Early Warning System

# IFC-49969

## Engie Chile UCL2

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### Quick Facts

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|---|---|
| **Countries** | Chile |
| **Specific Location** | Tocopilla, Mejillones (Antofagasta region) |
| **Financial Institutions** | International Finance Corporation (IFC) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2026-09-30 |
| **Borrower** | ENGIE Energia Chile S.A. |
| **Sectors** | Energy, Mining |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 50.00 million |
| **Loan Amount (USD)** | $ 50.00 million |
| **Project Cost (USD)** | $ 400.00 million |

## Project Description

As stated on the project disclosure page, IFC proposes to arrange an up to USD 400 million, 10-year unsecured corporate loan to ENGIE Energia Chile S.A. (EECL), a leading Chilean integrated utility and investment grade subsidiary of the ENGIE Group, to finance battery energy storage (BESS) and grid-reliability infrastructure that advance the next phase of the Company's transition from thermal generation toward renewables and storage.

The transaction extends a successful repeat relationship with a client whose credit profile has strengthened since IFC's 2023 financing and directly addresses the principal constraint on Chile's decarbonization and system flexibility, while mobilizing private capital and delivering a measurable climate benefit. The Project has an anticipated AIMM rating of Excellent, based on an AIMM score of 82.

The proceeds will finance a portfolio of energy-transition assets, principally two utility-scale battery energy storage systems BESS Lile (140 MW) and BESS Tocopilla (116 MW), representing 256 MW of combined storage capacity, together with associated grid-reliability infrastructure, namely the installation of a synchronous condenser at the Tocopilla Complex developed through the conversion of the former U15 coal-fired unit and representing the first synchronous condenser of its kind in Chile.

Indicatively, USD 400 million would be allocated approximately USD 170 million to BESS Lile, USD 170 million to BESS Tocopilla, USD 25 million to the synchronous condenser, and USD 35 million to the re leveraging of other portfolio assets.

Battery storage is central to the investment rationale. By storing low-cost solar energy generated during daylight hours and dispatching it into the evening peak, the BESS assets improve the integration of renewable generation, reduce curtailment, enhance grid flexibility, and increase system reliability: effectively shifting clean energy from daytime to evening hours. The synchronous condenser complements these assets by providing inertia, voltage support, and short-circuit strength, system services that become increasingly important as conventional thermal generation is retired and renewable penetration rises. The transaction reflects the accelerating pace of EECL's storage deployment and allows IFC to support a more substantial and strategically coherent package of energy-transition infrastructure within a single facility.

The project is being implemented entirely within EECL-owned brownfield industrial sites, largely leveraging existing infrastructure. The Tocopilla BESS is located within the Tocopilla Energy Complex in Chile's Antofagasta Region, on the site of a decommissioned coal-fired power plant. It occupies approximately 3.3 hectares and includes 240 lithium-ion battery containers and 30 power conversion systems. The facility connects to the National Electricity System (SEN) using existing infrastructure within the complex. Commercial operations commenced in February 2026. The Tocopilla synchronous condenser is intended to provide grid stabilization services in the Antofagasta Region; it will supply power of 145 megavolt-amperes reactive and reach commercial operations in July 2027.

The Lile BESS is being developed within the Mejillones Thermal Complex, also in the Antofagasta Region, using existing electrical infrastructure and transmission lines originally designed for a potential expansion of the legacy thermal complex. The project will cover approximately 2 hectares and comprise 160 battery containers and 40 medium voltage transformers. It is expected to enter commercial operation during the second half of 2026.

## Investment Description

- International Finance Corporation (IFC)

As stated on the project disclosure page, IFC proposed investment of an unsecured corporate loan of up to USD 400 million with a 10-year tenor to EECL. The facility comprises a USD 50 million A Loan for IFC’s own account, up to USD 50 million mobilized through the Managed Co-Lending Portfolio Program (MCPP), and the balance provided through a B Loan tranche, implying a private capital mobilization (PCM) ratio of approximately 7.0x. The loan is structured as a covenant-lite, unsecured facility ranking pari passu with the Company’s reference debt, consistent with EECL’s investment-grade standing.

## Private Actors Description

As stated by the IFC, Engie Energia Chile S.A. (EECL) (rated BBB by S&P and Fitch to IFC equivalent of CR-4) is the Chilean subsidiary of Engie S.A, French multinational conglomerate, and global integrated utility leader in the development and management of energy solutions. Engie activities in Chile started in 1915 and EECL was founded in 1981 and headquartered in Santiago, Chile.

The Company engages in the generation, transmission, and supply of electricity in the country. EECL is currently Chile's fourth largest energy generator, and the third operator in transmission. Additionally, the company operates two ports in the north of the country and has a capacity of 8 million m3 of potential daily gas transportation. EECL has a 7% market share in terms of installed capacity and 17% in terms of electricity sales.

The Company is publicly traded on the Santiago Stock Exchange. It is controlled by the Engie Group (59.99% stake). The remaining shares are owned by noncontrolling shareholders in the Santiago Stock Exchange through pension funds, local institutions, and individuals. Please see a summarized organizational chart below.

Engie S.A., the French multinational formed in 2008 from the merger of Gaz de France and Suez S.A., is one of the world's leading energy transition utilities, with EUR 72 billion in revenues and EUR 13.7 billion EBITDA in 2025 and investment-grade ratings of Baa1/A-/BBB+ (Moody's / Fitch / S&P), equivalent to an IFC CR-3.

EECL is one of Chile’s leading integrated utilities with diversified operations spanning generation, transmission, and complementary energy infrastructure. The Company serves a broad customer base that includes regulated distribution companies and large industrial off-takers, most notably mining clients concentrated in northern Chile. EECL is a strategic subsidiary of the ENGIE Group and holds an investment-grade rating (BBB / IFC CR-4), benefiting from strong sponsor support, a predominantly contracted revenue base, and established access to domestic and international capital markets. The Company is amid a structural transformation of its generation portfolio, transitioning from a predominantly thermal fleet toward renewable generation and battery energy storage. Since IFC’s initial financing in 2022-23, EECL has increased installed capacity to approximately 2.9 GW and expanded renewable and storage capacity from roughly 600 MW to approximately 1.4 GW, while strengthening its financial profile, effectively reducing net debt to EBITDA (excl. Leases) from 8.7x in 2022 to 3.7x in 2025.

| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|---|---|---|---|---|---|---|
| Engie SA | Parent Company | Energy | owns | Engie Energía Chile | Client | Energy |

## Contact Information

**Client - ENGIE Energia Chile S.A.:**

Melanie Wilneder - Head of ESG
Email: melanie.wilneder@engie.com
Address: Torre Titanium La Portada - Isidora Goyenechea 2800, Piso 16, 7550000. Las Condes, Santiago
Website: https://www.engie.cl/

**General IFC Inquiries - IFC Communications:**

Address: 2121 Pennsylvania Avenue, NW, Washington DC 20433
Telephone: +1 202-473-3800
Fax: +1 202-974-4384

**IFC Chile Country Office:**

Apoquindo 2929, Piso 13, 7550000
Las Condes, Santiago de Chile

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**ACCOUNTABILITY MECHANISM OF IFC/MIGA**

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

## Bank Documents

- CP BESS Tocopilla
- CP Nuevo Proyecto de Almacenamiento de Energia con Baterias BESS Lile
- CTT _ CP Nuevo Proyecto Reconversion Condensadores Sincronos vf
- Environmental and Social Review Summary

## Media

- ENGIE in Chile: a pioneer of the energy transition in South America (Company's PR, July 2026)

## Other Related Projects

- IFC-46952 Engie Chile UCL