



ENERGY- Year 1

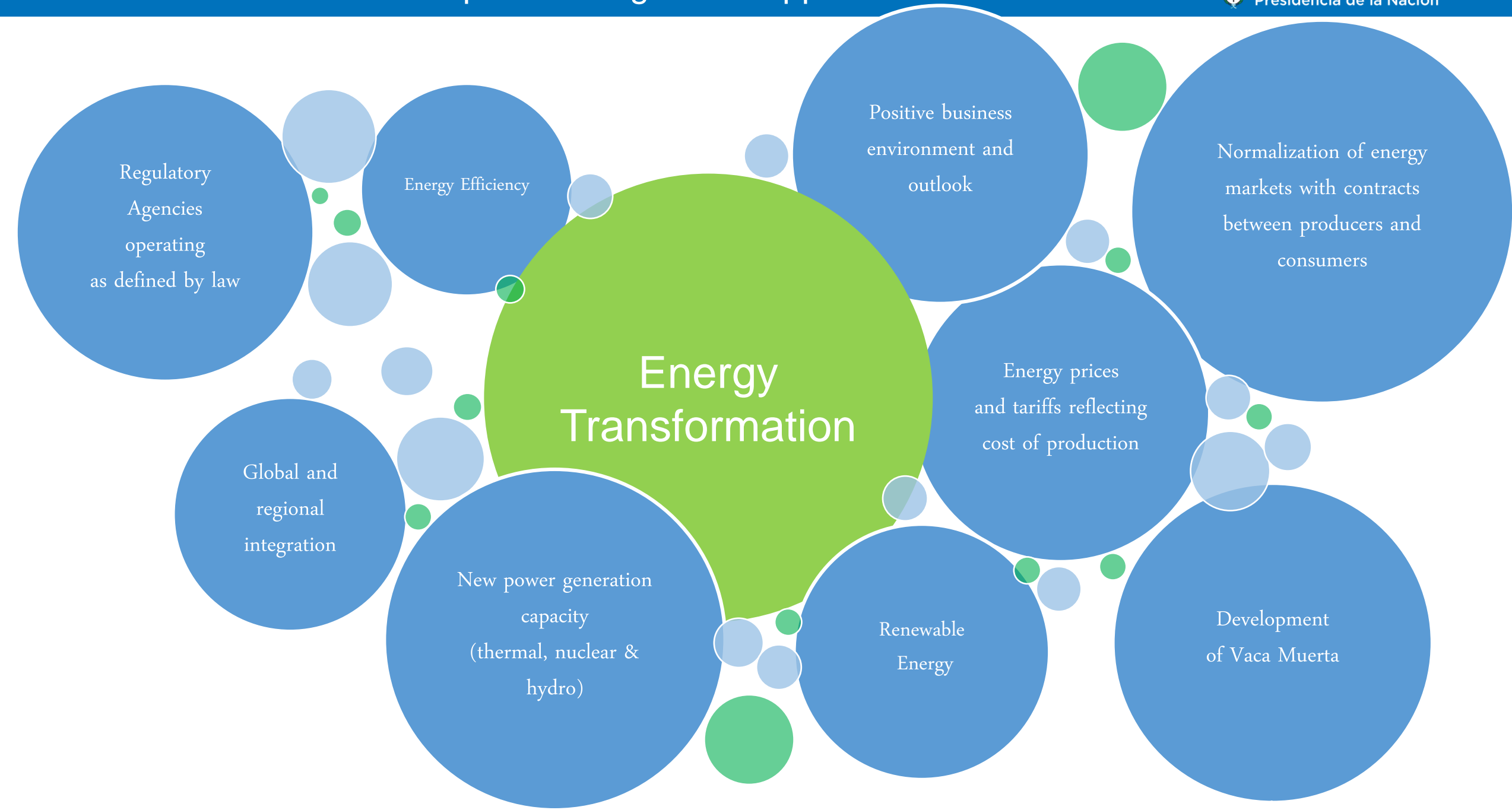
# The beginning of the transformation

- Goals and energy mix
- Recovering the institutions and regulatory framework
- First investments to increase thermal generation capacity
- Development of renewable energy
- Energy efficiency
- Summary of challenges and milestones for 2017

Ensure energy supply for a growing country

---

Reduce the impact on the environment



## Electricity emergency enacted by Decree 134/2015 in December 2015

- Short term measures to improve power generation and distribution.
- Improved quality of service and compliance in the medium term.

## Recovering regulatory agencies

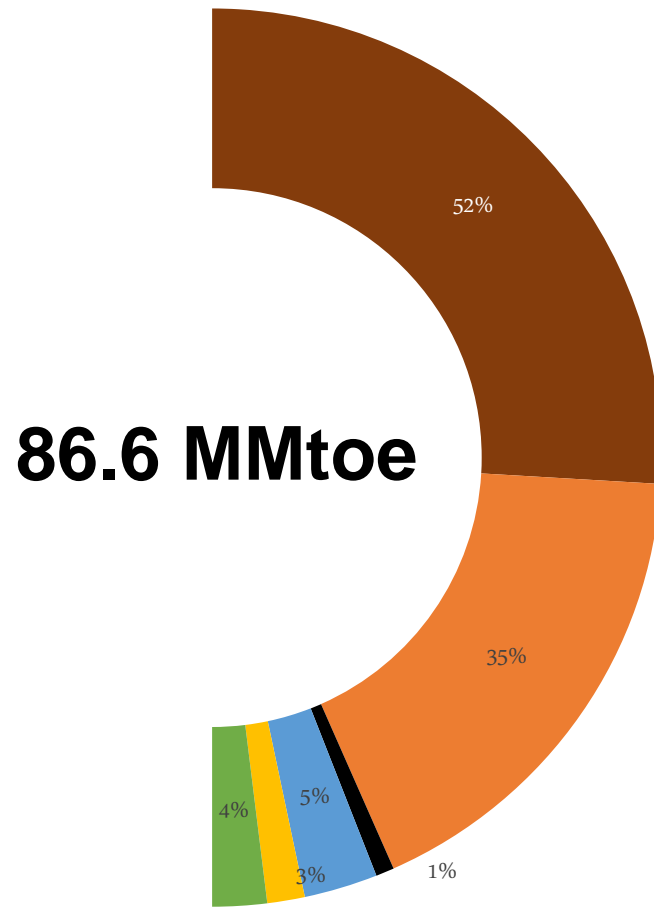
- Res. 142/2016 – Initiated nomination of ENARGAS' Board of Directors as defined by law.
- Res. 204/2016 – Initiated similar process for ENRE's Board of Directors.

## Comprehensive review of energy prices and tariffs, including public hearings

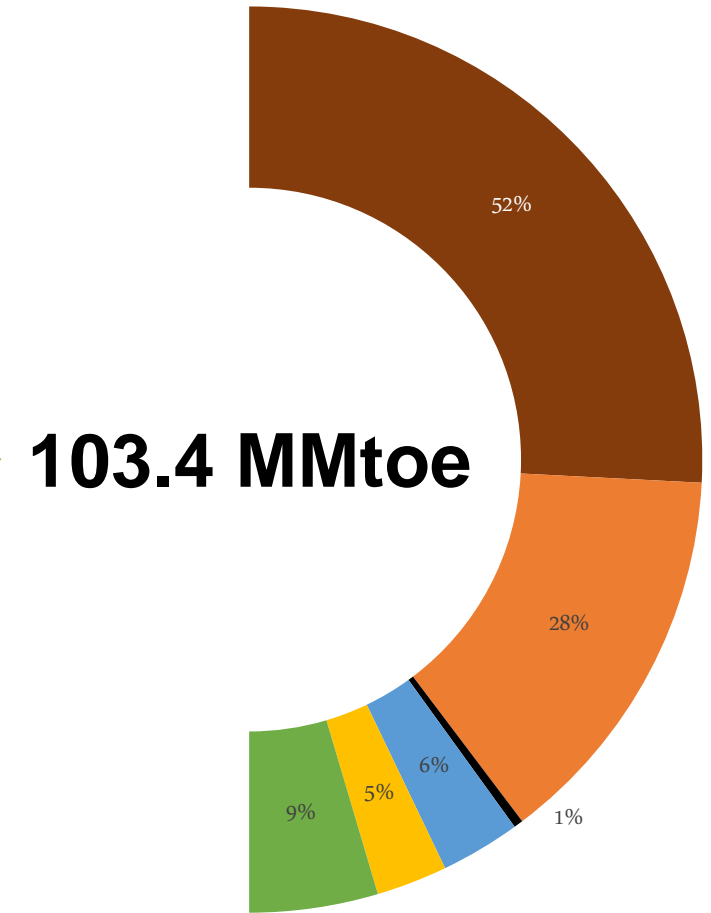
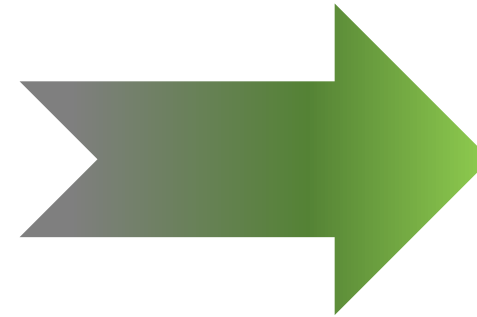
- Public Hearings to set natural gas wellhead prices (Defined pathways until 2019).
- Public Hearings to set wholesale prices for power generation.
- ENRE: Tariff Review (RTI) for electricity transportation and distribution, 2017-2021.
- ENARGAS: RTI for transportation and distribution of natural gas for 2017.

## Energy statistics, policies and plans made public without restrictions

- All previous and current data is reviewed and made public through new energy data portal.
- Enforced quality and consistency checks, and adequacy to international standards.



Base Year 2015

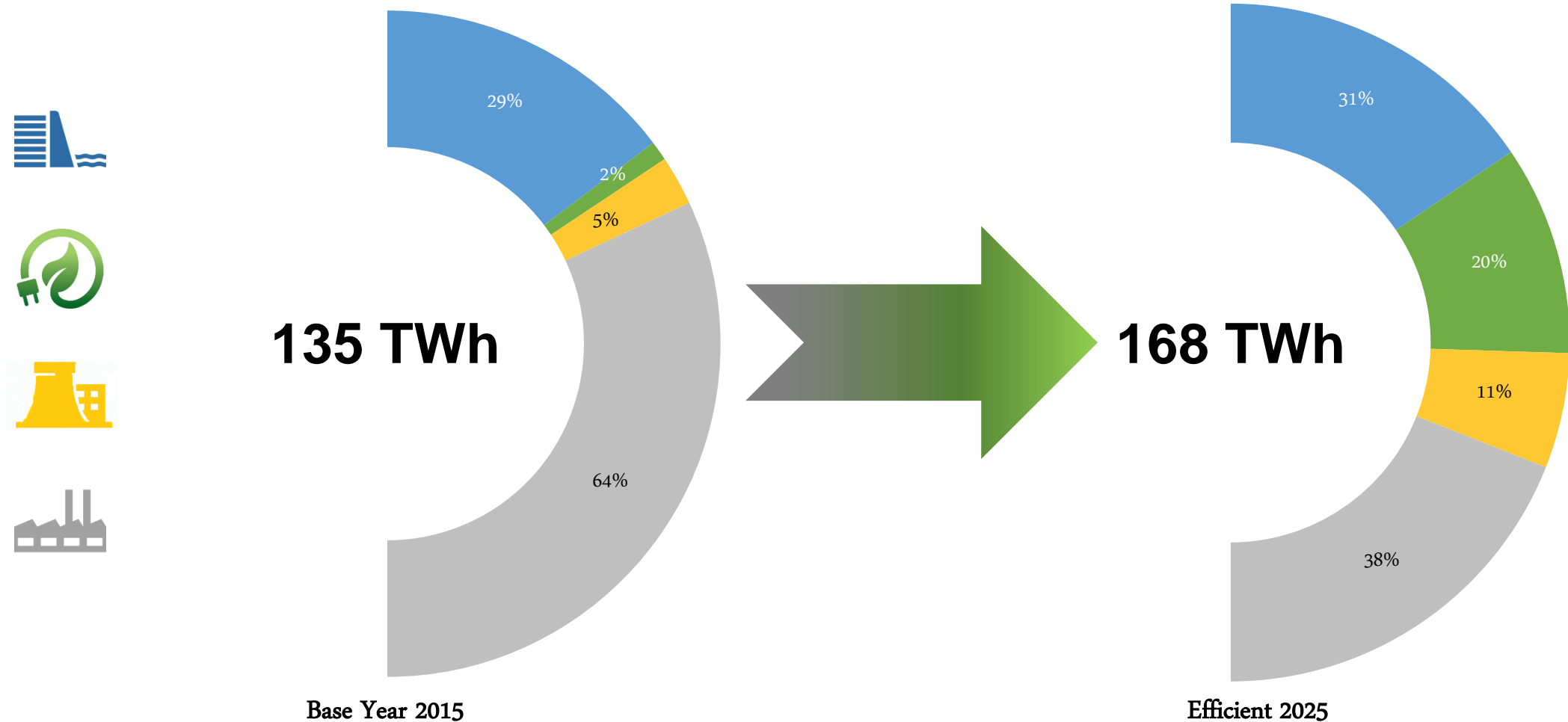


Efficient + Investment 2025

86.6 MMtoe

103.4 MMtoe

The growth of renewable energies diversifies the energy mix, despite the prevalence of hydrocarbons



- Scenarios reach 20% of electricity generation from renewable energy.
- The share of thermal generation is reduced. However, it continues to be significant.

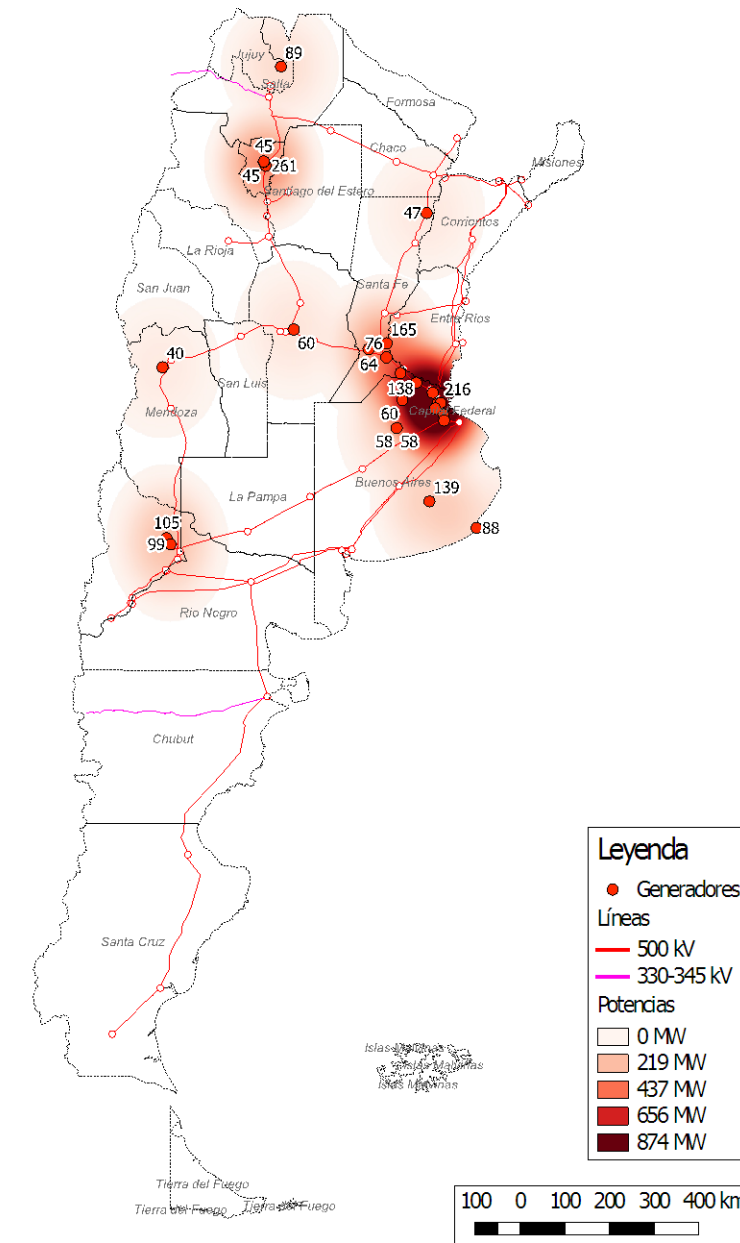
Requested offers to add 1.000 MW of new thermal capacity within 24 months to cover seasonal shortages

- Received 61 offers for 6,600 MW, equivalent to around 7.0 MM USD.
- Initially awarded PPA contract to 20 projects for a total of 1,917 MW.
- Requested offer improvements to remainders and awarded additional 1,193 MW to other 9 projects.
- Some projects already generating, and most to be operational before December 2018.

**61**  
Offers  
received

**29**  
Projects awarded and  
under construction

**3,138**  
MW of new  
capacity available  
by end of 2018





## Call for expression of interest to

- Build power generation projects to expand capacity and/or reduce costs.
- Install facilities to optimize fuel supply to existing and/or new power generation units.
- Improve system reliability.

## Response exceeded expectations... again!

- Received 196 proposals.
- Total additional generation capacity offered was 34,800 MW, exceeding current installed capacity.
  - Examples: Combined cycle units, including LNG import terminal, new fuels storage tanks, natural gas pipelines, electric power transmission lines, among others.
- Proposals now under evaluation by SEE and CAMMESA.
- Selected projects will be tendered during 2017 and 2018.

196

proposals

34,800 MW

power

## Decreets 531/16 and 882/10 to regulate Law 27.191.

- Set the foundations for “Programa RenovAr”.
- Creation of FODER trust to guarantee investments.

## Launch of RenovAr Round 1.0.

- Objective: Diversify energy matrix and achieve 8% of electricity consumption covered by RE by end of 2018.
- Called for bids to install 1,000 MW of new renewable capacity including different technologies.
- 20 year PPAs with prices denominated in USD.

## Results exceeded expectations.

- Received 123 offers for a total of 6,300 MW.
- Initially awarded contracts to 29 projects amounting to 1,142 MW at an average price of 61.33 USD/MWh.
- Round 1.5 for improved offers resulted in additional 1,282 MW in 30 projects with avg. price at 53.98 USD/MWh.
- PPA contracts during Q1 2017.
- RenovAR Round 2.0 planned for later this year.

# Summary of RenovAr Rounds 1.0 and 1.5

59

projects awarded

2,423

MW of additional capacity

57.44

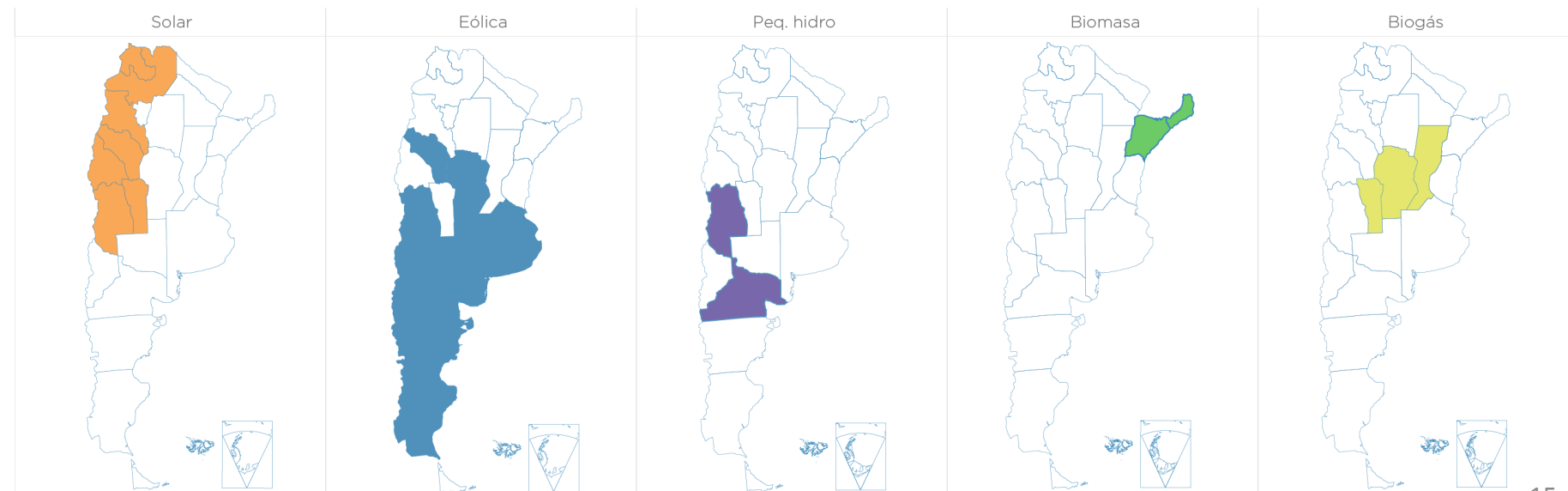
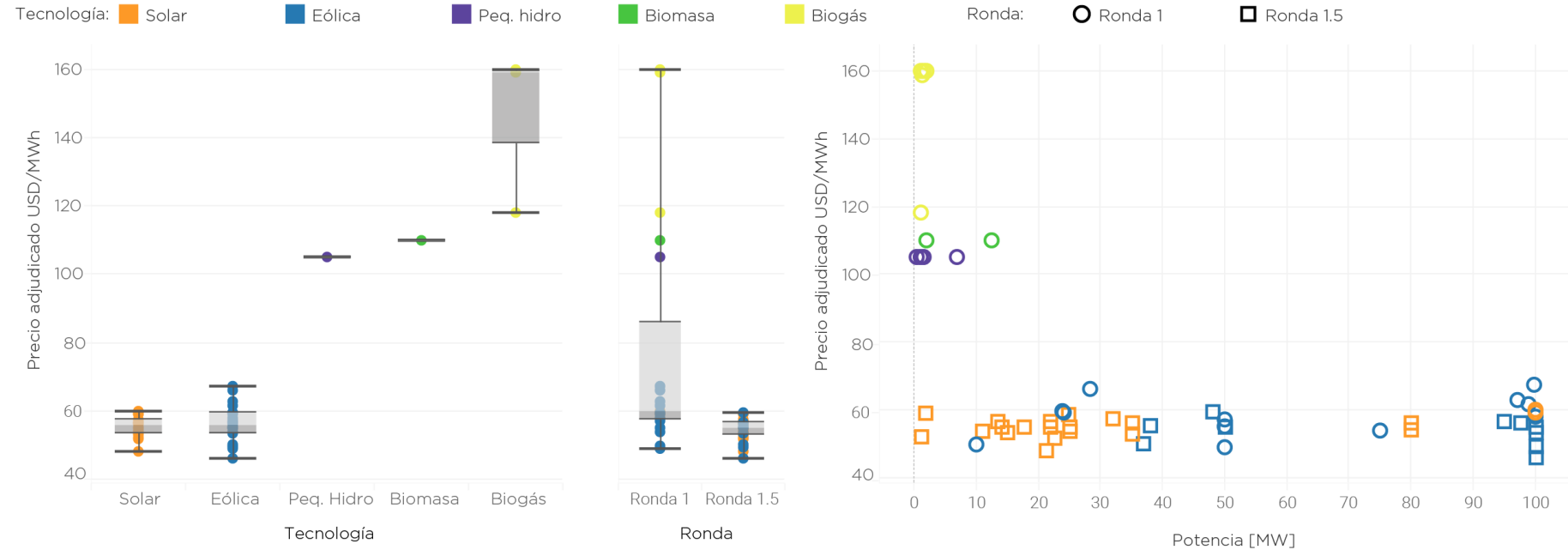
USD/MWh Average

20,000

New jobs

4,000

MMUSD in investment



## Managed transition of domestic oil & gas prices towards international level

- Reduction of oil prices from 77 USD/bbl via industry agreements. Now closer to import parity level.
- Natural gas prices increased and path toward import parity defined.
- New program to promote development of Vaca Muerta gas fields via government supported price.

## Optimization of oil and Natural Gas imports

- Started LNG imports via Chile to compensate for lower supply from Bolivia during the winter months.
- Less LNG cargoes and lower price compared with the past.
- Management of imports directly by ENARSA (instead of contracted YPF).

## Introduced changes into domestic fuels market

- New specs for mogas and diesel to improve quality (Res. 5/2016).
- Ethanol in mogas increased to 12% (Res. 37/2016).
- Biodiesel with higher capacity utilization in 2016.

## Trilateral agreement to start of development of Vaca Muerta unconventional resources

- Union agreed to modify old labor contract to reduce operational cost.
- Oil companies committed investment to develop new fields of unconventional resources in Vaca Muerta.
- Neuquén Province and Federal Government to support natural gas prices and reduce taxes.

- Most of Res. 21 power generation projects come on stream (Q1).
- Energy prices and transportation/distribution tariffs set at more appropriate levels and by processes defined by laws and regulatory agencies.
- Tender to expand gas pipelines in order to expand regional capacity (March).
- Signing of Federal Energy Agreement among all provinces and federal government establishing principles and guidelines for long term energy policies.
- RenovAr Round 2 opening for the addition of more renewable capacity.
- Completion of Environmental Impact Study and Public Hearing for Santa Cruz River hydro projects and beginning of construction (May).
- Launch of new energy efficiency programs including public lighting, (July).
- First tender for selected Res. 420 proposals (mid year).
- Launch of new offshore oil & gas exploration plan (October).



**ENERGY- Year 2**  
**Transformation of the energy sector**  
**in progress**