Alfa Transmisora de Energia S.A.

June 25, 2026

This report does not constitute a rating action.

Primary Contact

Bruno Ferreira, CFA
Sao Paulo
55-11-3039-9798
Bruno.Ferreira
@spglobal.com

Additional Contact

Gaston Falcone
Buenos Aires
54-11-4891-2147
gaston.falcone
@spglobal.com

Project Description

Alfa Transmisora de Energía S.A. (formerly known as Alfa Desarrollo SpA) is jointly owned by Celeo Redes Chile Expansion SpA and APG Energy & Infra Investments Chile Expansion SpA. In 2021, Celeo and APG acquired Colbun Transmisión S.A.'s transmission assets through a newly created company, Alfa Transmisora, which is the issuer of the senior secured notes. Alfa Transmisora owns the following assets:

- National assets (regulated): seven transmission lines totaling 374 kilometers (km) and seven substations
- Zonal assets (regulated): seven transmission lines totaling 104 km and two substations
- Dedicated assets (nonregulated): 16 transmission lines totaling 462 km and 21 substations

Currently, these assets have a market share of close to 5% in Chile. These lines are located across five regions that are home to 74% of Chile's population, generate close to 65% of the country's GDP, and account for 57% of the electricity demand in the country.

Credit Highlights

Overview

Key strengths	Key risks
Stable and predictable cash flows, given favorable regulatory framework in Chile and the company's revenues from availability, prevent volume risk.	While regulated revenues (about 45% of total as of 2025) are not exposed to market risk, many dedicated contracts will come due before the notes mature in 2051, exposing the project to price volatility and recontracting risk.
No currency mismatch, given that regulated tariffs are U.S. dollars and indexed to U.S. and Chilean inflation, assuming a guaranteed post-tax return, while debt is issued in U.S. dollars, representing a natural hedge.	During the life of the notes, approximately 40% of the project's revenues are subject to periodic tariff reviews every four years, exposing cash flows to potential downward adjustments driven by changes in regulatory assumptions.
Transmission lines have low operational complexity and commercially proven technology.	High revenue concentration in third-party contracts (55% of total), specifically with Colbún S.A. (BBB/Stable/--), represents about 30% of revenue and creates rating linkage.
	Potential liquidity and credit metrics pressure if the approximately $14 million Codelco settlement is not fully offset by existing claims against Colbún.

The project's operating performance remains in line with our expectations. In 2025, Alfa Transmisora's net revenues reached $95.4 million and availability levels remained robust, with 2025 performance nearing 100% and average annual availability exceeding 99%, with no major reported incidents. S&P Global Ratings expects solid operating and financial performance in the coming years, supported by high availability and a stable regulatory framework. Consequently, we have updated our projections to a minimum debt service coverage ratio (DSCR) of 1.26x in 2026 and 2027 and a median DSCR of 1.46x over the notes' term. These metrics are bolstered by the project's low operating complexity, its availability-based business model, and the expectation of higher long-term inflation in both the U.S. and Chile, which drives cumulative revenue adjustments.

We do not expect construction delays to hurt the project's credit profile. While completion was originally anticipated in early 2025 for transmission lines and early 2026 for substations, two of the three remaining transmission line expansions were finalized in October 2025 and June 2026, and the last one is expected to start up operations in September 2026. The remaining two substation works are expected by early 2027. These delays are mainly because of the pandemic and environmental permits, which are now advancing. We anticipate remaining expansion capex at $26 million, with $14 million in 2026 and $12 million in 2027. But because these costs are self-funded through operational free cash flow, they do not affect our DSCR assessments and we don't assign construction risk to the project, especially because most assets are already operational. We expect the short-term cash flow pressure to be transitory, with no significant impact on long-term debt service capacity. Additionally, credit metrics are supported by the Transquillota acquisition in September 2024, which already contributed revenues the entire year of 2025, and higher inflation.

The 2024-2027 tariff review process is delayed. This setback is driven by complex system valuations, procedural bottlenecks, and methodological updates required by the 2024 Energy Transition Law. We are monitoring the timing of the final decree and its potential impact on Alfa Transmisora's cash flow, considering that currently 30%-35% of its total assets are subject to the periodic tariff review every four years.

However, we believe there is limited incentive for a further reduction in the transmission discount rate beyond the current 7.5%. Unlike the 2020-2023 cycle--which transitioned the after-tax discount rate from a fixed 10% to a 7%–10% range--the 7% floor now provides a regulatory buffer. Furthermore, rising funding costs, increased raw material prices, and significant grid expansion to manage network congestion and non-dispatchable renewable energy should support current rates. We'll continue monitoring any impact from potential downward adjustment to the asset base, especially if we believe the minimum DSCR could approach 1.175x, which is a downside trigger for the rating.

Contingencies are neutral to Alfa's credit quality, for now. In the first quarter of 2026, Alfa Transmisora recognized a $2.6 million partial provision related to the February 2025 blackout in Chile. This follows a fine of approximately $3.8 million (in local currency) imposed by the Superintendencia de Electricidad y Combustibles (SEC), alleging communication-driven delays in service recovery. The company has filed an administrative appeal, submitting technical evidence and mitigation plans to contest the findings. Consequently, the final payment of the fine--and the impact on DSCRs--remains subject to the outcome of this appeal. We expect the fine to be settled until 2027 and do not anticipate a material impact on credit metrics, with a minimum DSCR of 1.26x in 2027 assuming the fine is paid in early 2027. As of March 31, 2026, the project's $14 million cash position is sufficient to cover the penalty.

In parallel, following the conclusion of an arbitration process on Sept. 9, 2025, Alfa Transmisora expects a $14 million settlement payment to Codelco in the third quarter of 2026. The dispute is related to a dedicated transmission contract representing 2% of total revenues because of a misrepresentation from the former operator, Colbún, regarding the regulatory status of a transmission line acquired during the asset transfer. Alfa intends to fund these settlements via its existing claims against Colbún, mitigating liquidity impact and precluding the need for a formal provision. Should arbitration cause payment delays, Alfa could bridge the gap with temporary working capital debt, which would have a limited impact on DSCRs. In addition, Alfa is requesting an amount of approximately $30 million from Colbún, representing monthly payment claims from April 2020 to March 2027 from the same contract, considering that Alfa hasn't been receiving these revenues. Although the sponsor views that with positive prospects, we consider that as an upside in our forecasts. We'll monitor the next steps and the conclusion of the case.

Outlook

The stable outlook incorporates our expectation that the project will maintain high availability of its transmission lines without major events that would result in penalties due to extended unplanned outages, for instance. We forecast a minimum DSCR of 1.26x in the next two years, and we expect that remaining investments will remain on time and within budget. Therefore, we expect Alfa's cash flow will remain stable and predictable, enabling the project to execute the planned investments that the Chilean regulator has requested to improve the system's robustness.

Downside scenario

In the next two years, we could lower the rating if the project's DSCR approaches 1.175x. This could result from significant lower inflation adjustments over the contracts (either Chilean or U.S. inflation), higher operating expenses, or investments above the budget. Furthermore, the rating could be affected if the total settlement related to the Codelco dispute is not effectively mitigated by Alfa's claims against Colbún, resulting in increased working capital debt and liquidity pressure.

Although unlikely in the next 12 months, if we were to downgrade Colbun to 'BB+' or lower, the rating on the project would move in tandem, given that Colbun is Alfa Transmisora's largest individual offtaker. We would also lower the rating on the project if there were a higher dependency from another third-party contract.

Upside scenario

We could revise our outlook to positive or raise our rating in the next 24 months if the project's DSCR is consistently above 1.40x because of higher Chilean or U.S. inflation, greater savings, or future investments that are lower than we expect. In addition, if contracts maturing throughout the notes' term are renewed under better terms than in our base-case scenario, we could raise the rating.

Performance Update

We continue to expect solid operating and financial performance in the next few years. We expect a minimum and median DSCR of about 1.26x and 1.46x, respectively, thanks to relatively low operating complexity and a business model based on availability, reducing the project's market risk exposure.

The project's transmission line operates under a regulatory regime that we deem as mature, predictable, and with a favorable track record. Laws 20,936 and 23,936 determine remuneration for national and zonal transmission assets. Regulated transmission lines are remunerated for them to recover all fixed and variable costs, investments, and capital costs. Total tariffs (VATT) are calculated by using a real annual return (AVI) over an asset base (VI), an operations and maintenance (O&M) and administration costs recovery (COMA), and an adjustment for corporate income tax expense effect (AEIR). The regulator performs a tariff review every four years for legacy assets, which are remunerated at a 7%-10% after-tax real rate of return. The remuneration of new and mandatory expansion projects can vary (versus legacy assets) depending on the date when they were awarded. Tariffs are denominated in dollars and adjusted to U.S. and Chilean inflation as well as the exchange rate.

In 2026-2039, we expect Alfa to increase the contribution from revenues derived from national and zonal systems (regulated contracts), to 55% from 45%, considering the full cash flow contribution from expansion projects in the regulated segment in 2028, the maturity of some dedicated contracts, and our assumption that they would be renewed at a lower rate (see base case assumptions). Out of the total regulated revenues, we estimate that around 70% is subject to the periodic tariff review every four years and the remaining 30%, mostly related to expansion projects, will face the first tariff review after the 20-year anniversary of the commercial date of operations, between 2041 and 2046, and then will face rate resets every four years.

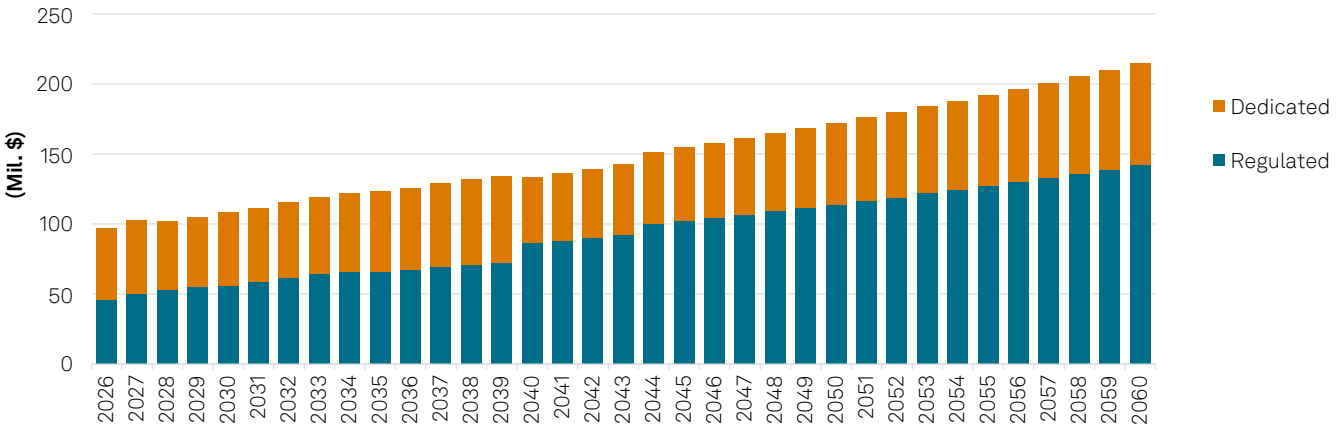
From 2040 onwards, we consider that Santa Maria-Charrua's contract with Colbún, linked to a coal-fired generation unit, will be renewed with a 15% haircut in the regulated environment, raising the contribution from the regulated segment to 65% until debt maturity and during the refinancing stage.

Revenue derived from dedicated third-party contracts currently represents 55% of total revenues. Out of this amount, the project presents concentration in contracts with Colbún S.A. (BBB/Stable/--), accounting for about 30% of revenue; consequently, its credit profile may cap the rating of the notes. Other counterparties are nonmaterial, each representing no more than 6% of total revenue (see operation counterparties).

Chart 1

Expected revenue

Breakdown between regulated and dedicated



Source: S&P Global Ratings.

© 2026 Standard & Poor's Financial Services LLC.

Base Case

Assumptions

- The most relevant macroeconomic variables for Alfa Transmisora are U.S. and Chilean inflation and the exchange rate between the Chilean peso and the dollar. U.S. and Chilean inflation affect the project's revenue and rates, and Chile's inflation influences most operating costs.
- We expect U.S. inflation to be 3.9% in 2026, 2.5% in 2027, 1.8% in 2028, 2.5% in 2029 and 2.2% afterward (see "Economic Outlook U.S. Q3 2026: Resilient To Layered Supply Shocks," published June 24, 2026).
- We expect Chile's inflation to be 3.8% in 2026, 3.5% in 2027, 3.1% in 2028, and 3.0% afterward (see "Economic Outlook Emerging Markets Q3 2026: Inflationary Pressures Will Persist," published June 24, 2026).
- We expect average exchange rate of Chilean peso (CLP) 915 per $1 in 2026, CLP942.50 in 2027, CLP956.25 in 2028, CLP968.5 in 2029, and adjusted afterward by the inflation differential between the two countries.
- The starting point for VATTs (annual transmission value per section) in 2025 is about $46 million for regulated revenue (for national, zonal, and expansion projects) and close to $51 million for dedicated revenue.
- Legacy assets have a minimum guaranteed real rate of return over an asset base determined by the regulator every four years. In turn, the remuneration of mandatory upgrade projects can vary compared with legacy assets depending on the date when they were awarded. For

upgrades remuneration, part of them is fixed for the first 20 years after they started operations.

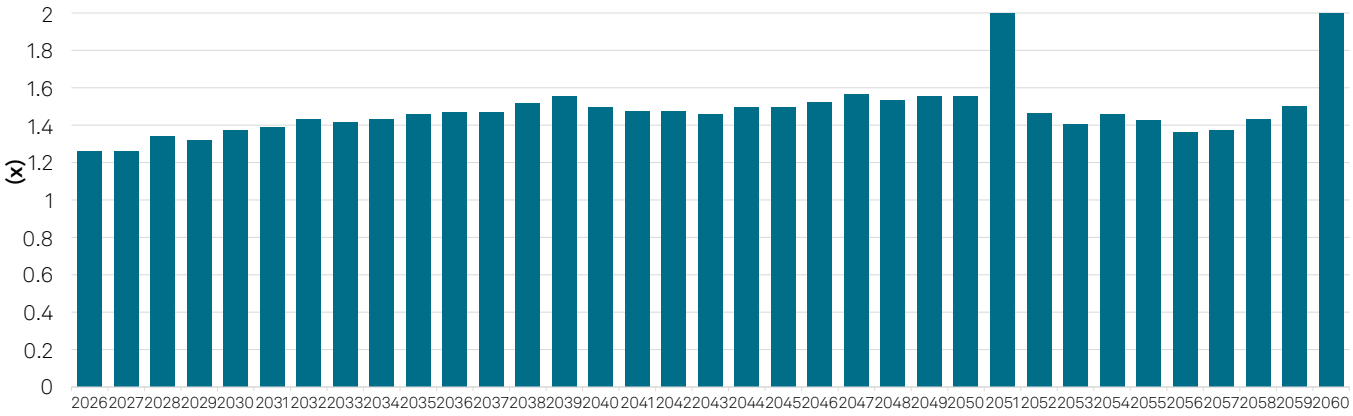
- For the dedicated contracts, our renewal assumptions depend on the asset type that the transmission line is connecting. We have assumed that for the hydro plants generally, the haircut would be 3%, while for coal plants, like the one that Santa Maria transmission line connects to the system, it's 15%. The contracts with other counterparties have haircuts varying between 5% and 10%.
- Operating expenses comprise O&M costs, as well as commercial and administrative expenses estimated at about $8.8 million in 2026 and adjusted annually to Chile's inflation.
- We expect average maintenance capex of about $3.1 million annually during the life of the notes.
- Despite the $3.8 million fine due to the 2025 February blackout in Chile, our base-case scenario doesn't assume additional penalties throughout the notes' term.
- The $1.1 billion senior secured notes bear fixed annual interest rate of 4.55%, while the $131 million equivalent in local currency pays fixed 3.8% annually. We assumed for the refinancing period that the project would refinance debt with an interest rate 250 basis points (bps) higher than the one on the notes, which means that the 40% balloon payment in 2051 would be refinanced with an interest rate of 7.0%.
- We assume the cash sweep mechanism from 2043 to 2051, aiming to amortize about 10% of principal.
- We assume the successful recovery of claims from Colbún. However, to account for potential timing mismatches, we incorporate a $14 million working capital facility from September 2026 to August 2027 to fund Codelco settlements.

Key metrics

- We expect the project to post a minimum DSCR of 1.26x in 2026 and 2027 and median DSCR of 1.47x between 2026-2051, and a minimum of 1.36x in 2056 and median of 1.43x in the refinancing period.

Chart 2

Base-case debt service coverage ratios



Source: S&P Global Ratings.

© 2026 Standard & Poor's Financial Services LLC.

Alfa Transmisora de Energia S.A.--Preliminary operations phase SACP

	--Minimum DSCR ranges*--				
OPBA (x)	**aa**	**a**	**bbb**	**bb**	**b**
1-2	=>1.75	1.75–1.20	1.20–1.10	1.10-1.05	<1.05
3-4	N/A	=> 1.40	1.40–1.175	1.175–1.10	<1.10
5-6	N/A	=> 1.75	1.75-1.30	1.30–1.15	<1.15
7–8	N/A	=> 2.50	2.50–1.60	1.60–1.35	<1.35
9–10	N/A	=> 5.00	5.00–2.50	2.50–1.50	<1.50
11-12	N/A	N/A	N/A	=> 3.00x	<3.00

*DSCR ranges include values at the lower bound, but not the upper bound. For example, 1.20x-1.10x includes 1.10x, but excludes 1.20x. SACP--Stand-alone credit profile. OPBA--Operations phase business assessment. DSCR--Debt service coverage ratio. N/A--Not applicable.

Downside Case

Assumptions

- We stressed U.S. and Chilean inflation. Given that inflation in both countries has a positive effect on the project's revenue, we assumed a 100-bps decrease from rates in our base-case scenario in the year with the lowest DSCRs.
- We assumed that contracts renewed throughout the notes' term will face a haircut that will be double of that in our base-case scenario. Exceptions are Angostura, the rates of which have already set, and Santa Maria, for which we assume no renewal in the downside case.

- Operating expenses are 10% higher than in our base-case scenario.
- Penalties are equivalent to 1% of the project's revenue.
- Given that notes have fixed interest rates, any changes in floating rates wouldn't affect the interest payments. During the refinancing period, we assumed the interest rate will be 200 bps higher than in our base-case scenario, which is equivalent to 9%.

Key metrics

- The most vulnerable phase of the project's life will start in 2040, given the 2039 expiration of Santa Maria-Charrua's contract. We assume that this contract will be renewed with a haircut of 15% as it turns regulated. However, under the downside-case scenario and because this asset is linked to a coal-fired generation unit, we assume the cancellation of this contract, which has a significant impact under our downside.
- The downside scenario utilizes dual stress testing windows of 2029-2033 and 2052-2056 to address the long-dated debt maturity (2051) and the modeled nine-year refinancing period.
- The minimum DSCR in the downside is slightly above 1.0x in 2056.

Liquidity

We view the project's liquidity as neutral because we expect sources over uses of liquidity to surpass 20% in the next 12 months. In addition, the project's liquidity is underpinned by the funded six-month debt service reserve account (DSRA) and three-month O&M reserve account.

We also consider the cash lock-up mechanism, which ensures that the structure retains cash if the project-defined DSCR falls below 1.15x, which also supports the project's liquidity. This trigger is tested on a historical and projected 12-month basis.

Rating Component Scores

Senior debt issue rating	**BBB-/Stable/--**
Operations phase (senior debt)	
Asset class operating stability	3
Operations phase business assessment	4
Preliminary operations phase SACP	bbb
Downside resiliency assessment and impact	Moderate (Neutral)
Median DSCR impact	Neutral
Debt structure impact	Neutral
Liquidity impact	Neutral
Refinancing impact	Neutral
Future value modifier impact	Neutral
Holistic analysis impact	Negative (-1 notch)
Structural protection impact	Neutral
Counterparty assessment impact	Capped at 'BBB', neutral
Operations phase SACP	bbb-
Parent linkage and external influences (senior debt)	
Parent linkage	Delinked

Senior debt issue rating	**BBB-/Stable/--**
Project SACP	bbb-
Extraordinary government support	Neutral
Sovereign rating limits	A/Stable/--
Full credit guarantees	N/A

DSCR--Debt service coverage ratio. ICR--Issuer credit rating. N/A--Not applicable.

Operations phase SACP

We assess the asset class operations stability (ACOS) of Alfa--the risk that its cash flow will differ from expectations due to operational issues--at '3' (on a scale of '1' to '10', with '1' as the strongest). The score mainly reflects the risk of operating onshore transmission lines with substations. The operations phase business assessment of '4' reflects the combination of the ACOS and the market risk from the recontracting of the dedicated lines.

Operation counterparties

The project has exposure to Chile-based generation company Colbún, which is the former owner of the transmission and substation assets that Alfa acquired. The project has dedicated contracts with Colbún 's power plants, which represent about 30% of the project's total revenue.

Because of the size of these contracts, the counterparty limitation keeps our rating on Alfa's debt no higher than 'BBB'. The project also has dedicated contracts with Anglo American PLC (BBB/Positive/A-2; around 6% of revenues), Corporacion Nacional del Cobre de Chile (BBB+/Stable/--; with around 3% of revenue) and Empresas CMPC S.A. (BBB-/Stable/--; less than 2% of revenue). These counterparties are some of the most relevant players in Chile. Currently, we don't believe this affects the project's credit quality.

Due to the simplicity of the operations, we consider O&M operators of transmission lines to be replaceable. In addition, the project has a three-month O&M reserve account, and there are many players in the market available to replace the O&M provider if needed.

Environmental, Social, And Governance

Environmental, social, and governance aspects are neutral considerations in our credit analysis of Alfa Transmisora.

Related Criteria

- Criteria | Structured Finance | General: Counterparty Risk Methodology, July 25, 2025
- Criteria | Infrastructure | General: General Project Finance Rating Methodology, Dec. 14, 2022
- Criteria | Infrastructure | General: Sector-Specific Project Finance Rating Methodology, Dec. 14, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings Detail (as of June 25, 2026)*

Alfa Transmisora de Energia S.A.	
Senior Secured	BBB-/Stable
US$1.099 bil 4.55% bnds due 09/27/2051	
Foreign Currency	BBB-/Stable

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.