

Companies

A Story of Transformation

A Successful Transformation

It has been 20 years since then mayor, Antanas Mockus, profoundly transformed the Empresa de Energía de Bogotá. Today, it is a leading group in electric energy and gas, present in four Latin American countries.

In 1997, Empresa de Energía de Bogotá (EEB) was facing one of the most critical financial positions in its 100 years of existence. It was highly indebted due to delays and cost overruns on some key projects, such as the Guavio hydroelectric power plant, the plant with the highest energy generation capacity in the country at the time.

Faced with the company's complicated situation, Antanas Mockus, the mayor of Bogotá at the time, made a radical and controversial decision: he allowed private capital inflows and made the EEB a stock corporation and mixed public services company in order to carry it forward. It was intended to continue being a benchmark for the country's capital, taking into account that its growth and progress was closely linked to Bogotá's.

This profound transformation process was carried out on October 23, 1997. It was made possible by the passing of public services and electric energy Laws 142 and 143 of 1994. The company was capitalized with international resources, which allowed it to separate itself from its activities. The

companies, Codensa, dedicated to distribution and sales, and EMGESA, for distribution, were formed. The EEB continued directly executing energy transmission activities.

This business became the largest one to that date and allowed foreign investors to keep 49% of Codensa and EMGESA and the EEB to keep 51% of the companies.

Part of its liabilities were paid with this plan, and it allowed the company to obtain more resources and become consolidated in the sector and seek new businesses.

Furthermore, the EEB began to consolidate into Grupo Energía Bogotá (GEB) in 2002 and joined REP Perú, that country's largest transmission company, as shareholders, with which it firmly entered an internationalization process which has led it to become a leading multi-Latin company in the electric energy and gas sector.

Two decades later, this plan has been highlighted as one of the best examples of a private-public model and has been a subject of study at top business schools.

Paulo Orozco, the company's ex-president and one of those in charge of leading the process alongside Fabio Chaparro (R.I.P.) and Mockus, indicated that the EEB was made feasible and in tune with new challenges, achieving independent governance and making Codensa and EMGESA completely independent companies. *“This transformation was necessary to provide good service and ensure the quality of life of the people of Bogotá, since progress depends on access to energy,”* he says.

For Germán Arce, Minister of Mines and Energy, this model is evidence of how large businesses can develop from private-public partnerships. In fact, the construction of the

fourth generation road concessions (4G) is being developed under the same model.

On his part, the ex-president of ISA, Luis Fernando Alarcón, considered that this model was very well designed, brave and audacious because saying the company was giving generation and distribution control to a private company 20 years ago was a problem. *“Many said they were giving the national flag to foreigners, but this decision was the best and shows the success of the corporate strategy.”*

GEB is currently a multi-Latin electric energy and natural gas company present in Colombia, Guatemala, Peru and Brazil with large electric energy transmission and natural gas transport projects.

The company recently changed its corporate name to Grupo Energía Bogotá. This decision is a new step that is a part of the Corporate Strategic Plan set in 2016 by its president, Astrid Álvarez, based on three big Strategic Business Groups: Urban Energy Solutions, Interconnection for Market Development, and Low-Emission Generation.

Álvarez says, *“this transformation process was the beginning of what is now Grupo Energía Bogotá, so the next years will be key for our growth and reinforcement.”*

Today, GEB is preparing to face new challenges related to boosting clean energy and electric mobility in order to improve inhabitants' lives in the countries in which it is present. It also studied entry into other countries in the region and its possible participation in projects such as the Regasification Plant in Valle del Cauca and in supporting projects that demand electric energy and gas in major cities.