Various Rating Actions Taken On Seven Colombian Infrastructure Entities Following Sovereign Downgrade

June 27, 2025

- On June 26, 2025, S&P Global Ratings lowered the foreign and local currency ratings on Colombia to 'BB/B' and 'BB+/B', and assigned negative outlooks. The action results from a steady deterioration of Colombia's fiscal results that contributed to lower investor confidence, weaker economic performance, a higher level of government debt, and an increased interest burden.
- As a result, on June 27, 2025, we revised the ratings and/or outlooks on several Colombian infrastructure companies and/or their debt.
- The first group, comprising Isagen S.A., Oleoducto Central S.A. (Ocensa), and Termocandelaria Power S.A. (Termocandelaria), are companies that would remain capped at the sovereign level due to their regulated nature and the inability to withstand a sovereign stress. The long-term ratings on these entities are now 'BB', with a negative outlook.
- The second group consists of entities that are, in our view, less exposed to the Colombian economy because they have large, geographically diversified businesses, with operations in other investment-grade countries in the region, that would allow them to keep up payments even in a scenario of sovereign distress. They are Enel Americas and the group comprising Prime Energia SpA, EnfraGen Spain, S.A.U., and EnfraGen Energia Sur, S.A.U. (collectively, EnfraGen or the project). We affirmed the ratings on these entities but revised the outlooks to negative, signaling that a further downgrade of Colombia could pressure their creditworthiness.
- Furthermore, we lowered the issue-level ratings on A.I. Candelaria Spain's debt to 'B' from 'B+', due to the subordinated nature of its cash flows to Ocensa's dividend payments, and affirmed the issuer credit ratings on Enel Colombia at 'BBB-' but revised the outlook to negative because it remains a core entity of its parent, Enel Americas.

MEXICO CITY (S&P Global Ratings) June 27, 2025--S&P Global Ratings today took various rating actions on Colombian infrastructure entities following our downgrade of the sovereign (see the Ratings List for full details).

On June 26, 2025, we lowered the long-term foreign currency sovereign credit rating on Colombia to 'BB' from 'BB+' and the long-term local currency rating to 'BB+' from 'BBB-'. The

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outlook on the long-term ratings is negative (see "Colombia Long-Term Foreign Currency Rating Lowered To 'BB' From 'BB+' On Weaker Fiscal Performance; Outlook Negative,")

Our ratings on Colombia capture its limited fiscal flexibility, high debt burden, weak external position (including its volatile terms of trade), and moderate GDP per capita. The combination of large fiscal deficits and weak economic performance has worsened Colombia's public finances and increased its vulnerability to external shocks. Expansive government primary spending, a growing interest burden, and lower-than-expected revenue collections have caused it to significantly miss fiscal targets and post large deficits since 2024.

Following the sovereign rating action, we took rating actions on Isagen, Ocensa, Termocandelaria, and A.I. Candelaria's debt. These entities remain exposed to Colombia given that they operate in what we perceive as highly regulated sectors (dependent on rate or tariff adjustments approved by local regulators) and demand for their services is in some cases correlated to the country's GDP growth. Consequently, we believe the entities could suffer from heavier regulation in a sovereign stress scenario and wouldn't generate or maintain sufficient cash to honor their financial obligations.

Isagen sells about 25% of its energy to distributors in Colombia, which have their rates set by the regulator. Therefore, we believe payments to the company could weaken in case of regulatory or political interference in distributors' rates. Moreover, Isagen sells a portion of its energy output on the spot market, which we believe could also be at its regulatory floor amid sovereign stress. As a consequence, the sovereign rating on Colombia continues to cap the rating on Isagen.

We took a similar rating action on Ecopetrol and, therefore, on its subsidiary Ocensa, because we continue to view it as core to the parent and we don't believe there are meaningful regulatory mechanisms or other structural barriers that restrict the parent from accessing Ocensa's cash flows in a stress scenario. Moreover, Ecopetrol is Ocensa's main client, representing the bulk of volumes transported and revenue.

We also lowered the issue-level rating on A.I. Candelaria Spain's debt to 'B' from 'B+'. This is because we continue to incorporate the subordination to, and reliance on, dividend payments from its operating subsidiary, Ocensa, which distributes them after funding its operating and financial needs.

Furthermore, we revised the rating outlook on Termocandelaria to negative from stable. This is because the company has exposure to local distributors as well as spot prices in the country. In this context, we believe the entity's cash generation and leverage metrics could be dampened by the regulator's intervention in setting tariffs or prices in a sovereign stress scenario.

We also revised the outlooks to negative on entities that generate a relevant portion of their cash flow in Colombia but due to operations in other investment-grade countries could withstand a sovereign stress. Our analysis of Enel Americas incorporates our expectation of financial support from the parent company--Enel SpA (BBB/Stable/A-2)--even under the scenario of a sovereign default. It also considers the company's exposure to Brazil (50% of first-quarter 2025 EBITDA) and Colombia (41%), speculative-grade countries with macroeconomic, regulatory, and political risks. The rating incorporates the group's sensitivity to sovereign risks and the potential we see for a deterioration of weighted country risk if we downgrade Colombia and/or we expect higher contributions from the assets in Argentina. These risks are reflected in the negative outlook on Enel Americas.

We equalize the ratings on Enel Colombia to those on controlling shareholder Enel Americas, since we believe the company is integral to the group's identity and strategy and should receive parental support under any foreseeable circumstances. This view allowed us to rate Enel Colombia a maximum of two notches above the sovereign foreign currency rating. Therefore, the negative outlook reflects a potential downgrade following the same action on Colombia, while all other factors are unchanged.

Furthermore, we affirmed our ratings on Enfragen's debt but revised the outlook to negative. The project has a portfolio of 23 power assets totaling 2.1 gigawatts (GW) of installed capacity, using multiple technologies located in Chile, Colombia, Panama, and Costa Rica. Despite our expectation that the project will generate about 50% of its EBITDA in Colombia, we expect it will withstand a sovereign stress, as indicated by a cash-sources-to-uses ratio under a hypothetical sovereign stress scenario that remains above 1x. This is given the remaining cash flow from Chile and Panama, proceeds from the debt reserve accounts totaling $50 million in the form of the first demand letter of credit, an $8 million additional cash-funded debt service reserve account, $15 million of sweep funding, and the $10 million operations and maintenance account. We also consider that all remaining cash flows from operations are deposited in offshore accounts--in the co-issuers' accounts in Chile and Spain--compensating for foreign exchange conversion risk. Still, if we downgrade Colombia again, we expect Enfragen to follow the same path, due its high sensitivity and our belief that the maximum differential with Colombia is two notches.

Outlooks

The negative outlook on Isagen mirrors that on Colombia. Additionally, we expect Isagen to maintain its conservative commercial strategy, with most of its output sold through contracts and the rest exposed to hydrological conditions. We expect debt to EBITDA to remain at 2.5x-3.0x and funds from operations (FFO) to debt at 20%-25%, while Isagen upstreams excess cash to its shareholders of Colombian peso (COP) 1 trillion per year on average.

The negative outlook on Ocensa mirrors that on its parent, Ecopetrol, given that we consider the company a core subsidiary of the group. In addition, the negative outlook on Ecopetrol mirrors that on Colombia, because we think the likelihood that the Colombian government would provide timely and sufficient extraordinary support to Ecopetrol under stress scenarios is very high, based on its very important role in the domestic economy and very strong link with the government.

The negative outlook on Termocandelaria mirrors that on the sovereign. Additionally, we expect the company’s debt to EBITDA to remain at 3.0x-3.5x in the next 12 to 24 months. We assume that it will only use capital expenditure (capex) for maintenance going forward.

The negative outlooks on Enel Americas, Enel Colombia, and Enfragen mirror that on Colombia, given the relevant exposure the group has to Colombia in terms of consolidated revenue and EBITDA generation.

Downside scenario

We could lower the rating on Isagen in the next 12 months if we take a similar action on the sovereign rating, which could happen if economic growth is below our expectations. Moreover, we could revise down Isagen’s stand-alone credit profile (SACP) if the company adopts a more aggressive commercial strategy or repays its intercompany loan from its parent faster than we expect, impairing its financial flexibility. This could result in debt to EBITDA consistently above 4.0x or FFO to debt below 20%.

We could downgrade Ocensa if we take the same action on Colombia and, consequently, on Ecopetrol. In addition, we could revise down the company's SACP if its financial position weakens materially, with net debt to EBITDA rising above 1.5x and FFO to debt falling below 60%. We view such a scenario as unlikely in the next 12 months, given our expectations that Ocensa's EBITDA will remain robust, there are no investments requiring further financing on the horizon, and that its dividend policy will not change.

We could lower the rating on Termocandelaria in the next 12 months if we take a similar action on the sovereign rating, which could happen if economic growth is below our expectations. In addition, we could lower the ratings on Termocandelaria in the next 12 months if net debt to EBITDA increases consistently above 4x, potentially from weaker-than-expected energy demand on the Atlantic coast or new, unforeseen debt issuances. We could also lower the ratings if liquidity worsens, driving the ratio of cash sources to cash uses below 1.2x.

We could downgrade Enel Americas and Enel Colombia following a similar action on Colombia, all other factors remaining equal. We will also downgrade Enel Americas if we believe the group has become less important to its parent, which could occur if, for instance, Enel SpA slashes its stake in the group or makes significant divestments. In addition, we could revise down the SACP on Enel Americas if its credit metrics worsen, particularly if debt to EBITDA rises above 2x. This could result from a more aggressive debt-financed investment program, which we don't currently envision, or from a major operational issue at its main cash flow contributors. Furthermore, we could revise down the SACP if liquidity worsens, for instance, if the ratio of sources over uses of cash falls below 1.1x in the next 12 months, which we believe is unlikely.

We could lower the ratings on Enfragen following a similar action on Colombia, all other factors remaining equal. In the next 18 months, we could lower the rating if the minimum debt service coverage ratio falls and remains below 1.25x, which could result from lower asset availability due to extended maintenance stoppages. In addition, lower cash flow available for debt service could result from unexpected climate events, like a prolonged dry season in Panama or lower thermal dispatch in Colombia.

Upside scenario

We could revise the outlook to stable or raise the ratings on Isagen in the next two years if we take a similar action on the sovereign, while all other factors are unchanged. We could revise up the SACP if Isagen posts debt to EBITDA below 2.5x and FFO to debt above 30% on a consistent basis, for example, if the company can sign attractive power contracts, bolstering average sales prices.

We could revise the outlook on Ocensa to stable or raise the ratings if we do the same on the sovereign and Ecopetrol.

All other factors being equal, we could revise the outlooks to stable on Termocandelaria, Enel Americas, Enel Colombia, and Enfragen in the next two years if we take a similar action on the sovereign.

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024

- Criteria | Infrastructure | General: General Project Finance Rating Methodology, Dec. 14, 2022
- Criteria | Infrastructure | General: Sector-Specific Project Finance Rating Methodology, Dec. 14, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- General Criteria: Methodology For Companies With Noncontrolling Equity Interests, Jan. 5, 2016
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Colombia Long-Term Foreign Currency Rating Lowered To 'BB' From 'BB+' On Weaker Fiscal Performance; Outlook Negative , June 26, 2025

Ratings List

Ratings list		
Downgraded		
	To	**From**
A.I. Candelaria Spain		
Senior Secured	B	B+
Oleoducto Central S.A. (OCENSA)		
Issuer Credit Rating	BB/Negative/--	BB+/Negative/--
Senior Unsecured	BB	BB+

Ratings list		
Isagen S.A. E.S.P.		
Issuer Credit Rating	BB/Negative/--	BB+/Negative/--
Ratings Affirmed; Outlook Action		
	To	**From**
Enel Americas S.A.		
Issuer Credit Rating		
Foreign Currency	BBB-/Negative/--	BBB-/Stable/--
Enel Colombia S.A E.S.P.		
Issuer Credit Rating		
Foreign Currency	BBB-/Negative/--	BBB-/Stable/--
Prime Energia SpA		
Senior Secured	BBB-/Negative/--	BBB-/Stable/--
Termocandelaria Power S.A.		
Issuer Credit Rating	BB/Negative/--	BB/Stable/--
EnfraGen Spain, S.A.U		
Senior Secured	BBB-/Negative/--	BBB-/Stable/--
EnfraGen Energia Sur, S.A.U.		
Senior Secured	BBB-/Negative/--	BBB-/Stable/--
Ratings Affirmed		
Enel Americas S.A.		
Senior Unsecured	BBB-	
Termocandelaria Power S.A.		
Senior Unsecured	BB	

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