

America's privatization process, and now own a significant share of electricity generation and distribution in Argentina. More recently, Chilean companies have been looking with great interest at Peru's privatizations in the electric power sector.

Generation

Due to Chile's geographical features, the electric power sector is physically divided into four independent areas. In the far north, the plants supplying the local interconnected system are mostly coal- or oil-burning thermoelectric plants. In central Chile --an area covering nearly 92% of the country's total population-- the local interconnected system is supplied mainly by hydropower. Finally, in the southern area of the country --a region of quite difficult access-- electric power is generated either by small hydroelectric plants or by oil and diesel. Due to the scant population of the area, most plants supply only specific locations, such as Punta Arenas or Puerto Natales. A decomposition of electric installed capacity by type of generation is provided in Table 2 of the Statistical Appendix.

Electricity generation is open to private capital by concession, with a pricing scheme regulated by state agencies. The main principle behind this regulated pricing system is the charging of marginal costs in the prices to distributors. Generation companies are allowed, however, to sell energy directly to big consumers under a freely set price.

This sector is in private hands, except for the Colbún-