

JV behind Chile's integrated power grid reorganises debts

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[Prieto](#) has helped a joint venture between the Chilean arm of France's Engie and Red Eléctrica Internacional prepay a loan covering the VAT obligations they incurred when connecting Chile's northern and central electricity grids.

Banco de Chile, Banco Estado and BCI, which [provided](#) the VAT loan in 2016, relied on in-house counsel for the deal. The transaction closed on 5 December.

The joint-venture, Transmisora Eléctrica del Norte (TEN), began work on the 600-kilometre transmission line connecting the country's northern grid with its central grid in 2015. It completed the project in 2017 and was then reimbursed by Chile's tax authority for the associated VAT costs. This allowed for the VAT loan's recent prepayment.

In a separate transaction also related to the project, [Barros & Errázuriz Abogados](#) helped Santander Chile transfer ownership of a separate loan granted to Transmisora Eléctrica del Norte by local insurance companies Confuturo and CorpSeguros. Both insurers are understood to have relied on in-house counsel for this deal, which closed on 19 December.

The transferred loan is worth 38.6 billion Chilean pesos (US\$54.5 million) and adds to the debt TEN already owes the two insurance companies. Previous transactions means the joint venture now owes Confuturo and CorpSeguros some 154.6 billion pesos (US\$221.8 million).

TEN's work connecting the northern and central grids is expected to save Chile US\$1.6 billion over the next few years. The north has massive renewables potential and already produces a large share of the country's electricity, but most of the population lives in and around the capital, Santiago.

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