



Overseas Private Investment Corporation
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January 7, 2014

Ministra María Ignacia Benítez Pereira
Ministerio de Medio Ambiente
Teatinos 254
Santiago, Chile
8340434

Dear Ministra Benítez,

The Overseas Private Investment Corporation (OPIC) is proposing to issue financing to AES Gener for the construction and operation of the Alto Maipo Hydroelectric Project (*Proyecto Hidroeléctrico Alto Maipo*) a 531 MW run-of-river hydroelectric generating facility project comprised of two integrated run-of-river hydroelectric power stations (Alfalfal II with a capacity of 264 MW and Las Lajas with a capacity of 267 MW) and associated infrastructure located in the Maipo River watershed known as the “Cordillera Complex,” approximately 50 km east of Santiago, Chile.

OPIC is an agency of the United States Government with a mandate to encourage and support U.S. private sector investments in developing countries and emerging economies. All OPIC-supported projects must be economically and environmentally sound. OPIC is required by U.S. law to notify appropriate governmental authorities of investments under consideration for OPIC assistance that have the potential to pose significant consequences for the environment.

OPIC also is required by U.S. to provide your government with information about standards and guidelines that have been developed by international organizations and by federal environmental regulatory authorities of the United States and that are applicable to such investments. OPIC applies guidelines and standards established by the World Bank Group and other similar international organizations. The web site links to these relevant guidelines are attached to this letter.

According to the documentation submitted by AES Gener and OPIC’s due diligence, the major construction phase environmental and social issues include the following: alteration of air quality; noise and vibration; alteration of water quality and flow; impacts on aquatic fauna; waste rock disposal; alteration of local hydrogeology; storm water runoff; risk of soil contamination

from wastes and hazardous substances; soil erosion and compaction; loss of vegetation; impacts on terrestrial fauna; protected areas; glaciers, greenhouse gas emissions; alteration of natural landscapes; health and safety of construction workers; changes in labor market; quality and availability of potable water sources; land acquisition and land use; alteration of view sheds and natural landscapes; disruption of traditional livestock farming; disruption of tourism activities; downstream effects on the river channel; traffic and road usage; and cultural heritage. Potential operational phase environmental and social issues of concern include changes to river flow; water quality; sediment transport; surface hydrology; terrestrial flora and fauna; protected areas; micro-climate changes; water rights in the intervened reach; community water intakes in the intervened reach; visual impacts; and in-stream recreational uses of the affected rivers.

AES Gener will use internationally accepted environmental management practices to mitigate potential impacts to acceptable levels. AES Gener's Integrated Environmental, Health, Safety and Quality Policy is ISO 14001 and OHSAS 18001 certified. In addition to an overall Environmental Management Plan, the Project has developed detailed plans and programs to strengthen the management system for the following: Air Quality Monitoring; Noise and Vibration Monitoring; Traffic Monitoring and Control; Vegetation Monitoring; Water Quality Monitoring; Effluent Monitoring and Control; Ecological Flow Monitoring; Limnological Monitoring; Flora and Fauna Monitoring; and Social Indicators Monitoring. OPIC will have a third-party consultant monitor the Project on a quarterly basis during construction, semi-annually during the first three years of operation, and annually thereafter.

We understand that the project will be subject to the laws of Chile with regard to protection of the environment, public health and safety.

If you have any questions about OPIC's environmental assessment of these projects, you may contact OPIC's Director of Environmental Affairs at the above address.

Respectfully yours,

Margaret L. Kuhlow
Vice President for Investment Policy

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cc: Ricardo Irarrázabal, Director Ejecutivo del Servicio de Evaluación Ambiental

Applicable International Standards and Guidelines

- (1) International Finance Corporation's General Environmental, Health and Safety Guidelines:
[http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/\\$FILE/Final+++General+EHS+Guidelines.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/gui_EHSGuidelines2007_GeneralEHS/$FILE/Final+++General+EHS+Guidelines.pdf)
- (2) International Finance Corporation's Performance Standards
[http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_full/\\$FILE/IFC+Performance+Standards.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/pol_PerformanceStandards2006_full/$FILE/IFC+Performance+Standards.pdf)
- (3) International Finance Corporation's Environmental, Health and Safety Guidelines for Electrical Transmission and Distribution
<http://www.ifc.org/wps/wcm/connect/66b56e00488657eeb36af36a6515bb18/Final%2B-%2BElectric%2BTransmission%2Band%2BDistribution.pdf?MOD=AJPERES&id=1323162154847>