

March, 2020

MEASURES REGARDING BASIC SERVICES IN THE FACE OF COVID-19

On 27 March 2020, the Chilean Government announced that the Ministry of Energy reached an agreement with power distributors to roll out a contingency plan that helps Chilean households pay the electricity bills during the State of Catastrophe.

The plan consists in (i) suspending power service cuts upon delay in paying the electricity bill; (ii) distributing unpaid balances generated during the State of Catastrophe in up to 12 months as of the end of the State of Catastrophe, without applying any fines, nor interests; and (iii) clients with past due debts of up to 10 UF may access the foregoing benefit and should they have the service down, request it be reactivated.

At the same time, the Economics Committee of the Lower Chamber approved a Bill of Law that is under process in Congress, the result of merging several Congress initiatives that seek to permanently establish the possibility of delaying payment for certain utilities, including power services rendered by power distributors to household customers, all of it for as long as the sanitary alert is in force and effect, banning any action that prevents household customers from accessing electricity services. The bill contemplates sanctions for power distributors that do not meet that set forth in the rule.

This bill of law does not intend to be a temporary rule for this crisis in particular, but it would rather become permanent part of the General Law on Electrical Services ("LGSE"), and its application shall hinge on sanitary alerts decreed in the future.

In truth, the measure entails that during a State of Catastrophe, or if the bill under discussion is approved, upon sanitary alerts, power distribution companies may not apply article 147 of the Regulation of the Electricity Law that sets forth the authority to suspend power services in the event household customers do not pay the electricity services within 45 days.

Both the agreement reached by the Government and the bill of law already mentioned are yet another manifestation of how crucial power services are for day to day life, allowing for the continuous operation of hospitals, telework, education, food cold chain, mass media, among other activities deemed essential under sanitary crises.

The Government has informed that this measure will protect 40% of households in the country - the most vulnerable-, entailing a benefit for 7 million Chileans, but without yet knowing what the methodology to such ends will be and without having yet established the thresholds or ceilings for unpaid amounts which, depending of the depth and length of this crisis, could be very hard to withstand by the industry.



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