

Instruction

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Code: PE.CGEDx.PE.REG.006.2024.IN.03

Edition: 1.0

Responsible	
Developed	Digital Transformation Management
Revised	Digital Transformation Cristian Ormazabal Ormazabal
Approved	Strategic Planning and Regulation Gladys Cárcamo Alarcón
Approval records in the Regulations Document Manager	

Index

	Page
Page	2
1. Objective	3
2. Scope	3
3. Reference Documents	3
4. Definitions	4
5. Responsibilities	5
5.1. Document Responsibilities	6
6. Development	6
6.1. Basic principles	6
6.2. Classification and prioritization process	7
6.2.1. General framework	7
6.2.2 Dimensions for scoring	8
6.2.3 Application process	11
6.2.4 Summary of deadlines	15
6.2.5 Re-prioritization management	15
7. Records and data. Applicable formats	17
8. List of Annexes	17
Annex 00: History of revisions	18

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

1. Objective

Establish a scientific, objective and applicable method to classify and prioritize digital projects that have passed the Expert Committee's evaluation, prior to their incorporation into the CGE Digital Projects Reserve Bank.

This instruction complements the Management Procedure for the Approval of Digitization Projects (PE.CGEDx.PE.REG.006.2024), specifically Stage 4 "Manage Strategic Reserve Bank".

2. Scope

2.1. Applies to:

- All digital projects approved by the Committee of Experts.
- Projects that enter through normal flow
- Projects in the Reserve Bank that require re-prioritization.

2.2. Responsible for application:

- Digital Transformation Management

2.3. Application timing:

- Immediately following approval by the Committee of Experts
- Prior to registration in the Project Reserve Bank
- During semi-annual Reserve Bank reviews (re-prioritizations)

2.4. Exclusions:

- Projects that have not been evaluated by the Committee of Experts.
- Projects rejected in feasibility evaluation
- Projects that enter through extraordinary means (Section 6.10 of the main procedure)
- Projects already included in the Annual Digitization Plan for the current year (unless they require re-prioritization).

3. Reference Documents

3.1. CGE Corporate Regulations

- PE.CGEDx.PE.REG.006.2024: Management Procedure for the Approval of Digitization Projects
- PO.CGEDx.TD.DIG.001.2025: Digitization Project Management Policy

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

- Instructions for the evaluation of feasibility reports - expert committee (PE.CGEDx.PE.REG.006.2024.IN.02): Defines the versions of Feasibility Reports according to the amount of investment and the process of evaluation by the Committee of Experts.

3.2. Majority Shareholder Guidelines

- Comprehensive Compliance Management Manual for State Grid v2024 digital projects.

4. Definitions

For the purposes of these instructions, the following definitions are established:

4.1. General Terms.

- Digital Projects Reserve Bank:** Structured and dynamic repository containing all digitization projects that have passed the feasibility evaluations, but have not yet been included in the annual execution.
- Annual Digitization Plan:** Specific and prioritized selection of projects drawn from the Reserve Bank to be executed during a given fiscal year.
- Expert Committee:** Multidisciplinary panel convened to evaluate technical, functional, economic and strategic aspects of digital projects as established in the Instructions for the evaluation of feasibility reports - expert committee.
- Scoring:** Score that seeks to be as objective as possible assigned to a project according to criteria established in each evaluation dimension.

4.2. Acronyms

- CAPEX: Capital Expenditure
- OPEX: Operational Expenditure
- ROI: Return on Investment
- IRR: Internal Rate of Return
- NPV: Net Present Value
- SGID: State Grid International Development
- CEN: National Electric Coordinator
- CNE: National Energy Commission
- SEC: Superintendencia de Electricidad y Combustibles.

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

5. Responsibilities

Digital Transformation Management Main

responsibilities:

- Application of the ranking and prioritization instructions
- Final validation of project scoring
- Registration of classified projects in the Reserve Bank
- Conducting semi-annual reviews of the Reserve Bank
- Full traceability of the prioritization process.

Digital Transformation Analyst

Responsibilities:

- Execution of scoring in the 3 dimensions
- Collection and verification of documentation
- Calculation of scores per dimension
- Preparation of scoring report
- Recording of justifications for each score

Digital Transformation Manager

Responsibilities:

- Approval of final scoring of all projects.
- Validation of Reserve Bank re-prioritizations

Digitalization Leadership Group

Responsibilities:

- Approval of extraordinary income to the Reserve Bank.

Claimant Department

Responsibilities:

- Submit budget support for the project.
- Enter projects with a deadline (regulatory or end of support/life/contract) in the annual solicitation closest to the known deadline within the next 3 years.
 - If the deadline does not allow waiting until the next annual call (i.e., expires before it can be evaluated and executed in the regular cycle), apply for Extraordinary Entry as soon as the situation is known (Section 6.10 of the Main Procedure).

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

5.1. Document Responsibilities

The Digital Transformation Management of the Strategic Planning and Regulation Directorate is responsible for:

- Maintenance and permanent updating of these instructions
- Regulatory compliance and consistency with corporate guidelines.
- Traceability of project scoring information.
- Training users on the application of the instructions
- Continuous improvement of the prioritization method

6. Development

6.1. Basic principles

The CGE Digital Project Ranking and Prioritization System is based on the following principles:

6.1.1. *Operational simplicity*

System easy to understand and apply, minimizing learning curve and dependence on experts.

6.1.2. *Objectivity*

Scoring is based on **quantifiable criteria** and **formal documentation**, minimizing subjectivity in the evaluation. Each point assigned must be justified with documentary evidence.

6.1.3. *Transparency*

All evaluation criteria are **public and known** by all areas. The rules of the game are clear from the beginning.

6.1.4. *Traceability*

Each point assigned must be **justified with documentary evidence**. A complete record is kept of all evaluations and their rationale.

6.1.5. *Consistency*

Similar projects should receive **similar evaluations**, regardless of the evaluator or the timing of the evaluation.

6.1.6. *Separation of Priority and Financial Feasibility*

The **priority (P1-P5)** reflects the intrinsic importance of the project according to strategic, operational (including financial aspects), urgency and technical feasibility criteria. **Budget availability** is an informative attribute that is evaluated at the time of selecting projects for the Annual Plan (Step 1).

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

The budget availability is an informative attribute that is evaluated at the time of selecting projects for the Annual Plan (Step 5 of the procedure), but does not affect the prioritization scoring.

6.2. Ranking and prioritization process

6.2.1. Overall Framework

Total base points: 38 points Structure:

- Dimension A: Strategic Impact (0-12 points)
- Dimension B: Operational Impact (0-10 points)
- Dimension C: Urgency and Feasibility (0-16 points).

Formula:

$$\text{Total Score} = \text{Dimension A} + \text{Dimension B} + \text{Dimension C}$$

Range: 0-38 points

6.2.1.1 Priority (P1-P5)

Result of the scientific scoring that reflects the strategic importance of the project:

Priority	Score Range	Description
P1 - Critical	28-38 points	Maximum strategic impact or critical urgency. Immediate execution.
P2 - High	20-27 points	High strategic value or high urgency. High priority for Annual Plan.
P3 - Medium	14-19 points	Significant strategic value. Candidate Annual Plan.
P4 - Low	7-13 points	Moderate value. Reserve for budget availability.
P5 - Exploratory	0-6 points	Low impact. Innovation/exploration.

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

6.2.1.2 Ranking by Investment Amount

Annual Investment	Project Rating
\$30M - \$60M	Standard Project A
60M - \$130M	Standard Project B
130M - \$200M	High A Project
\$200M - \$800M	High B Project
800M - \$1,300M	High C Project
> \$1.300M	Strategic Project

6.2.1.3. Classification by Benefit Type

Descriptive label based on project characteristics:

- **Strategic:** high impact in ≥2 CGE foci.
- **Evolutionary:** Improvements or expansion of existing systems.
- **Operational:** Efficiency improvements
- **Innovation or automation:** Controlled technology exploration
- **Technological renewal:** infrastructure or systems upgrade projects.
- **Regulatory projects:** triggered by a regulator's requirement

6.2.2 Scoring Dimensions Dimension

A: Strategic Alignment Maximum

score: 12 points

Objective

To evaluate alignment with CEM's strategic focuses and depth of impact.

Sources of Information

- Requirements Specification (sections: Strategic Alignment, Objectives and Scope)
- Feasibility Report (alignment analysis)
- Expert Committee Evaluation

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Sub-criterion A.1: Number of Strategic Focuses Impacted (0-6 points)

Counts how many of CEM's strategic foci are **directly** impacted by the project:

- Explicit objectives aligned with the focus
- Measurable benefits that contribute to the focus
- Documentation in Feasibility Report of the specific contribution.

CEM Strategic Focuses:

1. Getting value from data
2. Improve service quality
3. Optimize customer service
4. Increase operational efficiency
5. Reduce non-technical losses (energy theft)
6. Improve collection and recovery processes

Scoring:

Impacted Focuses	Points
3 or more focuses	6 points
2 foci	4 points
1 spotlight	2 points
No direct focus	0 points

Counting rule: Only count foci with documented direct impact.

Sub-criterion A.2: Depth of Strategic Impact (0-6 points)

Evaluates the depth of the impact on the identified hotspots.

Level	Points	Criteria
Transformational	6 pts	Structural change in CEM capabilities. Enables new operating models. Foundational project.
High	4 pts	Substantial improvement in strategic focuses. Generates measurable competitive advantage.
Moderate	2 pts	Significant incremental improvement. Clear contribution but not disruptive.
Low/Indirect	0 pts	Marginal or indirect impact. Limited contribution.

Dimension B: Operational Impact

Maximum Score: 10 points

Objective

To evaluate the economic benefits and operational scope of the project.

Sources of Information

- Specification of Requirements (Benefit Analysis, Users/Processes)
- Feasibility Report (sections: Economic Analysis - ROI, NPV, IRR)
- Expert Committee Evaluation

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Sub-criterion B.1: Annualized Net Economic Benefit (0-6 points)

Formula:

Annualized Net Annualized Net Profit = Gross Profit - Incremental Operating Costs.

Include: OPEX savings, loss reduction, increased revenues, cost avoidance (fines).

Exclude: One-time, duplicative, speculative profits.

Annual Net Profit	Points
≥ \$150M CLP/year	6 points
80M - \$149M CLP/year	4 points
\$30M - \$79M CLP/year	2 points
< \$30M CLP/year or not quantifiable	0 points

Notes:

- Use conservative value (baseline scenario), validated by Expert Committee.

Sub-criterion B.2: Operational Scope (0-4 points)

Scope	Points	Criteria
Corporate	4 pts.	≥3 managements or >500 users impacted. Core business processes.
Multi-area	3 pts	2 management or 100-500 users. Important but not core processes.
Departmental	2 pts	1 management or <100 users. Process specific to one area.
Local/Limited	0 pts	Sub-area or small team. Very narrow scope.

Dimension C: Temporal Urgency

Maximum Score: 8 points

Objective

To evaluate the time criticality and technical feasibility of the project.

Sources of Information

- Requirements Specification (Need, Regulatory/Normative Basis)
- Feasibility Report (Timeline, Risks, technical solution)
- Expert Committee Evaluation
- Communications from SGID or regulatory bodies

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Sub-criterion C.1: Time Criticality (0-12 points)

Points	Criterion
12 points	Deadline expired or <3 months. Regulatory project with documented penalties, critical mandatory contractual, or end of critical system support in production.
10 points	Deadline <6 months. Regulatory mandate/SGID with penalties, critical contractual renewal, or end of major system support.
8 points	Deadline 6-12 months. Regulatory requirement with penalties, corporate mandate with defined timeline, or planned end of support.
6 points	Deadline 12-18 months. Included in annual CEM planning, regulation with known timeline, or scheduled renewal.
4 points	Deadline 18-24 months. Limited window of opportunity or project with defined timeline.
2 points	Deadline >24 months. Project with long-term horizon but without immediate urgency.
0 points	No urgency. Can be postponed without significant consequences.

Documentation required to evaluate deadlines:

- Oficio/resolution of the regulatory body.
- Formal communication SGID
- Incident Technical Report
- Operational risk analysis

Sub-criterion C.2: Technical Feasibility (0-4 points)

Level	Points	Criterion
Feasibility High	4 points	Mature and proven technology in CEM. Unanimous committee favorable. Low technical risk.
Feasibility Medium-High	3 pts	Technology known in industry. <1/3 of the Committee with minor objections. Moderate risk.
Medium Feasibility	2 pts	New technology in CEM. ≥1/3 of the Committee with observations (non-blocking). Significant risk.
Low Feasibility	0 pts	Experimental technology. Majority of the Committee with concerns. High risk.

6.2.3 Application process

6.2.3.1. Process Overview

Input: Project approved by Expert Committee with complete documentation.

Output: Project classified and registered in Reserve Bank with:

- Priority (P1-P5)
- Classification by amount (according to procedure table)
- Type of benefit (strategic, evolutionary, operative, etc.)

Maximum deadline: 7 working days

Step 1: Documentation Gathering

Responsible: Digital Transformation Analyst

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Activity: Gather and verify all project documentation approved by the Expert Committee.

Required Documentation:

- Digital Project Requirements Specification.
- Feasibility Report (corresponding version)
- Expert Committee Minutes
- Individual expert opinions
- Budget support submitted by Claimant Department
- Additional supporting documentation (if applicable)

Verification: Confirm that all documentation is complete and signed.

Deadline: 1 business day

Step 2: Scoring by Dimension

Responsible: Digital Transformation Analyst

Activity: Evaluate each of the 3 dimensions using the established criteria.

Process:

Dimension A: Strategic Impact (0-12 pts).

1. Evaluate Criterion A.1 (Number of Impacted Focuses)
 - Identify impacted CEM strategic foci
 - Verify documented direct impact
 - Count valid points
 - Assign points according to table
2. Evaluate Criterion A.2 (Depth of Impact)
 - Read benefit analysis
 - Determine level of organizational change
 - Assign points according to table
3. Add: A.1 + A.2 = Dimension A

Dimension B: Operational Impact (0-10 pts)

1. Evaluate Criterion B.1 (Annualized Economic Benefit)
 - Extract net annual benefit from Feasibility Report
 - Verify validation by the Committee of Experts
 - Assign points according to table
2. Evaluate Criterion B.2 (Operational Scope)
 - Identify impacted users/processes
 - Determine level of scope
 - Assign points according to table
3. Sum: B.1 + B.2 = Dimension B

Dimension C: Urgency and Feasibility (0-16 pts)

1. Evaluate Criterion C.1 (Time Criticality)
 - a. Review deadlines and mandates
 - b. Verify supporting documentation
 - c. Assign points according to table

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

2. Evaluate Criterion C.2 (Technical Feasibility)
 - a. Read technical section Feasibility Report
 - b. Review Expert Committee Minutes
 - c. Determine feasibility level
 - d. Assign points according to table
3. Add: C.1 + C.2 = Dimension C

Record: Document in Template PE.CGEDx.PE.REG.006.2024-FO.08 each assigned score with its justification.

Deadline: 3 working days

Step 3: Total Score Calculation

Responsible: Digital Transformation Analyst

Activity: Add up points from the 3 dimensions.

Calculation:

Total Score = Dimension A + Dimension B + Dimension C

Verification

Confirm that:

- The sum is correct
- Total score is in range 0-38 points

Deadline: 1 business day

Step 4: Priority Assignment

Responsible: Digital Transformation Analyst

Activity: According to the total score, assign level P1-P5.

Total Score	Assigned Priority
28-38 points	P1 - Critical
20-27 points	P2 - High
14-19 points	P3 - Medium
7-13 points	P4 - Low
0-6 points	P5 - Exploratory

Deadline: Same day as step 3

Step 5: Complementary Ratings

Responsible: Digital Transformation Analyst

Activity: Assign additional ratings to the project.

1. Classification by Investment Amount:

- Check annual amount in Feasibility Report.
- Assign category according to table section 6.2.1.2

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

2. Classification by Type of Benefit:

Analyze project characteristics and assign label:

- **Strategic:** High impact on ≥2 CGE foci.
- **Evolutionary:** Improvements or expansion of existing systems.
- **Operational:** Efficiency improvements
- **Innovation or automation:** Controlled technology exploration
- **Technological renewal:** infrastructure or systems upgrade projects.
- **Regulatory projects:** Triggered by a regulator requirement

Note: This classification is informative and does not affect the scoring. It will be used in Stage 5 of the Management Procedure for the Approval of Digitization Projects ("Selection for Annual Plan").

Deadline: 1 working day

Step 6: Validation and Registration in Reserve Bank

Responsible: Digital Transformation Analyst (performs) / Digital Transformation Manager (approves)

Activity: Scoring validation and project registration.

Process:

1. TD Analyst prepares completed Scoring Report
2. TD Manager reviews and validates:
 - a. Consistency of assigned scores
 - b. Documented justifications
 - c. Correct application of criteria
 - d. Correct calculations
3. If adjustments required: return to TD Analyst with remarks
4. Once approved: registration in the Reserve Bank

Information to be recorded:

- Project name
- Project code
- Requesting Department
- Total score and assigned priority (P1-P5)
- Breakdown of scores by dimension and criteria
- Ranking by amount
- Type of benefit
- Date of entry to the Reserve Bank
- Supporting documentation (references)

Deadline: 1 business day

Step 7: Documentation and Notification

Responsible: Digital Transformation Analyst

Activity: File documentation and notify result.

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Documents to be filed:

- Completed evaluation template (PE.CGEDx.PE.REG.006.2024-FO.08).
- Justifications for each assigned score
- Digital Transformation Manager Approval

Location: SharePoint Digital Transformation / Reserve Bank / [Project Name].

Notification:

- Claimant Department: prioritization result
- IT Management: for knowledge
- Areas involved: as appropriate

Deadline: Same day as Step 6

6.2.4 Deadline Summary

Step	Activity	Responsible	Deadline
1	Documentation Gathering	TD Analyst	1 day
2	Dimension Scoring	TD Analyst	3 days
3	Total Score Calculation	TD Analyst	1 day
4	Priority Assignment	TD Analyst	-
5	Complementary Classifications	TD Analyst	1 day
6	Validation and Registration	TD Manager	1 day
7	Documentation and Notification	TD Analyst	-
TOTAL			7 working days

6.2.5 Re-prioritization Management

6.2.5.1. Semiannual Reserve Bank Review

Frequency: Every 6 months (June and December)

Responsible: Digital Transformation Management

Objectives:

- Validate validity of priority assigned to each project
- Update context if it has changed
- Re-prioritize projects if necessary
- Eliminate projects that are no longer relevant

Review:

1. **Individual project review** (for each project in the Reserve Bank):
 - Is the business need still valid?
 - Have CGE's strategic focuses that justified the priority changed?
 - Is the benefit estimate still valid?
 - Is the proposed technology still viable?
 - Have better alternatives emerged?
 - Has the project been in reserve for more than 3 years?
2. **Identification of projects to be eliminated:**

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

- Projects with more than 3 years in reserve without revalidation.
 - Projects for which the need no longer exists
 - Projects replaced by other initiatives
 - Projects that lost strategic alignment
3. **Update the Reserve Bank:**
- Update changed priorities
 - Eliminate non-current projects
 - Document changes made
 - Notify affected Demanding Departments

Re-prioritization process:

1. **Identification of need**
2. **Context change evaluation:**
 - Document what has changed since the original prioritization
 - Assess impact on all 3 dimensions
3. **Re-evaluate Affected Dimensions:**
 - Re-evaluate only dimensions affected by the change.
4. **Recalculate scoring:**
 - Maintain original scoring on unaffected dimensions
 - Recalculate new priority P1-P5
5. **Validation and update:**
 - Validation by Digital Transformation Manager
 - Update in Reserve Bank
 - Notification to Claimant Department
 - Change traceability record

Re-prioritization limit: A project can be re-prioritized a maximum of **2 times** during its tenure in the Reserve Bank (in addition to the normal semi-annual reviews).

Deliverable: Semiannual Reserve Bank Review Report (format PE.CGEDx.PE.REG.006.2024-FO.09).

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

7. Records and Data. Applicable formats

The following table shall be included with the records and data derived from the activities defined in the document (Forms, template formats, etc.). If there are no associated formats, complete with "Not applicable".

Record	Responsible for issuance	File support/tracking	Format	Responsible for archiving	Time of retention
Evaluation and Scoring Template	TD Analyst	SharePoint Digital Transformation	PE.CGEDx.P E.REG.006.2 024-FO.08	Digital Transformation	Indefinite
Reserve Bank Semi-Annual Review Report	Manager TD	SharePoint Digital Transformation	PE.CGEDx.P E.REG.006.2 024-FO.09	Digital Transformation	Indefinite

8. List of Annexes

This instruction includes the following annexes:

Annex incorporated in the body of the document:

- **Annex 00:** Revision History

Format templates:

- **PE.CGEDx.PE.REG.006.2024-FO.08:** Evaluation and Scoring Template
- **PE.CGEDx.PE.REG.006.2024-FO.09:** Semiannual Reserve Bank Review Report Template

INSTRUCTIONS FOR CLASSIFICATION AND PRIORITIZATION OF DIGITAL PROJECTS

Annex 00: Revision History

Issue	Date	Reasons for edit and/or summary of changes
1.0	06/11/2025	"Initial editing of the document".

Note 1: Once you have finished editing the document remember to update the table of contents included on page 2.