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NEWSLETTER ENERGY & NATURAL RESOURCES

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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.

IN THIS ISSUE

GENERAL DEFINED TERMS

"**ARCA**" means Revenue and Customs Control Agency (for its acronym in Spanish of *Agencia de Recaudación y Control Aduanero*).

"**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*").

"**Biofuels Law**" means the Federal Law No. 27,640.

"**CAMMESA**" means (for its acronym in Spanish "*Compañía Administradora del Mercado Mayorista Eléctrico S.A.*").

"**CNG**" means Compressed Natural Gas.

"**EDENOR**" means (for its acronym in Spanish "*Empresa Distribuidora y Comercializadora Norte S.A.*")

"**EDESUR**" means (for its acronym in Spanish "*Empresa Distribuidora y Comercializadora Sur S.A.*).

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

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

"**FHL**" means the Federal Hydrocarbons Law No. 17,319, as amended by Laws No. 26,197 and 27,007.

"**FSE**" means the Federal Secretariat of Energy.

"**LNG**" means Liquified Natural 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 Electricity Market of the Province of Tierra del Fuego (for its acronym in Spanish of *Mercado Eléctrico Mayorista de Tierra del Fuego*).

"**Natural Gas Law**" means Law No. 24,076.

"**PIST**" means the point of entry into the natural gas transmission system (for its acronym in Spanish of *Punto de Ingreso al Sistema de Transporte*).

"**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.

HYDROCARBONS

BIOFUELS: INCREASE IN MANDATORY PURCHASE PRICES

The FSE 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.

It also establishes the FSE as its authority of application, empowered for determining, with the appropriate periodicity according to the fluctuating economy, the prices at which the biofuels intended for mandatory blending with fossil fuels shall be carried out.

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

- By means of Resolution FSE No. 140/2025, it set the minimum purchase price of biodiesel for mandatory blending with diesel fuel is set at ARS $1,192,226 (approximately USD 981.25) per ton; and

- By means of Resolution FSE No. 141/2025, it set the minimum purchase price of bioethanol made from (i) sugarcane for mandatory blending with gasoline is set at ARS 772.726 (approximately USD 0.63) per liter, and (ii) corn for mandatory blending with gasoline is set at ARS 708.230 (approximately USD 0.58) per liter.

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[1] Please refer to the MHR's Energy Newsletter: March 2025 for a detail of the previous updates.

NEW AMENDMENT TO THE SCHEDULE ADJUSTMENTS OF THE LIQUID FUELS TAX AND THE CARBON DIOXIDE TAX

The Federal Executive Branch delayed the increase in tax amounts on liquid fuels and carbon dioxide until May 1, 2025, while implementing a partial adjustment.

By means of Decree No. 243/2025, published in the Official Gazette on April 1, 2025 ("**Decree 243**"), the Federal Executive Branch introduced a partial deferral of the fuel tax increases originally scheduled to take full effect on April 1, 2025.

Under the current legal framework established by Law No. 23,966, as amended, tax on liquid fuels and tax on carbon dioxide are subject to automatic quarterly updates based on inflation by ARCA, in accordance with Decree No. 501/2018, based on the Consumer Price Index published by the National Institute of Statistics and Censuses.

These updates have been deferred through a series of previous decrees, including Decree No. 466/2024 and its successive amendments, postponing the impact of tax increases related to the consumption of unleaded gasoline, straight-run gasoline, and diesel fuel. The pending adjustments from the first through fourth quarters of 2024 were set to take effect on April 1, 2025.[2]

Decree 243 partially postponed the increase corresponding to the first quarter of 2024 and fully deferred the increases related to the second, third, and fourth quarters of 2024. As a result, the full set of pending adjustments will be applied as of May 1, 2025, when the cumulative increases from all four quarters of 2024 will take effect simultaneously.

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[2] Please refer to MHR's Energy Newsletter: March 2025 for a detailed approach of previous adjustments.

PROVINCE OF RÍO NEGRO: REGULATION OF HYDROCARBON CONCESSIONS EXTENSIONS

The Province of Río Negro enacts regulations for the implementation of Law No. 5,733, approving the framework for the use of hydrocarbon concession extension bonuses to fund municipal investment projects.

By means of Decree No. 203/2025, published in the Official Gazette of the Province of Río Negro on March 25, 2025 (the "**Decree 203**"), the provincial executive branch approved the regulatory framework for the implementation of Law No. 5,733, which governs the extension of hydrocarbon exploitation concessions located in provincial territory [3] . Decree 203 also approves the model agreement to be signed between the Province and each municipality, commune, or development commission

[3] Please refer to the MHR's Energy Newsletter: July 2024 for a detail of the Law No. 5,733.

eligible to receive funds derived from such extensions.

Law No. 5,733 — passed in July 2024 — establishes a mechanism under which hydrocarbon concessionaires may request a ten-year extension of their exploitation rights, subject to compliance with the requirements of Section 35 of the FHL and their registration in the provincial extension registry. As a condition for such extensions, companies must pay an "Extension Bonus," a portion of which is earmarked for municipal use under strict conditions.

Decree 203 detailed the operative aspects of Article 5 of Law No. 5,733, which mandates that the funds received by municipalities, communes, and development commissions be used exclusively for investment projects in one of three categories: (i) productive initiatives, (ii) acquisition of municipal equipment, or (iii) infrastructure works. Decree 203 also created a "Special Commission Law No. 5,733" to evaluate and approve investment projects submitted by the beneficiaries. Once approved, a standard agreement (also annexed to the Decree) is executed to authorize the disbursement of funds.

Additionally, Decree 203 established further oversight mechanisms, including mandatory post-execution audits by municipal courts of accounts and specific signage and disclosure requirements for infrastructure projects. Projects must visibly acknowledge the origin of the funds as linked to the hydrocarbon concession extension mechanism.

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INCREASE IN GAS TARIFF SURCHARGE TO SUSTAIN SUBSIDIES FOR COLD REGIONS

The ME raised the surcharge on natural gas tariffs from 5.44% to 6%, aiming to strengthen the funding of subsidies directed at residential consumers in cold regions.

By means of Resolution No. 356/2025, published in the Official Gazette on April 1 ("**Resolution 356**"), the ME increased the surcharge provided for in Article 75 of Law No. 25,565 on the General Budget of the National Administration applied to natural gas tariffs from 5.44% to 6% of the price of natural gas at the PIST, will apply to invoices issued from April 1, 2025.

Resolution 356 updated the financial mechanisms supporting the *Fondo Fiduciario para Subsidios de Consumos Residenciales de Gas* (the "**Public Trust Fund**"), which was established by Law No. 25,565 and its amendments. Under this framework, the surcharge may be set up to a maximum of 7.5% and is designed to finance compensation schemes for residential gas consumption subsidies.

Also, Resolution 356 specifies that, for self-consumption cases, the surcharge must be calculated based on the volume consumed, the weighted average price of the company's sales, and the newly established 6% rate. In addition, gas marketers must apply and transfer the surcharge proportionally to the price paid for natural gas acquired at PIST.

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NEW UPDATES IN THE NATURAL GAS PRICING FRAMEWORK

The FSE established new prices for gas at the PIST, effective from March 2025, aimed at ensuring the sustainability of the energy sector.

By means of Resolution No. 139/2025, published in the Official Gazette on April 1, 2025 ("**Resolution 139**"), the FSE approved the PIST natural gas prices, as part of the ongoing efforts to reduce energy subsidies in Argentina and ensure end users actually pay the full price of natural gas at well head.[4]

Additionally, through Resolution No. 176/2025, published on April 30, 2025 ("**Resolution 176**"), the FSE established a 6% surcharge on the natural gas price at the PIST per cubic m^3 of 9,300 kilocalories, pursuant to Article 75 of Law No. 25,565. This surcharge applies to all gas entering the national pipeline system, including gas for self-consumption.

Both resolutions were issued within the framework of the FHL and Law No. 24,076, which establish national policies on hydrocarbon activities and mandate the incorporation of PIST natural gas prices to consumer tariffs, and the "Federal Hydrocarbon Production, Self-Sufficiency, Export, Import Substitution, and Transportation System Expansion Plan 2023-2028" ("**Plan Gas**"). In this regard, Resolution 139 established the new PIST prices and stated that ENARSA, gas producers, and distributors/subdistributors must adjust their agreements under the Plan Gas to reflect the newly established prices.

ENARGAS is instructed to ensure that the gas distribution and subdistribution tariffs reflect the new PIST prices and applicable subsidies.

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[4] Please refer to the MHR's Energy Newsletter: March 2025 for a detail of the previous updates.

NEW TRANSITIONAL TARIFF SCHEDULE FOR GAS TRANSPORTATION

ENARGAS approved a new transitional tariff schedule for Licensed Carriers.

By means of Resolutions No. 184, No. 185, No. 186, No. 187, No. 188, No. 189, No. 190, No. 191, No. 192, No. 193 published in the Official Gazette on April 3, 2025, and Resolution No. 267, published on April 30, 2025, ENARGAS approved new transitional tariff schedules to be charged by (i) Metrogas S.A, (ii) Naturgy BAN S.A, (iii) Naturgy NOA S.A., (iv) Litoral Gas S.A. (v) Distribuidora de Gas del Centro S.A. (vi) Distribuidora de Gas Cuyana S.A., (vii) Camuzzi Gas Pampeana S.A.; (viii) Camuzzi Gas del Sur S.A., (ix) Gasnea S.A, (x) Redengas S.A.,and (xi) Compañía Entrerriana de Gas S.A, respectively[5].

[5] Please refer to MHR's Energy Newsletter: March 2025 for a detail of the previous updates.

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ENARGAS IMPOSES NEW SURCHARGE ON FULL-SERVICE NATURAL GAS USERS

Resolution No. 194/2025 mandates a new gas surcharge based on PIST prices and sub-zone percentages.

By means of Resolution No. 194/2025, published in the Official Gazette on April 3, 2025, the ENARGAS instructed the distribution service providers to apply, for each cubic meter (M3) of nine thousand three hundred kilocalories (9,300 kc) billed to its full-service users, a surcharge to be determined by applying the price of natural gas at the PIST, using certain percentages per sub-zones.

For the relevant billing period, the applicable surcharge shall be calculated by averaging the percentage of the previous surcharge and the new surcharge, in proportion to the number of days each was in effect during that period.

Gas distribution companies must include, in the bills issued to full-service end users, the surcharge amounts resulting from the application of the new provisions. The corresponding surcharge amounts will be clearly identified in users' bills under the label: "Trust Fund – Article 75 of Law No. 25,565, as amended by Law No. 27,637."

The percentages to be billed may be adjusted if there are changes in the combination of transportation routes used to supply each tariff sub-zone, or if ENARGAS approves changes in the gas retention percentages for any route. In such cases, service providers must request prior authorization from ENARGAS.

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TRANSITORY ADJUSTMENT OF THE CHARGE APPLICABLE TO LARGE USERS AND CNG STATIONS USING SUBDISTRIBUTOR FACILITIES

The ENARGAS approved a transitory adjustment of the charge applicable to large users and CNG stations using subdistributor facilities.

By means of Resolution No. 197/2025, published in the Official Gazette on April 3, 2025 ("**Resolution 197**"), ENARGAS approved, on a transitory basis, a new tariff applicable to large users ("**GU**" for its acronym in Spanish) and CNG stations that are supplied by distribution licensees but utilize facilities owned by subdistributors.

The new charge, set at AR$ 2.30 (approximately USD 0.0019) per cubic meter, applies when the distribution licensee provides the service and the supply passes through a subdistributor's network, pursuant to Section 18, subsection (iii) of the Distribution License Service Regulations (*Reglamento de Servicio de la Licencia de Distribución*), approved by Decree No. 2255/92 (consolidated text pursuant to ENARGAS Resolution No. I-4313/17).

ENARGAS explained that the adjustment follows the general evolution of distribution tariffs, based on guidance from the ME, which established incremental tariff adjustments for the months of March and April 2025 (1.7% and 2.5%, respectively). The adjustment is intended as a temporary measure within the framework of the tariff emergency declared by Decree No. 55/23, extended by Decree No. 1023/24, until the completion of the ongoing five-year tariff review process.

This measure seeks to maintain service stability and reflect the evolving cost structure during the transition period until a new tariff framework is established.

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LNG EXPORT PROCEDURE UNDER NEW REGULATORY FRAMEWORK

The FSE established a detailed procedure for firm LNG exports in alignment with recent amendments to the Natural Gas Law introduced by the Bases Law and its implementing decree.

By means of Resolution No. 145/2025, published in the Official Gazette on April 4, 2025 ("**Resolution 145**"), the FSE approved the "Procedure for the Export of Liquefied Natural Gas (LNG)". This measure builds upon the reforms introduced by the Bases Law and its implementing Decree No. 1057/2024, which modified Argentina's natural gas regulatory framework by establishing the legal basis for LNG exports.

According to Article 3 bis of the Natural Gas Law, as amended by the Bases Law, holders of firm LNG export authorizations are entitled to export the authorized volumes continuously and without any interruptions, reductions, or redirections, for the duration of the applicable export authorization. The same provision establishes that LNG exports must be authorized by the FSE.

In this context, Resolution 145 implemented the legislative reforms introduced by the Bases Law by creating a specific administrative procedure for LNG exports. It also designated the Undersecretariat of Liquid Fuels, under the FSE, as the enforcement authority responsible for managing LNG export notifications, verifying regulatory compliance, and management of the issued "LNG Free Export Authorization" (*Autorización de Exportación Libre de GNL*) certificates.

This procedure begins with the notification of the intended LNG export, which must be submitted via the *Trámites a Distancia* (TAD) platform. Applicants must provide detailed documentation evidencing: (i) the availability of natural gas volumes for at least five (5) years, either from their own projected production or through contractual agreements with third-party producers, certified by external auditors; (ii) the maximum LNG volumes to be exported, expressed on an annual, monthly, and daily basis; (iii) proof of having initiated the application process to adhere to the RIGI, if applicable; and (iv) the technical consistency of the LNG export project, including details on existing or planned infrastructure for transportation, liquefaction, storage, and export, as well as its location and financing.

Resolution 145 also sets the grounds on which the FSE may fully or partially object to an export notification. These objections may be raised within 120 business days from the date of notification, and applicants will have 30 business days to address them.

Once the documentation is reviewed and no objections are raised, or once they are resolved, the FSE will issue the LNG Free Export Authorization, which enables the holder to export the approved LNG volumes without requiring additional permits for each shipment. This authorization will remain valid as long as the conditions under which it was granted are maintained.

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ARGENTINA AUTHORIZES SELF-SERVICE FUEL DISPENSING

Resolution 147 opens the door for optional self-service fuel pumps nationwide, subject to strict safety and oversight protocols.

By means of Resolution No. 147/2025, published in the Official Gazette on April 8, 2025 ("**Resolution 147**"), the FSE approved the procedure for the implementation of self-service fuel dispensing throughout Argentina. This measure, developed within the framework of Decree No. 46/2025, allows fuel vendors to opt for self-service as a dispensing modality, subject to strict regulatory and safety requirements.

The new regulation represents a significant shift from previous rules, which prohibited customers from operating fuel dispensers except by special authorization. Now, operators may implement full or partial self-service, provided they submit the required documentation, including project approval by an authorized auditing entity and updated safety audits to the Undersecretariat of Liquid Fuels. The self-service modality becomes operative upon submission and compliance with the established safety conditions.

Resolution 147 mandates adherence to both general safety requirements and specific technical guidelines for self-service operations, which include clear signage, emergency shut-off devices, impact valves, automatic shut-off nozzles, and the presence of trained personnel to supervise and assist during all self-service operations. Non-compliance may result in sanctions ranging from fines to suspension or closure of the facility.

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PUBLIC HEARING FOR THE BILL NAG-240 (2025)

ENARGAS called for a public hearing on the bill of NAG-240 (2025) standard, which aims to regulate multilayer pipe systems for indoor gas installations.

By means of Resolution No. 209/2025, published on April 9, 2025 (the "**Resolution 209**"), the ENARGAS called for a public hearing process for the draft NAG-240 (2025)

standard titled "Multilayer Pipe Systems for Internal Domestic Gas Installations Joined by Radial Compression Fittings".

The proposed standard, submitted by the Argentine Gas Institute ("**IGA**" for its acronym in Spanish) following a request from FAMEIM S.A., seeks to regulate the use of multilayer pipes (PE-AL-PE or PEX-AL-PEX), combining the flexibility and corrosion resistance of polyethylene with the mechanical strength and gas barrier properties of aluminum. According to IGA, these systems have a proven track record of over 18 years in residential, commercial, and industrial gas installations worldwide.

ENARGAS emphasized that the system provides significant advantages, such as easier installation, reduced risk of leaks by minimizing the number of fittings, and the use of mechanical "press fitting" accessories, eliminating the need for welding, threading, or heat fusion.

Resolution 209 established that draft NAG-240 (2025) standard will be open for public comment for a period of thirty (30) calendar days following its publication in the Official Gazette of the Argentine Republic. During this period, the administrative file will be available for consultation at ENARGAS' headquarters in Buenos Aires and its regional offices, and Resolution 209 will also be published in the "Participatory Rulemaking" section of ENARGAS' website. Additionally, Distribution Licensees must inform all Sub-Distributors operating within their licensed areas within two (2) days of notification, and Certification Bodies are required to communicate the contents of Resolution 209 to relevant manufacturers and importers within the same timeframe.

These measures aim to modernize the regulatory framework, promoting the adoption of new technologies in line with international standards while ensuring safety and efficiency in indoor gas installations.

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PROVINCE OF SANTA CRUZ: DECLARATION OF HYDROCARBONS EMERGENCY

Law No. 3,914 declared hydrocarbons emergency throughout the continental territory of the province and established a regime of fiscal incentives for the mature areas.

By means of Law No. 3,914, published in the Provincial Gazette on April 10, 2025 ("**Law 3,914**"), the Province of Santa Cruz declared a hydrocarbons emergency until December 31, 2025, in order to adopt urgent measures that allow the reactivation and sustainability of the sector and the interests of the province.

In this context, Law 3,914 established a system of fiscal incentives for companies that invest in the exploration and exploitation of hydrocarbons in the entire continental territory of the province, which will include tax and royalty reductions (the "**Benefits**") for mature areas, with the commitment to maintain and increase activity and preserve jobs.

The granting of the Benefits will be subject to the submission by the operators of a work plan, aimed at maintaining and optimizing conventional hydrocarbon production. The Benefits will be directly related to the level of production reached by the operator, according to the plan approved by the Provincial Ministry of Energy and Mining.

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GAS DISTRIBUTION SERVICE REGULATION AMENDMENT

The ENARGAS made changes to the Gas Distribution Service Regulation, effective from April 12, 2025, aimed at protecting consumers' rights.

By means of Resolution No. 213/2025, published in the Official Gazette on April 10, 2025 ("**Resolution 213**"), the ENARGAS introduced modifications to the regulatory framework governing the distribution of natural gas services in Argentina.

Resolution 213, which follows a public hearing process and extensive public engagement, aims to reinforce consumer protection and clarify the conditions under which gas services may be suspended due to non-payment of gas bills.

Resolution 213 amended the Gas Distribution Service Regulation, specifically addressing the grounds for suspension or termination of service. The key change under Resolution 213 is the explicit restriction that the right to cut off gas services for non-payment can only be exercised when the unpaid amounts are related to the provision of the gas service itself. This means that if a user fails to pay for items or charges not strictly linked to the gas service, such non-payment cannot be used as grounds for service interruption.

This regulatory update is rooted in the principles of consumer protection enshrined in the Argentine Constitution and the Consumer Defense Law (Law No. 24,240). Resolution 213 references recent regulatory developments, including the requirement that all items included in gas bills must be strictly related to the regulated service and must be previously authorized by

ENARGAS. The measure is designed to ensure transparency, prevent the inclusion of unrelated charges in utility bills, such as local taxes, and protect users from unjustified service interruptions.

Gas distribution companies and subdistributors are required to implement the necessary changes to their billing and service suspension procedures within thirty (30) business days.

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DECLARATION ON THE LONG-TERM AVAILABILITY OF GAS RESOURCES

The FSE approved the Declaration of Long-Term Availability of Gas Resources, confirming sufficient supply to meet both domestic demand and future LNG export projects.

By means of Resolution No. 157/2025, published in the Official Gazette on April 21 (the "**Resolution 157**"), the FSE approved the Declaration of Long-Term Availability of Gas Resources in accordance with Section 3 bis of the Natural Gas Law as amended by the Bases Law, which requires a forward-looking analysis to ensure that Argentina's natural gas resources are sufficient to cover domestic demand and to support firm, uninterrupted LNG export projects.

Resolution 157 consolidated technical studies assessing the current status and projections of gas production, transportation, storage, domestic demand, and export capacity. According to Resolution 157 Annex, Argentina's technically recoverable gas resources, after deducting a security reserve equivalent to 30.6 TCF of internal demand over the next 25 years, amount to approximately 243.15 trillion cubic feet.

The study demonstrated that, under current domestic consumption rates, gas resources would be sufficient for 162 years. In more demanding scenarios that include expanded LNG exports, resources would suffice for periods between 63 and 68 years.

Under the framework of Article 3 bis of Law No. 24,076, the government also clarified that LNG export authorizations —once granted— will be firm for up to thirty (30) years from the commissioning of the corresponding liquefaction plant. These authorizations will ensure uninterrupted access to gas supply, transport, processing, and storage capacity, without being affected by future regulatory changes unless such changes are more favorable to exporters.

Resolution 157 establishes that future updates of the declaration must be conducted at least every five years or earlier if substantial changes in technical or market conditions occur.

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REGULATORY STREAMLINING IN ARGENTINA'S LNG SECTOR: REPEAL OF RESOLUTION 706/2021

The Secretariat of Energy repealed outdated LNG regulation to simplify export procedures and clarify institutional roles.

By means of Resolution No. 169/2025, published in the Official Gazette on April 30, 2025 ("**Resolution 169**"), the FSE repealed Resolution No. 706/2021, which had previously established the Registry of LNG Operators and outlined procedures for LNG production, storage, marketing, and export.

This decision aligns with the regulatory modernization process introduced by the Bases Law and responds to the need for a more coherent and efficient legal framework in the LNG sector. Among its key motivations, the repeal seeks to eliminate overlapping functions between the FSE and ENARGAS, reduce regulatory redundancies and minimize procedural burdens that had been affecting industry compliance and efficiency.

In addition, Resolution 169 reflects the FSE's intent to consolidate the legal regime under more current instruments. Notably, it builds on the recent approval of the LNG Export Procedure through Resolution No. 145/2025 and the updated Natural Gas Storage Regulations issued by ENARGAS via Resolution No. 41/2025.

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FIVE-YEAR GAS TARIFF REVIEW ENARGAS APPROVED THE FIVE-YEAR GAS TARIFF REVIEW.

By means of Resolutions No. 255/2025 and No. 256/2025, the ENARGAS approved the Five-Year Tariff Review corresponding to TRANSPORTADORA DE GAS DEL NORTE S.A. and TRANSPORTADORA DE GAS DEL SUR S.A., respectively.

Moreover, by means of Resolutions No 257/2025, No. 258/2025, No. 259/2025, No. 260/2025, No. 261/2025, No. 262/2025, No. 263/2025, No. 264/2025, No. 265/2025, and No. 266/2025, the ENARGAS approved the Five-Year Tariff Review, the Segmentation of Residential Users, the investment plans for the 2025–2030 period, the initial tariff schedule, and the rate and charge schedules corresponding to METROGAS S.A., DISTRIBUIDORA DE GAS CUYANA S.A., LITORAL GAS S.A., DISTRIBUIDORA DE GAS DEL CENTRO S.A., GAS NEA S.A., CAMUZZI GAS PAMPEANA S.A., NATURGY BAN S.A., NATURGY NOA S.A., CAMUZZI GAS DEL SUR S.A., and REDENGAS S.A., respectively.

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POWER AND ELECTRICITY

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

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

By means of Resolutions No. 225, No. 226, No. 227, No. 228, No. 229, No. 230, No. 231 and No. 232, published in the Official Gazette on April 1, 2025, the ENRE approved the new hourly rates to be applied to the regulated equipment of TRANSNEA S.A.,DISTROCUYO S.A., TRANSENER S.A., TRANSNOA S.A., EPEN, TRANSCOMAHUE S.A., TRANSBA S.A., and TRANSPA S.A., respectively, as well as the average value of the Historical Monthly Penalties applied to each carrier[6].

These measures were taken within the context of the emergency declared in the National Electricity Sector by 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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[6] Please refer to the MHR's Energy Newsletter: March 2025 for a detail of the previous updates.

EDESUR AND EDENOR: ADJUSTMENT OF DISTRIBUTION COST AND TARIFF SCHEDULES

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

By means of Resolutions No. 223/2025 and No. 224/2025, published in the Official Gazette on April 1, 2025, the ENRE approved new values per category or subcategory of distribution costs to be applied by EDESUR S.A. and EDENOR S.A. respectively, that apply as from April 1, 2025.

Additionally, the 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 informed the values for the cost of energy supplied under low quality conditions and energy non supplied.

Additionally, by means of Resolution No. 303/2025 and No. 305/2024, published in the Official Gazette on April 29, approved a 3% raise over the tariffs stated above, effective as from May 1, 2025.

Finally, the ENRE informed that, as from May 1, 2025, the value of the Average Medium Distribution Added Value (*VAD Medio*) for EDESUR amounts to $42.991 (approximately, 0.035 USD) and for EDENOR amounts to $46.405 (approximately, 0.0381 USD). [7]

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[7] Please refer to MHR's Energy Newsletter: February 2025 for a detail of the previous values.

SPECIAL REGIME FOR REGULARIZATION OF OBLIGATIONS IN THE MEM

The Undersecretariat of Electric Energy approved the Special Regime for Regularization of MEM Obligations and the Special Credit Regime for debts owed to CAMMESA or the MEM by distribution companies.

By means of Disposition No. 1/2025 published in the Official Gazette on April 23, 2025 (the "**Disposition 1**") the Undersecretariat of Electric Energy approved the Special Regime for Regularization of MEM Obligations for debts owed to CAMMESA and/or the MEM by distribution companies, agents of the MEM and the MEMSTDF for energy consumption, power and interest, and the Special Credit Regime for those distribution companies, administrations or provincial electricity distribution companies that, as of 31 December 2023, have not had any non-regularized debt with CAMMESA and have cancelled all transactions in 2024.

The Distributors agents of the MEM interested in adhering to any of the Schemes shall inform the Undersecretariat by means of the affidavit form attached to the Disposition. Those Distributors companies that do not adhere to the Regime and maintain obligations with CAMMESA and/or the MEM that have not been duly cancelled under other regimes, the corresponding executive processes will be initiated in order to normalize their situation.

Disposition 1 also approved the model of the Memorandum of Agreement to be signed, which must be signed within 60 days of the adoption of the measure.

According to Disposition 1, for the execution of the respective Agreements under both regimes, Distribution Companies will be required to submit an investment plan for system improvement works aimed at increasing efficiency and reliability. This investment plan must be previously agreed upon with the Undersecretariat to strategically enhance the electric infrastructure across various regions of the country, focusing on restoring the transmission capacity of critical, congested, or undersized power lines, adapting distribution networks, improving service quality, reducing energy losses, and/or carrying out pending works.

In all cases where a distribution agent defaults on current billing or any installment under either the regime established herein or previous regimes, CAMMESA shall formally notify the Distributor. If thirty (30) days elapse from the date of such notice without remedy, CAMMESA shall automatically terminate the payment plan entered into under the regime approved by Disposition 1, as well as any prior agreements under other regimes, and shall apply all applicable interest and penalties in accordance with current procedures.

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MINING

PROVINCE OF MENDOZA: DEFINES NEW SANCTIONING FRAMEWORK FOR MINING INFRACTIONS

The Mining Directorate of Mendoza implements a classification system for mining violations and sets the applicable fines in Mining Tax Units under the 2025 Tax Law.

By means of Resolution No. 110/2025, published in the Official Gazette of the Province of Mendoza on March 31, 2025 (the "**Resolution 110**"), the Provincial Mining Directorate established the criteria to classify and penalize mining infractions as under Section 203 of the Mining Procedure Code (Law No. 9,529, the "**Code"**). The Resolution 110 also adopts the Regulation on Infractions and Sanctions and introduces a new *Police Mining Regulation*, thereby strengthening the Province's regulatory oversight framework.

The Regulation on Infractions and Sanctions categorizes violations into three levels—minor, serious, and very serious —and sets forth the corresponding sanctions in terms of Mining Tax Units ("**UTM**," for its acronym in Spanish). The value of each UTM is determined annually by the Tax Law (currently ARS 10,000, approximately USD 9, under Law No. 9,597). The scale considers both aggravating and mitigating circumstances, including recurrence, environmental impact, intentionality, collaboration with authorities, and timely remediation.

Significantly, Resolution 110 implemented the Mining Offenders' Registry, a database that will consolidate final administrative and judicial sanctions for infractions to the Mining Code and related environmental and safety regulations. This registry will be used to assess recidivism —an aggravating factor for penalty determination under Article 205 of the Code—and will be accessible to enforcement authorities.

The *Police Mining Regulation*, approved as Annex I of the Resolution 110, established comprehensive obligations across all mining activities, including exploration, extraction, processing, storage, and transport of mineral substances. It sets forth technical and environmental standards, safety protocols, and provisions to ensure public information access, community consultation, and conflict prevention.

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PROVINCE OF MENDOZA: NEW PROTOCOL FOR FREE, PRIOR, AND INFORMED CONSULTATION WITH INDIGENOUS COMMUNITIES

The Mining Directorate of Mendoza established a mandatory procedure to ensure Indigenous communities are consulted before mining or energy projects are carried out.

By means of Resolution No. 130/2025, published in the Official Gazette of the Province of Mendoza on April 9, 2025, the Mining Directorate of Mendoza approved the Protocol for Free, Prior and Informed Consultation (the "**Protocol**"), a mandatory regulation framework for projects that may directly impact Indigenous communities with recognized legal status.

The Protocol was developed with support from the National Institute of Indigenous Affairs and the National Mining Secretariat. It outlines six guiding principles: *prior*

consultation, freedom from coercion, adequate and culturally appropriate information, good faith, cultural relevance, and transparency; and establishes five procedural stages: *(1) identification of potentially affected communities, (2) formal notification, (3) preparation phase, (4) technical and participatory dialogue, and (5) agreement registration and monitoring.*

If an Indigenous community detects a breach of the agreements reached under this procedure, it must formally notify the enforcement authority, specifying the issue. The authority must respond within 30 days and inform the rights holder of the non-compliance.

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ENVIRONMENTAL

INPRO IMPLEMENTATION IN THE PROVINCE OF RIO NEGRO

Resolution No. 187/2025 issued by the Secretariat of Energy and Environment of Río Negro marks a regulatory milestone enhancing transparency and digital control over hydrocarbon activities in the province.

By means of Resolution No. 187/2025, published in the Official Gazette on March 20, 2025 (the "**Resolution 187**"), the Province of Río Negro repealed Resolution SH No. 02/2012 and formally approved the implementation of "Sistema de Información Provincial" ("*InPro*"), a centralized digital platform developed by the provincial government to optimize and strengthen reporting obligations of hydrocarbon operators.

The InPro system must be used by all companies holding exploration permits, exploitation and/or transportation concessions operating in hydrocarbon areas within the Province of Río Negro and information must be provided in accordance with provincial and federal regulations.

The implementation of InPro seeks to improve regulatory control by enabling the Secretariat of Hydrocarbons to access updated and systematized data on each hydrocarbon area within the Province. InPro will serve as a comprehensive digital platform accessible via https://acceso.inprosistema.com.ar/, and designated personnel of each operator must be authorized by the Secretariat of Hydrocarbons and will be responsible for data submission. Non-compliance with the new obligations will subject operators to sanctions under the federal regulatory framework.

This regulatory development consolidates Río Negro's commitment to transparency, environmental oversight, and efficient hydrocarbon governance.

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PROVINCE OF NEUQUÉN: NEW EMISSIONS MONITORING PROGRAM FOR THE HYDROCARBON SECTOR

The province established a mandatory framework to track and mitigate greenhouse gas emission from oil and gas operations.

By means of Decree No. 258/2025, published in the Provincial Gazette on April 1, 2025 ("**Decree 258**"), the Secretariat of Environment of the Province of Neuquén has launched the Greenhouse Gas Emissions Monitoring and Mitigation Program for the Hydrocarbon Sector. This initiative, developed under the framework of the Provincial Law No. 3,454/2024 [8], mandates that all companies engaged in the exploration, production, transportation, storage, and processing of hydrocarbons report and reduce their greenhouse gas emissions, including methane, carbon dioxide, and nitrous oxide.

Decree 258 requires affected companies to submit detailed reports on emissions and mitigation efforts for both new and existing facilities. It includes a pilot phase focused on diagnostics and the development of reporting procedures, followed by the annual submission of validated emissions reports and tailored mitigation plans.

The Subsecretariat of Climate Change, as the enforcement authority, will oversee compliance, publish data to ensure transparency, and may perform audits or inspections to validate the information provided. A sector wide Mitigation Plan will also be developed to guide long-term emission reduction targets, with a special focus on methane due to its high global warming potential.

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[8] Please refer to the MHR Energy Newsletter: August 2024 for a detail of the Law No. 3454/2024.

PROVINCE OF RÍO NEGRO: ROYALTY REGULATION FOR HYDROCARBON WATER USE

The Provincial Department of Water of the Province of Rio Negro established a specific royalty regime for the hydrocarbon industry's use of public waters.

By means of Resolution No. 282/2025, issued on March 21, 2025, and published in the Official Gazette of the Province of Rio Negro on April 3, 2025 ("**Resolution 282**"), the Provincial Department of Water established a new specific royalty regime applicable to the hydrocarbon industry's use of public waters, pursuant to Article 43 of the Provincial Water Code (Law Q No. 2,952).

Resolution 282 classified water use by the hydrocarbon industry as a special or exclusive (privative) use, acknowledging that approximately 90% of the water utilized in hydrocarbon extraction is allocated to secondary recovery processes and treatment facilities. This type of use is deemed *consumptive*, as it leads to resource degradation and removes the water from the natural hydrological cycle. As a result, the water effectively becomes a *non-renewable resource*, thereby warranting differentiated regulatory treatment.

The royalty applicable to water use in the hydrocarbon industry is calculated according to the following formula:

R = Cb × Fd × T

Where:

- R = Total royalty amount (in Argentine pesos);
- Cb = Basic cost per cubic meter (m^3) of water, set at **1.70 times the price of one liter of Grade 3 diesel fuel** at the ACA service station in Viedma;
- Fd = Water resource availability factor (ranging from 0 to 20), based on criteria such as resource priority, availability, and quality, and projected future impacts;
- T = Volume of water effectively used during the billing period.

Billing will occur on a bimonthly basis, with price adjustments scheduled for the following dates: March 5, 2025; May 5, 2025; July 5, 2025; September 5, 2025; November 5, 2025; and January 5, 2026.

Resolution 282 establishes a distinct regulatory framework for the hydrocarbon sector, recognizing the sector's high profitability and the intensive, consumptive nature of its water use. The differentiated royalty mechanism is designed to ensure that the industry contributes proportionally to the management and conservation of water resources.

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MENDOZA PROVINCE LAUNCHES COMPREHENSIVE GREENHOUSE GAS EMISSIONS PROGRAM

The province takes a decisive step in implementing its climate change law by creating a mandatory reporting scheme for large industries.

By means of Decree No. 758/2025, issued on April 15, 2025 ("**Decree 758**"), the Ministry of Energy and Environment of the Province of Mendoza has enacted key provisions of Law No. 9,585/2024 ("**Law 9,585**"), which outlines the province's climate change mitigation and adaptation policy. The Decree 758 formally establishes the Integral Provincial Greenhouse Gas Emissions Program a mandatory framework for large industrial emitters to measure, report, verify, and progressively reduce their emissions. This initiative aligns with Argentina's international climate commitments under the Paris Agreement and other environmental treaties.

Decree 758 sets out detailed obligations for large companies operating in Mendoza, excluding MiPyMEs (for the acronym in Spanish of micro, small, and medium-sized enterprises), for which participation remains optional. Obligated entities must quantify their emissions annually, submit sworn declarations, and undergo inspections or third-party audits. The collected data will feed into the Provincial Greenhouse Gas Inventory, which must be updated every five years and made publicly accessible through an official online platform.

The program emphasizes transparency and citizen access to environmental information, consistent with the Escazú Agreement. Furthermore, the enforcement authority, the Directorate of Energy Transition, has been tasked with publishing emissions data, verifying reports, and setting emission intensity limits for 2030, 2040, and 2050. Decree 758 complements the broader framework established by Law 9,585, which promotes cross-sectoral climate action, renewable energy transition, resilience building, and public engagement.

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CASE LAW

FEDERAL ADMINISTRATIVE COURT OF APPEALS CONFIRMS ARBITRATION FOR RENEWABLE ENERGY CONTRACT DISPUTE

Federal Administrative Court of Appeals (Sala IV) ruled on the case 'Vientos Fray Guen S.A. c/ EN-M Economía – Secretaría Energía y otros s/ Proceso de Conocimiento' addressing the nullification of the termination of a renewable energy supply contract.

In March 2023, Vientos Fray Guen S.A. brought a lawsuit against the National State (specifically, the FSE) and CAMMESA, seeking the declaration of nullity of the termination of a renewable energy supply contract dated June 4, 2018, under the framework of the 'Programa Renovar' (Round 2). CAMMESA terminated the contract, and the FSE had confirmed this decision. Vientos Fray Guen S.A. argued that the matter should be resolved judicially, while CAMMESA argued lack of competence alleging that the dispute should be settled through arbitration as per the contract's clause 26.2.

The first instance court rejected CAMMESA's exception of incompetence, ruling that the matter should be resolved judicially. The judge based its decision on the absence of a specific law authorizing the submission of the dispute to arbitration and the involvement of public interest.

CAMMESA appealed and argued that it is a private entity and not part of the National State, and thus not subject to the same limitations regarding arbitration. CAMMESA maintained that the contract was private and did not involve public order, and that the State's role was merely regulatory.

On March 25, 2025, the Federal Administrative Court of Appeals ruled in favour of CAMMESA and stated that the National State is legally authorized to submit disputes to arbitration under certain conditions. The Court of Appeals highlighted that the relevant decrees and laws, including Decree 882/2016 and Decree 531/16, allow for arbitration in renewable energy contracts. Consequently, the Court of Appeals concluded that the dispute should be resolved through arbitration as stipulated in the contract.

To decide in this manner, The Federal Administrative Court of Appeals argued that:

1. Legal Authorization for Arbitration: The National State was legally authorized to submit the dispute to arbitration, based on Decree 882/16 and Decree 531/16, which allow for arbitration in renewable energy power purchase agreements.

2. Nature of the Contract: Although the public or private nature of the contract was not explicitly defined, it was considered that, regardless of this distinction, the dispute could be submitted to arbitration.

3. Public Order: The dispute did not affect public or social order, nor the public powers of the State, which allowed for arbitration.

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INSIGHTS ON THE ARGENTINE ENERGY INDUSTRY

THE FEDERAL EXECUTIVE BRANCH INITIATED THE PRIVATIZATION PROCESS OF ENARSA

The Federal Executive Branch initiated a multi-stage privatization of the State-owned energy company ENARSA, beginning with the sale of its controlling stake in the electricity transmission operator Citelec.

By means of Decree No. 286/2025, published in the Official Gazette on April 25, 2025 ("**Decree 286**"), the Federal Executive Branch officially initiated the privatization process of *Energía Argentina S.A.* ("**ENARSA**"), a State-owned energy company established under Law No. 25,943 and engaged in the exploration, production, transportation and commercialization of oil, gas and electricity. Decree 286 follows Article 7 of the Bases Law, which listed ENARSA among the list of public companies subject to privatization under the framework of Law No. 23,696 on State reform, which provides the legal basis for restructuring and privatization of State-owned enterprises in Argentina.

ENARSA holds a diverse portfolio of energy assets across Argentina, including upstream and midstream hydrocarbons, electric power generation and transmission, as well as equity interests in a variety of subsidiaries and joint ventures. As of today, the federal government holds approximately 97.94% of ENARSA's capital stock.

According to Decree 286, ENARSA's privatization will be carried out in stages, given the company's diverse business lines and the distinct regulatory frameworks that apply to each, and with the aim of ensuring the continued provision of services and the completion of works currently under the company's responsibility. The first phase will involve the sale of ENARSA's entire stake in *Compañía Inversora en Transmisión Eléctrica Citelec S.A.*, which controls *Transener S.A.*, the country's main high-voltage transmission company, and its subsidiary *Transba S.A.*, which operates the electricity transmission network in the Province of Buenos Aires.

The full privatization of ENARSA is expected to proceed

through a disaggregation of its businesses and assets, following a roadmap developed by the ME and the "Public Enterprise Transformation Agency" (*Agencia de Transformación de Empresas Públicas*), a temporary special executive unit.

The process will be conducted via a public bidding procedure with national and international reach, and Decree 286 clarifies that the transaction will not include a participated property program or preferential treatment mechanisms, such as those available to a State-owned company's employees or provinces.

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