

Initial Project Summary

Project Location: San José de Maipo, Cordillera Province, Metropolitan Region of Santiago, Chile

Name of Applicant: AES Corporation

Name of Downstream Investor: AES GENER, S.A.

Name of Project: Alto Maipo Hydroelectric Project

Project Description: The Project consists of the construction and operation of two hydroelectric facilities with a combined capacity of 531 MW (Alfalfal II, with a capacity of 264 MW and Las Lajas, with a capacity of 267 MW). The Project will capture flow from four tributaries to the Volcán River, the Yeso River, the Aucayes Stream, and the Colorado River (via the existing Alfalfal I and Maitenes Hydropower Plants). The facilities will operate in series prior to discharging to the Maipo River. The development of the Project will involve the construction of 70 km of tunnels, four inverted siphons to cross streams, two forebays with surface areas of 0.25 ha and 7.5 ha and additional infrastructure facilities including: approximately 31 km of new access roads, four new bridges, 17 km of new transmission lines, and upgrades to existing roadways and substations. The majority of works, including the two powerhouses, will be underground.

Environmental and Social Categorization and Rationale: Category A, because the Project represents the potential for significant reductions in river flow that could result in adverse impacts on downstream water access or habitats. The major construction phase environmental issues for analysis 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 waste and hazardous substances; soil erosion and compaction; loss of vegetation; impacts on terrestrial fauna; protected areas; glaciers, greenhouse gas emissions; and alteration of natural landscapes. The major construction phase social issues for analysis include the following: 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 health and safety impacts during construction also require analysis. Potential operational phase environmental issues of concern include ecological flow; water quality; sediment transport; surface hydrology; terrestrial flora and fauna; protected areas; and micro-climate change. Potential operational phase social issues of concern include water rights in the intervened reach; community water intakes in the intervened reach; downstream effects; visual impacts; and in-stream recreational uses of the affected rivers.

Environmental and Social Standards: International Finance Corporations' (IFC) Performance Standards (January 2012) 1 (Assessment and Management of Environmental and Social Risks and impacts); 2 (Labor and Working Conditions); 3 (Resource Efficiency and Pollution Prevention); 4 (Community Health, Safety and Security); 5 (Land Acquisition and Involuntary Resettlement); 6 (Biodiversity Conservation and Sustainable Management of Natural Resources); and 8 (Cultural Heritage). Performance Standard 7

(Indigenous Peoples) is not expected to be of relevance to the Project due to the demographic characteristics of the Project area of influence. Traditional livelihoods of the residents of the Project area are not expected to be affected by the Project.

Environmental, Health and Safety Guidelines applicable to the Project include IFC's General Environmental, Health and Safety Guidelines (April 2007) and the IFC Environmental, Health and Safety Guidelines for Electric Power Transmission and Distribution (April 2007).

Location of Local Access to Project Information: AES GENER S.A., Rosario Norte 532, Piso 19, Las Condes, Santiago, Chile. Spanish Language Versions of the Chilean Government approved ESIA's may be accessed through Servicio de Evaluación Ambiental, Miraflores 222, Piso 2, Santiago, Chile.