

Customer FAQs

The following information is designed to answer questions that you may have regarding the bankruptcy cases commented in the United States (collectively, the “Chapter 11 Proceeding”). These are meant to answer general questions and it is recommended that you contact counsel for any legal advice.

1. Which entities filed for Chapter 11 protection?

Inversiones Latin America Power Ltda., San Juan S.A., and Norvind S.A. (collectively, the “Debtors”) each commenced a voluntary Chapter 11 case in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”).

2. How will the Chapter 11 Proceeding affect customers?

The Debtors do not anticipate the Chapter 11 Proceeding to have - impacts on their customers. The Debtors will continue to operate in the ordinary course throughout the process and seek to maintain all existing customer contracts and honor their obligations thereunder. The Debtors’ commitment to their customers is as strong as ever, and they remain focused on their mission to generate and provide electricity to almost the entirety of Chile. The Debtors believe they will emerge from the reorganization process a stronger, more competitive business. The Chapter 11 Proceeding is not intended to disrupt, delay, or otherwise interfere with the Debtors’ generation and provision of electricity.

3. What does it mean to file for Chapter 11 protection? What happens during the Chapter 11 process?

A voluntary Chapter 11 Proceeding is an action taken by a company to deal with serious financial challenges. The Debtors filed a “prepackaged” plan of reorganization, which involved negotiating with certain of their affected creditors as to how the claims of affected creditors would be addressed through the Chapter 11 Proceeding and beginning to solicit all affected creditors for approval of such plan prior to initiating the Chapter 11 Proceeding.

During the Chapter 11 Proceeding, the Debtors are able to continue to conduct business while pursuing restructuring alternatives. Like most companies that file for Chapter 11, the Debtors expect to serve their customers in the ordinary course.

4. Why did the Debtors find it necessary to file for Chapter 11 relief?

Like many other Chilean energy companies, the Debtors’ financial position has been significantly impacted by the delayed implementation of the MPC Law (Law 21,472, enacted in August 2022, which establishes an electric tariff stabilization fund and introduces a Transitory Mechanism for Customer Protection). Additionally, soaring fossil fuel energy costs, primarily attributed to the Russia-Ukraine conflict, have exerted further financial strain. Compounding these challenges are transmission restrictions in the system, hindering the efficient transfer of energy from the northern to the central and southern nodes. The Court-supervised restructuring process is designed to protect the value of the Debtors while they address their balance sheet and liquidity needs.

5. Are the Debtors going out of business?

No. The Debtors intend to operate their business in the ordinary course throughout this process. The Debtors' commitment to their customers is as strong as ever, and they remain focused on their mission to generate and provide electricity to parties throughout Chile. The Debtors believes they will emerge from the reorganization process a stronger, more competitive business.

6. Do the Debtors have enough funds to continue to operate?

Yes. The Debtors expect to use, among other things, existing cash and receivables, to support their continued operations. In addition, the Debtors have filed customary "first-day motions" that, subject to Bankruptcy Court approval, will help the Debtors meet their post-petition obligations to customers and vendors alike.

7. Can I renegotiate my agreement?

There is no need to renegotiate your agreement as the Chapter 11 Proceeding should not impact the Debtors' ability to fulfill their obligations thereunder.

8. Will there be changes to the senior management team as a result of the Chapter 11 Proceeding?

There are no plans to make changes to the senior management team as a result of the Chapter 11 Proceeding.

9. How long will the Chapter 11 Proceeding last?

The Debtors intend to move through the restructuring process as quickly as possible. The Debtors have filed a "prepackaged" plan of reorganization, and commenced solicitation for approval of their proposed plan of reorganization from affected creditors before initiating the Chapter 11 Proceeding. The Debtors aim to conclude the Chapter 11 Proceeding in the first quarter of 2024.

10. How will we be kept informed of developments?

Additional information regarding the Chapter 11 Proceeding is currently available on <https://dm.epiq11.com/ILAP>. This website will be updated as the restructuring moves forward.