

## PROJECT ABSTRACT

Project number	RG-0054
Project name	Argentina-Brazil Electricity Interconnection
Location	Regional
Sponsors	Endesa Internacional and Endesa Chile
Total project cost	US\$394.5 million
IDB participation	IDB A-Loan: US\$74.0 million IDB B-Loan: US\$169.9 million
Department	Private Sector Department
Status	Approved by the Board of the Executive Directors
Date	August 8, 2001

The project entails the construction of a second 1,000 MW 500 kV electricity interconnection between Argentina and Brazil. From an investment viewpoint, the project will consist of: (i) a 510 km transmission line (135 km in Argentina and 375 km in Brazil) from *Rincón* in *Corrientes* (Argentina) to *Itá* in Brazil; (ii) upgrade of two substations (*Rincón* and *Itá*); and (iii) construction of a conversion station from 50Hz to 60Hz in *Garabí*, at the Brazilian side of the border ("Phase II"). Phase II also includes the installation of a fiber optic line along the route of the second interconnection. Commercial operation for the second interconnection is expected by mid-2002.

The project is being developed, implemented and managed by *Companhia de Interconexão Energética* ("CIEN"), a Brazilian company created to develop and operate the interconnection for the first 1,000 MW ("Phase I"). Thus CIEN will be the owner of the two interconnection systems on the Brazilian side of the border. On the Argentinean side, assets of the Project will be owned by *Transportadora de Electricidad, S.A.* ("TESA") an Argentinean subsidiary of CIEN.

CIEN's shareholders are *Endesa Internacional, S.A.*, Spain (55%) and *Endesa Chile* (45%). The Borrowers of the IDB loan will be CIEN and TESA, each assuming the responsibility for the Brazilian and Argentinean assets, respectively.