

Dear Friends and Clients,

With our newsletter we would like to inform you of recent and significant legal developments in the field of energy law in Argentina

Best regards,

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NEW VALUES FOR BIOETHANOL AND BIODIESEL

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By means of Dispositions No. 35/2019 and 36/2019, published in the Official Gazette on May 10, 2019, the Undersecretariat of Hydrocarbons established new prices for the acquisition of bioethanol and biodiesel within the framework of Law No. 26,093 for the Promotion Regime for the Sustainable Production and Use of Biofuels, in order to reflect production costs within Argentina's current macroeconomic context.

The new prices, set out in the adjacent table, are applicable as of May 1, 2019 (Note: Dollar amounts calculated as of the publishing of this Newsletter)

Biofuels	Price	
	ARS	USD
Bioethanol made from sugar cane to be mixed with naphtha	23.409 per liter	0.42 per liter
Bioethanol made from corn to be mixed with naphtha	21.270 per liter	0.38 per liter
Biodiesel to be mixed with gas oil	29,739 per ton	504 per ton

BANCO DE INVERSIÓN Y COMERCIO EXTERIOR IS APPOINTED TRUSTEE OF THE DEVELOPMENT OF THE DISTRIBUTED GENERATION OF RENEWABLE ENERGIES TRUST

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By means of Disposition No. 62/2019, issued on May 15, 2019 by the Undersecretariat of Renewable Energies and Energetic Efficiency (the "Disposition"), the Banco de Inversión y Comercio Exterior S.A. ("BICE") was appointed trustee for the Development of the Distributed Generation of Renewable Energies Trust (the "FODIS").

Law No. 27,424, which regulates the Regime for the Promotion of Distributed Renewable Energy Generation Integrated into the Public Electricity Grid ("Law 27,424"), created the FODIS through Article 16. The purpose of the FODIS is to apply its assets to the granting of loans, incentives, guarantees, the making of capital contributions and the acquisition of other financial instruments, all of them for the purpose of the implementation of systems of

distributed generation from renewable sources.

Article 18 of Law 27,424 sets out that a public bank is to be appointed as trustee for the FODIS.

In this scenario, pursuant to Article 1 of the Disposition, due to BICE's role as trustee for the Renewable Energies Trust, the BICE is appointed as trustee of the FODIS.

The Disposition also approves the model of the FODIS Trust Agreement, to be executed by the Undersecretariat of Renewable Energies and Energetic Efficiency in representation of the Argentine Republic (in its capacity as trustor of the FODIS and BICE), and the BICE in its capacity as trustee of the FODIS.

DELEGATION OF AUTHORITY BY THE SECRETARIAT OF ENERGY

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By means of Resolution No. 313/2019, the Secretariat of Energy (the "Secretariat") delegates authority in lower government authorities, that are dependent on the Secretariat, in order to achieve a more efficient administration. In this regard the Secretariat of Energy delegated:

- to the Under Secretariat of Hydrocarbons and Fuels, the power to approve transfers from the Trust Fund for Residential Consumption Subsidies of Liquefied Petroleum Gas to the corresponding beneficiaries, with the resources coming from the referred trust fund. These transfers are related to the program "Hogares con Garrafa" created by Decree No. 470/15;

- to the Legal Affairs division of the Secretariat the authority to represent the Secretariat in court, provided for under Decree 411/1980;

- to the Under Secretariat of Administrative Coordination, the following powers: (a) granting of the licenses contemplated in the "Licenses, Justifications and Franchises Regime"; (b) designation of cabinet personnel of the ranking authorities of the Secretariat, approve the hiring, renewals, extensions and terminations, in contracts of any kind, including those

provided in Article 9 of Annex I of the Framework Law for the Regulation of National Public Employment and service leases under the terms of Decree No. 1109; and (c) authorization of trips to the provinces and the issuance of plane tickets for Secretariat personnel, regardless of the employment type;

- It also authorized to the secretaries and undersecretaries of the Secretariat to authorize trips to the provinces and the issuance of flight tickets for those who perform advisory tasks and who are invited by the respective officials.

INCREASE IN THE SURCHARGE ON NATURAL GAS AT THE PIST CREATED TO FINANCE THE FIDUCIARY FUND FOR RESIDENTIAL CONSUMPTION OF GAS SUBSIDIES

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By means of Resolution No. 312/2019, published in the Official Gazette of the Republic of Argentina on June 3, 2019 (the "Resolution"), the Secretariat of Energy increased to 4.46% the surcharge on natural gas set forth in Section 75 of Law No. 25,565 (the "Surcharge").

The Surcharge was created so as to finance the Fiduciary Fund for Residential Consumption of Gas Subsidies by establishing a surcharge of up to 7.5% over the price of natural gas at the Point of Entry to the Transportation System (PIST), applicable to each cubic meter (m³) of nine thousand three hundred kilocalories (9.300 kcal), and that will be applied to the total cubic meters consumed and/

or commercialized by networks or pipelines in the national territory, independently of its final destination.

The Resolution provides that same percentage shall apply to self-consumption gas volumes and that the Surcharge shall be calculated as follows:

- self-consumed gas volumes;
- the company's sales average price; and
- said percentage (4.46%).

The Resolution also establishes that gas marketers shall apply said Surcharge and transfer to its gas buyers the equal sum paid to its gas sellers.

GAS DISTRIBUTION- RATES AND INVOICES

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By means of Resolution No. 275/2019, issued on May 17, 2019, (the "Resolution"), the Argentine Natural Gas Regulatory Authority (the "ENARGAS") amended Section 5(g) of the Distribution Service Rules enacted by Decree No 2255/1992 (as amended by means of Resolutions No. 4317/2017 and 4325/2017), which set out the interest rates applicable upon failure by certain consumers to cancel their invoices on time.

IN ACCORDANCE WITH THE RESOLUTION:

- The effects of Section 5(g) were extended to Subdistributors;
- Subdistributors shall have forty (40) days to cancel invoices received from Distributors, and their applicable interest rate shall not exceed 1.5 times the annual passive rate (i.e. the applicable rate for 30-day fixed term deposits published in the Banco Nación website; and
- The interest shall be updated monthly to reflect the interest rate applicable during the last day of the previous month.

OFFSHORE EXPLORATION ACTIVITIES TO SET SAIL AFTER AWARD OF PERMITS BY THE FEDERAL GOVERNMENT

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By means of Resolution No. 276/2019, dated May 17, 2019, the Federal Secretariat of Energy awarded hydrocarbon exploration permits to several national and international companies over a total of eighteen blocks, within the framework of the Offshore Bidding Round called by the Federal Secretariat of Energy pursuant to Resolution SE No. 65/2018, and in accordance with Decree No. 872/2018. The awarded blocks are located in the Argentina Norte, Austral Marina and Malvinas Oeste basins. Awardees include ExxonMobil, Qatar Petroleum, Tullow Oil, Pluspetrol, Wintershall, Equinor, Total

Austral, YPF, Eni, Mitsui, Tecpetrol, Shell and BP.

The bids had been submitted during a public ceremony held on April 16, 2019, with the participation of several international companies and officers from the Secretariat of Energy. The issuance of these permits is scheduled for August 1, 2019 and will entail the right to carry out hydrocarbon exploration activities over the relevant blocks and to obtain an exploitation concession upon a commercial discovery of hydrocarbons therein.

PROPOSED REGULATION FOR THE TRANSPORTATION OF HYDROCARBONS

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On June 26, 2019, the Undersecretariat of Hydrocarbons and Fuels (the “Undersecretariat”) submitted for public consultation a draft of the “Special Rules and Technical Conditions for the Transportation of Liquid Hydrocarbons by Pipeline and through Maritime and River Terminals” (Normas particulares y condiciones técnicas para el transporte de hidrocarburos líquidos por ductos y a través de terminales marítimas y fluviales), in order to establish new specific standards and technical conditions for the transport of crude oil.

The main goals of the proposed regulation are to:

- organize the program of deliveries and returns identifying the loading points and return of liquid hydrocarbons to be transported;
- regulate responsibilities in the event of incidents; and
- update quality adjustments and volumetric deductions, establishing clear rules and prioritizing efficiency in the transport service, among others.

NEW APPLICABLE VALUES TO CALCULATE THE CANON FOR ADMINISTRATIVE EASEMENTS OF GAS PIPELINES

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By means of Resolution No. 339/2019, published on June 25, 2019 in the Official Gazette, the Argentine Natural Gas Regulatory Authority (Ente Nacional Regulador del Gas, the “ENARGAS”) adjusted the values set forth in sub-annexes I.I.1 and I.I.3 of Resolution ENARGAS No. 3,562/2015 and

its amendments, and thus established new applicable values to calculate the provisional canon fixed by ENARGAS for administrative easements of gas pipelines. The new values will be applicable as of June 25, 2019.

APPROVAL OF THE TERMS AND CONDITIONS FOR TRANSPORTATION CONCESSION TENDERS

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By means of Resolution No. 357/2019, published in the Official Gazette on July 1, 2019, the Secretary of Energy approved the terms and conditions of the call for tenders based on the proposals submitted by those interested in obtaining a hydrocarbons transportation concession pursuant to Section 46 of the Federal Hydrocarbons Law No. 17,319.

The call for tenders shall include, inter alia, proposals by independent midstream companies.

The submitted proposals shall be evaluated within 30 business days as of their submission. In the event of parity among proposals, the preference in favor of the project's submitting party (Section 46 second paragraph) shall apply.

THOSE INTERESTED IN PARTICIPATING MUST:

- previously register in the Registry of Transportation Companies of Hydrocarbons through Pipelines and Marine Terminals under Resolution No. 29/2010 of the Secretary of Energy;
- comply with the conditions set out under article 45 of the Federal Hydrocarbons Law;
- in case of a foreign company, register as a branch in Argentina.

VACA MUERTA GAS PIPELINE: SPECIAL RULES FOR GRANTING TRANSPORTATION LICENSES

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By means of Emergency Decree No. 465/2019, issued on July 10, 2019 (the "Decree"), the President of the Argentine Republic, Mauricio Macri, instructed the Secretariat of Energy to issue a public tender to award a concession for the construction of a gas pipeline and the transportation of natural gas from the Neuquén Basin to Salliqueló, Province of Buenos Aires, and Litoral, in order to evacuate production from the Vaca Muerta formation.

The Government created a Special Temporary Regime (the "STR") that shall be in force for seventeen (17) years following the award of the Concession. During the term of the STR, the provisions of the Decree shall supersede those of Law No. 24,076.

Under the STR:

- the Carrier's compensation (and any adjustment thereof) will be freely negotiated with the shippers without engaging in discriminatory conduct;

- in no case may the Carrier's compensation be transferred to the final tariffs payable by residential users; and

- the tender shall set forth the direct assignment of 15 MMm³/day of initial transport capacity to certain shippers, considering a reference value of 9.300 kcal/m³, while the rest of the capacity – i.e. 40 MMm³/day of natural gas of 9.300 kcal/m³ – must be awarded to shippers through open procedures that must be developed by the Carrier in order to ensure open access thereto.

The Decree seeks to increase the flow of natural gas from Neuquén to Buenos Aires, in order to satisfy the unmet demand during winter peaks in the metropolitan area, thus reducing the demand for alternative liquid fuels for the generation of electricity and LNG imports.

By means of Resolution No. 437/2019, issued on July 31, 2019, the Secretariat of Energy established that the bids will be opened on September 12, 2019, at 11:30 AM.

PROCEDURE FOR THE OBTENTION OF THE TAX CREDIT CERTIFICATE OF THE NATIONAL DISTRIBUTED ENERGY GENERATION INCENTIVE SCHEME

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By means of Disposition No. 83/2019, published in the Official Gazette on July 29, 2019 (the "Disposition"), the Renewable Energies and Energy Efficiency Undersecretary (the "Undersecretary") approved the procedure for obtaining the Tax Credit Certificate of the National Distributed Energy Generation Incentive Scheme (the "DEG Incentive Scheme") (the "Procedure").

The DEG Incentive Scheme was approved by Law No. 27,424, published in the Official Gazette on December 27, 2017 (the "Law"). The Law declared distributed generation from renewable sources to be of national interest and established the legal and contractual conditions for distributed generation for self-consumption and for eventual injection into the grid any surplus of electricity. Additionally, the Law determined distribution companies' obligations in connection with such injection.

Decree No. 986/2018, published in the Official Gazette on November 1, 2018 contains the applicable regulation of the Law, and, among other things, provides the granting of promotional benefits available to user-generators who have adhered to the Law, including a Tax Credit Certificate applicable to national taxes' payment.

IN THAT SENSE, THE PROCEDURE ESTABLISHES THE FOLLOWING:

- The Tax Certificate shall be granted to user-generators that have (i) entirely adhered to the DEG Incentive Scheme, (ii) obtained the user-generator corresponding certificate, (iii) complied with the administrative procedure set forth in Chapter II of the Procedure, and (iv) installed a new distributed generation equipment.
- A user-generator may receive a maximum of one Tax Credit Certificate per supply point.
- The bonds issued in representation of the Tax Credit Certificate shall be valid for a period of 5 years after January 1 of the following year to the issuance date.
- The amount of the benefit shall be equivalent to 15 ARS per power unity expressed in watts (15 ARS/W). Such amount shall be granted up to a maximum of ARS 1,000,000.
- The Tax Credit Certificate shall be petitioned through the online platform Trámites a Distancia (TAD).

PUBLIC CONSULTATION ON THE NEW GAS MARKETERS REGULATION

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By means of Resolution No. 419/2019, published on July 31, 2019 in the Official Gazette of the Republic of Argentina, the Argentine Natural Gas Regulatory Authority (Ente Nacional Regulador del Gas, the "ENARGAS") submitted for public consultation a draft of the new Gas Marketers Regulation (Reglamento de Comercializadores, the "New Gas Marketers Regulation") in order to update the regime established pursuant to Resolution ENARGAS No. 421/1997, as amended by Resolution ENARGAS No. 478/1997 (the "Current Gas Marketers Regulation").

ENARGAS is the authority in charge of keeping records of gas marketers and marketing contracts. Thus, legal entities and individuals that qualify as gas marketers are expected to register before the ENARGAS and provide information related to the contracts they enter into. The New Gas Marketers Regulation will be applicable to any private or

public legal entity engaged in the purchase and sale of natural gas and/or transportation capacity, either in its own name or on behalf of third parties (excluding distributors and sub distributors).

Upon entry into force of the final version of the New Gas Marketers Regulation and within a term of one hundred and eighty (180) calendar days counted thereof, gas marketers already registered with the ENARGAS according to the Current Gas Marketers Regulation will also have to register in accordance with the New Gas Marketers Regulation.

All parties interested in submitting comments to the New Gas Marketers Regulation have a period of thirty (30) calendar days to submit their comments before the ENARGAS, counted as of the publication of the draft in the Official Gazette (i.e., August 30, 2019).

CHANGES TO THE TAX BENEFITS REGIME FOR RENEWABLE ENERGY PROJECTS

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By means of Resolution SE No. 414/2019, published on July 27, 2019 in the Official Gazette of the Republic of Argentina (the "Resolution"), the Secretariat of Energy establishes certain modifications to the requirements for obtaining tax benefits from the Renewable Energy Term Market projects ("MATER") and establishes the requirements for the control of the investments and implementation of tax benefits for all the renewable projects that requested such benefits (i.e., RenovAR projects, MATER projects or the projects under Resolution MINEM No. 202/2016).

With respect to MATER projects, the Resolution introduces the registration of the projects in a registry created for that purpose (Registro de Proyectos de Generación de Energía Eléctrica de Fuente Renovable or RENPER), as a requirement for the issuance of the Certificate of Inclusion ("CI"), and establishes that MATER projects that wish to obtain the CI cannot submit a scheduled date of commercial authorization greater than 1460 days (that is, twice the maximum allowed for RenovAR projects). Further, the description of the parties that may request benefits is clarified and in general, there is a simplification of the requirements needed to obtain the CI and the quantification of tax benefits.

On the other hand, the following aspects for the implementation and regulation of tax benefits for all renewable projects can be highlighted:

- the so-called "Effective Principle of Execution" is not required for the application of benefits linked to import duties (Decree No. 814/2017);
- the Resolution establishes periods in order to compute the expenditures made and, in particular, it clarifies that for the purposes of this benefit the expenditures related to the operation, maintenance, replacement of parts or modernization of the power plant will not be considered;
- the regulations provided the Fiscal Certificate by national component and regarding import duties (Decree No. 814/2017) are replaced by what is established by the regulations issued in Law No. 27,191 and Decree No. 531/2016; and
- the Resolution incorporates specific rules regarding the criteria to take the exchange rate for the conversion of the amounts corresponding to the anticipated VAT refund, and accelerated amortization; the execution of projects; and the penalty regime.

THE ENERGY SECRETARIAT APPROVES A NEW PROCEDURE FOR OBTAINING GAS EXPORT PERMITS

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By means of Resolution No. 417/2019 (the "Resolution") the Secretariat of Energy (i) approved a new procedure to obtain gas export authorizations which shall replace the procedure annexed to Resolution No. 104/18 (the "New Gas Export Procedure"); and (ii) appointed the Undersecretariat of Hydrocarbons and Fuels as the enforcement authority of the New Gas Export Procedure (the "Enforcement Authority").

CATEGORIES OF GAS EXPORT PERMITS

The New Gas Export Procedure establishes four different types of gas export permits. The continuing effectiveness of all export permits is contingent on the security of supply to the domestic market. The four types of gas export permits are:

a) FIRM PERMIT: These permits will be granted on a firm basis, when natural gas sales offers or agreements contain deliver-or-pay and take-or-pay obligations that are not merely

discretionary for the parties and can only be discharged upon the occurrence of a force majeure event.

b) INTERRUPTIBLE PERMIT: These permits will be granted on an interruptible basis and are based on natural gas sales offers or agreements that do not contain deliver-or-pay and take-or-pay obligations or, if contained, these can be discretionally discharged by the parties.

c) OPERATIONAL PERMIT: These permits will be granted to address operational needs, operational emergency situations, or similar situations and may only be granted if the Enforcement Authority considers that its necessary and if the Applicant – as defined below – undertakes to re-import to the domestic market, within a term of twelve (12) months following the first export operation, equivalent natural gas volumes (or quantities of power in an equivalent basis that shall be determined by the Enforcement Authority when granting each Operational Permit).

d) ASSISTANCE AGREEMENT: These permits will be granted to address critical or emergency situations in the supply of natural gas in neighboring countries, provided that this emergency situation is declared by the relevant authority of such countries, and that the emergency requires the adoption of extraordinary and immediate measures to control, minimize or mitigate the emergency. For the granting of this permits, the Applicant does not need to undertake the obligation to re-import to the domestic market equal volumes of natural gas, or equivalent quantities of energy. According to the Resolution, these type of exports permits shall not be subject to the New Gas Export Procedure, but to a special procedure to be determined by the Enforcement Authority.

RULES OF PROCEDURE

a. APPLICANT: The applicant shall be any legal entity that requests an export permit (the "Applicant") and for purposes of obtaining the export permit, the legal entity shall maintain the annual report of reserves and production, updated in the SESCO system.

b. APPLICATIONS: The Resolution establishes that export applications shall be submitted online through the system captioned "Plataforma de Trámites a Distancia ("TAD")", and must include the following information and documentation (the "Application"):

Executive summary of the gas export transaction that shall be used for its publication in the Secretary of Energy webpage, including:

- Destination and origin of the natural gas.
- Daily and total maximum and programmed quantities.
- Price and adjustment formula.
- Export term.
- Price; the price must expressly set out all included items (compensation, consideration, and/or other contracts or operations directly or indirectly related to the export permit, etc.).
- Price of the gas in the intersection spot.
- The location(s) of gas export from Argentina.
- Use of the natural gas: The Applicant must either (i) inform the use to be granted to the exported natural gas (i.e. industrial, residential or generation); or (ii) attach an affidavit of the seller and buyer regarding the use to be granted to the exported natural gas.

The Applicant may request, when submitting the Application, the authorization to export, daily, higher quantities than the ones declared according to point i. mentioned above, provided that the daily surpluses shall be counted as part of the total volume authorized for export.

Information related to the Applicant's production capacity and gas availability, including:

1. The name and location of each hydrocarbon area out of which the natural gas exports will be conducted;
2. In case the amount of natural gas requested to be exported exceeds the amount of declared natural gas reserves, the Applicant shall submit a production program that includes the maximum production capacity of each hydrocarbon

area mentioned in point ii.1, considering the capacity of the existing and estimated surface facilities.

Information related to the Applicant's gas sales commitments, including:

1. Copies of the relevant documentation informing natural gas sales corresponding to the requested export permit; and
2. A table of the committed natural gas sales per month, within the Argentine Republic and for export.

Information related to the export market to be supplied. If the destination country requires an import authorization, the Applicant must declare that the export operation under analysis is permitted by the import country.

Representative.

The Applicant shall appoint one (1) representative (the "Representative") who shall be in charge of answering all inquiries raised by an Interested Third-Party (as defined below) on any aspect of the contract. The Representative shall establish a domicile and provide contact information (telephone number and email address).

Moreover, the Representative shall be granted with a power-of-attorney for the purposes of accepting or submitting natural gas sale offers. Exports related to Operational Permits are exempted from the obligation of appointing a Representative.

c. REVIEW OF THE APPLICATION: The Enforcement Authority shall review the Application in order to determine whether it complies with the applicable requirements. In case the Application does not comply with the requirements established under the Resolution, the Enforcement Authority shall notify the Applicant in order for the same to cure the irregularity within a term to be determined by the Enforcement Authority. In the meantime, the Application's procedure shall be suspended.

On the contrary, if the Application complies with the requirements prescribed under Section 3.1. of the New Gas Export Procedure, the Enforcement Authority shall publish an executive summary of the commercial aspects of the Application in the webpage of the Energy Secretariat.

In order to grant the authorization the Enforcement Authority shall consider all available information, whether public, official, or provided by interested parties, including, without limitation, information: a) on local supply and demand; b) on the production and transportation capacity of the basins affected by the export request in relation to internal requirements on those same systems; and c) all relevant information related to contracts entered into, for the domestic and external markets.

d. INTERESTED THIRD-PARTY - PROCEDURE: An interested third-party (the "Interested Third-Party") shall be any potential purchaser of natural gas that expresses a specific interest in purchasing, all or part of, the gas volumes indicated in the Application for their consumption in the domestic market (the "Purchase Offer").

The terms and conditions of the Purchase Offer must comply, to a reasonable extent, with the gas sale's terms and conditions settled in the Application. It must be submitted with the Representative within three (3) business days from the publication by the Enforcement Authority, of the Application, through the TAD system (as defined above).

The Representative shall answer the Purchase Offer, within a term of five (5) business days counted from the date in which the Purchase Offer was received by the Representative. The Representative's refusal to provide information on the project, or to answer the Purchase Offer within the provided term, shall entitle the Enforcement Authority to suspend the Application's procedure until the Representative complies with such obligations.

The Representative can reject the Purchase Offer. In such case, the Representative shall inform the Enforcement Authority of the reasons for its rejection.

Upon rejection, the Interested Third Party shall be entitled to submit the dispute before the Enforcement Authority, which shall settle the same within a term of 5 business days. If the dispute is not submitted, the Purchase Offer shall be considered to have been desisted.

Once reviewed, if applicable, the Enforcement Authority will grant the export permit and issue the relevant certificate for its submission before the Customs Office.

e. PLAN GAS VOLUMES: In case the Application includes natural gas produced within the framework of a project included in the "Program for the Promotion of Investments in Unconventional Gas Blocks" (Resolution N° 46/2017, as amended), the quantities of natural gas to be exported shall be discounted from the total production of the respective project prior to the determination of the volumes computed as part of the Included Production referred to in said regulation.

Such discount shall act as a condition for the approval of the requested export permit. When submitting the Application, the Applicant shall express its consent to such condition.

AMENDMENTS

Any amendment to the original contractual conditions under which the Application was approved must be informed to the Enforcement Authority, prior to its implementation. The Enforcement Authority shall be entitled to request additional information and shall, if applicable, publish the amendments for the purpose mentioned above in point II.d.

Notwithstanding the foregoing, on a monthly basis, the Applicant shall inform the Enforcement Authority, in the form of an affidavit, the volumes and prices of exported gas.

SUSPENSION OR FORFEITURE OF THE GAS EXPORT PERMIT

The Enforcement Authority may suspend or forfeit the relevant gas export permit upon the occurrence of any of the following (the "Events of Default"):

1. The Application affects the security of the domestic market.
2. The Application contains false information.
3. The Applicant fails to comply with the terms and conditions of the relevant gas export permit, including without limitation:
 - Date for the commencement of gas exports.
 - Maintenance of reserves consistent with the contractual commitments undertaken with the foreign purchaser.
 - Failure to comply with the information obligations mentioned under Section III above.
 - Failure to allow the Enforcement Authority's inspections.
 - Failure to comply with any other condition established in the export permit.

Before declaring the suspension or forfeiture of the export permit, the Enforcement Authority shall give prior written notice to the Applicant to cure the relevant Event of Default within a term to be established by the Enforcement Authority.

PROCEDURE FOR USING THE ELECTRONIC TAX BONDS OF THE NATIONAL DISTRIBUTED ENERGY GENERATION INCENTIVE

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Law No. 27,424, as amended, establishes the legal framework for users that generate energy from renewable sources for self-consumption and adhere to the law. This law grants promotional benefits for those "users-generators", including a tax credit that can be used to pay federal taxes.

By means of Disposition 48/19, the Under-Secretary of Renewable Energy and Energetic Efficiency (the "Under-

Secretary") established that the tax credit will be granted through electronic bonds.

In turn, the Argentine Tax Authority ("AFIP") issued Resolution 4511/2019, which established the procedures for using the electronic bonds. The Under-Secretary should inform the AFIP about the bonds issued and those bonds will be registered in AFIP's system as a tax credit for the taxpayer. The unused balance of the bonds shall not be refundable.

AMENDMENTS TO THE REGULATION OF THE RENEWABLE ENERGY PROMOTIONAL REGIME

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By means of Decree No. 476/2019 dated July 10, 2019 (the "Decree"), the Federal Executive introduced amendments to Decree No. 531/2016 which regulates the renewable energy promotional regime approved by Law No. 26,190, as amended by Law 27,191 (the "Renewable Energy Regime").

The main amendments to Decree No. 531/2016 are:

- **Enforcement authority:** The Decree appoints as the new Enforcement Authority the Energy Secretary of Government of the Ministry of Finance (Secretaría de Gobierno de Energía del Ministerio de Hacienda) (the "Enforcement Authority").
- **Order of merit:** The Decree eliminates from Section 8 of Decree No. 531/2016 the order of merit used to prioritize certain projects in those cases where the sum of promotional benefits granted exceeded the tax quota.
- **PPAs with state-owned companies:** The Decree establishes that, exceptionally, the Enforcement Authority may instruct

CAMMESA to execute power purchase agreements ("PPAs") with state-owned companies or special purpose vehicles wholly owned by said companies, provided that: (a) the company is the owner of the project; (b) being a state-owned company, it is financed by multilateral or regional credit organizations, by other states or their financial institutions, whose financial costs are lower than the ones that the Republic Argentine could obtain in the market with the intervention of the national government as a borrower or guarantor for credit operations negotiated directly by the provinces or the City of Buenos Aires; and (c) the project has a significant impact on the local development.

In the aforementioned PPAs, the assignment or subcontracting of the PPA to a third party is prohibited. The prices under these PPAs shall be established based on the prices from the public and competitive procedures previously convened by the Enforcement Authority and the characteristics of the project.

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