

## ELECTRIC POWER

Decree 531/2016

Legal Regulations on National Promotion for the Use of Sources of Renewable Energy to Generate Electric Power. Issue of the Regulations of Act 27191.

In Buenos Aires, on March 30<sup>th</sup> 2016

HAVING REVIEWED File N° S01:0034276/2016 of the Record of the MINISTRY OF ENERGY AND MINING, and Acts N° 26190 and N° 27191, and

WHEREAS:

Act 27191 has been enacted and has amended Act 26190 in regards with the "LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY TO GENERATE ELECTRIC POWER".

Act 27191 has amended the aforementioned act and has included the following issues: (i) Presentation of the Second Stage of the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy to Generate Electric Power; (ii) Creation of the Trust Fund for the Development of Renewable Energies (FODER); (iii) Establishment of the contribution of electric power users to the fulfillment of the aims of the Legal Regulations; (iv) Treatment of Tax increases; (v) Establishment of Import Rules; (vi) Regulation on the Access and Use of Sources of Renewable Energy; (vii) Treatment of Electric Power from Intermittent Renewable Resources.

The aim of Act N° 27191 is the promotion of the use of sources of renewable energy to Generate Electric Power.

The spreading of the use of sources of renewable energy to generate electric power, which is the main purpose of the Legal Regulations, has positive consequences for the country, since it implies a wider diversification of the national energy mix, the growth of the installed power in short terms, costs reduction for electric power generation, price predictability in the medium and long-term and contribution to climate change mitigation, which allows for the certainty of the electric power supply for the ARGENTINE REPUBLIC.

Due to the aforementioned reasons, the spreading of the use of sources of renewable energy to generate electric power is a maximum priority topic for the NATIONAL EXECUTIVE POWER and constitutes a long-term state policy to guarantee the benefit of clean energies for the country and for all its inhabitants.

Decree N° 562 issued on May 15<sup>th</sup> 2009 has approved the regulations of Act 26190.

Act 27191 has amended Act 26190 and has included regulations on topics which were not considered in such Act. Therefore, it is necessary to pass new regulations to replace those regulations passed by Decree N° 562 issued on May 15<sup>th</sup> 2009.

The GENERAL DEPARTMENT ON LEGAL AFFAIRS, under the UNDERSECRETARIAT OF ADMINISTRATIVE COORDINATION of the MINISTRY OF ENERGY AND MINING, has acted within its competence.

This decree is hereby issued within the competence set forth to the NATIONAL EXECUTIVE POWER by virtue of Section 99, subsections 1 and 2 of the NATIONAL CONSTITUTION.

Therefore,

THE PRESIDENT OF THE ARGENTINE NATION

DECIDES:

Section 1° - To approve the regulations of Act 26190, which has been amended by Chapter I of Act 27191 and Chapter II of Act 27191 in regards with the "LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY TO GENERATE ELECTRIC POWER" which have been included in this decree as Annex I.

Section 2° - To approve the regulations of Chapters III, IV, V, VI, VII, VIII and IX of Act 29191 in regards with "LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY TO GENERATE ELECTRIC POWER" which have been included in this decree as Annex II.

Section 3° - To revoke Decree N° 562 issued on May 15<sup>th</sup> 2009 and the Joint Resolution N° 572 of the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES and Resolution N° 172 of the former MINISTRY OF ECONOMY AND PUBLIC FINANCES issued on May 2<sup>nd</sup> 2011.

Section 4° - This decree shall be in force as its publishing date in the Official Gazette.

Section 5° - To inform, publish and issue to the National Department of the Official Register and then file it. — MACRI. — Marcos Peña. — Alfonso de Prat Gay. — Juan J. Aranguren.

ANNEX I

REGULATIONS OF ACT 26190 AMENDED BY CHAPTER I OF ACT N° 27191 AND CHAPTER II OF ACT 27191 IN REGARDS WITH THE "LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY TO GENERATE ELECTRIC POWER". Regulations on Act 26190 amended by Act 27191.

SECTION 1°.- THE NATIONAL EXECUTIVE POWER, by means of its MINISTRY OF ENERGY AND MINING, shall promote the development of entrepreneurships to generate electric power from sources of renewable energy in order to supply the electricity public service, to carry out researches so as to develop technology and to manufacture equipments to fulfill such purpose. The MINISTRY OF ENERGY AND MINING shall supervise, together with the entities under the centralized and decentralized administration, the corresponding tasks within their corresponding competence, so as to implement the promotional policies set forth in Acts N° 26190 and 27191 and under these regulations.

SECTION 2°.- THE MINISTRY OF ENERGY AND MINING shall estimate and publish the degree of fulfillment of the aim set forth in Section 2° of Act 26190, which has been amended by Act 27191. For this purpose, the Ministry shall use official public data gathered by it or by other entities approved by the Enforcement Authority. Such data shall be included when calculating the electric power generation from sources of renewable energy listed in Section 4° of Act 26190 amended by Act 27191 and existing at the time of the effectiveness of Act 26190.

The MINISTRY OF ENERGY AND MINING, within its competence, shall take the measures to achieve the aim set forth in Section 2°, which has been amended by Act 27191, of Act 26190.

SECTION 3°.- Act 26190, which has been amended by Act 27191, shall be applicable to all investments for electric power generation, self-generation and co-generation from the use of sources of renewable energy within the national territory, whether such energy derives from new generation plants or expansion and/or increase of the installed capacity of existing generation plants, carried out on new or used equipment, according to the rules that the MINISTRY OF

ENERGY AND MINING may duly issue.

It shall be considered new plant for electric power generation from sources of renewable energy the new capital goods, civil works, electromechanical works and assembly works and other related services which are part of the new plant and which offers a comprehensive operational capacity for the electric power generation from sources of renewable energy, as defined in Section 4°, which has been amended by Act 27191, of Act 26190. Individuals and legal entities that have issued investments projects and have included new goods, without prejudice that such projects may be performed on existing facilities, shall exclusively enjoy the promotional benefits.

SECTION 4°.- In order to implement the “LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY TO GENERATE ELECTRIC POWER” (hereinafter, “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES”), it is hereby set forth that:

- a) The Enforcement Authority may include, on technical grounds, other renewable sources to be develop in the future, as long as they are non-fossil sources of renewable energy suitable to be used in a sustainable way in the short-, medium- and long-term.
- b) No regulations have been issued.
- c) No regulations have been issued.
- d) No regulations have been issued.

SECTION 5°.- The Enforcement Authority of Act 26190 , which has been amended by Act 27191, shall be the MINISTRY OF ENERGY AND MINING, pursuant to the Act on Ministries (regulated by Decree N° 438 issued on March 12<sup>th</sup> 1992) and its amending and complementing rules. The Ministry of Energy and Mining may delegate the exertion of its competence into an entity with a hierarchy of Undersecretariat or higher.

Regarding tax and fiscal affairs, the MINISTRY OF ECONOMY AND PUBLIC FINANCES shall perform the following tasks:

- a) It shall issue technical tax regulations, without prejudice of the competence of the FEDERAL ADMINISTRATION OF PUBLIC REVENUE, autarchic entity under the MINISTRY OF ECONOMY AND PUBLIC FINANCES.
- b) It shall set forth the maximum annual portion to be included in the National Budget and which shall be available to grant promotional benefits, based on the annual estimation made by the Enforcement Authority. Such estimation shall consider the investments projects to be developed to achieve the aim set forth in Section 2°, which has been amended by Act 27191, of Act 26190.
- c) It shall estimate the annual portion of promotional benefits and shall manage its inclusion in the Budget Act of the following fiscal year, pursuant to the provisions set forth in the previous subsection.

If the portion for each period is not totally spent, the Enforcement Authority shall take the necessary measures to add up the surplus as an additional balance of the following period.

SECTION 6°.- Policies.

- a) The Enforcement Authority shall supervise, together with the provincial jurisdictions that accede to the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES”, the technologic, productive, economic and financial issues needed for the management and

the fulfillment of goals of future share in such energy resources market, in order to take advantage of the comparative advantages of domestic resources. For this purpose, jurisdictions whose authorities have acceded to the legal regulations shall commit to submit all the required data to the Enforcement Authority.

- b) The Enforcement Authority shall set forth the conditions under which the supervision of tasks shall be carried out, within the framework of the provisions set forth by Act 25467 on Science, Technology and Innovation.
- c) No regulations have been issued.
- d) No regulations have been issued.
- e) No regulations have been issued.
- f) No regulations have been issued.

SECTION 7°.- The Enforcement Authority shall set forth the standards to select, approve and assess the investment projects for new plants in order to generate electric power from sources of renewable energy, considering that the aim is to achieve a wider diversification of the national energy mix, the expansion of the installed power, the reduction of generation costs, the contribution to climate change mitigation and the inclusion of domestic goods in the projects to be performed.

SECTION 8°.- Beneficiaries and Proceeding.

8.1. Beneficiaries. Individuals domiciled in the ARGENTINE REPUBLIC and legal entities created in the ARGENTINE REPUBLIC that have issued investment projects, including self-generation and co-generation projects and/or licensees of new plants for the generation of electric power from sources of renewable energy may enjoy the benefits of the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES", set forth in Section 7° and the subsequent sections of Act 26190, which has been amended by Act 27191, as long as: They have not signed agreements within the framework of Resolution N° 220, passed on January 18<sup>th</sup> 2007, Resolution N° 712, passed on October 9<sup>th</sup> 2009 and Resolution N° 108 passed on March 29<sup>th</sup> 2011 by the former SECRETARY OF ENERGY, under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES to perform the same project issued so as to receive the benefits of the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES". However, they may enjoy the benefit if the plant has not started to be built and the agreement signed under such resolutions is revoked under the conditions set forth by the Enforcement Authority; and (ii) the projects issued by them have been selected and approved by the Enforcement Authority so as to be included in the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES" and have obtained, consequently, the Certificate of Inclusion in the Legal Regulations of Promotion of Renewable Energies.

Users mentioned in Section 9° of Act 27191 that perform investment projects for self-generation and co-generation of electric power from sources of renewable energy in order to observe the liability set forth in such rule may also benefit from the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES", in accordance with the conditions set forth by the Enforcement Authority.

Individuals and legal entities that have issued investment projects which have been subject of agreements signed pursuant to the previously mentioned resolutions and whose Building Stage has started may be beneficiaries of the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES", as long as they accept the amendments to the agreements signed which are necessary to adapt the agreements to the provisions of Acts N° 26190 and N° 27191, of this decree and of the complementing rules which shall be consequently passed in the future, according to the

rules that Enforcement Authority may set forth.

The Enforcement Authority shall set forth a ranking of the projects that have been approved.

In the event that the adding up of the promotional benefits to be granted to individuals and legal entities that have issued projects passed by the Enforcement Authority surpluses the tax quota previously set forth for that purpose, such ranking shall be considered when granting such benefits. Projects with the best qualification shall be given priority.

In order to rank the approved projects, the Enforcement Authority shall set forth the corresponding conditions, scores and percentages of assessment.

8.2. Proceeding. In order to obtain the Certificate of Inclusion under the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” and promotional benefits, the interested parties shall submit the duly required documentation to the Enforcement Authority.

The Enforcement Authority may share information with the FEDERAL ADMINISTRATION OF PUBLIC REVENUE and other competent bodies and entities on these topics, so as to verify the fulfillment of the requirements.

In the case of projects whose renewable source of generation is waste, the Enforcement Authority shall inform the MINISTRY OF ENVIRONMENT AND SUSTAINABLE DEVELOPMENT, in order to express its opinion on the project eligibility, regarding the issues within its competence.

Besides, the Enforcement Authority shall send to the MINISTRY OF ECONOMY AND PUBLIC FINANCES the administrative files, prior to the granting of the benefit, for the SECRETARIAT OF ECONOMY OF THE MINISTRY OF ECONOMY AND PUBLIC FINANCES to intervene within its competence, so as to assess the budget allocation that the granting of the benefits derived from this legal regulations implies.

The Enforcement Authority shall select, assess and approve the generation projects issued, by means of a justified administrative act. Such act shall set forth the ranking, pursuant to the provisions set forth in Section 8.1 of these regulations. According to the approved ranking, the Enforcement Authority shall set forth the granting of promotional benefits for each project, including the list of goods to be imported so as to apply to them the benefit set forth in Section 14 of Act 17191 and in Section 14 of Annex II of this decree. The total tax quota amount granted to each project shall be set forth by the Enforcement Authority.

Generation projects that have been approved shall be included in the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” and shall obtain a Certificate of Inclusion in the Legal Regulations on Promotion of Renewable Energies, which shall be issued by the Enforcement Authority.

The Enforcement Authority shall set forth the requirements for the issuing of the applications and the qualification for the granting of the tax quota, and shall pass complementing and explanatory rules needed for the fulfillment of the regulations set forth by Act N° 26190, which has been amended by Act 27191.

The issuing of the application so as to include the project in the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” shall imply the knowledge and acceptance of the rules which are part of such regulations by the applicant.

SECTION 9°.- Benefits. The enjoyment of promotional benefits granted by virtue of an administrative act that set forth the approval of the project shall be subject to a precedent condition which consists on the proving of the effective performance of the project by the beneficiary, prior to the date set

forth in Section 9° of Act 26190, which has been amended by Act 27191. The Enforcement Authority shall set forth the documents to be submitted in order to comply with the proving requirement and the proceedings to be followed. Electronic media shall be used whenever it is possible.

The Enforcement Authority shall set forth the complementing and interpreting rules, which are needed to apply these regulations in the best way possible. It shall take into consideration the objective impossibility to begin the project performance within the established term if there are justified reasons for such impossibility.

In the event of failing to prove the beginning of the project performance within the corresponding term, the provisions set forth in Section 10 of Act 26190, which has been amended by Act 27191, and in Section 10 of this Annex shall be applicable.

When granting the benefits, whether at the time of proving the beginning of the project performance or prior to that moment, the beneficiary shall offer a guarantee equivalent to ONE HUNDRED PER CENT (100 %) of the total amount of benefits allocated to the project, plus an additional amount for other reasons that may correspond, under the terms set forth by the Enforcement Authority.

The tax certificate set forth in Section 9°, subsection 6) of Act 26190, which has been amended by Act 27191, shall be granted in advance, according to the provisions set forth in subsection 6) of this section.

For the purpose of implementing the promotional benefits set forth in Section 9° of Act 26190, which has been amended by Act 27191, it is hereby established the following provisions:

1) Value Added Tax and Income Tax. Pursuant to the provisions set forth in Section 9°, subsection 1) of Act 26190, which has been amended by Act 27191, individuals and legal entities that have issued projects approved within the framework of such act, may obtain the benefit of advance Value Added Tax return on new goods included in the project, and may simultaneously estimate the accelerated depreciation to be applied when calculating the Income Tax on such goods.

- I. Advance Value Added Tax Return: The Value Added Tax charged to the taxable individual or legal entity for the buying, manufacturing, production or final importation of new capital goods, or for the performance of infrastructure works, after at least ONE (1) fiscal period as of the period during which the corresponding investments were made, shall be transferred to the payment of other taxes collected by the FEDERAL ADMINISTRATION OF PUBLIC REVENUE, or it shall be returned to those taxable individuals or legal entities under the conditions set forth by the FEDERAL ADMINISTRATION OF PUBLIC REVENUE.

Such transfer or return shall be carried out as long as the amount has not been used to pay the fiscal debts derived from the development of such activities.

For the purpose set forth in this item, executed investments shall comprise investments for distribution of funds made as of the approval date of the project, pursuant to the terms set forth in its issue.

If the goods mentioned in this item have been purchased under the terms and conditions set forth in Section 1227 and subsequent sections of the Argentine Civil and Commercial Code, the fiscal credits derived from fees and the option to purchase may only be calculated, for the purpose of these regulations, after at least ONE (1) fiscal period as of the period when such option has been taken.

Such credits shall not be used for the payment of duties derived from alternate or joint responsibility of the tax payer for third parties debts or derived from its role as

withdrawing or tax collection agents. The credits shall not be used for the payments of levies collected to exclusively finance funds with a specific allocation or for the payment of debts corresponding to the Social Security System.

The Value Added Tax on the investments mentioned in the third paragraph of this item shall be calculated to pay the fiscal debts, after the remaining fiscal credits related to the taxable activity have been calculated.

The credit or return mentioned in this paragraph shall not be applicable, as appropriate, if at the time of the requirement of such credits or returns, capital goods are not included in the worth of the individuals or legal entities that have issued the project.

- II. Accelerated depreciation of the Income Tax. Individuals or legal entities that have issued projects promoted within the framework of Act 26190, which has been amended by Act 27191, may choose between calculating such depreciation as of the fiscal period of the good's authorization in accordance with the rules set forth in Sections 83 and 84 of the Act on Income Tax (original text passed in 1997) and its amendments, or pursuant to the regulations set forth in Section 9°, item 1.4 of Act 16190, which has been amended by Act 27191, on the investments made in such projects after their approval and pursuant to the terms set forth in the issue of such projects.

In the case of transactions which grant the right to the option set forth in Section 67 of the Act on Income Tax (original text passed in 1997) and its amendments, the special depreciation set forth in item 1.4 of Section 9° of Act 26190, which has been amended by Act 27191, shall be calculated considering the cost established in accordance with the Act on Income Tax. If the purchase and the selling have been performed in different fiscal periods, the eventually overcalculated depreciation shall be returned in the tax balance of the period when such selling has occurred.

The special treatment set forth in this item shall be subject to the condition that the purchased goods are included in the worth of the individual or legal entity that has issued the project for THREE (3) YEARS as of the good's authorization date. As of such date, it shall be considered that the project is performed and in the production or operating stage, once the testing and adjusting period is over.

In case of failing to fulfill such condition, the submitted sworn statements shall be amended and the remainder of taxes plus interests shall be paid, with the exception of the case included in the following paragraph.

The aforementioned treatment shall not expire in the event of replacing exempted goods, as long as the invested amount on the replacement equals to or surpasses the selling price.

If the price of the new good acquired is lower than the selling price, the share of calculated depreciation on the reinvested amount which is not included in the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES" shall receive the treatment mentioned in the final part of the third paragraph of this item II.

The phrase "expansion of the productive capacity of existing projects" included in the last paragraph of item 1.4 of Section 9° of Act 26190, which has been amended by Act 27191, includes the increase of installed capacity, replacements, efficiency improvements and similar improvements.

2) Compensation of damages with profits. Losses derived from the performance of the activity promoted by the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” shall only be compensated with net profits derived from such activities.

Beneficiaries of these regulations that perform different activities included in these regulations shall keep books in such a way so as to independently establish and assess the promoted activity from other activities performed.

THE FEDERAL ADMINISTRATION OF PUBLIC REVENUE shall rule the implementation of such benefit.

3) Tax on Presumed Minimum Income. For the purpose of the provisions set forth in subsection 3) of Section 9° of Act 26190, which has been amended by Act 27191, goods which will not be included in the taxable base of the Presumed Minimum Tax are those goods included in the promoted project and in the worth of the company that has issued such project after the approval date.

4) Subtraction of financial burden from financial losses. Beneficiaries of these regulations may include an explanatory note in their books so as to show the interest amounts and the difference of exchange derived from the project financing. Regarding the fiscal treatment, provisions set forth in the Act on Income Tax (original text passed in 1997) and its amendments, within the restrictions included in such rules, shall be applicable.

5) Exemption from the profits distribution tax. Such benefit shall be applicable as long as profits are reinvested in a new infrastructure project in the country, within the term and under the conditions set forth by the Enforcement Authority.

6) Tax Certificate. Costs of transport and installation of equipment shall not be included in the domestic goods calculation.

The Enforcement Authority shall set forth the proceeding to be followed by beneficiaries to request the issue of the Tax Certificate, as of the beginning of commercial operation of the investment project.

The Enforcement Authority shall set forth the requirements and conditions to fulfill and the guarantees to be offered by the beneficiary in case of requesting the granting of the Tax Certificate prior to the beginning of the commercial operation of the project, and shall set forth the scope of such benefit.

Such guarantee shall be returned to the beneficiary after proving the beginning of the commercial operation within the term set forth by the Enforcement Authority. If the commercial operation of the project does not start within the term set forth for that purpose at the time of the approval or the granting of the duly justified deferral, or if the Enforcement Authority verifies the failure to observe the liability of including domestic goods or any other liability set forth as a condition for the effectiveness of the Tax Certificate, the certificate shall be annulled without any prior notification.

After the beginning of the commercial operation of the project and once the total inclusion of domestic goods has been finished and duly proved, a new tax certificate shall be granted for the remaining percentage, until evening up ONE HUNDRED PER CENT (100 %) of the benefit.

The Enforcement Authority and the FEDERAL ADMINISTRATION OF PUBLIC REVENUE shall jointly rule the way and conditions for the issue, the use and the assignment of the tax certificate and the consequent effects of its annulment, if the certificate has been used to pay taxes. Rights of the assignee shall be observed if the beneficiary has assigned the certificate.



The tax certificate shall not be used to pay duties derived from alternate or joint responsibility of tax payers for third parties debts or for their role as withdrawing and tax collection agents. The certificate shall not be used to pay levies exclusively aimed at financing funds with specific allocation or debts from the Social Security System.

The beneficiary may assign the Tax Certificate as long as there are no due and payable debts in favor of the FEDERAL ADMINISTRATION OF PUBLIC REVENUE.

To empower the Enforcement Authority to enter into collaboration agreements with the MINISTRY OF PRODUCTION, with other competent entities from the National Public Sector and with business associations from the industrial sector which the Enforcement Authority may deem appropriate, in order to set forth verification and audit mechanisms of domestic goods included in the project.

To verify the lack of domestic output mentioned in Section 9°, subsection 6) of Act 26190, which has been amended by Act 27191, it shall be taken into account that such fact may occur when there is no domestic output or when: (i) the domestic output is not available in the terms and conditions required to fulfill the schedules of the projects; (ii) minimum requirements on quality, technical and reliability are not met in accordance with national or international acceptable standards, pursuant to the provisions set forth by the Enforcement Authority with the participation of the public or private entities mentioned in the previous paragraph.

7) The BANK OF THE ARGENTINE NATION, a decentralized body under the MINISTRY OF ECONOMY AND PUBLIC FINANCES, shall grant special short-term loans, with distinguishing interest rates so as to finance the payment of the Value Added Tax by the beneficiaries of the "LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES" during the project performance and until the beginning of the commercial operation. Loans granted by virtue of this subsection shall be paid after the advance Value Added Tax return is paid or after the charging or the withdrawal of the corresponding fiscal credits, pursuant to Section 9°, subsection 1), item I of this Annex. These loans shall only be granted to the beneficiaries of the Certificate of Inclusion within the framework of the Legal Regulations on Promotion of Renewable Energies.

SECTION 10.- Penalties. The failure to fulfill the performance term, the beginning date of the project or any of the technical, productive or commercial commitments included in the issue of the project which was approved and which allowed for the granting of promotional benefits shall imply the loss of such benefits and the demand of unpaid taxes plus interests and update calculations and the execution of guarantees granted by the beneficiary.

The failure of fulfillment shall be set forth by virtue of a justified act issued by the Enforcement Authority, after the observance of the due process by means of the enforcement of Act 19549 and the Administrative Proceedings Regulations. Decree 1759/72, original text passed in 1991. Such failure shall be informed to the FEDERAL ADMINISTRATION OF PUBLIC REVENUE so as to calculate the debt and notify the lack of payment. The proceeding set forth in Section 16 and subsequent sections of Act 11683 (original text passed in 1998) and its amendments shall not be applicable to the beneficiaries. The calculated debt shall be due and payable by virtue of the issue of the notification of the lack its payment and its related charges by the FEDERAL ADMINISTRATION OF PUBLIC REVENUE. No other conduct shall be necessary.

To empower the FEDERAL ADMINISTRATION OF PUBLIC REVENUE to enact the necessary rules so as to enforce the provisions set forth *ut supra*.

The term of expiration to require the return of fiscal credits charged or the Income Tax and the Tax on Presumed Minimum Income wrongly paid, plus interests and update amounts that may be applied, shall be ruled by the provisions set forth in Sections 56 and 57 of Act 11683 (original text passed in 1998).

SECTION 11.- No regulations have been issued.

SECTION 12.- The Enforcement Authority shall establish the standards to estimate the inclusion of domestic goods and the assessment of the lack of inclusion if there is no domestic competitive technological supply, pursuant to this decree. Such lack shall be proved.

SECTION 13.- Those interested in receiving the benefits of the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” set forth by Act 26190, which has been amended by Act 27191, shall submit a sworn statement of resignation or desisting of the benefits set forth in previous regulations within the framework of Acts N° 25019 and 26360, as it may be set forth by the Enforcement Authority. Individuals or legal entities that have issued projects and which receive benefits from any of the other aforementioned regulations may only require the benefits from the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES” if the works which are the object of signed agreements have not been started at the moment of issuing the project.

The resignation or desisting shall only become effective as of the inclusion of the interested party in the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES”, by means of the granting of a Certificate of Inclusion in the Legal Regulations on Promotion of Renewable Energies.

SECTION 14.- No regulations have been issued.

SECTION 15.- No regulations have been issued.

Issue of regulations of Chapter II of Act 27191:

Second Stage of the Legal Regulations on National Promotion for the Use of Renewable Energies to Generate Electric Power.2018-2025 Period.

SECTION 16.- Issue of regulations of Section 5° of Act 27191. The Enforcement Authority shall estimate and publish the degree of fulfillment of the aim set forth in Section 5° of Act 27191, pursuant to the provisions set forth in Section 2° of this Annex.

The MINISTRY OF ENERGY AND MINING, within its de, may take the necessary measures to reach the aim set forth in Section 5° of Act 27191.

SECTION 17.- This section regulates Section 6° of Act 27191. For the purpose of the implementation of the benefits corresponding to the Second Stage of the “LEGAL REGULATIONS ON PROMOTION OF RENEWABLE ENERGIES”, provisions set forth in Sections 1° to 15 of this Annex shall be applicable, when appropriate, together with the amendments of terms, installments and percentages set forth in Section 6° of Act 27191.

The MINISTRY OF ECONOMY AND PUBLIC FINANCES shall set forth the available maximum annual quota to be included in the National Budget for the granting of promotional benefits, based on the annual estimation made by the Enforcement Authority, considering the investment projects to be performed in order to reach the aims set forth in Section 8° of Act 27191. Besides, this entity shall estimate the annual quota of promotional benefits and shall include them in the Budget Act of the following fiscal year, in accordance with the provisions previously set forth.

ANNEX II

ISSUE OF REGULATIONS OF CHAPTERS III, IV, V, VI, VII, VIII AND IX OF ACT 27191

Chapter III:

Trust Fund for the Development of Renewable Energies (FODER).

SECTION 7°.- The Trust Fund for the Development of Renewable Energies (hereinafter, "FODER"), shall be ruled by the provisions set forth in Act 27191, these regulations, the implementation rules that may enact the Enforcement Authority and the Executive Committee, within their competence, and by the corresponding agreement.

1. Aim. The allocation of trust goods shall be performed pursuant to the provisions set forth in Act 27191, these regulations and the implementation rules that may enact the Enforcement Authority and the Executive Committee, within their corresponding competence, by the corresponding agreement and by the applicable rules of the Argentine Civil and Commercial Code.
2. The Enforcement Authority shall also entered into the Trust Agreement, pursuant to the powers given to such Authority by virtue of Act 27191, these regulations, the implementation rules issued by the Enforcement Authority, the corresponding agreement and the applicable rules of the Argentine Civil and Commercial Code. Individuals domiciled in the ARGENTINE REPUBLIC and legal entities created in the ARGENTINE REPUBLIC included in Section 8° of Act 26190, which has been amended by Act 27191, may be beneficiaries.
3. No regulations have been issued.
4. Resources of the Fund

a) Resources from the NATIONAL TREASURY to be allocated to the FODER which the Enforcement Authority may set forth, in accordance with the provisions in this section, shall be deposited in a specific trust account of the FODER (the "Financing Account"), whose specific aim is to allow for the draft of the documents of the FODER, in accordance with Section 7°, subsection 5), items a), b) and c) of Act 27191 and its regulations included in this Annex.

The Enforcement Authority shall set forth the conditions for the granting of financing by the FODER, considering the priority allocation of funds criterion in accordance with the provisions of Section 7°, last paragraph of subsection 5), of Act 27191. Contributions from the NATIONAL TREASURY to be allocated to the FODER shall be ruled by the following provisions and by those provisions that the Enforcement Authority may issue:

- (i) Every year, the Enforcement Authority shall inform to the MINISTRY OF ECONOMY AND PUBLIC FINANCES, prior to June 30<sup>th</sup>, the resources from the NATIONAL TREASURY required for the following year, in order to include these resources in the Budget Act of such year.
- (ii) Resources to be transferred by the NATIONAL TREASURY shall be calculated by the Enforcement Authority, considering the requirement of funds, so as to fulfill the annual aims of share of sources from renewable energy set forth in Section 8° of Act 27191. The annual amount of such resources shall never be lesser than FIFTY PER CENT (50 %) of the real saving in fossil fuels, due to the inclusion of sources of renewable energy obtained the previous year. Such saving shall be estimated by the Enforcement Authority.
- (iii) For this purpose, it shall be considered the existing generation and the generation up and running from sources of renewable energy at the end of the previous year, unless such generation is lesser than the minimum percentage set forth in Section 8° of Act 27191 for each stage. In that case, the base for the calculation shall be such minimum value.

- (iv) The Enforcement Authority shall set forth the standards and criteria to estimate and record the fossil fuels saving obtained from the generation from sources of renewable energy included each year.
  - (v) In 2016, the amount of resources from the NATIONAL TREASURY to be allocated to the FODER shall be TWELVE THOUSAND MILLION ARGENTINE PESOS (\$ 12,000,000,000). The established amount and all amounts which will be annually transferred by the NATIONAL TREASURY shall be included in the FODER as a contribution from the trustor. As a consequence, the NATIONAL TREASURY shall be the administrator of the FODER.
- b) A specific guarantee charge that shall be ruled by the provisions set forth in these regulations and which are listed *ut infra* and by the provisions that the Enforcement Authority may duly issue:
- (i) This charge shall be applied to electric power users, except for those major users included in Section 9° of Act 27191 and which observe the liability set forth in such section by means of agreements directly entered into with the producer, through a distributor acquiring the energy on its behalf from a producer or a marketer, or by means of the performance of self-generation and co-generation projects.
  - (ii) The charge shall be exclusively used to create a guarantee account within the framework of the FODER, exclusively aimed at guaranteeing the contractual liabilities of COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint to sign Agreements on Supply of Electric Power, pursuant to the terms of Act 29171, in accordance with Section 7°, subsection 5), item d) of such Act.
  - (iii) The charge shall be billed and collected by Distributors or Distribution Public Service Providers or by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA), as appropriate, in accordance with the provisions set forth by the Enforcement Authority, and on behalf of the FODER in every case.
  - (iv) Amounts collected corresponding to such charge shall be deposited and kept in a specific trust account, which shall be separated from other resources owned by the FODER (the "Guarantee Account"). Such amounts shall be exclusively aimed at guaranteeing the payment of the prices included in agreements entered into by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint with producers or marketers within the framework of Act 27191. Incomes and profits derived from the Guarantee Account funds shall be also deposited in the Guarantee Account.
  - (v) The trust agreement and the Enforcement Authority shall rule the conditions under which existing funds in the Guarantee Account created as a consequence of the collection of such charge shall be withdrawn and allocated.
  - (vi) The charge shall be estimated and established by the Enforcement Authority. Such charge shall be expressed in ARGENTINE PESOS PER MEGAWATT/HOUR (\$/MWh). The minimum value of such charge shall allow for the gathering and availability of a sufficient amount to guarantee, for at least TWELVE (12) months, the monthly payment liabilities derived from agreements entered into by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD

ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint with producers, in accordance with Act 27191.

- (vii) As soon as possible and after the effectiveness of this decree, the Enforcement Authority shall set forth the charge value to be immediately applied to all users included in number (i) of this item. Then, since the execution of agreements by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint, the Enforcement Authority shall regularly update the charge value so as to reach the target total amount that shall be deposited in the Guarantee Account, considering payment liabilities derived from obligations included in Agreements on Supply of Electric Power signed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint, within the framework of Act 27191 and within the scope set forth in the previous number.
- c) Trust assets shall consist of capital recovery from financing granted, the amounts that the FODER earns from the payment of interests, fines, charges, costs, administrative costs, higher tax costs and any other charge that the FODER is empowered to charge by virtue of financing granted as well as all rights, guarantees and/or insurance policies acquired by the FODER from beneficiaries and/or third parties, directly or indirectly related to the financing granted.
- d) Rights, guarantees and/or insurance policies acquired by the FODER and which are directly or indirectly linked to the shares ownership or holding and/or the financing of eligible project shall be also considered trust assets.
- e) No regulations have been issued.
- f) No regulations have been issued.

The Chief of Staff shall take the necessary measures to observe the provisions set forth in subsection 4), item a) of Section 7° of this Annex within THIRTY (30) days as of the effectiveness of this decree.

Contributions, subsidies, bequests or gifts accepted by the FODER, and any other right or good included, for any reason, in the FODER shall also be considered trust assets.

Resources obtained from the collection of the penalty set forth in Section 11 of Act 27191 and from the collection of contractual penalties that producers or marketers entering into Supply Agreements with COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint pay, within the framework of the provisions set forth in this decree, shall be included, without exception, in the FODER and shall be deposited in the Financing Account.

5. Financial Instruments. Individual and legal entities that have issued projects for electric power generation from sources of renewable energy obtaining the Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy, regardless of the fact that they have directly entered into agreements with the liable parties by virtue of Section 9° of Act 27191 or that they have signed agreements with marketers, or with COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint, may request the granting of financial instruments set forth in Section 7°, subsection 5) of the mentioned act, and shall be included in the ranking which the Executive Committee of the FODER shall make in order to establish the granting of such instruments.

- a) No regulations have been issued.
- b) If the FODER makes capital contributions to partnerships performing projects included in the “LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY”, its participation in such partnerships and the share of the project profits shall be in proportion to the capital contribution made by the FODER.
- c) The Enforcement Authority shall set forth the eligibility standards in order for the beneficiaries to obtain the financial instrument included in Section 7°, subsection 5), item c) of Act 27191.
- d) Guarantees and endorsements to be granted by the FODER shall include, by means of the proceeding set forth by the Enforcement Authority, the allocation of funds deposited in the Guarantee Account pursuant to the provisions set forth in Section 7°, subsection 4), item b) of this Annex.  
To empower the Enforcement Authority of this Act and the FODER to approve the general terms and conditions of the financial instruments set forth in Section 7°, subsection 5) of Act 27191.

The Executive Committee shall give priority to the investment of the funds available in the FODER on the grounds of the project risk profile. Such Committee shall consider the criterion for priority awarding in relation to the standard of the higher percentage of inclusion of domestic goods included in Act 27191, as established by the Enforcement Authority.

The Enforcement Authority shall set forth the terms and conditions under which a percentage of the funds deposited in the Financing Account of the FODER shall be allocated to financing programs and instruments, in accordance with Section 7°, subsection 5) of Act 27191, in order to promote the development of the value chain of domestic manufacturing of equipment for electric power generation from sources of renewable energy, pieces or component parts. For that purpose, the Enforcement Authority may enter into collaboration agreements with the MINISTRY OF PRODUCTION, with other competent entities from the National Public Sector and with business associations of the industrial sector that the Enforcement Authority may deem appropriate.

The Enforcement Authority shall publish and widely spread data on the use of instruments of the FODER and of the beneficiaries of such instruments.

The Enforcement Authority shall rule the granting of guarantees by means of the use of resources included in Section 7°, subsection 4), item b) of this Annex.

Beneficiaries receiving a contribution from the FODER by means of any of the instruments mentioned shall report such contribution to the Enforcement Authority and the Executive Committee. For this purpose, the Enforcement Authority shall approve the proceeding to be followed for the issue of the report. The Enforcement Authority shall have wide powers to require all reasonable data to the beneficiaries for the purpose of enforcing these regulations.

Additionally, beneficiaries receiving a contribution from the FODER which has been transferred by the NATIONAL TREASURY shall report such contribution, in accordance with Act 24156.

6. Fiscal treatment. No regulations have been issued.

7. Enforcement Authority. The Enforcement Authority of the FODER is the MINISTRY OF ENERGY AND MINING, which may delegate its competence to an entity with a hierarchy of Undersecretariat or higher.
8. Trust Agreement. The trust agreement shall include and properly implement the provisions set forth in Section 7° of Act 27191 and in this decree.
9. Trust Agreement. No regulations have been issued.

#### Chapter IV:

#### Contribution of Electric Power Users to Fulfill the Aims of the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy to Generate Electric Power

SECTION 8°.- The liability to achieve the minimum aims set forth in Section 8° of Act 27171 shall be observed by means of electric power consumption from sources of renewable energy produced by plants located within the ARGENTINE REPUBLIC territory or its continental shelf.

The implementation of the aims set forth in Act 27191 by electric power users which are not connected to the Argentine Grid Connection System shall be subject to the conditions set forth in complementing and interpreting rules that shall be issued by the Enforcement Authority.

SECTION 9°.- The liability set forth in Section 9° of Act 27191 to the parties included in such section may be observed as follows:

- a) By means of individual purchase of electric power from sources of renewable energy;
- b) By means of self-generation or co-generation from sources of renewable energy;
- c) By means of the mechanism of joint purchase developed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint.

For this purpose, the provisions set forth in Act 27191, the provisions listed *ut infra* and the rules issued by the Enforcement Authority exercising the powers conferred by Sections 35 and 36 of Act 24065 and its regulations shall be applicable:

#### 1) Common provisions applicable to every way of observance.

(i) Users featuring one or multiple electric power demand points and independent electric power meters and which are recorded under the same Individual Taxpayer Identification Number in the WHOLESale ELECTRIC MARKET or which are entered into Distributors or Distribution Public Service Providers Records shall observe the liability set forth in Section 9° of Act 27191, if the total amount of demand points reach or surplus THREE HUNDRED KILOWATTS (300kW) of average power purchased, by means of an agreement, in the calendar year, even in the event that all or some of the demand points, individually considered, do not reach the level previously mentioned. Such users shall fulfill the aims of Section 8° of Act 27191, on the basis of the total amount of electric power consumption of all demand points recorded under their Individual Taxpayer Identification Number.

(ii) The enforcement Authority shall set forth the proceeding to be followed by the liable parties so as to fulfill the aim regarding the base demand and excess demand, if such liable parties are included in the provisions set forth in Resolution N° 1281 passed on September 4<sup>th</sup> 2006 by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES, as long as such rule is in force. Users included in Section 9° of Act 27191 shall only pay, apart from the agreed price in the Agreements on Supply of Renewable

Energy, the costs for safety, quality and other accessory services of the system, corresponding transport costs, without prejudice of the charges included in subsection 5), item (vi) of this section applicable to liable parties which choose the mechanism of joint purchase. Electric power purchased pursuant to Section 9° of Act 27191 shall not be charged with other amounts or additional costs, including, without limitation and without prejudice of the inclusion of other charges set forth by the Enforcement Authority, the charges for “Temporal extra charges of dispatching”, “Additional amount on temporal extra charges of dispatching”, “Extra charges on fuels”, “Increasing average charge on excess demand”, or any other charges that may replace them in the future. Such charges shall not be applicable to those that observe the liabilities set forth in Section 9°, by means of self-generation or co-generation of electric power from sources of renewable energy.

2) Fulfillment of the aims by means of execution of individual agreements to purchase electric power from renewable sources

- (i) Agreements on Supply of Electric Power from renewable sources shall be executed within the framework of Act 27191, by the users included in Section 9°. Such individuals and legal entities shall directly enter into agreements with producers or by means of distributors acquiring it on its behalf from a generator or a marketer. The terms of such agreements shall be freely negotiated, considering the features of the investment project and the observance of the liabilities set forth in the mentioned act and in these regulations, and the fulfillment of the duty to inform and of managing requirements included in Chapter IV of the PROCEEDINGS FOR THE SETTING OF THE OPERATION, THE DISPATCHING OF CARGOS AND THE CALCULATION OF PRICES, pursuant to Resolution N° 61 passed on April 29<sup>th</sup> 1992 by the former SECRETARIAT OF ELECTRIC POWER and its amendments, and the complementing rules that may be issued by the Enforcement Authority.
- (ii) Liable parties that choose this way of observance shall inform this choice to the Enforcement Authority, as established and within the terms set forth by such Authority, in order to be excluded from the mechanism of joint purchase that shall be developed by la COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint to develop such mechanism.

3) Fulfillment of aims by means of self-generation or co-generation of electric power from sources of renewable energy

- (i) Users included in Section 9° of Act 27191 shall observe the liability to reach at least the corresponding percentage from the total amount of their own electric power consumption within the terms set forth in Section 8° of Act 27191, by means of self-generation or co-generation of electric power from sources of renewable energy within the framework of Annex 12 of the PROCEEDINGS FOR THE SETTING OF THE OPERATION, THE DISPATCHING OF CARGOS AND THE CALCULATION OF PRICES, pursuant to Resolution N° 61/1992 issued by the former SECRETARIAT OF ELECTRIC POWER and its amendments (requirements on firm power set forth in such rule shall not be applicable), the Resolution N° 269 passed on May 7<sup>th</sup> 2008 issued by the former SECRETARIAT OF ENERGY under the former MINISTRY OF FEDERAL PLANNING, PUBLIC INVESTMENT AND SERVICES and/or by means of projects for self-generation or co-generation of electric power from sources of renewable energy including facilities that are not connected to the Argentine Grid Interconnection System, under the conditions which the Enforcement Authority may set forth.
- (ii) Liable parties that choose this way of observance shall inform this choice to the Enforcement Authority, as established and within the terms set forth by it, in order to



be excluded from the mechanism of joint purchase that shall be developed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint.

- 3) Audit of the fulfillment of aims by means of execution of individual agreements to purchase electric power from sources of renewable energy, self-generation or co-generation of electric power from sources of renewable energy.
  - (i) Prior to December 31<sup>st</sup> 2017, December 31<sup>st</sup> 2019, December 31<sup>st</sup> 2021, December 31<sup>st</sup> 2023 and December 31<sup>st</sup> 2025, as established and within the terms set forth by the Enforcement Authority, liable parties shall prove the execution of the agreement to guarantee their supply of electric power from sources of renewable energy needed to fulfill the aim of each period, or they shall issue the self-generation or co-generation project to be performed in order to fulfill the aim, plus the supporting documents that the Enforcement Authority may set forth.
  - (ii) The Enforcement Authority shall issue the regulations on technical standards for its general implementation. Such standards shall be included in agreements and in projects for self-generation and co-generation of electric power from sources of renewable energy so as to prove their suitability and to guarantee the observance of the corresponding liabilities. If, based on such regulations, the Enforcement Authority does not consider that the agreements or the projects issued are technically suitable; the provisions set forth in Section 11 of this Annex shall be applicable.
  - (iii) As of December 31<sup>st</sup> 2018, the Enforcement Authority shall annually audit the fulfillment of the consumption aims of each liable party during each of the stages set forth in Section 8° of Act 27191, as established and within the terms set forth by such authority.
  - (iv) The aim shall be fulfilled if the liable parties achieve the percentage of electric power from sources of renewable energy applicable to each stage from the total amount of their own consumption of the supervised year, regardless of monthly consumption or shorter period consumption.
- 4) Fulfillment by means of participating in the mechanism of joint purchase developed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint.
  - (i) Users included in Section 9° of Act 27191 may observe the liability to cover at least EIGHT PER CENT (8 %) of the total amount of their own electric power consumption by means of directly buying electric power from renewable sources to COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint, through the mechanism of joint purchase ruled in this subsection. For this purpose, liable parties that choose the execution of individual agreements to purchase electric power from sources of renewable energy, or the self-generation or co-generation of electric power from sources of renewable energy to observe the liability, pursuant to the provisions set forth in subsections 2 and 3 of this section, shall explicitly inform their choice to the Enforcement Authority, as established and within the terms set forth by it. Liable parties that shall not explicitly inform the aforementioned choice shall be automatically included in the mechanism of joint purchase of electric power from renewable sources, which shall be developed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD

ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint, pursuant to the provisions set forth in this subsection.

- (ii) The mechanism of joint purchase set forth in this subsection consists in the buying of electric power from renewable sources by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint. Such energy is necessary to the fulfillment of the aims set forth in Section 8° of Act 27191 by liable parties included in Section 9° of the mentioned act, which have been included in such mechanism, by means of the execution of agreements with producers or marketers of electric power from renewable sources.
- (iii) The inclusion of liable parties in the mechanism of joint purchase and the payment of the cost of electric power from renewable sources duly consumed by such parties shall be sufficient to consider that the liability set forth in Section 9° of Act 27191 was fulfilled.
- (iv) The mechanism of joint purchase shall be carried out in order to achieve the aim set forth in Section 8° of Act 27191 by December 31<sup>st</sup> 2017. Then, the Enforcement Authority shall assess the convenience of repeating such mechanism and its scope, so as to fulfill the aims set forth for each of the following stages included in the schedule of progressive increase of inclusion of electric power from renewable sources, in accordance with Section 8° of Act 27191.
- (v) The Enforcement Authority shall approve the terms and conditions of the mechanism of joint purchase to be carried out by the COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint. Such terms and conditions shall be subject to the same guidelines set forth in Section 12 of Act 27191 and in these regulations for the purchase made by liable parties included in such section, without prejudice of the implementation of the price limit, pursuant to the provisions set forth in the following item.
- (vi) The purchase from COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint made by the liable parties by means of the mechanism of joint purchase shall be subject to the price limit set forth in the second paragraph of Section 9° of Act 27191. Within that limit, a charge shall be applied for marketing costs, which shall include an assessment on long-term risks taken by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or by the entity that the Enforcement Authority may appoint. Such charge shall be applied to the average price of purchase and its value shall be set forth by the Enforcement Authority. Additionally, a charge for administrative costs shall be applied without being subject to the aforementioned price limit. Such charge shall be set forth by the Enforcement Authority.
- (vii) The megawatt/hour price to be paid by liable parties included in the mechanism of joint purchase shall be set forth by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint. Such price shall be apportioned from the total adding up of all prices included in the agreements entered into by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint with producers within the framework of this proceeding.

- (viii) After the expiration of the term set forth by the Enforcement Authority for the users included in Section 9° of Act 27191 to inform their decision to be excluded from the mechanism of joint purchased ruled by this subsection, COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint shall call for tender so as to execute the Agreements on Supply of Electric Energy from Renewable Sources needed to meet the demand of major users which has been included in the mechanism of joint purchase. COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint shall call for tender to be separately made and/or include the demand of major users included in the mechanism of joint purchase in the tender that CAMMESA may call for within the provisions of Section 12 of this Annex.
- (ix) Agreements between COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint and producers or marketers in order to buy energy for the supply of electric power consumed by the users included in Section 9° of Act 27191 and which have been included in the mechanism of joint purchase shall be executed pursuant to the provisions of Section 12 of this Annex.

SECTION 10.- Pursuant to the provisions set forth in Section 10 of Act 27191, the maximum terms of effectiveness of the Supply Agreement set forth in Act 1177 of the Argentine Civil and Commercial Code and of the preference agreement set forth in the first paragraph of Section 1182 of the mentioned Code shall not be applicable to the Agreements on Supply of Electric Power from Renewable Sources and signed by the major users and major demand users included in Section 9° of the mentioned Act, by producers using sources of renewable energy, by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or by the entity that the Enforcement Authority may appoint and by the marketers.

SECTION 11.- The failure to observe the liabilities set forth in Section 9° of Act 27191 shall be subject to the provisions set forth in such Act and to the following rules:

1. The failure by liable parties included in subsections 2 and 3 of Section 9° of this Annex to prove the execution of the agreement or the issue of the self-generation or co-generation project, or the decision made by the Enforcement Authority on the lack of technical suitability of the agreement or the self-generation or co-generation project issued to guarantee the observance of the corresponding liabilities, after finishing the proceeding to be set forth by the Enforcement Authority so as to guarantee the due respect for the right of defense of the interested party shall lead to the implementation of the penalty set forth in Section 11 of Act 27191. Such penalty shall be calculated considering the megawatt/hour amount necessary to achieve the aim set forth for the corresponding stage. The base of the calculation shall be the demand of the liable party in the calendar year prior to the year during which the liable party should have observed the provisions set forth in Section 9°, subsection 4), item (i) of this Annex.

2. If, at the time of performing the audit set forth in Section 9°, subsection 4), item (iii) of this Annex on the parties undergoing one or both of the events included in the previous paragraph, it was verified that they have not duly achieved the aim of the corresponding minimum consumption; the amount of the penalty shall be recalculated. The base for such recalculation shall be the demand of the liable party during the year which is being audited, as long as the demand of the year which is being audited is greater than demand of the previous year. If the demand is lower, the original amount of the penalty will be kept. The Enforcement Authority shall set forth the applicable proceeding if the event mentioned in this paragraph occurs.

3. The liable parties which observe the provisions set forth in Section 9°, subsection 4), item (i) of this Annex, but do not duly reach the corresponding minimum consumption at the time of performing the audit set forth in item (iii) of the mentioned subsection shall be punished with the implementation of the penalty set forth in Section 11 of Act 27191. The amount of the penalty shall be set forth considering the missing megawatt/hour amount of energy from renewable sources in order to observe the obligation.
4. The penalty set forth in Section 11 of Act 27191 shall be calculated and established by the Enforcement Authority pursuant to the regulations that such entity may duly issue.
5. Every year, the Enforcement Authority shall set forth, by January 31<sup>st</sup>, the corresponding weighted average amount of the previous year, so as to be included when calculating the penalties of the current year.
6. The Enforcement Authority shall set forth the proceeding to be followed before the implementation of the penalty, observing the right to defend of the liable parties.
7. Payment of penalties shall be carried out in accordance with the proceeding and within the terms set forth by the Enforcement Authority.
8. The administrative act which set forth the penalty shall be enforceable under the terms set forth in Section 12 of Act 19549.
9. Liable parties shall be entitled to a tolerance of TEN PERCENT (10%) per year so as to duly fulfill the liability set forth for each stage. Such percentage shall be compensated during the year subsequent to the one in which the liable parties enjoyed such tolerance. If, in the year subsequent to the year in which liable parties partially breached their liabilities, the minimum consumption set forth for that year including the compensation for the missing percentage of the previous year is not reached, the corresponding penalty shall be applicable.
10. If the Enforcement Authority identifies a missing percentage greater than TEN PERCENT (10%) of the due annual consumption of electric power from renewable sources, the missing TEN PERCENT (10%) shall be compensated as set forth in the previous paragraph. Besides, the Enforcement Authority shall apply the corresponding penalty on the percentage exceeding the missing TEN PERCENT (10%) in the year subsequent to the year in which liable parties failed to observe their liabilities.

SECTION 12.- The Enforcement Authority shall set forth the terms within which COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or the entity that such authority may appoint shall call for tender so as to enter into Agreements on Supply of Electric Power from renewable sources. Such agreements are necessary to supply the demand set forth in Section 12 of Act 27191.

Agreements entered into by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or by the entity that the Enforcement Authority may appoint with producers, within the framework of this section, shall be subject to the following guidelines:

- 1) The hiring procedure shall be public, competitive and quick, with general rules previously approved by the Enforcement Authority, which set forth certain and short terms of awarding and which guarantee a wide participation.
- 2) Competitive proceedings shall include a minimum allocation or quota to each technology, so as to diversify the provision of renewable sources among the different technologies which are technically suitable for a commercial scale supply, and also to secure the geographic diversification of the projects.

- 3) With regards to each technology, the awarding of agreements shall favor those offers with the lower price and the shorter installation term.
- 4) The Enforcement Authority shall set forth the term of the agreements.
- 5) The price may be fixed in American dollars (USD) pursuant to the guidelines set forth by the Enforcement Authority.
- 6) The price included in the agreements whose aim is to meet the demand from users which are not included in Section 9° of Act 27191 shall be added up to the price for the purchase of energy in the WHOLESALE ELECTRIC MARKET that users pay. The price included in the agreements whose aim is to meet the demand from users which have chosen the mechanism of joint purchase, shall be paid by the mentioned users, pursuant to Section 9°, subsection 5), items (vi) and (vii) of this Annex.
- 7) Commercial arbitration shall be included as a conflict solving mechanism between the seller and the buyer.
- 8) The FODER may grant guarantees to the producer.

Regardless of the acquisition of electric power through Supply Agreements included in this section, COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or the entity that the Enforcement Authority may appoint shall buy up to TEN PER CENT (10%) of the electric power from renewable sources derived from the generation which surpluses the amounts set forth in the agreements executed by producers which enjoy the benefits of the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy, whichever its counterpart may be. COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or the entity that the Enforcement Authority may appoint shall pay for the electric power purchased the lower current market price for the corresponding technology, considering all supply agreements in force at that time. The purchase included in this paragraph shall be carried out as long as the producer does not prefer to sell it to other producer, a marketer or spot market. The electric power bought by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or by the entity that the Enforcement Authority may appoint within the framework of the provisions set forth in this paragraph shall be applied to the fulfillment of the aims set forth in Section 8° of Act 27191 by all users which consume less than THREE HUNDRED KILOWATTS (300kW) of electric power, pursuant to the provisions set forth in Section 12 of the mentioned Act. Its payment shall be guaranteed by the FODER under the same terms set forth for the agreements entered into by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) or by the entity that the Enforcement Authority may appoint with producers within the framework of this section.

Without prejudice of the provisions set forth in this section, users which are not included in Section 9° of Act 27191 may individually fulfill the aims of consumption of electric power from renewable sources by means of the purchase of energy in the market and self-generation and/or co-generation under the terms and conditions set forth by the Enforcement Authority, the National and Provincial Electric Service Regulatory Entities, Distribution Public Service Providers and Distributors, within their competence.

In order to calculate the amount of electric power generation from renewable sources within the framework of existing supply agreements at the time of the effectiveness of Act 27.191, all the electric power generation from the sources listed in Section 4° of Act 26190, which has been amended by Act 27191, shall be considered.

The Enforcement Authority shall set forth the conditions under which electric power from renewable sources included in the existing supply agreements at the time of the effectiveness of Act 27191 shall

be applied to the fulfillment of the aim to include renewable energies by users which consume less than THREE HUNDRED KILOWATTS (300kW) of electric power, pursuant to the provisions set forth in Sections 8° and 12° of the mentioned Act.

Chapter V:

Tax Increases

SECTION 13.- Beneficiaries of the “LEGAL REGULATIONS ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY” and users included in Section 9° of Act 27191 may freely negotiate the adding up of the higher costs derived from the increases of taxes, fees, contributions or levies introduced by the Nation, the Provinces, the Municipalities or the Autonomous City of Buenos Aires after the execution of the agreement of supply of renewable energy, to the agreed price included in agreements signed between them.

Within the framework of the agreements signed by COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint mentioned in the second paragraph of Section 13 of Act 27191, tax increases included in the last provision shall be those tax increases derived from:

- (a) Increase of taxes, assessments, contributions or general charges or non-specific or non-exclusive taxes derived from existing activities, due to expansion of the taxable base, amendment of tax exemptions and/or relieves and/or rate increases; and
- (b) Introduction of new taxes, assessments, contributions or general charges or non-specific or non-exclusive taxes derived from the activity.

Regarding the provisions set forth in the second paragraph of Section 13 of Act 27191, the following events shall be excluded:

- (a) The elimination of the exemption from taxes included in Section 14 of the mentioned Act, as a consequence of the expiration of the term of effectiveness of the benefit set forth in Section 16 of the same rule;
- (b) The introduction of specific taxes, fees or royalties after the expiration of the term set forth in the first paragraph of Section 17 of Act 27191, by the corresponding authorities of the jurisdictions that have acceded to Act N° 26190 and Act N° 27191; and
- (c) The introduction of specific taxes, fees or royalties, at any time, by the corresponding authorities of the jurisdictions that have not acceded to Act N° 26190 and Act N° 27191. For events included in the second paragraph of Section 13 of Act 27191, la COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO SOCIEDAD ANÓNIMA (CAMMESA) or the entity that the Enforcement Authority may appoint which has signed the agreement shall set forth the new price of the energy supplied, considering the data issued by the beneficiary and the assessments of the competent bodies on the real impact of the increase of taxes, assessments, contributions or charges introduced by the Nation, the Provinces, the Municipalities or the Autonomous City of Buenos Aires on the cost structure of the beneficiary.

The application for the acknowledgement of the new price shall be issued prior to the last business day of the second month subsequent to the month in which the rule that set forth such increase and which triggered the application became effective. If the term for applying the request and issuing the corresponding data and documents expire, the right to apply for the establishment of a new price as a consequence of such increase shall automatically expire.

## Chapter VI:

### Import Regulations

SECTION 14.- The exemption from the payment of export duties, which has been set forth in Section 14 of Act 27191, shall be applied to each beneficiary as of the obtaining of the Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy. Such certificate shall include the capital goods, the special equipment, pieces or component parts of such goods and consumable goods set forth and certified by the Enforcement Authority, which are necessary for the project performance. Such goods shall be identified by means of their tariff status within the Common Nomenclature of the MERCOSUR. The quantity of goods for each project shall be established. This benefit shall be only applicable to new goods imported.

Before authorizing the release of goods to the domestic market, the CUSTOMS OFFICE, under the FEDERAL ADMINISTRATION OF PUBLIC REVENUE, shall require the submission of the corresponding Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy issued by the Enforcement Authority, so as to apply the exemption from the payment of import duties and any other duty, special tax, correlative tax or statistics duty, except for other public service fees and the exemption from the Value Added Tax applied on final goods imports.

The Enforcement Authority and the FEDERAL ADMINISTRATION OF PUBLIC REVENUE, by virtue of a joint resolution, shall rule the mechanism to issue, by electronic media, the Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy.

Imported goods which enjoy the exemptions set forth in Section 14 of Act 27191 shall be subject to the corresponding verification of their allocation. Such allocation shall be kept during the term of the project, including the operation. The project developer shall not be able to sell such goods or to allocate them to a project different from the project issued during such period. The observance of the provisions set forth in this paragraph shall be verified by the Enforcement Authority.

If the project does not start its commercial operation within the term set forth when approving the project or granting a duly justified extension, beneficiaries shall pay the duties, taxes and levies from which they have been exempted pursuant to Section 14 of Act 27191. The Enforcement Authority shall inform to the FEDERAL ADMINISTRATION OF PUBLIC REVENUE the failure to observe such liability, in order for such authority to require the payment of the taxes exempted.

Before authorizing the import of goods enjoying the benefits included in Section 14 of Act 27191, the Enforcement Authority shall prove the lack of domestic production of the goods to be imported, in accordance with the proceeding that such authority may set forth. For this purpose, the provisions set forth in Section 9°, subsection 6) of Annex I of this decree shall be followed.

The exemption included in the last paragraph of Section 14 of Act 27191 shall only be applicable if the importer is also the user of the good to be imported, in order to include such good to the industrial process, as a capital good or as a component part or a piece of the goods that such importer manufactures and trades.

The importer willing to obtain the benefit shall submit the list of the goods to be imported with the mentioned benefit, together with the description of the industrial project to which such goods shall be included to the Enforcement Authority.

The Enforcement Authority shall assess the project and make a decision, on good grounds, on the granting of such benefit. The goods on which such benefit will be applied shall be listed in the

administrative act. The tariff status within the Common Nomenclature of the MERCOSUR and the quantity of the goods shall be also included. The provisions set forth in this section on the requirements to enjoy the benefit and its verification shall be applicable. For this purpose, the administrative act granting the benefit is equivalent to the Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy.

The Enforcement Authority shall enter into collaboration agreements with the MINISTRY OF PRODUCTION, with other competent institutions from the National Public Sector and with business associations from the corresponding industrial sector that the Enforcement Authority may deem convenient, so as to set forth the mechanisms of verification and audit needed to the observance of the provisions set forth in this section.

SECTION 15.- No regulations have been issued.

SECTION 16.- No regulations have been issued.

## Chapter VII

### Access and Use of Sources of Renewable Energy

SECTION 17.- Access and use of sources of renewable energy included in Section 4<sup>o</sup> of Act 26190, which has been amended by Act 27191, by the projects obtaining the Certificate of Inclusion in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy shall not be levied with any kind of specific taxes, fees or royalties introduced by the Nation, the Provinces, the Municipalities or the Autonomous City of Buenos Aires, until December 31<sup>st</sup> 2025, within the jurisdictions which may accede to the mentioned acts.

Specific taxes, fees or royalties existing at the time of effectiveness of Act 27191 and which are applied to projects that are not included in the Legal Regulations on National Promotion for the Use of Sources of Renewable Energy shall remain in force, without prejudice of the competence of the respective authorities to order its modification or elimination.

## Chapter VIII:

### Electric Power from Intermittent Renewable Resources

SECTION 18.- Dispatch of electric power from intermittent renewable resources shall be ruled by the provisions set forth in Section 18 of Act 27191, by the PROCEEDINGS FOR THE SETTING OF THE OPERATION, DISPATCHING OF CARGOS AND THE CALCULATION OF PRICES, pursuant to Resolution N° 61/1992 issued by the former SECRETARIAT OF ELECTRIC POWER and its amendments, and in accordance with the specific provisions that the Enforcement Authority and COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA) may set forth.

SECTION 19.- The Enforcement Authority and COMPAÑÍA ADMINISTRADORA DEL MERCADO MAYORISTA ELÉCTRICO S.A. (CAMMESA), within their respective competence, shall set forth the required levels of electric power reserve in accordance with the operational and dispatch needs. The Enforcement Authority shall set forth the remuneration for the additional reserve needs pursuant to the terms set forth in Annex 23 and 36 on the PROCEEDINGS FOR THE SETTING OF THE OPERATION, DISPATCHING OF CARGOS AND THE CALCULATION OF PRICES, in accordance with Resolution N° 61/1992 issued by the former SECRETARIAT OF ELECTRIC POWER and its amendments, or by virtue of complementing and amending regulations that may be set forth.

The system shall afford all costs derived from securing the power reserve included in all renewable energy generation entrepreneurship performed within the framework of the LEGAL REGULATIONS



ON NATIONAL PROMOTION FOR THE USE OF SOURCES OF RENEWABLE ENERGY, including the aforementioned remuneration.

Chapter IX:

Complementing Rules

SECTION 20.- The Enforcement Authority shall set forth the mechanism to be implemented so as to spread as widely as possible the offers of electric power generation from sources of renewable energy.

SECTION 21.- No regulations have been issue