

Relevant Information

Medellin, July 27 of 2021

EPM UPDATES THE ITUANGO HYDROELECTRIC PROJECT COSTS

Subsequently to the recent report on the increase in the investment in Hidroituango, the Board of Directors held a meeting to assess and approve the updated investment plan of the Ituango Project, which increased by 13 % to a total amount of COP 18.3 billion.

The considerations that gave rise to the variation in the cost of the project include:

- Consolidation and conglomeration of the rock mass (units 5 to 8).
- Concrete (units 5 to 8).
- Recovery of wells and conduits (units 5 to 8).
- Underwater works to clean and remove intake grids, and manufacture and install mechanic plugs.
- Works and activities related to enabling the intermediate discharge.
- Cleaning of the Cauca riverbed in the discharge area.
- Increase in the exchange rate (TRM, for the Spanish original) and transportation of equipment due to transportation restrictions related to COVID-19.
- Changes in environmental and social management activities, such as: maintenance of the environmental license and associated monitoring; agreements with the Nutabe indigenous community; continue to implement the Contingency Plan; mandatory project activities related to basic sanitation, acquisition of properties and environmental education.

The new investments will be leveraged by the financial solidity and creditworthiness of Grupo EPM, the progress made in managing insurance and reinsurance claims, the internal generation of funds and the divestment plan, with the aim of completing and starting up the project on schedule.

At June 30, 2021, the amount invested in the project totaled COP 13.1 billion. In addition, efforts are continuing to receive payment of claims from insurance companies, which is expected to cover a significant part of the costs of recovering the affected project works. To date, USD 250 million has been received from the coverage of the “All Risk Construction” policy.

According to the program, power generation units 1 and 2 are expected to start operating in 2020, and units 3 and 4 in 2023, which are the units of the first stage, in order to fulfill the firm energy obligations assigned by the Energy and Gas Regulatory Commission (CREG, for the Spanish original), in the reliability charge auctions in which the project has participated. In addition to contributing to system reliability, the startup of the hydroelectric project will contribute to the competitiveness of the price of energy in the country. Units 5 to 8 are expected to begin to operate in 2024 (stage two).

As new impacts or changes in the current situation arise, they will be incorporated into the timetable and possible new scenarios for startup will be established.

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EPM continues to work with all its resources to reduce the risks of the communities located downstream and protect their lives, take care of the environment and technically recover the Ituango Hydroelectric Project, a work that will provide 17 % of the energy that Colombia needs to continue growing.

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