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Resolution No. 400/2025 of the Federal Secretariat of Energy

Rules for the Normalization of the Wholesale Electricity Market and its Progressive Adaptation.

On October 21, 2025, Resolution No. 400/2025 (the "**Resolution**") of the Federal Secretariat of Energy (the "**FSE**") was published in the Official Gazette, by which it approved, as an annex, the "Rules for the Normalization of the MEM and its Progressive Adaptation" (the "**Rules**"), which will apply to the economic transactions of the Wholesale Electricity Market ("**MEM**") as of November 1, 2025.

The Resolution marks the culmination of the regulatory adaptation process initiated under the delegation of powers authorized by Article 162 of the Bases Law, and entails the implementation of the guidelines published by CAMMESA, in their updated version of August 20, 2025.

Unlike the guidelines, the Rules set precise values, formulas, and schedules, consolidating a remuneration scheme for energy and capacity through price signals based on marginal costs. Under the new scheme, generators must progressively assume responsibility for their own fuel management, and

the regulated demand for electricity will move toward a contractual coverage scheme in the Term Market ("**MAT**").

The Rules seek to establish a market in which the value of electricity is defined by supply and demand, and the State once again occupies exclusively the role of regulator.

The main points and implications of the Rules are summarized below.

I. OBJECTIVES AND SCOPE

The Rules are intended to: **(i)** ensure continuity and reliability of electricity supply during the normalization process; **(ii)** establish price signals for energy demand and remuneration mechanisms for supply based on hourly marginal costs; and **(iii)** encourage fuel management by the generators and the expansion of bilateral energy and capacity contracting through the MAT.

II. THE SPOT MARKET: ENERGY REMUNERATION

The spot market comprises all generation not committed under MAT contracts and not allocated to the supply of the DEDMEM (the **"Spot Market"**).

Hourly remuneration for spot thermal generation will be calculated under the following formula:

$$\text{Hourly Remuneration Price} = \text{CVP} + \text{RMA}$$

Where:

- (a) **"CVP"** is the declared variable production cost;
- (b) **"RMA"** is the Adapted Marginal Rent = $(\text{CMgh} \times \text{FP}) - \text{CVP}) \times \text{FRA}$;
- (i) **"CMgh"** is the Hourly Marginal Cost of Generation, or, as applicable, the Hourly Marginal Cost of the Local Area;
- (ii) **"FP"** is the loss factor by node; and
- (iii) **"FRA"** is the Adapted Rent Factor, a factor applied to the total hourly rent a generator may access.

FRA values are set, regarding existing thermal power plants, at 0.15 (2025–2026), 0.25 (2027), and 0.35 (2028 and onwards). New thermal power plants (in service as from January 1, 2025) or plants that incorporate new firm natural gas transport will apply FRA = 1. If fuel is not managed by the generator, FRA will be zero (0), and CVP will be calculated based on reference values published by CAMMESA, with no rent recognition. For generators sourcing their natural gas supply under the gas provided within the framework of the Plan Gas (**"Gas Agreement"**), the resulting RMA will be adjusted by a Corrective Rent Factor (**"FRC"**) with declining values: 0.8 (2025–2026), 0.6 (2027), and 0.5 (2028 and onwards).

For existing generation (prior to January 1, 2025), a Guaranteed Minimum Rent (**"RMIN"**) is implemented, whereby the resulting RMA will have the following minimum values per plant (assessed hour by hour as a function of the unit's CVP):

- Thermo: USD 2/MWh (when $\text{CVP} < 60\text{USD/MWh}$) or USD 7/MWh (when $\text{CVP} \geq 60\text{USD/MWh}$)
- Hydroelectric: USD 22/MWh
- Renewable: USD 32/MWh

By contrast, new plants (entering service on or after January 1, 2025) will have no minimum or maximum RMA.

For other electricity sources, the Rules preserve the same logic of spot remuneration based on marginal costs and RMA, with limited differences by technology, summarized as follows:

SOURCE	RELEVANT CHANGES COMPARED TO THERMAL SOURCE
Hydroelectric	CVP = 0 Existing as of 1/1/25: FRA equals thermal generation and RMIN of USD 22 MWh. New as from 1/1/25: FRA = 1 and RMA has neither caps nor floors. Pumped hydroelectric plants will have a special remuneration regime due to its specific characteristics.
Renewable	CVP = 0. Existing as of 31/12/24: FRA equals thermal generation and RMIN of USD 32 MWh. New as from 1/1/25: FRA = 1 and RMA has neither caps nor floors.
Nuclear	To be set by the FSE.
Storage	Spot remuneration is based on energy arbitrage (charge/discharge) at $\text{CMgh} \times \text{FP}$.

III. THE SPOT MARKET: CAPACITY REMUNERATION

Capacity Made Available (**"PPAD"**) will be remunerated in all Capacity Remuneration Hours (**"HRP"**) (90 hours per week) at a base price of USD 12/MW available per CRH, adjusted by capacity multipliers:

- (i) Natural gas only: Winter/Summer 1.1; remainder 0.9; and
- (ii) Gas + alternate fuel: Winter/Summer 1.5; remainder 1.0.
Availability for capacity payment will be deemed to exist when:
 - (i) fuel management is declared;
 - (ii) monitoring and control of alternate fuel availability is in place;
 - (iii) equipment availability and fuel management are reported in the Programming and Operation stages of the MEM; and
 - (iv) generators that only manage natural gas will be deemed "with management" in summer and "without management" in winter.

Units without fuel management will receive reduced PPAD: 0.8 (through 12/31/2026), 0.4 (through 12/31/2027), and as from 2028 only if dispatched.

For hydroelectric, renewable, and storage generation, PPAD will be remunerated during the HRP as from November 2025, recognizing a base value of USD 12/MW available. This amount will be multiplied by the following technology factors: (i) 0.5 for hydroelectric; (ii) 0 for renewables (no payment for capacity is recognized for this technology) ; and (iii) 1.1 in winter/summer and 0.9 for the remainder of the year for storage.

For storage, Validated Storage Hours (“**HAV**”) are introduced, being the hours of continuous delivery of stored energy. The following factors apply to the hourly PPAD price for the available storage capacity in all HRP:

(i) $HAV \geq 4 \text{ h} \rightarrow 1$

(ii) $HAV \text{ between } 1-4 \text{ h} \rightarrow HAV/4$

(iii) $HAV < 1 \text{ h} \rightarrow 0$

IV. FUEL MANAGEMENT

Until December 31, 2028 (i.e., for the duration of the Plan Gas, the “**Transition Period**”), natural gas dispatch will follow Plan Gas priorities. Thermal generators may source gas under Gas Agreements with CAMMESA and ENARSA, at the weighted average price of CAMMESA's and ENARSA's contracts under the plan, and this modality will be deemed fuel management. All MEM thermal generators will be considered to access the Gas Agreement unless they expressly indicate otherwise. CAMMESA will publish reference gas and transport costs biweekly for purposes of CVP declarations, and will administer transport associated with the Gas Agreement, while generators may manage transport for their own or assigned gas.

Generators may procure gas or alternate fuels on their own or through producers participating in the Plan Gas. During the Transition Period, fuel management (gas or alternate fuels) will be a requirement to access both the Spot Market and the MAT. Generators under MEM Supply Contracts may manage their fuel; however, their remuneration will remain subject to the terms of such contracts.

Generators without fuel management during the Transition Period will continue to be supplied by CAMMESA as supplier of last resort. In addition to the regulated energy price, the capacity recognized to them will be that of HRP required by dispatch and will be as follows: (i) through December 31, 2026, 80% of PPAD in HRP without dispatch; (ii) in 2027, 40% of PPAD in RHP without dispatch; and (iii) in 2028, 0%.

A Deliver-or-Pay penalty is also established for any thermal generator that, having declared availability of fuel, does not have such fuel, in which case it must pay a penalty equivalent to 70% of the declared value multiplied for the non-compliant volume.

During the Transition Period, generators will recover fuel costs through their CVP declarations, which will be the basis for minimum operating cost and reliability-based dispatch. Generators must report in each seasonal programming whether they operate with own gas or under the Gas Agreement and must declare availability of alternate fuels. CAMMESA will publish reference values for each component of the CVP (fuel, transport, and operation and maintenance), within which generators with fuel management may declare their costs biweekly, subject

to predefined ranges. Thus, caps are set on CVP (+25% over the references published by CAMMESA, and it may not be lower than 75% of the result obtained by using the reference fuel price and the unit's efficiency). If gas from the Gas Agreement is used, the declared price shall be that of such agreement.

Generators without fuel management will apply the published reference values and may be dispatched for operational or economic reasons, but without access to the rent scheme. In all cases, the declared CVP implies competition for dispatch and associated rent. Agents must report weekly their unit availability and gas volumes, and daily dispatch will be conducted based on the declared CVP and the volumes provided for under the Plan Gas. Fuel taxes will be recognized separately from the hourly marginal cost.

As of January 1, 2029 (that is, at the end of the Transition Period), fuel management will be entirely the responsibility of the generators.

V. REGULATED DEMAND: “**DEDMEM**” AND SEASONAL PRICES

The Resolution and the Rules establish that the “Seasonalized Demand of MEM Distributors” (“**DEDMEM**”), comprises:

(i) Residential Demand: that destined to supply the residential service, as identified in the tariff schedules, which will have first priority for the use of Assigned Generation;

(ii) Non-Residential Demand: that which does not qualify as Large Users of the Distributor (demands equal to or greater than 300 kW, “**GUDIs**”), or as Residential Demand, which will have second priority for the use of Assigned Generation and, if the Assigned Generation is insufficient to cover it, the distributor must procure the shortfall in the Spot Market or in the MAT.

Assigned Generation will consist of:

(i) Existing MEM Power Purchase Agreements (renewable and thermal contracts entered into by CAMMESA under public programs);

(ii) Hydroelectric plants granted in concession by the National State;

(iii) Hydroelectric plants of the binational entities Yacretá and Salto Grande;

(iv) Nuclear power plants operated by Nucleoeléctrica Argentina S.A.; and

(v) Imports centralized by CAMMESA.

To ensure medium- and long-term supply, the necessary

mechanisms and incentives will be developed so that Distributors back at least 75% of the DEDMEM through supply contracts in the MAT, as a complement to the Assigned Generation.

VI. THE TERM MARKET

The Rules reinstate the Energy Term Market ("**MATE**") and the Capacity Term Market ("**MATP**") as mechanisms for bilateral contracting of energy and physical backup, establishing that all generators participating in the Spot Market may access the MAT. This will allow Large Users to freely contract the purchase of energy and capacity in the MEM. In this way:

- **MATE:** enables direct energy contracting between generators and off-takers. Thermal plants predating 2025 may sell up to 100% of their production to distributors to supply Uncovered Seasonal Demand and up to 20% to Large Users, with no restrictions as from 2030. New thermal plants with fuel management or existing plants that have incorporated new firm natural gas transport may freely contract with any spot demand. For renewable plants, the MATE regime applies, and Distributors may contract with them for Uncovered Seasonalized Demand. For hydroelectric units predating January 1, 2025, the same rules as for thermal apply, and they may contract 100% of their generation with Distributors for the supply of GUDIs. Nuclear generation may participate as regulated by the FSE in the future, and storage units may contract in the MATE for injected energy. In all cases, settlement is based on energy actually generated, and corresponding amounts are deducted from both the generator's and the buyer's spot settlements.

- **MATP:** enables contracting of fixed costs and physical backup, with hourly verification during HRP. In this market: (i) thermal generation may freely enter into contracts; (ii) hydroelectric plants will cover their capacity contracts with 70% of their hourly available capacity; (iii) renewables will not be able to participate; and (iv) storage units may offer capacity if they have a minimum autonomy of four hours ($HAV \geq 4$ h). Contracted capacity under MATP is deducted from the buyer's PPAD purchases and from the generator's spot capacity, avoiding double remuneration.

VII. BASE RELIABILITY RESERVE SERVICE

Finally, the Rules introduce a new Reliability Reserve Services ("**SRC**") scheme intended to ensure a minimum operating reserve and to sustain the system's firm capacity during the proposed transition.

The "Base SRC" establishes a fixed monthly charge of USD 1,000 per installed MW for existing thermal units that provide backup capacity, doubled to USD 2,000/MW per month for combined-cycle units of 150 MW or less, in recognition of their higher flexibility.

The "Additional SRC" seeks to incentivize new investment in firm capacity by granting a remuneration of USD 9,000/MW per month for up to ten consecutive years to thermal, hydroelectric, or storage projects that enter the MEM as from 2025 and are approved by the FSE in areas where CAMMESA identifies needs to reinforce reserve margins.

Both charges are funded by contributions from all MEM demand and are complementary to PPAD: while the latter remunerates hourly capacity availability, the SRC recognizes the existence and continuity of installed capacity necessary for system reliability.

VIII. RESOLUTION: SECTION 13

Section 13 establishes a rule applicable to any new MEM demand that directly interconnects to the High Voltage Transmission System outside a Distributor's concession area and whose demand represents a relative increase greater than at least 0.5% of the MEM's average demand.

The application for access to the MEM and to transport capacity in these cases must be accompanied by a detailed demand supply plan that secures: (i) at least eighty percent (80%) of energy from new generation, and (ii) physical capacity backing sufficient to cover eighty percent (80%) of its consumption.

Such capacity backing shall guarantee supply only if provided with new firm capacity. If backed with existing capacity, in the event of a supply shortfall such backing shall be allocated to the Spot Market.

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