

**NEWSLETTER ENERGY &
NATURAL RESOURCES**

DECEMBER 2024 - JANUARY 2025



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

"Bases Law" means Law No. 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*").

"bbl" means crude oil barrels.

"Biofuels Law" means the Federal Law No. 27,640, passed on August 2021.

"BNA" means National Bank of Argentina (for its acronym in Spanish of *Banco de la Nación Argentina*).

"CNG" means Compressed Natural Gas.

"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 No. 17,319, as amended by Laws No. 26,197, 27,007 and 27,742.

"FSE" means the Federal Secretariat of Energy, which reports directly to the Ministry of Economy.

"Gas Law" means the Federal Gas Law No. 24,076.

"LPG" means Liquefied Petroleum Gas.

"ME" means Ministry of Economy.

"MEM" means the Wholesale Electricity Market (for its acronym in Spanish of *Mercado Eléctrico Mayorista*).

"MEMSTDF" means the Wholesale Electrical Market of Tierra del Fuego Province (for its acronym in Spanish of *Mercado Eléctrico Mayorista de Tierra del Fuego*).

"RIGI" means the Promotional Regime for Large Investments (for its acronym in Spanish of *Régimen de Incentivo para Grandes Inversiones*), passed by the Bases Law.

"SEMC" means Secretariat of Energy and Mining Coordination, which reports directly to the Ministry of Economy.

HYDROCARBONS

OPEN SELECTION PROCESS FOR ENRE AND ENARGAS BOARDS OF DIRECTORS IS OFFICIALLY CLOSED

Resolution No. 567/2024 repeals Resolutions No. 161/2024 and 175/2024, which had initiated an Open Selection Process for the appointment of the members of the Boards of Directors of ENRE and ENARGAS, respectively.

By means of Resolution No. 567/2024, published in the Official Gazette on December 19, 2024, the FSE repealed Resolutions No. 161/2024 and 175/2024^[1], thereby ending the Open Selection Process for the selection of the members of the Boards of Directors of ENRE and ENARGAS.

The decision aligns with Decree No. 1023/2024, which mandates that the FSE conduct a selection process for the Board of Directors of the newly established National Gas and Electricity Regulatory Authority, as set forth by Article 161 of the Bases Law,^[2] once the authority has been constituted.

[1] Please refer to MHR's Energy Newsletter: July 2024 for a detail of the Resolutions No. 161/2024 and No 174/2024.

[2] Please refer to MHR's Energy Newsletter: June 2024 for a summary of the Bases Law.

Applications submitted under the repealed resolutions will be automatically included in the upcoming selection process for the formation of the Board of Directors of the National Gas and Electricity Regulatory Authority, unless applicants explicitly request to withdraw their submissions.



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REGULATORY CHANGES IN HYDROCARBON ROYALTIES

Resolution 593 introduces key updates on hydrocarbon royalty calculations and interest rates.

By means of Resolution No. 593/2024, published in the Official Gazette on December 23, 2024 ("**Resolution 593**"), the FSE has amended the current regulatory framework for hydrocarbon royalties. These updates aim to modernize calculation methods, adjust interest rates for late payments, and enhance the technical annexes required for royalty declarations.

The main changes include:

1 New Annexes for Royalty Declarations: Resolution 593 updates requirements regarding royalty declarations, deposits, sales, and quality adjustments, applicable to hydrocarbon royalty calculations and submissions.

2 Quality Adjustment for Hydrocarbons: A detailed methodology has been established to account for the quality of hydrocarbons in royalty calculations. Adjustments will take into consideration whether transportation involves

a Quality Bank system. Specific formulas now govern these calculations, which include provisions for hydrocarbons transported by pipeline, sold at the production site, or exchanged under swap agreements.

3 Revised Interest Rates for Late Payments: Late payments will accrue interest at the active rate of BNA. If delays exceed 30 days, punitive interest will apply at 2.5 times the active rate. In the absence of a published active rate, the Secured Overnight Financing Rate (SOFR) plus 8 percentage points will serve as a temporary reference.



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REGULATORY CHANGES IN HYDROCARBON ROYALTIES

ENARGAS schedules public hearing for the five-year tariff review of gas transportation and distribution services provided under the Gas Law.

By means of Resolution No. 16/2025, published in the Official Gazette on January 14, 2025, ("**Resolution 16**"), ENARGAS has called for a public hearing (the "**Public Hearing**"), scheduled to take place virtually on February 6,

2025, at 9:00 am. The Public Hearing will address key regulatory matters related to gas transportation and distribution services, including:

- The five-year tariff review, in terms of Sections 38, 39, and 42 of Gas Law, Sections 3, 4, and 6 of Decree No. 55/2023, and Sections 5 and 6 of Decree No. 1023/2024;^[3]

[3] Please refer to MHR's Energy Newsletter: November-December 2024 for a summary of Decree No. 1023/2024.

- A methodology for periodic tariff adjustments; and
- An amendment of applicable regulations regarding service disconnection in the event of non-payment by users.

Interested parties may register as speakers in the Public Hearing until February 3, 2025, following the registration and participation procedures outlined in Annex I of Resolution 16. Additionally, licensees of gas transportation and distribution through networks, as well

as Redengas S.A., must submit an opinion by January 23, 2025, to ensure a proper disclosure of their input regarding the services they provide.



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BIOFUELS: UPDATE OF 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 for the processing, storage, marketing and blending of biofuels, including bioethanol and biodiesel produced in plants located in Argentina from domestic raw materials sourced from agriculture, agroindustry, and/or organic waste.

In this context, on January 9, 2025, by means of Resolution

SE No. 2/2025, the SE set the minimum purchase price of biodiesel for mandatory blending with diesel fuel at ARS 1,085,887 (approximately US\$ 1,006.38^[4]) per ton.



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[4] The exchange rate corresponds to the selling currency of BNA dated of February 19, 2025.

AMENDMENT OF MINIMUM CUSTOMER SERVICE STANDARDS FOR THE GAS SECTOR

ENARGAS approved an amendment of the Minimum Standards for Customer Service by gas distributors.

By means of Resolution No. 17/2025, published in the Official Gazette on January 14, 2025, (the "**Resolution 17**"), ENARGAS approved new Minimum Standards for Customer Service by gas distribution companies. The updated guidelines aim to enhance service quality and improve communication with users across multiple channels.

A key change of the new Minimum Standards is the integration of remote service channels, including digital platforms and instant messaging tools. Users will be able to complete procedures remotely, eliminating the need for in-person visits to commercial offices. This initiative addresses the growing demand for online services and ensures equal access to service by all users.

Additionally, companies are required to provide personalized service with trained staff and coordinate home visits for specific tasks. Resolution 17 also emphasizes the adoption of digital billing, highlighting the importance of traceability and consistency in electronic notifications.

With these updates, ENARGAS aims to modernize and improve customer service efficiency, adapting to technological advancements and evolving consumer needs.



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PROVINCE OF NEUQUÉN: SIGNIFICANT UPDATES TO FINES UNDER THE PROVINCIAL HYDROCARBONS LAW

The Province of Neuquén has updated the penalty amounts established under the Provincial Hydrocarbons Law, increasing them by 591.49%. This adjustment aims to align fines with inflation and strengthen compliance with hydrocarbon regulations.

By means of Decree No. 53/2025, published in the Official Gazette of the Province of Neuquén on January 17, 2025

(the "**Decree 53**"), the Province of Neuquén has updated the penalty amounts established under Provincial Hydrocarbons Law No. 2453 ("**PHL**"). Decree 53 introduces significant modifications to the sanction regime under the PHL, applicable to exploration, exploitation, transportation, industrialization, and marketing activities in the hydrocarbon sector.

The main changes include:

1. Penalty Update:

- Fines have been increased by 591.49%, reflecting the variation in the Consumer Price Index for Neuquén from January 2023 to October 2024.

2. Revised Penalty Scales ^[5]:

- Safety in Hydrocarbon Activities: Fines range from \$ 3,257,222 to \$ 4,342,952,898 (approximately US\$ 3,018.74 to US\$ 4,024,979.51).

- Technical Regulation Compliance: Fines range from \$ 3,257,222 to \$ 217,147,637 (approximately US\$ 3,018.74 to US\$ 201,248.96).

- Provision of Required Information: Fines range from \$3,257,222 to \$ 54,286,909 (approximately US\$ 3,018.74 to US\$ 50,312.24).

[5] The exchange rate corresponds to the selling currency of BNA dated of February 19, 2025.

- Safety in Liquefied Petroleum Gas Activities: Fines range from \$ 3,257,222 to \$1,085,738,225 (approximately US\$ 3,018.74 to US\$ 1,006,244.87).

- Other violations: Warnings, registration suspensions, or fines ranging from \$3,257,222 to \$ 4,342,952,898 (approximately US\$ 3,018.74 to US\$ 4,024,979.51).



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DISCUSSIONS ON NEW REGULATION TO CONTROL GAS OVERINJECTIONS

ENARGAS published a draft regulation including a new proposed procedure for controlling overinjection by gas producers.

By means of Resolution No. 25/2025, published in the Official Gazette on January 20, 2025 (the "**Resolution 25**"), ENARGAS has invited interested parties, including gas transportation and distribution licensees, gas producers, and the general public, to provide feedback on a proposed procedure aimed at controlling overinjections and ensuring compliance with safety regulations.

The issue of overinjections has been a long-standing problem, where some gas producers operate over the maximum allowable operating pressure of the pipeline, prioritizing injection over safety, resulting in significant increases in the pipeline's maximum pressure.

The new "PROCEDURE FOR CONTROLLING PRODUCERS OVER-INJECTIONS" aims to establish a more effective framework to address this issue.

The proposed procedure will be subject to a public consultation process, allowing interested parties to submit their comments and suggestions within a 30-day period.



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DEREGULATION EFFORTS REACH SERVICE STATIONS: SELF-SERVICE FUEL DISPENSING, ABOVE-GROUND TANKS AND MOBILE STATIONS, AND RELAXED DIMENSION REQUIREMENTS

New measures aimed at modernizing and deregulating the downstream sector.

By means of Decree 46/2025, published in the Official Gazette on January 29, 2025 (the "**Decree 46**"), the Federal Executive Branch (i) authorized the implementation of self-service fuel dispensing, subject to further regulation by the FSE, (ii) authorized the use of above-ground tanks and mobile stations, and (iii) eliminated the requirement of a minimum area for service stations.

Self-Service

Dealers may implement self-serving pumps optionally,

provided they comply with the safety standards to be set by the FSE.

Therefore, this provision has been conditioned on the issuance of the corresponding regulations by the FSE. Although Decree 46 allows dealers to request authorization from the FSE to implement self-service before the regulations are issued, this may present certain challenges, since the regulation does not specify the content of such request and, after the regulations are issued, self-service terminals will likely need to comply with them, which could entail additional costs.

Finally, while the regulation does not explicitly allow it, the

preamble assumes the possibility of charging a discounted price at self-service pumps.

Above-Ground Tanks and Mobile Stations

Decree 46 also authorizes the use of above-ground fuel storage tanks. This modality is conditioned on the issuance of the corresponding regulations by the FSE, without exceptions.

According to the preamble of the regulation, the Government seeks to facilitate operational and economic efficiency in the installation, redesign, relocation, or dismantling of the stations, while also promoting the supply of fuel at events or seasonal demands through mobile stations.

The regulation indicates that, in addition to what is established by the Secretary, these installations must comply with Decree 2407/1983 (which regulates safety standards in service stations) as long as it is compatible with this type of installation.

Dimensions of Service Stations

The new text on service station dimensions approved by Decree 46 does not require a minimum surface area but only requires that it allows for the circulation and maneuvers for the immediate evacuation of vehicles and people in an emergency situation.

The previous text of Decree 2407/1983, on the other hand,

established the following minimum dimensions for stations, which will no longer be applicable:

- The circulation and maneuvering area had to have a surface area of no less than 150 m² of usable space built on the ground floor of the station.
- In the case of stations located on intermediate lots, a minimum of 17 meters of frontage was required, with the supply and circulation area adjoining this frontage and reception bays located next to the public sidewalk.
- The accesses and exits of all urban stations had to take into account the limitations to provide pedestrian defenses on the public sidewalk, interspersing fences up to 3 meters long and 60 to 80 cm high along the building line, constructed with metal pipe of a minimum nominal diameter of 50.8 mm or masonry 30 cm thick, leaving openings up to 12 meters long in this line.
- Any obstruction that hinders the immediate evacuation of people and vehicles in an emergency situation had to be avoided.



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NEW REGULATIONS FOR NATURAL GAS STORAGE IN ARGENTINA

ENARGAS updated the regulatory framework for natural gas storage through Resolution No. 41/2025.

By means of Resolution No. 41/2025, published in the Official Gazette on January 29, 2025 ("**Resolution 41**"), ENARGAS updated the Natural Gas Storage Rules. This update introduces new technical, operational, and compliance requirements for both fixed and mobile gas storage activities in Argentina.

Resolution 41 introduced substantial changes aimed at addressing the evolving needs of the industry while improving safety, efficiency, and oversight. The scope has been expanded to include not only private entities, but also public entities involved in gas storage activities. Key changes include explicit regulation of mobile storage (LNG, CNG, and GNP at up to 70 bar), and stricter registration and safety standards. Operators must register with the Natural Gas Storage Registry and appoint a certified Technical Storage Officer with higher qualifications.



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ARGENTINA'S LPG MARKET DEREGULATED: MORE COMPETITION, NEW RULES, AND CONTINUED SUBSIDIES

Resolution No. 15/2025 removes price caps, introduces a new volume-based system, and grants distributors greater flexibility. Despite deregulation, the Home Program remains to support vulnerable households.

By means of Resolution No. 15/2025, published in the Official Gazette on January 24, 2025 ("**Resolution 15**"), the FSE introduced significant reforms to Argentina's LPG market to foster competition and eliminate market

distortions. A key change is the deregulation of LPG prices, removing maximum reference prices for wholesalers, distributors, and consumers. These reference values will still be published as non-binding market guidelines to promote transparency. Most importantly, Resolution 15 ensures that domestic prices of LPG do not exceed export parity, aligning local pricing with international benchmarks.

In addition to price deregulation, Resolution 15 transforms the allocation of quotas and state contributions by eliminating previous assignments to producers and distributors. This system is now replaced by a Maximum Allowed Volume determined by each distributor's operational capacity and the fleet of approved containers, thereby allowing free negotiation in the marketing process. The regulatory changes also grant distributors autonomy to select their supply points without state intervention, streamlining logistics and reducing inefficiencies in the supply chain.

The resolution further reinforces consumer protections by continuing the Home Program, which subsidizes the purchase of LPG cylinders for vulnerable households.

Direct subsidies will be provided to families lacking access to the natural gas network. Moreover, the FSE is empowered to monitor the entire LPG marketing chain and to impose sanctions for any breach to the new regulatory framework.

Finally, Resolution 15 introduces several changes to the general regulations originally approved under Resolution SE No. 49/2015, including the repeal of Resolution SE No. 70/2015, thereby completing a significant regulatory overhaul.



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TEMPORARY ECONOMIC ASSISTANCE FOR LPG INDUSTRY

The FSE approves financial aid for the LPG industry under the HOGAR Program.

By means of Resolutions FSE No. 374/2024 and No. 391/2024, published in the Official Gazette on December 2, 2024, the FSE approved temporary financial aid totaling \$137,282,214.62 (\$117,975,129.79 and \$19,307,084.83, respectively), for the period from August 2021 to December 2022. This aid is designed to help companies that produce, fractionate, and distribute LPG under the HOGAR program.

The aid reflects the government's commitment to supporting the LPG industry and ensuring a steady, affordable, and secure supply of LPG to low-income households with no access to the natural gas service network.



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UPDATE ON REFERENCE VALUES FOR SURFACE FEES IN HYDROCARBON ACTIVITIES

As of August 1, 2024, the reference surface fees payable to surface owners, as well as control and surveillance costs related to hydrocarbon activities, have been increased.

By means of Joint Resolutions No. 1/2024 and No. 2/2024, published in the Official Gazette on December 30, 2024 (the "**Resolutions**"), issued by the FSE and the Secretariat of Agriculture, Livestock, and Fisheries (the "**SAGYP**", for its acronym in Spanish), new reference values were established for the Surface Fees payable to surface owners of properties affected by hydrocarbon activities, covering easements, damages, and expenses for control and surveillance:

i. Joint Resolution No. 1/2024 regulates surface fees related to hydrocarbon activities carried out in the dryland and irrigated areas of the "Cuyana" and "Neuquina" basins, in the provinces of Neuquén, Mendoza, Río Negro, La Pampa, San Juan, and San Luis, and implements an

increase in surface fees, in the following percentages: 207.45% for Zone "A", 252.52% for Zone "B", 231.37% for Zone "C", and 230.84% for Zone "D". The stated percentages pertain solely to dryland areas, whereas the values for irrigated areas are determined annually based on changes in crop production costs. With respect to control and surveillance expenses associated with hydrocarbon activities, increases were set as follows: 317.1% for Zone "A", 311.1% for Zone "B", 325.5% for Zone "C", 314.8% for Zone "D", and 314.8% for irrigated areas.

ii. Joint Resolution No. 2/2024 regulates surface fees related to hydrocarbon activities conducted in the dryland areas of the "Golfo San Jorge" and "Austral" basins in the provinces of Chubut, Santa Cruz and Tierra del Fuego, and establishes an increase in Surface Fees at the following rates: 207.45% for Zone "A", and 252.52% for Zones "B" and "C". Concerning the costs associated with control and surveillance in hydrocarbon activities, the

following percentage adjustments were determined: 309.9% for Zone "A", 322.1% for Zone "B" and 3319% for Zone "C"

The updated Surface Fees established by the Resolutions apply retroactively as of August 1, 2024, since the request for their update was submitted by the Argentine Association of Owners and Surface Owners Affected by Hydrocarbon, Mining, and Electrical Exploitation ("**AASEP**", for its acronym in Spanish) on July 1, 2024.



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THE FEDERAL GOVERNMENT DELAYS THE INCREASE IN THE TAX RATES ON LIQUID FUELS AND CARBON DIOXIDE UNTIL MARCH 1, 2025

Decree No. 51/2025 postponed the increase, originally scheduled for February 1, 2025, to March 1, 2025.

By means of Decree No. 51/2025, published in the Official Gazette on January 31, 2025 (the "**Decree 51**"), the Federal Executive Branch has postponed the implementation of the tax increase on liquid fuels and carbon dioxide. The adjustment, which applies to unleaded gasoline, virgin gasoline, and diesel for the first three quarters of 2024, will now take effect for taxable events occurring on or after March 1, 2025.

[6] Please refer to MHR's Energy Newsletter: May 2024 for a detail of previous fuels and carbon dioxide taxes.

Prior to Decree 51, the tax increase was set to take effect on February 1, 2025.^[6]



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ENARGAS UPDATES TARIFFS FOR GAS SUBDISTRIBUTORS

ENARGAS issued a key update to the tariff structure that was last modified in August.

By means of Resolution 933/2024, published in the Official Gazette on January 2, 2024 (the "**Resolution 933**"), ENARGAS approved a temporary increase in the tariff that subdistributors charge to large users and CNG stations for gas distribution. The new rate is set at ARS 2.18 (approx. USD 0.002) per cubic meter, effective from the publication date. This increase is part of a broader effort to ensure the sustainability and efficiency of the gas distribution network, especially in light of the economic challenges faced by the sector.

Resolution 933 follows a series of previous increases, including those made in May and August 2024,^[7] which aimed to align tariffs with the operational and maintenance costs incurred by subdistributors. ENARGAS has emphasized that these measures are temporary and will be subject to further review as part of the ongoing tariff revision process mandated by Decree No. 55/23. This

[7] Please refer to MHR's Energy Newsletter: August 2024 for a detail of previous adjustments.

ENARGAS APPROVES NEW TRANSITIONAL TARIFF SCHEDULE FOR GAS TRANSPORTATION

ENARGAS approved a new transitional tariff schedule for Licensed Carriers.

By means of Resolutions No. 51/2025 through 69/2025, published in the Official Gazette on January 31, 2025, ENARGAS approved new transitional tariff schedules for

decree declared an emergency in the energy sector, allowing for periodic adjustments to ensure the continuity and normal provision of public services.

Additionally, the Resolution requires that gas distribution licensees notify subdistributors within three business days of the new tariff. This notification process is crucial for ensuring that all stakeholders are aware of the changes and can implement them promptly. ENARGAS has also highlighted the importance of transparency and compliance, with significant penalties for non-compliance to ensure that the new tariffs are effectively applied across the board.



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the following Licensed Carriers: (i) Transportadora de Gas del Sur S.A., (ii) Transportadora de Gas del Norte S.A., (iii) Energía Argentina S.A., (iv) Transportadora Gas del Mercosur S.A.; (v) Gas Link S.A.; (vi) ENEL Generación Chile S.A. Sucursal Argentina, (vii) Gasoducto Gas Andes Argentina S.A.; (viii) Gasoducto

Norandino Argentina S.A; (ix) Refinería del Norte S.A, (x) Metrogas S.A, (xi) Litoral Gas S.A., (xii) Gas Nea S.A., (xiii) Camuzzi Gas del Sur S.A., (xiv) Camuzzi Gas Pampeana S.A., (xv) Naturgy Noa S.A., (xvi) Naturgy Ban S.A, (xvii) Distribuidora de Gas Del Centro S.A., (xviii) Distribuidora de Gas Cuyana S.A., and (xix) Redengas S.A.^[8]

[8] Please refer to MHR's Energy Newsletter: December 2024 for a detail of the previous updates.



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NEUQUÉN UPDATES HYDROCARBON ROYALTIES: NEW RATES EFFECTIVE IN 2025

The Province of Neuquén has revised the exploration and exploitation royalties for hydrocarbons, tying them to the price of Brent crude.

By means of Decree No. 147, published in the Official Gazette of the Province of Neuquén on January 29, 2025 (“**Decree 147**”), the Provincial Executive Branch established new annual royalty rates for exploration permit holders and exploitation concessionaires in the hydrocarbons sector. Starting from January 1, 2025, these revised rates aim to match royalty values with market conditions and the provisions of the Bases Law.

From then on, royalties must be paid annually and in advance, and their calculation will be based on the average price of ICE Brent First Line Crude during the first six months of the year before the payment.

For exploration royalties, revised rates are as follows: (i) for the first period, 0.50 bbl/km², (ii) for the second period, 2 bbl/km², (iii) for the third period, 3 bbl/km², and (iv) for the extension period, 15 bbl/km². For production royalties, the new rate is equivalent to 10 bbl/km².

With this revision, the Province of Neuquén aims to ensure that royalty revenues from hydrocarbon activities reflect market changes, maintaining an adjustment mechanism aligned with industry trends.



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ADJUSTMENTS TO ENERGY SUBSIDIES FOR THE LOW AND MEDIUM-INCOME FAMILIES IN ARGENTINA

The FSE has adjusted energy subsidies for low and medium-income users.

By means of Resolution No. 24/2025, published in the Official Gazette on January 31, 2025, (the “**Resolution 24**”) the FSE adjusted the subsidy percentages for electricity and gas prices for users categorized as low and medium income.

Resolution 24 is part of a broader legislative and executive effort to address the challenges facing Argentina's energy sector, including the generation, transportation, and distribution of electricity and natural gas, as of December 31, 2025.^[9]

Furthermore, Decree No. 465 of May 27, 2024, initiated a transition period towards focused energy subsidies, running from June 1 to November 30, 2024, with the possibility of a six-month extension. This transition aims to provide targeted discounts to low and medium-income users (Levels 2 and 3) on their electricity and gas tariffs. Resolution 24 extended this transition period until May 31, 2025, to further refine the subsidy allocation process.



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To simplify administrative processes and enhance fiscal transparency, Resolution 24 unifies the compensation mechanisms for the reduced revenues of gas service providers due to subsidy programs. Resolution 24 commands ENARGAS and ENRE, along with provincial energy regulators and service providers, to implement the new criteria as of February 1, 2025.

By focusing assistance on the most vulnerable households and unifying compensation mechanisms, Resolution 24 aims to ensure the sustainability of the energy sector while maintaining affordability for those in need.

[9] Please refer MHR's Energy Newsletter: December 2024 for further information of Argentina's energy emergency declaration.

POWER AND ELECTRICITY

ARGENTINA'S DEFENSE SECTOR EMBRACES RENEWABLE ENERGY WITH CREATION OF UCOPER

The Federal Ministry of Defense advances renewable energy autonomy for Argentina's military. This initiative establishes the UCOPER unit to integrate energy-efficient practices into national defense strategies.

By means of Resolution No. 27/2025 published in the Official Gazette on January 17 ("**Resolution 27**"), the Ministry of Defense created the Cooperation Unit for the Production of Renewable Energies ("**UCOPER**" for its acronym in Spanish, Unidad de Cooperación para la Producción de Energías Renovables), aimed at overseeing the generation, management, and integration of renewable energy resources in military facilities.

UCOPER's primary functions include: (i) planning and coordinating renewable energy projects within military jurisdictions; (ii) developing systems for logistical support to ensure self-sufficiency; (iii) monitoring and maintaining renewable energy installations; and (iv) collaborating with public and private entities to expand the renewable energy network.

Resolution 27 addresses the need for military units to generate their own energy, particularly in remote or isolated areas, to reduce reliance on external sources and enhance operational readiness during emergencies. It assigns the General Directorate of Engineers and Infrastructure of the Argentine Army to oversee UCOPER's projects and mandates semi-annual reports on energy production and resource allocation to ensure transparency. Additionally, this initiative supports Argentina's environmental goals, aiming for 20% renewable energy consumption by 2025 under Law No. 27.191.



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NEW REGULATIONS ON ENERGY EFFICIENCY LABELING IN RIO NEGRO

The Province of Rio Negro has established regulatory framework for energy efficiency labeling of real estate properties in accordance with Provincial Law No. 5,546.

By means of Provincial Decree No. 5/2025, published in the Official Gazette of the Province of Rio Negro on January 13, 2025 ("**Decree 5**"), the Province of Rio Negro approved regulations for implementing energy efficiency labeling in real estate. Decree 5 establishes procedures for labeling, eligibility criteria, and a Provincial Registry of Certified Energy Efficiency Professionals.

The energy efficiency label classifies properties based on energy consumption and is valid for 10 years, unless structural modifications necessitate reclassification. Properties with a valid label qualify for real estate tax discounts for five years, ranging from 30% for Class A to 0% for Class G. Upgraded properties may request a new label and an additional tax benefit.

Decree 5 mandates energy efficiency standards for public buildings and government-funded housing projects, with stricter requirements beginning in 2028. The labeling process will be free for 10 years, subject to review thereafter.



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NEW ELECTRICITY DISTRIBUTION TARIFF PROPOSALS

ENRE calls public hearing on electricity tariffs.

By means of Resolutions No. 74/2025, No. 79/2025 and No. 80/2025, ENRE called public hearings to discuss proposed electricity tariffs for the next five years, submitted by high-voltage and trunk distribution companies across Argentina.

The hearings, part of the five-year tariff review, will be held online via ENRE's website. Interested parties can attend, and those wishing to speak must register with a summary of their presentation. Individuals will have 5 minutes to speak, while legal entities and organizations may extend their remarks to 10 minutes.

Below are the details of each of the public hearing processes convened:

ENRE RESOLUTION	CONSULTED TARIFF PROPOSALS	DATE AND TIME OF PUBLIC HEARING	SPEAKER REGISTRATION PERIOD
Resolution No. 74/2025	TRANSENER S.A. TRANSBA S.A. TRANSPA DISTROCUYO S.A. EPEN TRANSENEA S.A. TRANSNOA S.A. TRANSCOMAHUE S.A.	February 25, 2025 (8.30 hs)	February 8 of 2025 – February 22 of 2025
Resolution No. 79/2025	EDESUR S.A. EDENOR S.A.	February 27, 2025 (8:30 hs)	February 10 of 2025 – February 24 of 2025.
Resolution 80/2024	TRANSENER S.A. TIBA YACYLEC S.A. LITSA LIMSA INTESAR INTERANDES S.A. TRANSPORTE MINERA 2 S.A. ENECOR S.A. EDERSA TRANSCACUE S.A. DPEC	February 26, 2025 (8:30 hs)	February 9, 2025 – February 23, 2025.



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KEY REFORMS TO ELECTRIC POWER REGULATORY FRAMEWORK

The FSE introduced significant changes to Argentina's electricity market, lifting key restrictions, decentralizing fuel management, and creating new incentives for power generation.

By means of Resolution No. 21/2025, published in the Official Gazette on January 28, 2025, ("**Resolution 21**"), the FSE introduced significant reforms to Argentina's electric power regulatory framework.

A key change among the main reforms is the exemption of certain conventional energy projects from contracting restrictions. Effective January 1, 2025, generation, self-generation, and cogeneration projects using thermal, hydroelectric, or nuclear sources that are commercially operational will no longer be subject to the suspension on new contracts in the term market, as established by Resolution No. 95/2013. This change allows project owners to freely enter into and manage supply contracts under existing operational and pricing procedures.

Resolution 21 also repeals Resolution SE No. 354/2020, thereby eliminating CAMMESA's prior role in fuel procurement under the Federal Hydrocarbon Plan (2020-

2028). Starting March 1, 2025, a new fuel supply framework will take effect. This framework allows thermal generators in the spot market to procure their own fuel, while CAMMESA will continue managing procurement for generators under contracts without self-supply obligations. CAMMESA will also act as supplier of last resort when necessary. The cost of self-managed fuel procurement will be determined based on reference prices declared in the "Declaration of Variable Production Costs," which incorporate transportation, distribution, and applicable taxes.

Additionally, Resolution 21 sets temporary values for the Cost of Unserved Energy, with a base rate of USD 1,500 per MWh and tiered failure penalties as follows:

- USD 350 per MWh for failures up to 5%,
- USD 750 per MWh for failures up to 10%, and
- USD 1,500 per MWh for failures exceeding 10%.

Another major reform is the repeal of the Energy Plus Service framework, which was originally established by

Resolution SE No. 1281/2006. As of February 1, 2025, no new contracts under this scheme will be permitted. Existing agreements will remain valid only until their expiration. All contracts under this framework must terminate by October 31, 2025.

Finally, Resolution 21 grants the Undersecretariat of Electric Energy the authority to issue supplementary regulations, clarifications, and enforcement measures to ensure effective implementation of the reforms.



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ELIMINATION OF THE NATIONAL REGISTRY OF ELECTRIC VEHICLE CHARGING INFRASTRUCTURE

The FSE repealed Resolution No. 817/2023, eliminating the national registry of electric vehicle charging infrastructure in line with the government's deregulation policies.

By means of Resolution No. 22/2025, published in the Official Gazette on January 29, 2025 ("**Resolution 22**"), the FSE repealed Resolution No. 817/2023, which established the "National Registry of Electric Vehicles and Hybrid Electric Vehicles Charging Infrastructure." This decision aligns with the federal government's initiative to simplify administrative processes and eliminate regulatory barriers.

Resolution SE No. 817/2023 was intended to identify, georeference, and promote electric vehicle charging infrastructure across Argentina to foster electric mobility and improve energy efficiency in the transportation sector. However, according to the FSE, its implementation created excessive administrative burdens, deterring private investment and reducing efficiency in developing electric mobility.

With the issuance of Resolution 22, the government seeks to encourage the expansion of electric vehicle charging infrastructure by eliminating state-imposed registration requirements, enabling the private sector to drive infrastructure development more effectively, and reducing regulatory constraints to accelerate private sector investments. This measure reinforces Argentina's commitment to a market-driven approach in the energy and mobility sectors.



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REGULATORY UPDATE ON POWER FACTOR CORRECTION CHARGES

Latest developments in Argentina's electricity regulations impacting power factor compliance.

By means of Resolution No. 76/2025, published in the Official Gazette on January 29, 2025 ("**Resolution 76**"), ENRE introduced changes to the "Power Factor Improvement Program" initially established by Resolution SE No. 628/2024. Resolution 76 significantly affects electricity distribution companies EDENOR S.A. and EDESUR S.A., as well as their users, by adjusting power factor correction charges.

In a key development, ENRE has repealed Article 13 of Resolution 628/2024. As a result, starting October 1, 2024, electricity distributors can apply a reduced surcharge of 10% for excessive reactive energy usage when the power factor is between 0.85 and 0.95. This reduction aims to help users comply with power factor correction requirements while still encouraging efficient energy use.

To ensure proper oversight, ENRE will conduct quarterly evaluations to assess the charges for excessive reactive energy usage and the availability of power factor correction equipment in the domestic market. Depending on market conditions, the surcharge may gradually increase to 100% if ENRE determines that compliance is feasible.

Additionally, Resolution 76 mandates refunds for any excessive amounts charged beyond the 10% threshold. Distributors must apply refunds as credits on subsequent electricity bills. If a credit balance remains after application, users can claim the outstanding amount in a single payment at distribution offices. Former users who have canceled their service must be refunded according to ENRE Resolution 579/2024.

Electricity distributors are required to credit refunds within 10 business days from the notification date of the resolution. Compliance reports must be submitted to

ENRE, including a certified audit statement and a detailed list of refunded amounts. To ensure transparency, user invoices must clearly indicate refunds with the text: "Reimbursement for excessive reactive energy charge per ENRE Resolution 76/2025."

Resolution 76 provides temporary relief for consumers facing difficulties in acquiring power factor correction equipment.



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ENRE ADJUSTMENT OF HOURLY RATES AND MONTHLY PENALTIES OF ELECTRICITY TRANSPORTATION LICENSEES

ENRE updated hourly rates and penalties for key electricity transport companies.

By means of Resolutions No. 82/2025 through No. 89/2025, published in the Official Gazette on January 31, 2025, ENRE approved the new hourly rates to be applied to the regulated assets of TRANSNEA, TRANSNOA, TRANSENER, TRANSBA, DISTROCUYO, EPEN, TRANSPA & TRANSCOMAHUE, respectively, as well as the average value of the Historical Monthly Fines applied to each carrier.^[10]

These measures were taken within the context of the emergency declared in the National Electricity Sector by

[10] Please refer to the MHR's Energy Newsletter: November-December 2024 for a detail of the previous updates.

Decree No. 55/2023 and aim to avoid practices that may distort prices and tariffs settled in the energy sector that would not allow the sector to sustain itself and even threaten its continuity.



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FSE APPROVED SUMMER SEASON PROGRAMING

The FSE approved the definitive summer seasonal programming for the MEM and MEMSTDF for the period from February 1 to April 30, 2025.

By means of Resolution No. 26/2025, published in the Official Gazette on January 31, 2025 ("**Resolution 26**"), the FSE approved the definitive summer seasonal programming for the MEM and MEMSTDF for the period from February 1 to April 30, 2025, as submitted by CAMMESA.

Resolution 26, in line with CAMMESA's Procedures, seeks to achieve an optimal dispatch that minimizes total operating costs and determines the seasonal prices each distributor will pay for their purchases in the MEM.

The main goal of Resolution 26 is to comply with Section 36 of the Federal Electricity Law No. 24,065, which states that seasonal prices must represent the costs incurred in the MEM and must be reflected in the tariffs paid by end-users.

Resolution 26 also specifies the application of Reference Prices for Power ("**POTREF**" for its acronym in Spanish)

and the Stabilized Energy Price ("**PEE**", for its acronym in Spanish) for the MEM and MEMSTDF, ensuring these prices are used in the tariff schedules of distributors and public service providers. It includes mechanisms for focused energy subsidies, targeting residential users based on income levels as defined in Decree No. 332/2022 and amended by Decree No. 465/2024.

Pursuant to Resolution 26, the PEE, together with the POTREF and the Stabilized Transportation Price (PET, for its acronym in Spanish), shall be used by Distribution Agents and other Public Distribution Service Providers for their corresponding application in the tariff schedules, in accordance with the provisions of Resolution SE No. 137/1992.



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ENVIRONMENTAL

NEW LAW FOR MEASURING AND REDUCING CARBON FOOTPRINT IN THE PROVINCE OF CATAMARCA

The Government of Catamarca has enacted Law 5880, a pioneering regulation that establishes a comprehensive framework for measuring, compensating, and reducing greenhouse gas emissions in the province.

By means of Law 5880, published in the Official Gazette of the Province of Catamarca on December 6, 2024 ("**Law 5880**"), the Province of Catamarca established a regulatory framework to measure the carbon footprint and set compensation and emission reduction targets for greenhouse gases ("**GHG**") within the provincial territory.

Law 5880 applies to individuals, businesses, public and private entities, both national and foreign, and non-profit organizations engaged in industrial, energy, agricultural, livestock, transportation, and/or mining activities within the provincial territory. Additionally, it allows for the voluntary participation of other interested parties.

The purposes of Law 5880 include promoting low-carbon and climate-resilient development, encouraging sustainable production and green jobs, responsibly using natural resources, reducing GHG emissions and increasing absorption by sinks, creating a uniform system for measuring, reporting, and verifying the carbon footprint, and encouraging the rational and sustainable use of resources.

Law 5880 mandates that covered entities must periodically and obligatorily report their GHG emissions, as sworn

statements, and develop plans to reduce emissions and increase absorption by sinks. The information will be publicly accessible, and international standards such as ISO-IRAM 14064 and the Greenhouse Gas Protocol will be used for quantification and verification.

The province may issue "carbon footprint compensation bonds" to producers engaged in forestry or agricultural activities with positive carbon footprint results. These bonds must be acquired annually by entities with a negative carbon footprint to achieve carbon neutrality.

Finally, Law 5880 creates the "Provincial Carbon Footprint Compensation Fund" to finance environmental plans, programs, and projects. This fund will be supported by public and private contributions, donations, profits from the bond system, and penalties derived from the law. Non-compliance may result in fines of up to 2,800,000 tax units and disqualification from using state-owned assets.



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INSIGHTS ON THE ARGENTINE ENERGY INDUSTRY

PAN AMERICAN SUR TRANSFERS 5% STAKE IN OFFSHORE CONCESSION TO TOTAL AND WINTERSHALL

The Federal Executive Branch has authorized Pan American Sur to transfer its rights in the Tauro Sirius Block.

By means of Decree No 1147/2024, published in the Official Gazette on December 31, 2024, the Federal Executive Branch authorized Pan American Sur S.A. ("**PAS**") to transfer 5% of its ownership rights in the offshore exploitation concession for the Tauro Sirius block, located in the Marina Austral Basin (the "**Concession**") in accordance with Article 72 of Law No. 17.319. The transfer was made in equal parts to Total Austral S.A. ("**Total**") and Wintershall DEA Argentina S.A. ("**Wintershall**"), both of which were already concessionaires.

Following the transaction, PAS reduced its participating interest in the Concession from 30% to 25%, while Total and Wintershall each increased their respective stakes from 35% to 37.5%.



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APPROVAL OF THE FIRST PROJECT UNDER ARGENTINA'S RIGI FRAMEWORK

The Ministry of Economy has approved the first project under the RIGI: an initiative led by Luz del Campo S.A. to bring a large-scale solar park in Mendoza.

By means of Resolution No. 1/2025, published in the Official Gazette on January 8, 2025, the ME approved the first approved the first RIGI project in the energy sector,

along with the investment plan, submitted by Luz del Campo S.A., the holder of the Special Purpose Vehicle responsible for the Unique Project named "Parque Solar El Quemado y Anexos". The project, which includes a total installed capacity of 305 MW, will be developed in the town of Jocoli, located in the Las Heras department in the Province of Mendoza.

The project will be executed in two phases and is expected to contribute significantly to Argentina's renewable energy capacity, operating at a 31,4% load factor.

The total declared investment in computable assets for the project amounts to USD 211.6 million, surpassing the

minimum investment requirement established under Bases Law. In this sense, the company has committed to meeting the minimum investment requirements by January 30, 2027, as mandated by the regulatory framework.



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NEW PROVINCIAL ADHERENCES TO THE RIGI

The provinces of Neuquén and Santa Cruz have joined the RIGI framework.

By means of Law No. 3491, published in the Official Gazette of the Province of Neuquén on January 9, 2025, the Province adhered to the RIGI. This law mandates the Executive Branch to implement the adherence, designates the Ministry of Economy, Production, and Industry as the enforcement authority, and invites the municipalities to join this initiative.

Similarly, by means of Law No. 3912, published in the Official Gazette of the Province of Santa Cruz on January 14, 2025, the Province formalized its adherence to the

RIGI. The Provincial Executive Branch must appoint the enforcement authority to oversee the implementation.



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THE MINISTRY OF ECONOMY INTRODUCES KEY MODIFICATIONS TO THE RIGI APPLICATION PROCESS

The ME has amended the procedural framework for RIGI project applications, introducing clarifications and additional obligations for applicants.

By means of Resolution No. 1358/2025, published in the Official Gazette on December 11, 2024 ("**Resolution 1358**"), the ME introduced modifications to Resolution ME No. 1074/2024 ("**Resolution 1074**"), which established the procedure for submitting project applications under the RIGI.^[11]

Resolution 1358 builds upon this framework by introducing key procedural clarifications and additional obligations for RIGI applicants, specifically regarding:

(i) Import of capital goods: applicants seeking RIGI benefits must process import operations for goods destined for the RIGI project through the General Directorate of Customs under the Revenue and Customs Control Agency.

(ii) Investment reporting obligations: once a RIGI project is approved, the SPV must submit a monthly sworn statement detailing both projected and executed investments for the RIGI project.

(iii) Modifications to application requirements: updates the process for existing projects seeking to expand under RIGI. Applications for such expansions must be submitted exclusively through the TAD platform, and applicants are required to formally accept RIGI's dispute resolution mechanisms, including the RIGI Panel created by Federal Decree No. 749/2024.^[12]

By streamlining import procedures, enhancing transparency in investment reporting, and clarifying application requirements, Resolution 1358 refines the regulatory environment established by Resolution 1074, providing greater certainty and efficiency for large-scale investment projects in Argentina.




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[11] Please refer to the MHR's Energy Newsletter: October 2024 for more information on this procedure.

[12] Please refer to the MHR's Energy Newsletter: Agosto 2024 for more details on Decree No. 749/2024.

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