40%, Copec (Chile) 22.5 %, Chilgener (Chile) 10%, Enagás (Chile) 7.5%. Lone Star Gas Company (USA) 10% and Novacorp (Canada) 10%. Metrogas S.A. will invest US$ 115 million between 1995 and 2000 in expanding the existing distribution network in the Metropolitan Region. The *distribution ring* to be built will be 144 kilometers in length along 24 neighbourhoods in Santiago. This ring will serve as the basis for the formation of a group of networks that will take natural gas to homes. In addition, US$ 25 million will be invested yearly, beginning in 1998 to expand gas distribution coverage. Total investment by Metrogas between 1995 and 2000 will reach US$ 312 million.

PLE International, from the U.K., and JRI Engineering, from Chile, will undertake a design and engineering study of *Gas de Chile*'s natural gas distribution network for Santiago, Concepción, Valparaíso, and other zones. The initial phase of the study will require US$ 1.3 million in investment, after which construction should begin (September 1997) at a cost of an additional US$ 75 million in order to finish the current Transgas project in its entirety. The distribution network will supply some 300 industrial clients.

5.4 NATURAL GAS: MARKET AND DEMAND

The potential market for natural gas in Chile covers four basic demand areas; generation of electricity, industrial use, residential and commercial, and the transportation sector. In recent years, cleaner usage, lower costs and greater efficiency associated with natural gas, has drawn much attention and many investment dollars towards developing the potential supply of this new fuel. For the Santiago region and it's surrounding areas, a stable supply of a cheaper, cleaner fuel could completely overhaul the breakdown of Chile's energy consumption today. In fact, GasAndes predicts that during the first ten years of natural gas availability in Chile, the market will reach up to 17.54 billion m^3. By the end of the first twenty years, consumption is predicted to rise to up to 60.24 billion m^3.

Demand in Electricity Generation

The estimate for the growth in demand for natural gas in the electricity generation sector (thermoelectric plants) has been based on the projection of seven new generation plants for electricity. The first unit is expected to be completed by 1997-1998, with the second unit following in January of 1999. During the first 15 years of the projects, production is expected to reach 2000 megawatts. To generate such a quantity of electricity, the consumption rate of natural gas has been predicted to increase to 10 million m^3 per day.