of the Project entry into operation.

These Bonds will benefit the Ministry of Energy, be payable at sight, with the Ministry or the Superintendence being responsible for their collection, should the Procuring Entity verify that the conditions to trigger their collection have been met.

The Ministry may endorse the collection of such Performance Bonds to the Superintendence. These documents will ensure that the Bidder fully respects all the operating conditions proposed in its Bid. Otherwise the Procuring Entity will inform the Ministry, the Commission and the Superintendence of the breach in such condition, and will send the respective Performance Bond to the Ministry for collection, who may endorse it over to the Superintendence for collection.

These documents must be issued in Chile by a banking institution established in Chile, from which the Ministry or the Superintendence may collect. The description on each Performance Bond must be: "To guarantee that the Project operates according to the technical conditions awarded in the Tender Process that awards the rights to exploitation and execution the Transmission Project (Project name and stage number) of the (national transmission system)".

The Procuring Entity will inform the Contractor in a confidential manner regarding the custody of the respective Performance Bond.

The Performance Bonds will be returned to the Contractor within fifteen days of the Procuring Entity receiving the Technical Auditor's report verifying the correct operation of the respective stage of the Project during its first 12 months of operation in the Central or Northern Grid, as appropriate.

12.5 PERFORMANCE BOND FOR PROJECT EXECUTION AND PAYMENT OF FINES

In addition to the Performance Bonds referred to in Section 12.1 of these Terms and Conditions, the Contractor will submit a Performance Bond, in order to guarantee that the Project is effectively

executed. Also, to guarantee the payment of fines for delays in Project commissioning, for a value equivalent to 8% of the Project's referential investment value, as established in the corresponding Expansion Plan Decree.

These Bonds must be provided by the Contractor for the benefit of the Ministry of Energy, be payable at sight, and the Ministry may endorse them over to the Superintendence for collection.

This Performance Bond will be submitted to the Procuring Entity within five working days of the publication in the Official Gazette of the decree that awards the rights to exploit and execute the Project, and will expire more than six months after the deadline established in its Gantt Chart for the fifth significant Project milestone. Notwithstanding its indicated term, the Contractor must renew this Performance Bond at least 60 days before its expiration date, until it has complied with the conditions required for its return. Notwithstanding the foregoing, the Performance Bond may have an annual term for the value specified in the first paragraph above, in which case it must be renewed with the same terms described above.

If the Project execution process is terminated early, in accordance with Section 12.3 of these Terms and Conditions, and if fines for the delays referred to in Section 12.2 of these Terms and Conditions are not paid, then the corresponding Performance Bond will be collected.

This document must be issued in Chile by a banking institution established in Chile, from which the Ministry or the Superintendence may collect. The description on each Performance Bond must be: "To guarantee the effective execution of the Project and the payment of fines, according to the Technical Bid, for the execution of the new transmission project (Project name), in the corresponding Tender Terms and Conditions and the conditions established in the decree issued by the Ministry of Energy that awards the rights to implement and operate the Project".

The Procuring Entity will inform the Contractor in a confidential manner regarding the custody of the respective Performance Bond.

The Performance Bonds will be returned to the Contractor after the Procuring Entity issues a report within fifteen days of the Procuring Entity receiving the respective Technical Auditor's report, which establishes that the Project has become operational, and after receiving the Performance Bond for the proper operation of the Project according to the conditions proposed by the contractor, and verification by the Procuring Entity that the Contractor has paid the fines for the delays referred to in Section 12.2 of these Terms and Conditions, if any.

13 GENERAL OBLIGATIONS OF THE BIDDER AND THE CONTRACTOR

13.1 ACQUISITIONS

The purchase or rental of movable or immovable property, materials or technical implements that are necessary to deploy the Project facilities must be performed directly by the Contractor, under its sole responsibility and at its own risk, in accordance with DFL 4 and other applicable regulations.

13.2 EASEMENTS

All expenditure on easements will be the sole responsibility of the Contractor.

Easements will be the responsibility of the Contractor. Consequently, the Contractor will be responsible for constituting them according to current legislation and ensuring that they meet the Project execution and operational deadlines.

All costs arising from the acquisition of land, expropriations and other similar costs in relation to easements are the responsibility of the contractor, and must be included within its Economic Bid.

13.3 ENVIRONMENTAL ASPECTS

The Contractor will be responsible for the costs of compliance with all the environmental regulations that apply to the Project.

13.4 CIVIL LIABILITY INSURANCE FOR DAMAGE TO THIRD PARTIES

During Project execution, the Contractor will take all appropriate measures to prevent damage to third parties, and bodily injury or death relating to anyone working on the Project or third parties. During Project execution, the Contractor will also take all precautions to avoid damage to third party property and the environment.

During Project execution and exploitation, the Contractor will be solely responsible for any damage of any nature to third parties, to anyone working on the Project, to third party property or to the environment. Accordingly, it will take out appropriate insurance policies.

No later than thirty days before compliance with Significant Milestone 1 indicated in the Gantt Chart of its Technical Bid, the Contractor will submit to the Procuring Entity copies of its civil liability insurance policies, certified by the insurance company. The value must be equivalent to 1% of the Project's referential investment value established in the Expansion Plan Decree, with a maximum deductible of 5%, payable immediately, and valid throughout Project execution until 12 months after the Project entry into operation.

The insured must be at least the Contractor, its related companies and subcontractors.

The foregoing is notwithstanding the authority of the Superintendence to collect the respective Performance Bonds.

13.5 CATASTROPHE INSURANCE

No later than thirty days before compliance with Significant Milestone 1 indicated in the Gantt Chart of its Technical Bid, the Contractor will take out one or more insurance policies that cover catastrophic risks during Project execution until it becomes entirely operational. Such insurance will

be for a value that over time will cover at least 20% of the Project referential investment value established in the Expansion Plan Decree. This insurance will be for "All Construction Risks" and the insured must be at least the Contractor, its related companies and subcontractors. Any amounts received as a result of claims on the catastrophe insurance policies will be dedicated to reconstruct or repair damage to the Project. This insurance will be valid throughout Project execution until the entire Project entry into operation and the Contractor will submit proof of immediate payment of the corresponding premiums. The Procuring Entity will be responsible for monitoring this obligation.

Such insurance policies must cover catastrophic risks during Project execution, including popular unrest and malicious acts, and it must remain valid until the Project entry into operation.

The catastrophic insurance policies may not be included in nor include the civil liability policies referred to in Section 13.4 of these Terms and Conditions. They will be submitted separately.

The Contractor will be responsible for claiming on these policies from the insurance companies and securing payments for damage or loss.

The foregoing is notwithstanding the authority of the Superintendence to collect the respective Performance Bonds.

13.6 PATENTS, PERMITS AND OTHER LICENSES

The Contractor will be responsible for securing the permits, patents and other legal obligations, during Project execution and exploitation, including compliance with the connection conditions to the corresponding Grid.

13.7 IDENTIFICATION OF INTERFERENCE

The Contractor is responsible for identifying and resolving any interference that may occur during Project execution, interconnection and exploitation, such as interference with other lines, substations, or generation facilities, etc. Therefore, the Contractor will be responsible for the cost of any corresponding transfer or adaptation to facilities.

13.8 OTHER PROJECT CRITERIA

During the Project's development the Contractor must consider the following:

- i. Compliance with technical standards of service quality and safety, and all other regulations (environmental, technical, electrical, DGA, DGAC, etc.).
- ii. Perform the corresponding impact studies before the Project entry into operation, according to current regulations.
- iii. Ensure that the technical and construction characteristics of line interconnection bays at substations are compatible with the existing facilities and systems.
- iv. Ensure that the control and protection systems are compatible with existing systems.

- v. Identify the design and calculation criteria for projects in this area, according to current regulations. As a reference, NSEC Standard 5 in 71 for heavy currents is recommended.
- vi. Identify the security factors, and the environmental, seismic and climate sensitivity that characterizes the Project area.

The Bidder will be responsible for including in its design criteria the seismic specifications that its experience suggests. This experience is based on its own projects in Chile and the experience of suppliers that have provided equipment for projects in Chile.

The electrical equipment in general, its components, structures, equipment and attached accessories, must be designed in such a way that they can withstand severe earthquakes, without damage nor disruption to the facility's services, based on the design of their foundation and the land at that location.

Forces must be considered in horizontal and vertical planes, using generally accepted design criteria for seismic acceleration, displacement and speed.

- vii. The design must consider that this equipment generally has rigid and flexible components. However, these should all react harmoniously during seismic events, and maintain the desired secure response within the recommended ranges.

APPENDICES

ANEXO 1 LIST OF RISK-RATING COMPANIES

- i. Feller-Rate
- ii. Moody's
- iii. Standard and Poor's
- iv. Fitch Ratings
- v. Humphreys
- vi. International Credit Rating

ANEXO 2 FORMAT FOR THE TERMS AND CONDITIONS ACCEPTANCE DECLARATION

SWORN STATEMENT

In (city/country), on (date) 2016, (name of the Bidder Agent), representative of (name of the Bidder's legal entity) declare my understanding and acceptance of the Tender Terms and Conditions prepared by the National Energy Commission for the Tender Process that awards the rights of Exploitation and Execution the new transmission projects referred to in the Exempt Decree 373 dated 2016 issued by the Ministry of Energy, in the trunk transmission system for the (Central or Northern Grid as appropriate) and undertake to observe its provisions. I further declare that the Administrative Bid, Technical Bid and Economic Bid will be valid for 120 days from the deadline established for their submission, as indicated in the Tender Terms and Conditions mentioned above. I further declare and certify the accuracy and integrity of the translations of the documents that accompany this Bid, and their alignment with the original texts, where appropriate.

(name and signature of the Bidder Agent)

ANEXO 3 FORMAT FOR THE OPERATING REGIME ACCEPTANCE DECLARATION.

SWORN STATEMENT

In (city/country), on (date) 2016, (name of the Bidder Agent), representative of (name of the Bidder's legal entity) declare my understanding and acceptance of the operating regime described in Chilean legislation and the Tender Terms and Conditions for the Tender Process that awards the rights of Exploitation and Execution the new transmission projects referred to in the Exempt Decree 373 dated 2016 issued by the Ministry of Energy, in the trunk transmission system for the (Central or Northern Grid as appropriate) and undertake to observe its provisions. I further declare that I accept that the technical aspects of the project's development must be coordinated with the Coordinator at the design stage when technical information must be submitted, and at the commissioning stage, among other aspects, as required in DFL 4 and current regulations.

(name and signature of the Bidder Agent)

**ANEXO 4 FORMAT FOR THE LEGAL OBLIGATIONS AND FINES ACCEPTANCE
DECLARATION**

SWORN STATEMENT

In (city/country), on (date) 2016, (name of the Bidder Agent), representative of (name of the Bidder's legal entity) declare my understanding and acceptance of the legal obligations and fines described in Chilean legislation and the Tender Terms and Conditions for the Tender Process that awards the rights of Exploitation and Execution the new transmission project referred to in the Exempt Decree 373 dated 2016 issued by the Ministry of Energy, in the trunk transmission system for the (Central or Northern Grid as appropriate) and undertake to observe its provisions.

(name and signature of the Bidder Agent)

ANEXO 5 INFLATION INDEXING THE ANNUAL TRANSMISSION VALUE PER TRANCHE FOR EACH PROJECT

The Annual Transmission Value per Tranche (VATT) for new transmission projects referred to in Exempt Decree 373 dated 2016 issued by the Ministry of Energy and submitted by the Bidder in its Economic Bid in US dollars will be indexed annually in accordance with the change in its annual investment value and annual operating, maintenance and administration cost components, according to the following formulas:

$$AIV_k = AIV_0 \cdot \frac{CPI_k}{CPI_0}$$

$$O \& M_k = O \& M_0 \cdot \frac{IPC_k}{IPC_0} \cdot \frac{DOL_0}{DOL_k}$$

The variables in these formulas are defined as follows:

AIV_k : Annual investment value, a component of the VATT, awarded for the New Transmission Projects for the month k.

$O \& MA_k$: Annual operating, maintenance and administration cost, a component of the VATT, awarded for the new project for the month k.

IPC_k : Value of the Consumer Price Index in the second month prior to month k, published by the Chilean National Institute of Statistics.

DOL_k : Value of the average official exchange rate for the US dollar in the second month prior to month k, published by the Central Bank of Chile.

CPI_k : Value of the US Consumer Price Index (All Urban Consumers) in the second month prior to month k, published by the US Bureau of Labor Statistics (Code BLS: CUUR0000SA0).

Where the subscript 0 in the formula corresponds to the month the Project was awarded.

Index	Base Value	Month
IPC_0	110.86	November 2015, Average Base 2013=100
DOL_0	704.00	November 2015
CPI_0	237.336	November 2015

The values shown in the table above are only for the purposes of indexing the referential value of each project. The respective decree that awards the rights of Exploitation and Execution the Project will establish the base values for these indexes, in order to index the annual investment value and annual operating, maintenance and administration cost components of the VATT. The month in which each Project was awarded will be used as a reference, in order to determine the base values for these indexes, which will be used to calculate the annual investment value and annual operating, maintenance and administration cost that comprise the VATT.

The VATT submitted by the Bidder in its Economic Bid will be updated during the five tariff periods, separately considering its annual investment value and annual operating, maintenance and administration cost. The annual investment value indexation will be calculated using 100% of the change in the CPI for all the transmission projects, while the annual operating, maintenance and

administration cost indexation will be calculated using changes in the IPC and the US dollar, using the same terms described in this Appendix.

ANEXO 6 FORMATS AND TABLES TO EVALUATE DOCUMENT 12

The information in Document 12, The Bidder's Experience and Technical Ability must be submitted by completing the following tables as appropriate. Tables 6, 7, 8, 9 and 10 will also be included as MS Excel spreadsheets in the CD or DVD copy of the Administrative Bid referred to in Section 9.2 of these Terms and Conditions:

Table 6: Technical Experience in Transmission Systems - Transmission Lines

Name of the line	Voltage [kV]	Line length ⁸ [km]	Nominal capacity [MVA]	Date service starts	Company that can testify to the experience ⁹	Operator ¹⁰	Client ¹¹	Grid Name	Attachment ¹²

Table 7: Technical Experience on Transmission Lines with a Voltage greater than 24 kV and less than 110 kV

Name of the line	Voltage [kV]	Line length ¹ [km]	Nominal capacity [MVA]	Date service starts	Company that can testify to the experience ²	Operator ³	Customer ⁴	Grid Name	Attachment ⁵

Table 8: Technical Experience in Transmission Substations: Transformer or Compensation Equipment

Transformer Name	Nominal capacity [MVA]	Voltage ¹³			Date service starts	Company that can testify to the experience ²	Operator ³	Customer ⁴	Grid Name	Attachment ⁵
		First	Second	Third						

Table 9: Technical Experience in Generation Systems

Power station name	Type	Number of Units	Installed capacity: [MVA]	Date service starts	Company that can testify to the experience ²	Operator ³	Customer ⁴	Grid Name	Attachment ⁵

⁸ Line length is calculated for each circuit

⁹The company that can testify to the experience must be indicated (the Bidder, its parent or subsidiary).

¹⁰The company that operates the Project must be indicated.

¹¹The company that operates the transmission system must be indicated.

¹²Name or identification of the certificate referred to in Section 8.2.12, which supports the information submitted.

¹³The voltage must be recorded in the column First, for compensation equipment.

Table 10: Technical Experience in Distribution Systems

Distribution Company name	Energy purchased [GWh]	Energy sold [GWh]	Number of customers supplied	Installed capacity ¹⁴ [MVA] MT	Company that can testify to the experience ²	Grid Name	Attachment ⁵

Bidder evaluation will separately consider their experience in the various segments of the electricity sector. The final score is calculated as follows:

- a) In order to participate in projects with 220 kV transmission lines, experience must be submitted in implementing or operating transmission lines over at least 60 km at 110 kV or higher. Those who comply with the foregoing will be evaluated as follows:
 - i. Transmission lines at a voltage greater than or equal to 110 kV will be measured in line kilometers, as indicated in Table 6.
 - ii. Substations at a voltage greater than or equal to 110 kV on the high voltage side will be measured by the capacity of its transforming or compensation equipment (MVA).
 - iii. Power station experience will be measured by the installed capacity in MVA of the units.
 - iv. Transmission lines at a voltage greater than or equal to 24 kV and less than 110 kV will be measured in line kilometers, as indicated in Table 7.
 - v. Distribution experience will be measured by the installed capacity in MVA of the Feeders in MT owned by the distribution company.
 - vi. The total kilometers of equivalent line will be evaluated as the transformer or compensation capacity in MVA (see point ii), weighted by a factor of 0.1 km/MVA, plus the installed generating capacity in MVA (see point iii), weighted by a factor of 0.1 km/MVA, plus the installed capacity in MVA of the Feeders in MT (see point v) owned by the distribution company, weighted by a factor of 0.1 km/MVA. Then add the total line kilometers indicated in Section iv above, weighted by a factor of 0.5 and the total line kilometers indicated in Section i above.
 - vii. If the Bidder's total experience from the preceding Section vi is equal to 150 km of equivalent line, its score will be 5.0.
 - viii. If the Bidder's total experience from the preceding Section vi is equal to or greater than 2,500 km of equivalent line, its score will be 7.0.
 - ix. The score for the kilometers of equivalent line that lie between the distances mentioned above will be obtained in a linear manner.

¹⁴In order to report the MT capacity, the capacity of the Feeders in MT owned by the distribution company must be indicated (less than or equal to 24 kV and greater than or equal to 11kV).

ANEXO 7 EVALUATION CRITERIA AND SCALE FOR THE BACKGROUND INFORMATION IN THE TECHNICAL BID

The evaluation criteria for the technical information provided by the Bidder in Documents 13 and 15 are as follows.

The general criteria applicable to the Technical Bids are as follows:

- i. Ensure compliance with all the environmental, technical, electrical and other regulations.
- ii. Ensure that the technical and construction characteristics of line interconnection bays at substations are compatible with the existing facilities and systems.
- iii. Ensure that the control and protection systems are compatible with existing systems.

Document 13: Project Timeline

The consistency of the Project execution timetable submitted in a Gantt Chart will be generally evaluated, focusing particularly on the minimum milestones and activities that are identified in the following list:

Activity		Milestone
1	Preliminary engineering development	
2	Final Project definition and preparing tenders for supplies and works	
3	Tendering for supplies contracts	
4		Start tendering for work contracts
5	Tendering for work contracts	
6		Order to proceed with construction contracts
7	Processing the concession decree	
8		Submission of request to the SEC
9		Concession decree
10	Environmental impact assessment	
11		Environmental Impact Assessment approved by resolution
12	Easement negotiation (advancement program)	
13	Construction contracts (advancement program)	
14		Equipment testing
15		Commissioning

The Bidder may incorporate other activities and milestones to this base Gantt Chart, to match the development of the proposed Project. Notwithstanding the foregoing, it must clearly indicate the milestones established and approved by the Procuring Entity as referred to in Sections 8.3.1 and 8.3.2 of these Terms and Conditions. The Procuring Entity will evaluate the quality and viability of the Gantt Chart using a scale of 1.0 to 7.0, with a minimum score of 5.0 to pass this stage.

Document 15: Project Technical Description.

The submission of the duly supported information covering all aspects of this Document will be evaluated, to ensure that it meets the Project technical requirements requested in the Tender Terms and Conditions.

- 1) The submission of the duly supported information covering all aspects of Section 8.3.3 of these Terms and Conditions will be evaluated, to ensure that it meets the Project technical requirements requested in the Tender Terms and Conditions.

The Procuring Entity will evaluate the consistency and merit of the information submitted, particularly with regard to compliance with the Expansion Plan Decree and these Terms and Conditions, and declare it acceptable. Otherwise the Bid will be eliminated from the Tender Process.

The capacity for lines projects must be at least as indicated in the Expansion Plan Decree and in the minimum technical characteristics established in Section 2 of the Tender Terms and Conditions. This capacity must not be less than that indicated for the line. Otherwise, the Procuring Entity will eliminate the Bid from the Tender Process. Therefore, the Procuring Entity must evaluate whether with the information requested in Section 8.3.3, , such as the type and number of conductors per phase, structure descriptions, etc., for the Project included in the respective Bid meet the minimum capacity indicated in the Expansion Plan Decree and in the minimum technical characteristics established in Section 2 of the Tender Terms and Conditions.

- 2) For the following aspects referred to in point c) of Section 8.3.3 of these Terms and Conditions:
 1. Description of the data transmission system.
 2. Description of the vibration protection system.
 3. Description of the atmospheric discharge protection system for the lines and/or substations, as appropriate.
 4. Description of the earth connections at new substations and/or extensions, as appropriate.

Its technical consistency will be evaluated, and scored from one to seven. The Bidder should not score an average lower than 5.0 for these aspects:

1. Description of the structures.
2. Description of the insulation string.

The appropriateness and experience of implementing similar projects will be evaluated with scores from one to seven. The Bidder should not score an average lower than 5.0 for these two aspects:

- 3) The technical consistency of the aspects identified in sub-Sections d) and e) of Section 8.3.3 of these Terms and Conditions will be evaluated, and scored from one to seven. The Bidder should not score an average lower than 5.0 for these aspects.

ANEXO 8 BANKS AND FINANCIAL INSTITUTIONS FOR PERFORMANCE BONDS

Performance bonds must be issued in Chile by a banking institution established in Chile, supervised by the Superintendence of Banks and Financial Institutions (SBIF)¹⁵.

All Performance Bonds referred to in this Appendix will be irrevocable, be payable at sight, and must expire no earlier than specified.

Each Performance Bond will be accompanied by a statement from the Bidder signed before a notary public, waiving the right to hinder, embargo or implement any other precautionary measures in respect of the corresponding Performance Bond.

"In Santiago, Chile, on _____ 2016, (Bidder Agent) representing (Bidder's company), as required in Appendix 8 of the Tender Terms and Conditions, declare that I waive the right to hinder, embargo and/or implement any precautionary measures with respect to Performance Bond No. _____ issued on _____ 2016 by the _____ Bank, submitted by the company I represent as required by the Tender Process to award the rights of Exploitation and Execution the new transmission projects referred to in Exempt Decree 373 dated 2016 issued by the Ministry of Energy, in the trunk transmission system for the (Central or Northern Grid as appropriate)."

¹⁵ <http://www.sbif.cl/sbifweb/servlet/ConozcaSBIF?indice=7.5.1.1&idContenido=483>

ANEXO 9 FORMAT FOR SENDING INQUIRIES

Inquiries must use the format presented below and must be sent to the email address licitacion@cdecsic.cl or licitacion@cdec-sing.cl, as appropriate. The inquiry must be in an MS Excel file or compatible.

a) Inquiries regarding the text in the Terms and Conditions and its Appendices

Company name					
Inquiry sequential number ¹⁶		Date:	dd/mm/yyyy		
Number	Number and Date of Exempt Resolution of the Terms and Conditions	Paragraph of these Terms and Conditions	Page of these Terms and Conditions	Inquiry	

b) Specific inquiries for each project

Company name		
Inquiry sequential number ¹⁷	Date:	dd/mm/yyyy
Project: (Project name as indicated in Section 2 of these Terms and Conditions)		
Number	Inquiry	

¹⁶Sequential number for the company's inquiry

ANEXO 10 FORMAT FOR THE FORM THAT APPOINTS THE BIDDER'S REPRESENTATIVE

FORM "APPOINTMENT OF THE BIDDER'S REPRESENTATIVE"

SPECIAL MANDATE

In _____ (city/country), on _____ (date),
_____(name of the Legal Agent), in representation of
_____(name of the Bidder's legal entity) grants a mandate or special and
irrevocable authority to Mr. _____ (name of the Bidder Agent) with Chilean
identification number _____, domiciled in Chile at _____, telephone: _____,
fax: _____, postal address: _____, e-mail: _____, so that in his name and representation he can
participate in the Tender Process to award the rights of Exploitation and Execution the new transmission
projects referred to in Exempt Decree 373 dated 2016 issued by the Ministry of Energy, sign all documents
and contracts that may arise from that Tender Process, and by such authority financially and irrevocably oblige
the latter during the Tender Process.

This document grants the Bidder Agent all the authority required to submit the Bid in the correct format, attend
and prepare all documents, sign instruments or documents of any type, sign any contract and agree its terms,
regardless of whether they refer to its essence, its nature, or are merely incidental, pay, grant representations
or delegate his authority to a third party, agree and grant real or personal guarantees or bonds, agree
compensation, grant and sign settlements, and in general, have all the privileges that are necessary to
successfully implement the projects.

The Bidder Agent will have the judicial authority referred to in both sub-paragraphs of Article 7 of the Chilean
Civil Procedure Code and will have the authority to be taken to court, to commit, to compromise, to appoint
arbitrators, to approve agreements and to perceive.

The Bidder Agent will be deemed to be domiciled in Santiago, Chile, which is understood to be a valid domicile
for all legal purposes.

.....
(Name and signature of the Legal Representative)
(Authorization and signature by a Notary Public)

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