

NEWSLETTER ENERGY & NATURAL RESOURCES

OCTOBER 2024



The energy world is under enormous transformation. Issues such as energy transition, energy security and climate change are in the global agenda. Thanks to its natural resources endowment, Argentina has a key role to play in the energy and mining sector. This newsletter intends to inform, with an analytical approach and on a monthly basis, the most relevant events, regulations, and case law taking place in our country.

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GENERAL DEFINED TERMS

“**Biofuels Law**” means the Federal Law N° 27,640.

“**ENRE**” means the National Electricity Regulatory Authority (for its acronym in Spanish of *Ente Nacional Regulador de la Electricidad*).

“**ENARGAS**” means the National Gas Regulatory Authority (for its acronym in Spanish of *Ente Nacional Regulador de Gas*).

“**FHL**” means the Federal Hydrocarbons Law N° 17,319, as amended by Laws N° 26,197, 27,007 and 27,742.

“**FSE**” means the Federal Secretariat of Energy.

“**ME**” means Ministry of Economy.

“**SEMC**” means Secretariat of Energy and Mining Coordination.

“**RIGI**” means Promotional Regime for Large Investments (for its acronym in Spanish of *Régimen de Incentivo para Grandes Inversiones*).

“**Bases Law**” means Law N° 27,742, named “Law of Bases and Starting Points for the Freedom of Argentines” (“*Ley de Bases y Puntos de Partida para la Libertad de los Argentinos*”).

“**INAI**” means the National Institute of Indigenous Affairs (for its acronym in Spanish of *Instituto Nacional de Asuntos Indígenas*).

“**RENACI**” means the National Register of Indigenous Communities (for its acronym in Spanish of *Registro Nacional de Comunidades Indígenas*).

HYDROCARBONS

ENARGAS APPROVED NEW TRANSITIONAL TARIFF SCHEDULES FOR GAS TRANSPORTATION

ENARGAS approved new transitional tariff schedules for Licensed Carriers.

By means of Resolutions No. 601, No. 602, No. 603, No. 604, No. 605, No. 606, No. 607, No. 608, No. 609, No. 610, No. 611 and No. 612, published in the Official Gazette on October 1, 2024, the ENARGAS approved new transitional tariff schedules to be applied by (i) TRANSPORTADORA DE GAS DEL SUR S.A.; (ii) TRANSPORTADORA DE GAS DEL NORTE S.A.; (iii) CAMUZZI GAS DEL SUR S.A.; (iv) CAMUZZI GAS PAMPEANA S.A.; (v) DISTRIBUIDORA DE GAS CUYANA S.A.; (vi) DISTRIBUIDORA DE GAS DEL CENTRO S.A.; (vii) METROGAS S.A.; (viii) NATURGY BAN S.A.; (ix) NATURGY NOA S.A.; (x) LITORAL GAS S.A.; (xi) GAS NEA S.A. and (xii) REDENGAS S.A.; respectively.

Under the framework of the Natural Gas Law No. 24,076 and the Federal Decree No. 55/2023, ENARGAS was empowered to carry out a tariff review process for natural gas distribution and transportation companies, by implementing any necessary transitional tariff adjustments.

Furthermore, by means of Resolutions No. 687, No. 688, No. 689, No. 690, No. 691, No. 692 and No. 693, ENARGAS established that the adjustment methodology for the transitional tariff schedules applied to Transportadora de Gas del Sur S.A. and Transportadora de Gas del Norte S.A. shall be applied to the following carriers (i) GASODUCTO NORANDINO ARGENTINA S.A.; (ii) ENEL GENERACIÓN CHILE S.A. SUCURSAL ARGENTINA; (iii) GASODUCTO GASANDES ARGENTINA S.A.; (iv) TRANSPORTADORA DE GAS DEL MERCOSUR S.A.; and (v) REFINERÍA DEL NORTE S.A.



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ENARGAS PROHIBITS THE INCLUSION OF ADDITIONAL CHARGES IN NATURAL GAS BILLS

The new resolution states that any concept included in natural gas bills must have a strict relationship with the service.

By means of Resolution No. 625/2024, issued on October 4, 2024 ("**Resolution 625**"), ENARGAS established that natural gas distributors must abstain from including in the relevant invoices any charges or items without complying with the conditions set forth in Resolution ENARGAS No. 30/2018, which established that any concept to be included in natural gas bills must have a strict relationship with the service.

By issuing Resolution 625, ENARGAS decided to leave without effect its Resolution No. 185/2018 and to revoke all authorizations given while said resolution was in force. Therefore, charges that used to be included in natural gas bills, such as municipal and provincial taxes, shall not be included in future bills received by consumers.

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NEW TARIFF EXEMPTION FOR GAS DISTRIBUTORS

ENARGAS has allowed gas distributors to utilize Exchange and Displacement services in the pipelines of TGN and TGS, without incurring the Exchange and Displacement tariff.

By means of Resolution No. 705/2024, dated October 24, 2024 ("**Resolution 705**"), ENARGAS established new guidelines regarding the use of contracted transportation capacity for gas distribution licensees. It established that, in cases where gas distribution licensees have contracted firm transportation capacity that is idle or underutilized in the pipelines operated by Transportadora de Gas del Norte S.A. ("**TGN**") and Transportadora de Gas del Sur S.A. ("**TGS**"), and these licensees need to procure gas from points different from those originally contracted with said transporters, the Exchange and Displacement ("**ED**") transportation tariff shall not apply.

The aforementioned decision by ENARGAS has been a result of the challenges initiated by two different gas distributors due to insufficient natural gas availability from Argentina's Northern Basin (Cuenca Norte in Spanish). Firstly, NATURGY NOA S.A. ("**NATURGY**") reported to ENARGAS that it had been unable to fully utilize its contracted capacity in the Gasoducto Norte pipeline and had to compensate by using Liquefied Natural Gas ("**LNG**") regasified at the Escobar LNG regasification terminal, and gas injected into the Presidente Néstor Kirchner Gas Pipeline. As a result, and considering the previous regulations of the ENARGAS for regasified LNG from Escobar, where it allowed such LNG to be transported through ED services without charge, NATURGY requested that ENARGAS allows it to transport gas using ED services without charge when receiving LNG at the Salliqueló or Cardales terminals.

Similarly, Distribuidora de Gas del Centro S.A. (“CENTRO”) invoked the reduced gas supply from the Northern Basin as well as gas imports from Bolivia, compensated by ENARSA with gas from the Neuquina Basin and LNG from the Escobar terminal. CENTRO noted that, unlike previous cases where LNG was injected at Escobar without additional charges, TGN was billing the ED services on deliveries to Cardales. CENTRO thus argued that deliveries at Cardales have the same characteristics as those at Escobar, with its Northern Basin capacity remaining underutilized, and made the same request as NATURGY.

In consequence, and as grounds for establishing the new guidelines, ENARGAS reasserted its prior guidelines, such

as Resolution ENARGAS No. 191/2019, which ensures no ED charges should be made under contracts covering unmet transport needs and stipulates no additional costs for distribution companies needing supplemental gas from alternative points due to shortages.



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BIOFUELS: INCREASE IN MANDATORY PURCHASE PRICES

The SEMC adjusted the minimum purchase prices for biofuels for mandatory blending with diesel oil and gasoline, reflecting the latest economic conditions.

The Biofuels Law establishes the regulatory framework applicable to processing, storage, marketing and blending of biofuels, which include bioethanol and biodiesel produced in plants installed in the Argentine Republic from domestic raw materials from agriculture, agroindustry and/or organic waste. Please refer to MHR’s Energy Newsletter: September 2024 for a detail of the previous updates.

In this regard, on October 29, 2024, the SEMC increased the minimum price for the acquisition of biofuels, considering the national macroeconomic context:

- by means of Resolution SEMC No. 2/2024, it set the

minimum purchase price of biodiesel for mandatory blending with diesel fuel is set at ARS 1,004,562 (approximately USD 995) per ton; and

- by means of Resolution SEMC No. 3/2024, it set the minimum purchase price of bioethanol made from (i) sugarcane for mandatory blending with gasoline is set at ARS 670.564 (approximately USD 0.66) per liter, and (ii) corn for mandatory blending with gasoline is set at ARS 614.596 (approximately USD 0.60) per liter.



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NAVIGATING OVERLAPS: BALANCING MINERAL AND HYDROCARBON INTERESTS IN THE NEUQUÉN BASIN

The surge in exploration permits for first and third-category minerals in Neuquén is intersecting with unconventional hydrocarbon concessions in high-investment areas. This article delves into the regulatory framework, procedural nuances, and strategies for managing potential conflicts and safeguarding concessionaire rights.

The increase in prospecting applications for first- and third-category minerals in the Province of Neuquén has led to overlapping with hydrocarbon concessions in blocks marked by recent investments and significant potential for unconventional hydrocarbon exploitation. The Provincial Directorate of Mining (the “DPM”) has been fostering the coexistence of both activities, under simultaneity and subject to non-interference between operations.

In this regard, the DPM classified frac sand as a First Category mineral under the Mining Code, provided that it contains more than 90% quartz and feldspar in its composition. The feasibility of the coexistence will depend

on different factors, such as extraction techniques, the equipment used, and the frequency of transport activities across the length and breadth of the blocks.

The coordination of mining and hydrocarbon activities on the same surface poses a challenge due to the absence of specific regulations governing these interactions, including potential compensation that may be owed to one party in the event of interference and damage. From a regulatory standpoint, the Mining Code does not explicitly address the coexistence of mining and hydrocarbon activities. However, the FHL as well as the Provincial Hydrocarbons Law (the “PHL”) do so. The second paragraph of Section 38 of the FHL and Section 37 of the PHL provide that, in the event of a conflict, the competent authority for each regulatory body -the Undersecretariat of Energy, Mining and Hydrocarbons of the Province of Neuquén under the PHL- shall prioritize the activity that serves best the national or provincial interest and shall grant compensation to the affected party.

In keeping with the above-mentioned, Section 37 of the PHL also considers the promotion of hydrocarbon production in Neuquén as a matter of "urgent necessity", thereby reinforcing the provincial preference for activities that increase reserves and contribute to domestic self-sufficiency.

From a procedural standpoint, a prospecting application published in the Official Gazette triggers a notification requirement to the owners of the affected block. The hydrocarbon concessionaire is informed through this publication and may file for an administrative motion before the DPM within a 20-day period. However, if no objection is filed for, this could be interpreted as consent, potentially affecting the provisions of Section 37 of the PHL.

Finally, the opposition procedure is carried out before the DPM, which serves as the First-Instance Mining Authority; for appeals, the Governor of the Province of Neuquén acts as the Second-Instance Mining Authority and hears

appeals against decisions made by the First-Instance Mining Authority. In certain cases, the granting of mining rights may negatively impact hydrocarbon exploitation, creating potential compensatory rights for concessionaires. To mitigate risks, concessionaires should actively check the Official Gazette of Province of Neuquén and consider filing timely administrative motions, among other actions, given the lack of effective implementation of the instance before the Undersecretariat of Energy, Mining and Hydrocarbons of Neuquén set forth by Section 37 of the PHL.



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PROVINCE OF RÍO NEGRO: NEW ADMINISTRATIVE FEES FOR THE OIL & GAS AND MINING SECTORS

Updates to administrative fees impacting public services in the energy and mining sectors.

On October 2nd, 2024, the Provincial Legislature of Rio Negro enacted Law No. 5,751 ("**Law 5,751**").

Law 5,751 establishes that services rendered by provincial public administration entities are generally free of charge, unless a specific fee is set by the annual tax law.

Law 5,751 also introduces new fees for services rendered

by the Secretariat of Hydrocarbons and the Secretariat of Mining, impacting companies operating in the energy and mining sectors.



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POWER AND ELECTRICITY

EDENOR AND EDESUR: ADJUSTMENT OF DISTRIBUTION COST AND TARIFF SCHEDULES

The ENRE approved new distribution costs and tariff schedules for EDENOR and EDESUR to be applied as from September 1.

By means of Resolution No. 697/2024 and Resolution No. 698/2024, ENRE approved new values per category or subcategory of distribution cost to be applied by EDESUR S.A. and EDENOR S.A., respectively and imposed the obligation to clarify in the electricity bills the amount of the corresponding subsidy in the user information section, which must be prominently labeled as Federal State Subsidy (*Subsidio Estado Nacional*).

Additionally, it approved new tariff schedules for residential users in Level 1, Level 2, and Level 3, as well as for neighborhood and town clubs, injection tariffs for

user-generators, and the values for the cost of energy supplied under poor conditions.

The new values apply as from October 1, 2024. The average tariff value for EDENOR is 106.337 \$/kWh (approximately USD 0,107) and for EDESUR, it is 101.820 (approximately USD 0,102) \$/kWh.



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CONTINGENCY PLAN TO SECURE ARGENTINA'S ELECTRIC SYSTEM AMID ENERGY EMERGENCY

The FSE approved a Contingency Plan featuring strategic actions to secure power supply during the upcoming summer and mitigate risks associated with the accumulated structural deficit.

By means of Resolution No. 294/2024, issued on October 1, 2024 ("**Resolution 294**"), the FSE implemented a contingency plan to address urgent vulnerabilities in the national electric system (the "**Contingency Plan**"). Resolution 294 is a response to the prolonged underinvestment, aging infrastructure, and critical operational challenges faced by Argentina's electric grid, compounded by rising demands and limited new capacity.

Resolution 294 highlights several urgent issues within the energy sector, including infrastructure upgrades to address outdated thermal plants and limited renewable energy resources, which are insufficient during peak demand periods. It also seeks to improve transmission and distribution networks that are increasingly congested and deteriorated, causing reliance on costly local generation. Additionally, regulatory controls have kept energy prices artificially low, creating a gap between production costs and consumer prices and putting a financial strain on the State. These factors have increased Argentina's dependence on electricity imports from neighboring countries.

To address these immediate challenges, Resolution 294 outlines a series of urgent system upgrades, primarily focusing on infrastructure improvements in transmission networks prone to congestion, seeking to prevent further blackouts by expanding capacity in critically congested nodes across high-demand areas. It also establishes operational adjustments to better handle peak summer demand without resorting to emergency imports, relying

instead on reserve capacities and optimized dispatch protocols. Increased monitoring and real-time adjustments to energy flow will aim to stabilize the grid and reduce the risk of outages during peak periods.

To oversee the implementation of these measures, the Contingency Plan established a monitoring committee with representatives from key energy subsectors, including generation, transmission, and distribution. This committee will review progress and suggest necessary adjustments to ensure both immediate and long-term goals are met.

Furthermore, Resolution 294 addressed the need for regulatory reform to attract private investment and foster a competitive energy market. It proposed a new framework that allows private contracts between suppliers and large users, aiming to stabilize prices, reduce state subsidies, and encourage private sector involvement. Provincial governments are urged to implement similar measures to improve local distribution networks and strengthen national grid resilience.

By addressing critical infrastructure and regulatory needs, the Contingency Plan aims to secure power supply during the upcoming 2024/2025 summer season while setting the framework for longer-term stability through regulatory adjustments and investment incentives.



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ENRE'S NEW RESOLUTION LIMITS ADDITIONAL CHARGES ON ELECTRICITY BILLS IN ARGENTINA

The ENRE ordered the removal of non-electricity-related charges from consumer electricity bills in Argentina.

By means of Resolution No. 708/2024, issued on October 6, 2024 ("**Resolution 708**"), ENRE ordered EDENOR S.A. and EDESUR S.A. to exclude any charges unrelated to the core distribution service from consumer bills. Resolution 708 aligns with the Secretary of Industry and Commerce's ("**SlyC**") Resolution No. 267/2024, which established that invoices from providers of goods and services to consumers should only reflect the specific services contracted. As explained above, the same measure was adopted by ENARGAS in connection with natural gas bills.

Aligned with Argentina's Law No. 24,240 on Consumer Protection -which promotes clear, truthful, and fair consumer relations- Resolution 708 seeks to strengthen consumer rights by ensuring transparency and clarity in billing. Therefore, Resolution 708 prohibits local and municipal charges—such as those previously authorized for street lighting fees—from being included in electricity

bills, asserting that these fees fall outside the federally regulated services that ENRE oversees.

Moreover, Resolution 708 revoked prior authorizations that had allowed these fees to be included on electricity on bills and instructed that both EDENOR S.A. and EDESUR S.A. must adjust their billing practices in accordance with the new SlyC guidelines.

This regulatory change will impact municipalities that have relied on these charges as an additional revenue source, requiring alternative approaches to fund local public services.



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ENVIRONMENTAL

NEW FRAMEWORK FOR INDIGENOUS COMMUNITY REGISTRATION INTRODUCED BY INAI

The INAI repealed outdated registration criteria for Indigenous communities and has invited provinces to standardize their procedures, aiming to establish a cohesive system that respects both national and provincial jurisdictions.

By means of Resolution No. 53/2024, dated October 1, 2024 ("**Resolution 53**"), the INAI introduced a new framework to modernize and standardize the registration process for Indigenous communities across Argentina. The resolution repealed the outdated registration criteria set out in Resolution No. 4811/96, issued by the former Secretariat of Social Development.

The INAI operates within the framework of Law No. 23,302 and its regulatory Decree No. 155/1989, which prioritize Indigenous participation in public policy development affecting their rights.

Through Resolution 53 and building on the framework established by Resolution No. 40/2024 (*please refer to MHR's Energy Newsletter: September 2024*), the INAI aimed to enhance coordination between national and

provincial governments regarding the legal registration of Indigenous communities.

To achieve a uniform and efficient system that respects both national and provincial jurisdictions, the INAI has invited all provinces to enter into interjurisdictional agreements to standardize registration, adaptation, and transfer processes for Indigenous communities' legal status, thus granting provinces greater autonomy over their respective indigenous community registries.

Additionally, Resolution 53 suspended ongoing registration applications within the RENACI, without affecting the validity of actions already completed or those that will be completed within said framework.



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SUSTAINABLE MOBILITY PROGRAM

The FSE created the Sustainable Mobility Program through Resolution No. 289/2024.

By means of Resolution 289/2024 ("**Resolution 289**"), the FSE created the Sustainable Mobility Program (the "**Program**"), aimed at promoting the purchase of goods and equipment related to micro mobility for private users, as well as to provide companies and carriers (both cargo and passenger) with low-emission mobility options, and to facilitate studies and the acquisition of tools to apply efficiency in transportation and optimize kilometers traveled. Additionally, the Program seeks to drive the decarbonization of transportation and, to this end, to encourage the implementation of Compressed Natural Gas (CNG) and electric mobility, through the implementation of financial aid for the development of corridors dedicated to the refueling of electric vehicles and CNG, which may be extended to **Liquefied Natural Gas (LNG)** in the future.

Under the Program, individuals, carriers, transportation companies, companies engaged in the movement or transportation of goods, supplies or people and private individuals responsible for stations and loading points for the transportation sector, will be able to access financing from **Banco de la Nación Argentina**, Argentina's largest public bank, within the framework of an agreement to be executed between the FSE and BNA, and other financial entities that may join the Program in

the future through specific agreements, in order to grant availability of preferential financing conditions for the replacement of equipment, materials, devices and modes of use, for other more efficient ones, with payment plans, rate bonuses and specific conditions to be established in due time for such purpose.

The Undersecretariat of Energy Transition and Planning will be in charge of designing the content of the Program, pursuing its implementation with BNA and other local financial entities to offer financing, as well as promoting the issuance of the appropriate regulations for its operation.

Furthermore, the FSE approved, as an annex to Resolution 289, the list of the goods, equipment and studies covered by the financing agreed with the BNA, which may be modified for this bank and the other financial entities that join the Program for those that offer greater efficiency.



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PROVINCE OF CHUBUT: ENVIRONMENTAL METHANE EMISSION CONTROL FOR HYDROCARBON OPERATIONS

The Secretariat of Environment and Sustainable Development of Chubut issued Resolution No. 58/2024, setting strict controls on methane emissions from hydrocarbon activities to enhance air quality, support public health, and promote environmental transparency.

By means of Resolution No. 58, issued in September 2024 and published in the Official Gazette of Chubut on October 3, 2024 ("**Resolution 58**"), the Secretariat of Environment and Sustainable Development of Chubut ("**SEaSD**") established regulations to control methane emissions in hydrocarbon activities, including exploration, production, and transportation. This resolution introduces a framework for monitoring and reducing emissions, aiming to mitigate methane's environmental impact.

Resolution 58 sets out several core objectives focused on the progressive reduction of methane emissions to improve air quality and public health. It specifically prohibits venting natural gas from oil or gas well testing beyond 30 days post-completion or repair, except under safety-based exceptions. Any gas vented must be flared in a controlled manner to minimize atmospheric emissions.

Additionally, Resolution 58 aligns with Argentina's commitments under the Paris Agreement, emphasizing methane recovery and utilization to decrease global anthropogenic methane emissions. Resolution 58 also promotes data transparency and access, mandating public access to emissions data in line with national and international agreements.

Resolution 58 applies to all hydrocarbon operations in Chubut, requiring companies to implement monitoring programs, quantify emissions, and maintain comprehensive records of emission sources. Furthermore, companies must conduct annual leak detection and repair programs. The SEaSD will enforce compliance through regular audits and public disclosure of emissions data.



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PROVINCE OF SANTA CRUZ: ENERGY AND MINING ENVIRONMENTAL CONTROL PROGRAM

The Legislative Branch of the Province of Santa Cruz created the Environmental, Energy, and Mining Control Program.

By means of Law No. 3,885, the Legislative Branch of the Province of Santa Cruz created the Environmental, Energy, and Mining Control Program (the "**Program**") and appointed new enforcement authorities in connection with: (i) Section 6 of Law No. 2,658 on Environmental Impact Assessment (as amended by Law No. 2,792); (ii) Section 4 of Law No. 2,567 on Hazardous Waste Management (as modified by Law No. 2,703); and (iii) Section 6 of Law No. 3,122, which created the Environmental Remediation Program for areas impacted by hydrocarbon exploration, extraction, and related activities.

Lastly, the Program authorizes the Provincial Executive Branch to transfer any assets, services, and personnel deemed necessary or affected, as well as to allocate corresponding budgetary resources and make necessary budget adjustments to ensure the Program's effective implementation.



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CASE LAW

CASE LAW: PROVINCE OF SANTA CRUZ

Injunction granted on October 23, 2024, by the Federal Administrative Court No. 9 in "*Glacco Compañía Petrolera S.A. - Roch Sa - Áreas Chorrillos/Palermo Aike/Campo Bremen/Moy Aike/Oceano - Union Transitoria De Empresas C/ En - Sec. Energía - Energía Argentina S.A - Prov. De Santa Cruz S/Amparo Ley 16.986*" (File No. 16607/2024).

On September 30, 2024, the *Glacco Compañía Petrolera S.A., Roch S.A., Areas Chorrillos, Palermo Aike, Campo Bremen, Moy Aike and Oceano JV* (the "**Plaintiff**") filed a lawsuit against the FSE, Energía Argentina S.A. ("**ENARSA**") and the Province of Santa Cruz (the "**Defendants**") with the purpose of seeking a judgment

ordering the Defendants to: (i) guarantee and respect the rights of the Plaintiff under the most recent Gas Plan (Decreets No. 890/2020 and No. 730/2022); and (ii) readjust the legal, economic and financial relationship between the Plaintiff and the Defendants, under the (a) the Concession Agreement concerning the *Campo Bremen, Palermo Aike, Chorrillos, Moy Aike, and Oceano* areas, and (b) the Natural Gas Sale Agreement executed between Energía Argentina S.A. and the Plaintiff.

Additionally, the Plaintiff requested the issuance of a precautionary measure ordering: (i) ENARSA to refrain from modifying the Natural Gas Sale Agreement, including changes to: (a) the volume specified in the contract and

(b) the sale price defined therein; and (ii) the Province of Santa Cruz to refrain from altering the Concession Agreement or declaring its discontinuation, termination, and/or expiration, and further to: (a) refrain from initiating any proceedings that could directly or indirectly affect the Concession Agreement; (b) refrain from interfering with the continuity of operations in the relevant areas; and (c) refrain from making any claims against the Plaintiff under the Concession Agreement.

To support its request, the Plaintiff argued that:

- The Province of Santa Cruz failed to issue a decision regarding the authorization requests for the assignment of participating interests in the JV, generating a state of legal uncertainty.
- The Province of Santa Cruz was claiming the payment of obligations (canon, royalties) that are temporarily impossible to fulfill without the rebalancing of the Concession Agreement.
- ENARSA was delaying payments under the Gas Plan in a context of high inflation without providing compensation for the delay.

On October 23, 2024, the court granted the precautionary measure requested by the Plaintiff based on the following grounds:

- The Plaintiff's request in connection with the Province of Santa Cruz and ENARSA is somehow connected because the Plaintiff's main source of income are the payments to be made by ENARSA in accordance with the Gas Plan;

amounts owed by ENARSA excess the amount claim by the Province of Santa Cruz to the Plaintiff.

- Based on principle of contractual good faith and considering the emergency situation of the energy sector, it is appropriate to grant the Plaintiff's request.
- There is an ongoing administrative investigation initiated by the Province of Santa Cruz to examine compliance of legal obligations by certain concessionaires. In this context, a decision could be adopted in such procedure that may impact the Plaintiff.
- ENARSA's payment delays under Gas Plan has impacted the Plaintiff's ability to meet its obligations with the Province of Santa Cruz.
- The Plaintiff's temporary financial restriction and the primacy of the public interest, added to what the plaintiff describes as an abuse of by the Province of Santa Cruz, justify the granting of the precautionary measure in order to avoid compromising the production of gas and oil and protect sources of employment.

The ruling has not yet been appealed.



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TAX

PROVINCE OF NEUQUÉN: UPDATE OF FIXED MINIMUM AMOUNTS, SCALES, FINES, FEES AND OTHER AMOUNTS UNDER THE PROVINCIAL TAX LAW

The DPR carried out a third update on fixed amounts established under the Provincial Tax Law No. 3,407.

By means of Resolution No. 311/2024, the Provincial Tax Revenue Service (the "DPR", for its acronym in Spanish) increased fixed amounts established under Provincial Tax Law No. 3,407, including Sections 2 (fines), 6, 14 (Stamp Tax reference values), 15 (Minimum Stamp Tax), 16 (Stamp Tax reference values), 17 (Stamp Tax reference values), 19 (General Service Tax), 20 (Service Charge for Construction Companies), 21 (Minimum Service Charge), 23 (Provincial Mining Direction service charges), 24 (Corporate Registry Service Charges), 27 (Industry Undersecretariat), 28 (DPR), 35 (Public Contracts Registry), 36 to 38 (Court Tax), 39 (Public Registry of Commerce), 48 (Hydrocarbon Activity Service Charges)

and 49 (Water Resources Undersecretariat), among others.

The increase of administrative fees and services charges is effective as from October 1, 2024. Please refer to *MHR's Energy Newsletter: July 2024* for a detail of the previous updates.



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INSIGHTS ON THE ARGENTINE ENERGY INDUSTRY

THE FEDERAL GOVERNMENT INCORPORATES THE PUBLIC COMPANIES' TRANSFORMATION AGENCY TO THE HYDROELECTRIC COMPANIES SALE PROCESS

Decree 895 includes the Public Companies' Transformation Agency in the public tender process.

By means of Decree No. 895/2024 ("**Decree 895**"), the Federal Executive established that the Public Companies'

Transformation Agency (*Agencia de Transformación de Empresas Públicas*) (the “**Agency**”), in coordination with the FSE, shall launch a public tender process for the sale of the shares of ALICURÁ HIDROELÉCTRICA ARGENTINA S.A., CHOCÓN HIDROELÉCTRICA ARGENTINA S.A., CERROS COLORADOS HIDROELÉCTRICA ARGENTINA S.A. and PIEDRA DEL ÁGUILA HIDROELÉCTRICA ARGENTINA S.A. and establish the terms and conditions of such tender.

In view of the inclusion of the Agency in the public tender process mentioned above, the Decree repealed Decree No. 19/2024, which granted similar powers to the former Secretariat of State-Owned Companies (*Secretaría de Empresas y Sociedades del Estado*).

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THE MINISTRY OF ECONOMY APPROVED THE PROCEDURE FOR THE IMPLEMENTATION OF THE RIGI

The ME has issued regulations governing the application of projects under RIGI.

By means of Resolution No. 1074/24, dated October 20, 2024 (“**Resolution 1074**”), the ME approved the procedure to submit project applications under RIGI, which shall be initiated online through the official Federal Government’s platform “*Trámites a Distancia*” (“**TAD**”).

This process includes several steps, including the submission of an application through TAD and the evaluation of the application by the RIGI Coordination Unit who will conduct a preliminary analysis by the competent technical authority.

If the RIGI project requires a net demand of foreign currency, the application shall be delivered to the Central Bank to analyze whether the project may result in a distortion of the local foreign exchange market. The Antitrust authority may also be required to intervene to

analyze whether other distortions to the domestic market may be generated by the project.

The RIGI Coordination Unit may call a hearing with the RIGI SPV’s legal representative, after which the application shall be reviewed by the RIGI Project Evaluation Committee, leading to a final administrative act by the ME, as enforcement authority.

The Resolution also requests different government entities, such as ARCA (the Federal Tax Authority) and the Federal Secretariat of Industry and Commerce, to establish additional procedures for RIGI’s implementation in their areas of operation. All other government entities are authorized to issue additional measures regarding the implementation of the procedure before them.

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AMENDMENTS TO THE RIGI IMPLEMENTING DECREE

By means of Decree No. 940/2024, modifications to the RIGI implementing decree were approved.

On October 22, 2024, the Argentine Executive Branch issued Decree No. 940/2024 (“**Decree 940**”) in order to clarify and streamline certain aspects of the RIGI implementing Decree No. 749/2024 (the “**RIGI Decree**”).

The main amendments introduced by Decree 940 are as follows:

1. Dedicated Branches: Decree 940 clarifies that foreign companies with branches in Argentina may establish project-specific branches exclusively for RIGI projects.

2. Adjustments for Non-Compliance with Long-Term Strategic Export Project Requirements: through an amendment to Section 45 of the RIGI Decree, Decree 940 clarifies that in the event of non-compliance of the requirements applying to Long-Term Strategic Export Projects, if the ME resolves to maintain the project under RIGI it must outline the specific conditions required to bring the project into compliance as a “regular” RIGI project.

3. Dedicated Branches for the Expansion of Pre-existing Projects: Decree 940 establishes that, in cases where a Dedicated Branch is created solely for the expansion of an existing project, the applicant must acknowledge that both the project entity and its shareholders will resolve any

disputes—including those related to rights, benefits, and incentives—through the dispute settlement mechanisms stated under section 221 of the Bases Law.

4. Voluntary Deregistration: Decree 940 establishes that RIGI SPVs may only request voluntary deregistration from RIGI if they have not been notified of any infractions under Section 211 of the Bases Law or if such proceedings remain unresolved. Infractions under Section 211 include failing to meet the minimum investment amounts required by RIGI and improperly benefiting from the regime’s tax, customs, and foreign exchange incentives.

5. Non-Compliance in the case of Long-Term Strategic Export Projects: In the case of Long-Term Strategic Export Projects failing to comply with 20% of the minimum required investment in the first two years, but that that continue to qualify under RIGI as a regular project, the undue use of benefits shall be deemed to occur if, following the issuance of the resolution confirming the breach and stating that the project shall no longer be considered a Long-Term Strategic Export Project, the project use any of the benefits specially applying to Long-Term Strategic Export Projects.



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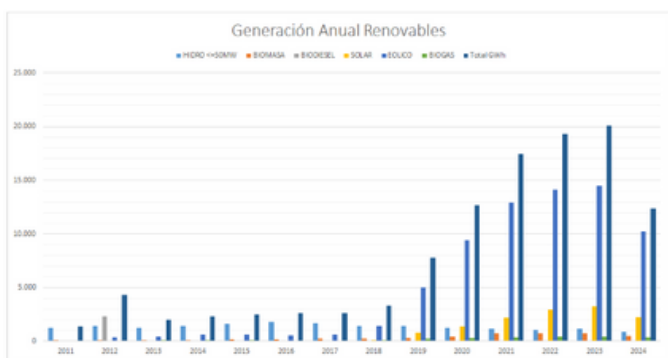
INSIGHTS ON THE ARGENTINE RENEWABLE ENERGY INDUSTRY

UNLOCKING THE POTENTIAL OF RENEWABLE ENERGY IN ARGENTINA: ADDRESSING KEY REGULATORY AND INVESTMENT BARRIERS

On October 2, 2024, the Renewables Day conference, organized by *Econojournal* (the “**Conference**”), took place, bringing together a distinguished group of panelists and leaders from the renewable energy sector in Argentina. The event featured insightful discussions on the future of renewables in Argentina, highlighting the challenges and opportunities within the industry, and the regulatory aspects that could enhance future development.

The enactment of Law No. 27,191 (the “**Renewable Energy Promotion Regime**” or the “**Regime**”), in September 2015, established the obligation to cover a portion of the power demand with renewable energy and enhanced and extended fiscal incentives previously established by Law No. 26,190, for renewable energy generation projects. With the aim of diversifying the Argentine energy matrix and reduce local dependence on fossil fuels, the law set the following goals: to achieve 8% national electricity consumption from renewable sources by the end of 2017 and a 20% target by December 31, 2025.

The Regime established these incentives within a specific timeframe, exclusively benefiting projects with an effective commencement date between January 1, 2018 and December 31, 2025. During the 2019-2023 period, renewable energy generation increased exponentially:^[1]



In this regard, during the Conference the panels tackled two main issues for future renewable energy deployment: (i) the regulatory aspect; and (ii) the infrastructure challenges to be addressed.

SHORT- AND MEDIUM-TERM OUTLOOK OF POWER GENERATION COMPANIES:

The first panel of the Conference focused on the short-term vision for energy generation in Argentina. Experts from the sector, Santos Uribe Larrea (*MSU Energy*), Bernardo Andrews (*Genneia*), Martín Mandarano (*YPF Luz*) and Leonardo Katz (*Central Puerto*) discussed the immediate challenges and opportunities of the country's energy context, particularly in balancing the need for reliable power sources with the growing demand for energy across the country.

Since 1992, the deregulation of the sector had two main regulatory flaws: (i) tariffs associated to transportation service never required (nor allowed) that infrastructure be expanded with such proceeds, limiting the possibilities for grid expansion (on the contrary of what happened with the gas transportation system); and (ii) there has been a lack of incentives for the distributor's contractualization, due to the well-known policy of the “seasonal price”, that was implemented by the Executive Branch to control electric energy prices paid by distribution companies (and ultimately by end-users).

Taking these issues into account, Katz emphasized the importance of maintaining a consistent regulatory framework and avoiding provincial and municipal tax burdens on investments (e.g., such as a local tax on “wind”), which could hinder the industry's growth by narrowing the rate of return margin on projects and thus collapsing further efforts for growth in the sector. He highlighted the need for a well-defined transition plan, especially regarding contractualization of energy distribution of renewable projects. According to his view, Argentina's high costs of capital, compared to neighbor countries (including Brazil, Chile and Uruguay), require local energy generators to collaborate and coordinate the development of projects within the sector to avoid costly resource misallocation and thus launch growth prospects for the coming years.

YPF Energía Eléctrica S.A.'s CEO, Martín Mandarano, highlighted the importance of strong demand drivers, such as the copper, lithium mining, oil, and gas industries, to create expansion opportunities and allow the sector to spread. In addition to large users that can purchase directly from generators (GUMAs), there is a need to specifically allow large users that still purchase power through their relevant power distribution company (GUDIs). “GUDIs will be the new off-takers of the new PPAs”, stated one of the panelists.

The discussion also addressed the need for expansion of the energy transportation system, signaling the absence of stable local economic factors and legal certainty that incentive long-term financing for infrastructure projects, and the high costs for electric demand that end up burdening consumers' tariff in the context of local economic recession.

Energy transmission costs and resource coordination on a national level are major concerns, especially high capital costs. The importance of the Bases Law was also emphasized, as a tool to grant stability for large investments, making Argentine projects more competitive and clarified that with an improved economic outlook in the next 4-5 years, financing could be secured by charging investment costs to consumers through future tariffs once the systems start operating.

[1] Data corresponding to 2024 accumulates production up to August 2024. The chart shows the total GWh generated from renewable sources, along with the partial generation of each source. (Source: Instituto de Energía de la Universidad Austral)

ENSURING THE CONTINUED GROWTH OF THE RENEWABLE SECTOR

Another panel analyzed how to secure continued growth of the renewable energy sector. The participants for this panel were Rubén Turienzo (*Pampa Energía*), Mariana Schoua (*Aconcagua Energy*), Gabriel Vendrell (*Aluar*), and Ignacio Dapena (*Huawei*).

One of the core issues raised in the Panel was the critical importance of legal certainty and fiscal stability. Argentina's renewable energy sector requires a robust legal framework that provides both clarity and security for investors. The focus should be on creating a stable fiscal environment, rather than simply relying on temporary governmental incentives or exemptions. The concept of fiscal stability was considered to be of the utmost importance, even surpassing the value of additional benefits or tax incentives. Another critical regulatory element is the dispatch priority (as outlined in the Regime), which ensures that renewable energy projects have priority right of access to the distribution grid. For renewable energy to flourish, maintaining this dispatch priority is essential, as it guarantees that clean energy sources (which are intermittent by nature) can compete on a level playing field with traditional fossil fuels.

The role of the Government for the sector's development was mostly regarded as key to secure facilitation of administrative procedures, such as the granting of administrative authorizations and land easements for project development, reinforcing the fact that the sector can set aside concrete benefits for renewable investment and rely on a stable economy instead.

INFRASTRUCTURAL CHANGES AND COSTS

The panel of speakers was formed by Pablo Tarca (*Transener*), Pablo Brottier (*Sacde*), and Fernando Pini (*DESA*) and discussed the strong dependency of energy generation new projects with the expansion of the grid.

The panelists agreed on the rapid growth in energy demand across Argentina as a pressing issue. While demand has increased by 100% in the last few years, the

transportation capacity for electric energy has only expanded by 50%. Argentina's geographically clustered demand (located in the center of Argentina -Provinces of Buenos Aires, Santa Fe, Córdoba and Mendoza-), combined with the dispersed location of energy generators (wind in the South and sun in the North), creates a "bottleneck" that threatens the system's efficiency and reliability, requiring both short- and long-term infrastructure solutions to sustain growth and enhance the energy grid.

Currently, Argentina's southern coastal region (*Litoral Sur*) and AMBA (Buenos Aires Metropolitan Area) account for 60% of the national energy demand, underscoring the urgent need for transportation upgrades to support this expansion but making way towards another pressing issue: cost allocation of these massive infrastructure projects.

The panel emphasized that it is crucial to distinguish between general distribution grids that target high concentration demand, and grids that have specific beneficiaries. In projects that enhance grids that serve high demand concentration, the costs should be shared proportionally across all consumers through tariffs, for the overall dispatch costs in the system would drop and that would benefit not just the regions the projects directly serve, but the entire national grid.

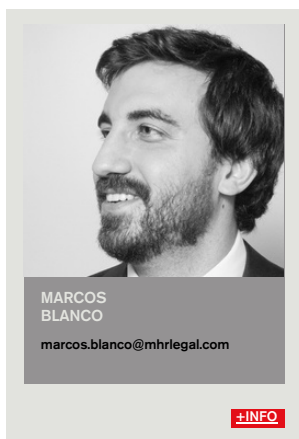
In conclusion, the two main challenges highlighted during the Conference were: (i) securing a stable regulatory framework to enable development and attracting long-term investment; and (ii) solving the energy distribution in the country, i.e., addressing the high costs of expanding transmission networks in order to improve overall efficiency. Both issues are interconnected, and their joint assessment is crucial for the growth and sustainability of the renewable energy sector.



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