



## PRESS RELEASE

### INTERVENTION IN PRICES OF THE ENERGY MARKET COULD INCREASE CLIENT'S FEES BY 10%

- *Industries would also pay more, which would reduce their competitiveness.*
- *Some companies promote a regulatory change due to their reduced incomes.*

**Lima, 5 February 2018.** Monthly energy bills could increase by 10% if the event of an intervention in the spot market prices, informed Enel Peru referring to the impact of the regulatory changes promoted by a group of power generation companies.

*“The energy sector is very complex and all the factors involved in the energy’s final price are related with each other. Therefore, if a price is artificially increased in one of the generation markets (spot market), prices in other markets (contract market) will definitely go up”,* explained with concern **Tatiana Lozada**, Head of Regulation and Institutional Relations at Enel Peru.

The Company recalls that, in 2015, two important distribution companies obtained long-term contracts with a 40% price reduction. That situation would not happen again if the event of an intervention to artificially increase the spot price, as the next energy purchase by distribution companies would have higher prices.

*“There is a strong pressure for artificially increasing the spot price, and confusing arguments are being given. It is said that such intervention would immediately reduce the monthly bills of households and, even if that does happen, it would mean an around 40-cent reduction for a household consuming 50 soles per month. However, the negative impact of artificially increasing the spot price is that distribution companies and industries will have to pay more for energy in new contracts. For households, this increase could surpass 10%, which means that a household consuming 50 soles would pay 5 soles every month”,* said the executive.

The energy produced by generation companies is sold to three markets: the energy tender market, which supplies distribution companies to provide households (regulated clients) with power; the free market, which supplies industries and large companies that sign contracts directly with generation companies; and the spot market, in which generation companies sell to other generation companies their non-contracted energy. Nowadays, the spot market has low prices due to the energy oversupply in the country.

Lozada explained that the artificial increase of spot prices is promoted by a group of companies that sell a part of their energy in the sport market because they do not have enough contracts. In that regard, she said that this situation should not be an excuse to intervene in prices, given that it would affect clients. In





addition, she mentioned that the increase demanded by such companies will end up affecting competitiveness in the country, as the price that industries pay for this service, essential as it is for their production, will also increase.

She also said that those demanding to increase spot prices accuse some companies of benefiting from low prices and favouring industries that can now buy energy at lower prices. Lozada explained that oversupply has financially affected all generation and distribution companies, as price reduction had cost the sector income losses accounting for more than 400 million dollars. Nevertheless, she pointed out that the difference between offer and demand will not be permanent and cannot be a reason to intervene in the prices of a competitive market such as the energy one.

