

NEWSLETTER ENERGY & NATURAL RESOURCES

FEBRUARY 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

“**Biofuels Law**” means the Federal Law No. 27,640, passed on August 2021.

“**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*).

“**FSE**” means the Federal Secretariat of Energy, which reports directly to the Ministry of Economy.

“**ME**” means Ministry of Economy.

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

HYDROCARBONS

BIOFUELS: INCREASE IN MANDATORY PURCHASE PRICES

The Secretariat of Energy has 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.

In this regard, on February 5, 2025, the FSE increased the minimum price for the acquisition of biofuels, considering the national macroeconomic context^[1]:

- By means of Resolution FSE No. 30/2025, it set the minimum purchase price of biodiesel for mandatory

blending with diesel fuel at ARS 1,107,605 (approximately USD 1,024.13) per ton; and

- By means of Resolution FSE No. 29/2025, it set the minimum purchase price of bioethanol made from (i) sugarcane for mandatory blending with gasoline at ARS 717.880 (approximately USD 0.66) per liter, and (ii) corn for mandatory blending with gasoline at ARS 657.962 (approximately USD 0.60) per liter.



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[1] Please refer to the MHR Energy Newsletter: November and December 2024 for a detail of the previous updates.

PRIVATE INITIATIVE TO EXPAND NATURAL GAS TRANSPORTATION CAPACITY THROUGH TRANSPORTATION CAPACITY RESERVATION AGREEMENTS

Decree No. 54/2025 reinforces the country's commitment to expand transportation of the 'Perito Francisco Pascasio Moreno pipeline'.

By means of Decree 54/2025, published in the Official Gazette on February 2, 2025 ("**Decree 54**") the Federal Executive Branch has set in motion a comprehensive plan to enhance the gas transport capacity of the 'Gasoducto Perito Francisco Pascasio Moreno.' Decree 54 underscores the public interest in expanding the nation's energy infrastructure. The initiative, spearheaded by TGS, aims to increase the gas transport capacity by 14 million cubic meters per day (MMm³/d) in the first segment of the pipeline. The project includes (i) expansion and upgrade of two existing compression plants ("Tratayén" and "Salliqueló"); and (ii) construction of three new compression plants.

Additionally, Decree No. 54/2025 determines that the Private Initiative presented by TGS shall be governed by the contracting system provided for in Article 6 of Decree 76/2022, under the terms of Article 2 of Decree No. 1060/24 and Article 3 of Decree No. 713/2024.

The additional capacity will be incorporated into the transportation concession currently held by ENARSA, as established by Decree No. 76/2022.

The allocation of increased capacity will be determined through a public bidding process and the subsequent execution of a contract subject to the legal regime governing gas transportation, which will be implemented through a transportation capacity reservation contract.

This development marks a significant milestone in Argentina's energy policy to address growing energy demands.



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ENARGAS UPDATES TARIFFS FOR GAS SUB-DISTRIBUTORS

ENARGAS approved a tariff adjustment for gas sub-distributors to adequately cover the costs associated with the operational and maintenance expenses incurred when serving large users and CNG stations.

By means of Resolution No. 91/2025, published in the Official Gazette on February 14, 2025 ("**Resolution 91**"), ENARGAS established a new transitory tariff applicable to gas sub-distributors for the use of their infrastructure by

large users (“GU”, according to its acronym in Spanish) and CNG stations supplied by the licensed distribution company operating in their respective areas. The adjusted tariff was set at ARS 2.21 (approximately USD 0.002) per cubic meter.^[2]

ENARGAS emphasized that these measures are temporary and subject to further review within the broader framework of the energy sector emergency declared under Decrees No. 55/23 and No. 1023/2024. These decrees authorized ENARGAS to approve transitory tariff adjustments to ensure the continuity and proper provision of public services.

The new tariff adjustment established by Resolution 91 is intended to cover the reasonable costs associated with operating and maintaining the network sections used to

[2] Please refer to the MHR Energy Newsletter: December 2024 – January 2025 for a detail of the previous updates.

supply gas to GU and CNG stations, ensuring that the fees adequately reflect the cost of service provision.

Finally, Resolution 91 mandates that distribution licensees notify sub-distributors operating within their respective licensed areas of the new tariff within three business days. This notification is essential to ensure all stakeholders are informed and can implement the adjustments accordingly.



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ADJUSTMENTS TO PENALTIES AND FEES FOR THE NATURAL GAS VEHICLE SYSTEM IN ARGENTINA

ENARGAS established new penalty ranges and updated registration fees for the Natural Gas Vehicle System.

By means of Resolution No. 93/2025 published in the Official Gazette on February 18, 2025 (the “**Resolution 93**”), ENARGAS established new minimum and maximum fines for various entities in the Natural Gas Vehicle System. Fines will now range from 250 to 25,000 Enabling Stickers and will apply to the following subjects: Complete Equipment Producers and their Technical Representatives; Cylinder Periodic Inspection Centers and their Technical Representatives; Equipment and Parts Manufacturers and their Technical Representatives; Equipment and Parts Importers and their Technical Representatives; Assembly Workshops and their Technical Representatives; Natural Gas-Powered Vehicle Importers and their Technical Representatives; Natural Gas-Powered Vehicle Manufacturers and their Technical Representatives;

Verification and Marketing Centers and their Technical Representatives; Certification Bodies; CNG Refueling Stations and their Technical Representatives.

Resolution 93 also established an automatic adjustment mechanism for the registration and re-registration fees in the Register of Enabling Licenses for Natural Gas Vehicle System subjects. The new fee is set at 330 Enabling Stickers for both registration and re-registration.



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EXTENSION OF PUBLIC HEARING FOR OVER-INJECTION CONTROL PROCEDURE BY ENARGAS

ENARGAS extended the public hearing process set forth in Resolution No. 25/2025.

By means of Resolution No. 94/2025, published in the Official Gazette on February 18, 2025, ENARGAS extended the public hearing period for the bill “Procedure for Controlling Producers Over-Injections” established by Resolution No. 25/2025.^[3], for an additional five business days beyond the 30-day period set by Resolution No. 25/2025.



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[3] Please refer to the MHR Energy Newsletter: December 2024 – January 2025 for a detail of the Resolution No 25/2025.

PUBLIC TENDER FOR THE EXPANSION OF THE “PERITO FRANCISCO PASCASIO MORENO” GAS PIPELINE

The ME takes the first steps toward expanding natural gas transport capacity of the “Perito Francisco Pascasio Moreno” Gas Pipeline.

By means of Resolution No. 169/2025 (the “**Resolution 169**”), the ME delegated to the FSE the execution of all necessary measures to implement the private initiative

proposed by Transportadora de Gas del Sur S.A. (“TGS”) titled “Increase of Natural Gas Transport Capacity on the Tratayén – Argentine Littoral Route,” which was declared of public interest under Decree No. 1060/2024 (the “Project”).

The Project involves expanding Section I of the Pipeline, stretching from Tratayén in Neuquén Province to Salliqueló in Buenos Aires Province, with the goal of significantly boosting natural gas transport capacity. To implement this, the ME has instructed ENARSA to conduct a public tender based on a set of General and Special Bases, which will be approved by the FSE. This tender, open to both national and international bidders, will select the contractor responsible for carrying out the expansion works; however, the final award remains subject to the Energy Secretariat’s approval.

Additionally, the Resolution requires that the tender documents stipulate, among other conditions, that TGS relinquishes any claim to fees or reimbursable expenses in its role as the “promoter” of the private initiative (as defined in Decree No. 713/2024), and that CAMMESA waives any rights over the new capacity generated by the project.



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POWER AND ELECTRICITY

EDENOR AND EDESUR: ADJUSTMENT OF DISTRIBUTION COST AND TARIFF SCHEDULES

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

By means of Resolutions No. 119/2025 and No. 120/2025, ENRE approved new values per category or subcategory of distribution costs to be applied by EDENOR and EDESUR respectively.

Additionally, ENRE approved new tariff schedules for residential users in Level 1, Level 2, and Level 3, as well as for neighborhood community clubs, feed-in tariffs for User-Generators, and the values for the cost of energy supplied under low quality conditions and energy non supplied.

The new values apply as from February 1st, 2024. The average tariff value for EDENOR is 118,429 ARS/kWh

(approximately 0,111 USD) and, for EDESUR, it is 112,924 ARS/kWh (approximately 0,106 USD).^[4]

However, the tariff schedules for level 2 and 3 users, for community clubs, and for User-Generators were updated again by Resolutions No. 132/2025 and 133/2025, addressed below.



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[4] Please refer to MHR’s Energy Newsletter: December 2024 – January 2025 for a detail of the previous values.

ENRE UPDATED TARIFF SCHEDULE FOR EDENOR AND EDESUR

ENRE approved the new tariff schedule to be applied to residential users of Levels 2 and 3 and Neighborhood and Community Clubs, and the User-Generators Injection Tariffs by EDESUR and EDENOR.

As already mentioned in this Newsletter, by means of Resolutions No. 132/2025 and 133/2025, the ENRE modified Resolutions No. 119/2025 and No 120/2025, and approved new tariff schedule to be applied to residential users of Levels 2 and 3, for neighborhood community clubs and for User-Generators by EDESUR and EDENOR respectively, as from 00:00 hours on February 1st, 2025.

Thus, the Resolutions set the tariff schemes and further instruct the companies, considering the values contained in the corresponding annexes of each Resolution, to calculate the amount of subsidy that corresponds to each user, according to its monthly consumption, which must be prominently identified as “Subsidio Estado Nacional” in the section of the bill containing the information to the user.

The average tariff value amounts to 111.485 \$/kWh for EDESUR and 117.041 \$/kWh for EDENOR.

Moreover, for EDENOR, ENRE also approved the tariff schemes to be applied for the self-administered metering system.

Lastly, and given that this modification is retroactive to February 1st, the Resolutions instruct the companies to carry out the re-invoicing or crediting that may be necessary in order to settle differences in charges arising from their application.



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NEW RESOLUTIONS ON ENERGY TRANSMISSION AND ACCESS TO CAPACITY

ENRE announced key resolutions to expand capacity and improve access to the electricity transmission system in the Province of Buenos Aires and San Luis.

By means of Resolution No. 130/2025, published in the Official Gazette on February 6, 2025 (“**Resolution 130**”), and Resolutions No. 140/2025 (“**Resolution 140**”) and No. 141/2025 (“**Resolution 141**”), both published on February 12, 2025, ENRE announced new requests concerning energy transmission capacity.

Resolution 130 announced the formal request submitted by EDENOR to expand the existing transportation system in the Province of Buenos Aires. This request, aimed at obtaining the Certificate of Public Convenience and Necessity (“**CCyNP**”, for its acronym in Spanish), pertained to the underground renewal of the 220 kV electroduct connecting the *Malaver Interconnection Point and the Malaver Substation*.

Resolution 140 announced the request for access to and expansion of the electric power transmission system that had been submitted by TRANSBA S.A. on behalf of

the Provincial Directorate of Energy of the Province of Buenos Aires regarding the obtention of the CCyNP for Los Cardales transformer station.

Resolution 141, on the other hand, announced the request for access to existing transportation capacity submitted by EDESAL S.A. on behalf of 4SOLAR S.A. This request involved incorporating the *La Salvación II Photovoltaic Solar Station*, located in the Ayacucho Department of San Luis Province, into the Argentine Interconnection System at the *La Candelaria Transformer Station*. Under this resolution, EDESAL S.A. was designated as additional provider of the technical transport function.



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ADJUSTMENTS TO ELECTRICITY SUBSIDIES FOR THE LOW AND MEDIUM-INCOME USERS IN ARGENTINA

The FSE adjusted subsidy percentages for electricity prices for users categorized as low and medium-income.

By means of Resolution No. 36/2025, published in the Official Gazette on February 5, 2025 (“**Resolution 36**”), the FSE adjusted the implementation criteria for the bonification percentages to electricity prices for users categorized as low and medium-income, as established by Resolution No. 24/2025 (“**Resolution 24**”). Resolution 36 modified this framework by introducing a gradual and progressive approach to achieving parity in the discount percentages for the aforementioned prices.

Resolution 24, issued on January 29, 2025, had modified the subsidy framework for electricity and gas prices, aligning discounts for low and medium-income users (Levels 2 and 3),^[5] as part of a broader strategy to transition toward focused energy subsidies. This transition, initiated by Decree No. 465 of May 27, 2024, and extended until May 31, 2025, seeks to optimize subsidy allocation while ensuring affordability for vulnerable consumers.

Accordingly, Resolution 36 mandates a phased approach over the course of eleven months, beginning

on February 1, 2025, for electricity subsidy discounts. The specific percentage adjustments for each month are detailed in the annex to Resolution 36. This gradual process accounts for the disparity between subsidies applied to electricity and gas prices and the broader reach of electricity subsidies, given that the number of electricity users exceeds that of gas consumers. Moreover, this gradual alignment aims to ease the transition for electricity users by preventing sudden cost increases while ensuring the long-term objective of harmonizing energy subsidies across services.

Resolution 36 instructed ENRE and other provincial regulatory bodies, along with energy providers, to implement the revised subsidy framework and update tariff schedules accordingly, in order to reflect the new subsidy application criteria.



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[5] Please refer to MHR's Energy Newsletter: January 2025 for further detail on the bonification percentages applied to electricity and gas prices under Resolution No. 24/2025.

NATIONAL AND INTERNATIONAL PUBLIC TENDER “ALMAGBA STORAGE”

The FSE authorized a national and international call for the purpose of entering into Storage Generation Contracts.

By means of Resolution 67/2025, published in the Official Gazette on February 17, 2025 (“**Resolution 67**”), the FSE authorized the National and International Public

Tender “ALMA GBA Storage” to enter into storage generation contracts with MEM distribution agents, EDENOR, EDESUR, and CAMMESA. The Storage Generation Contract Model will be approved and communicated in due time with sufficient advance notice.

Additionally, Resolution 67 approved the Terms and Conditions for the procurement of Storage Generation Plants for Reliability in the Buenos Aires Metropolitan Area, which establish that bids must ensure the supply of delivered energy and the availability of contracted capacity for at least four consecutive hours per full discharge cycle, through new Battery Energy Storage Systems (“**BESS**”). The reference target capacity is set at 500 MW.

CAMMESA will oversee the procedure for carrying out the Call and the implementation of the contracts, acting as the guarantor of payment. The contracts will be governed by the existing regulatory framework established by Laws No. 15,336 and 24,065. And ENRE will establish all necessary measures and/or procedures it deems appropriate to ensure the proper implementation of the measure.

The Resolution also invites Provinces to analyze the convenience of replicating the tender in their jurisdictions and, as the case may be, express their interest in working towards a coordinated instrumentation of new tenders in the different provinces taking into account this tender as a basis or model.

Below is a summary of the key structural and economic terms of the bidding process:

1. Tender Schedule

- Consultation period for bidding terms: February 19 – May 4, 2025.
- Response to queries by CAMMESA: February 24 – May 11, 2025.
- Publication of the contract model: March 31, 2025.
- Submission and opening of technical and economic offers: May 19, 2025.
- Evaluation of technical offers: May 24 – June 6, 2025.
- Qualification of technical offers: June 13, 2025.
- Opening and evaluation of economic offers: June 18, 2025.
- Award: June 27, 2025.

2. Key Tender Terms

- Aggregate storage capacity: 500 MW.
- Minimum capacity per BESS: 10 MW.
- Maximum capacity per BESS: The lower of 150 MW or the maximum capacity per connection node (as defined in Annex 2 of the Bidding Terms).

- Offer Maintenance Bond: USD 10,000 per MW of maximum offered storage capacity.

3. Remuneration Structure

Bidders will be compensated through:

- Monthly Available Storage Capacity Payment (capped at USD 15,000 per MW per month).
- Supplied Energy Payment: USD 10/MWh.

Payments will be made by the relevant distribution companies, with CAMMESA acting as the final guarantor in case of default on two or more monthly payments (with a cap of 12 consecutive monthly payments).

4. Contract Terms

- Obligation to reach agreements with power distribution companies prior to bidding.
- Award criteria based on price competitiveness and the impact of BESS capacity on the grid's operating conditions.
- Contract model to be published on March 31, 2025.
- Contract signing deadline: Within 90 business days from award notification, subject to:
 - Initial Payment by the awardee.
 - Initiation of permit application processes, including land rights, environmental approvals, and grid access.

5. Term and Required Payments

- Contract duration: 15 years from the Contract Initiation Date (earlier of COD or January 1, 2027).
- Initial Payment: USD 4,000 per MW of contracted storage capacity (payable in pesos within 10 business days of award notification).
- Quarterly Payments:
 - Until 4Q 2026: USD 4,000/MW per quarter.
 - 1Q 2027 – 4Q 2027: USD 6,000/MW per quarter.
 - 1Q 2028 – 4Q 2028: USD 8,000/MW per quarter.

The maximum COD date is December 31, 2028. Failure to make payments or achieve COD by this date will result in contract termination without compensation.

6. Early COD Incentives

Awardees achieving COD before December 31, 2028 will be eligible for reimbursement of payments made, as follows:

- 100% reimbursement if COD is achieved by June 30, 2026.

- 75% reimbursement if COD is achieved by June 30, 2027.
- 50% reimbursement if COD is achieved by December 31, 2028.

Unreimbursed funds will be credited to a special CAMMESA account to cover its payment guarantee obligations.



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MINING

PROVINCE OF MENDOZA: CREATION OF PROVINCIAL “STOCKPILING REGISTRY FOR MINERALS AND STONY SUBSTANCES”

The Province of Mendoza implements the Stockpiling Registry for Minerals and Stony Substances upon the entry in force of the new Provincial Mining Procedural Code.

By means of Resolution No. 57/2025 published in the Provincial’s Official Gazette on February 19, 2025 (“**Resolution 57**”), the Mendoza Directorate of Mining, created the Stockpiling Registry for Minerals and Stony Substances (the “**Stockpiling Registry**”) to ensure compliance with HSE standards in the mining sector.

The Stockpiling Registry will be managed by the Mining Notary Office of the Mendoza Directorate of Mining. All individuals or legal entities engaged in stockpiling substances defined in Article 176 of the Mendoza Mining Procedure Code must register.

According to Article 176 “stockpiling” refers to areas where mineral or stony substances extracted from a mine

of any category are stored for commercialization, outside its boundaries, which may or may not have been processed in a beneficiation facility for subsequent marketing.

Registration in the Stockpiling Registry must be completed by submitting the required form through a ticket system administrated by the Provincial Directorate of Mining.



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PROVINCE OF SANTA CRUZ: NEW ENVIRONMENTAL COMPLIANCE REQUIREMENTS FOR MINING

The Province of Santa Cruz has introduced new environmental compliance requirements for mining rights, reinforcing environmental protection and sustainable development.

By means of Resolution No. 001/2025 published in the Official Gazette of the Province of Mendoza on February 18, 2025, the Provincial Secretariat of Mining established mandatory environmental documentation requirements for mining rights applicants and holders.

First, applicants and rights holders must submit a sworn statement to the Provincial Secretariat of Mining, confirming the filing of the Environmental Impact Assessment. They must also provide the Environmental Impact Statement for approval or update, along with proof of submission, duly signed and sealed by the Secretariat of Energy, Environmental, and Mining Oversight and Control.

Second, before granting Exploration and/or Exploitation Permits for “Prospecting,” “Quarries,” or the Registration of Discovery Claim, applicants must submit the EIA approval document or its amendment, issued by the competent authority, to the Provincial Secretariat of Mining.

Finally, for mining concessions, the updated Environmental Impact Statement must be submitted prior to the issuance of the concession title.



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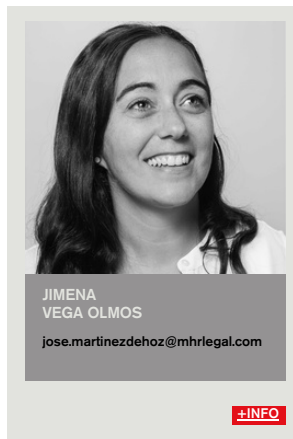
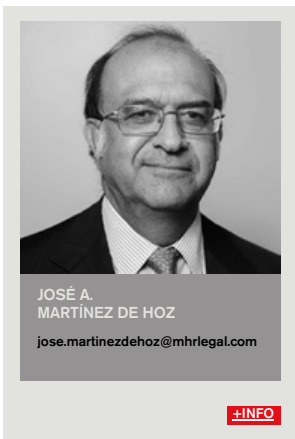


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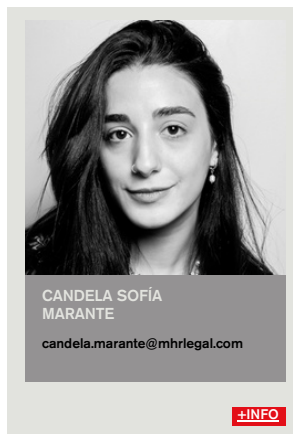
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