



Attachment

Relevant Information

EPM defines every year a reference scenario for water resources in order to establish its generation targets and estimate the evolution of Energy Pool prices. For 2015 budget, given the uncertainty about the evolution of El Niño phenomenon, a deficit in water resources (87% of historical average) was considered. During the second quarter of the year, weather forecasts indicated increased probability of the phenomenon taking place towards the end of the year with weak and moderate intensity; for this reason, a decision was made to increase gas generation while reducing hydraulic generation in order to protect the reservoirs' levels. In August, it was necessary to request a budget addition mainly associated to the purchase and transportation of natural gas which had not been initially foreseen.

In September, weather agencies reported that the El Niño phenomenon would be of strong category and could last until the March-April-May quarter of 2016. This situation, added to the size of the water inflows deficit during September and October, led EPM and the power sector to establish a new water resources scenario evidencing the need to maximize thermal generation in the country so as to have enough reserves in the reservoirs for the coming dry season (December 2015-April 2016). The conditions of this new scenario are similar to those of the strongest El Niño phenomenon in history (1997-1998), reason why, the compliance probability of EPM's commercial operation under such conditions is high. Under such conditions, hydraulic generation is further reduced requiring to operate the La Sierra thermal plant with gas and liquid fuel in order to be able to comply with its firm energy obligations associated to the Reliability Charge.