

The Bet on Energy

Grupo Energía Bogotá will begin three new electric energy projects and is preparing to participate in the bid for the Pacific Regasification Plant.

If there is a sector in Colombia that has not stopped growing in recent years, it is the electric sector. The increased population, which is nearing 50 million inhabitants, the advancement of the middle class, which requires more goods and services, and the greater economic development of various of the country's regions is keeping the demand for energy high.

According to figures from the Mining and Energy Planning Unit (UPME in Spanish) of the Ministry of Mines and Energy, the demand for the service has increased an average of 3% every year. Colombia currently has a robust electric system that has been able to face critical situations such as the El Niño phenomenon in 2015.

This has been possible, among other factors, because of the Generation and Transmission expansion plans the UPME and companies, which have known how to respond to the sector's challenges, carry out annually. One of them is Grupo Energía Bogotá (GEB), which recently renewed its brand to align itself with new market trends and its Corporate Strategic Plan (CSP), launched in 2016 by its president, Astrid Álvarez.

This change indicates a profound transformation and the setting of ambitious goals to consolidate its position as a leading company in the four countries in which it operates (Colombia, Peru, Brazil and Guatemala) in electric energy transportation, generation and distribution, as well as natural gas distribution. It has planned investments for the rest of this year and in 2018 of around USD 1,300 million to develop projects in these countries.

The goal for electric energy is to duplicate the amount of transmission lines by 2025, from 12,500 to 24,900 kilometers in the countries in which it operates. In Colombia, the group currently has 1,503 kilometers of networks and 17 substations from the National Transmission System (STN in Spanish).

It will commission more than 1,700 kilometers of lines in the next few years - close to the distance between Pasto (Nariño) and Riohacha (La Guajira) - as well as assets in 25 additional substations that correspond to 14 projects being developed. This will allow it to expand its presence in the national territory from 55 to 170 municipalities.

Four of these projects, awarded by the UPME, will begin operating soon and will ensure better provision of service in various regions in the country.

Two of them are Río Córdoba NTS and RTS (UPME-06 and 07 of 2014), which will soon begin operating, seeking to strengthen the supply and service quality on the Caribbean Coast, especially in the department of Magdalena. These projects, along with the Cartagena- Bolívar (UPME-05-2012) project, are part of the national government's Plan 5 Caribe, whose purpose is to improve the provision of the service in a region that is in full-fledged industrial and commercial expansion.

The fourth project that will begin operating in the first quarter of 2018 is Armenia (UPME-02-2009), which benefits the inhabitants of the Eje Cafetero (Coffee Belt), particularly in the departments of Risaralda and Quindío.

In Guatemala, GEB, through its company, Trecca, continues executing the Expansion Plan of the Energy Transportation System (PET in Spanish), the most ambitious energy infrastructure project in Central America. Of the 866 kilometers of networks that make up the project, 69% of them are in construction. Of the 11 new

substations, 9 out of the 12 planned substations have already been built and expanded.

The company is a leader in this country in energy transmission, with a 20.8% market share that will increase once this project, which is of national interest, is completed.

And in Brazil, through Gebbras, the group is working on finding strategic partners that may help cement growth in this country, where GEB has a 1,100 kilometer network of transmission lines, similar to the distance between Bogotá and Cartagena.

Massification of Natural Gas

Another bet on energy is to enter non-conventional renewable energy in force, a sector that is growing at an accelerated pace in the world due to countries' urgency to take measures for fighting climate change. The company is looking at various business options to stay aligned with its trending green policy and to boost clean mobility and less polluted air.

To this effect, GEB is promoting the use of natural gas, a cleaner fuel whose reserves are decreasing, such as the Ballenas and Chuchupa fields and those in La Guajira.

Through its company, Transportadora de Gas Internacional (TGI), the group's goal is to continue the expansion plan and participate in new initiatives. One of them is the Regasification Plant in Valle del Cauca, as well as the Buenaventura-Yumbo gas pipeline, which will be bid on in the next few months. Today, the company is a leader in natural gas transport, with a market share close to 70% and 4,000 kilometers of gas pipelines.

Jaime Orjuela, CEO in charge of TGI, says the company is interested in participating in the bid for the regasification plant, a project that will require investments of over USD 400 million.

Mobility Underway

TGI is also working on issues related to clean mobility in mass transit. It recently began a pilot project with Gas Natural Fenosa that delivered favorable results for commissioning garbage trucks that operate as natural gas vehicles.

But the expansion plans in the natural gas sector do not only apply to Colombia. GEB, through its company, Cálidda, is number one in gas distribution in Peru, where it expects to exceed more than 8,500 kilometers of installed pipelines in Lima and Callao. This will allow it to have more than 600,000 connections to homes, businesses, industries and services stations.

Cálidda will also continue massifying natural gas vehicles (NGV), a sector in which it can show significant results, keeping in mind that 12% of Lima's vehicles use this fuel. With Contugas, another GEB company in Peru, the group seeks to reach 50,000 connections and to be able to source gas in the south of the country (Arequipa) this year.

As can be seen, GEB's bets on the energy sector are ambitious and seek to meet an increasing demand and improve the provision of services in the country's remote areas.