

Towards a green energy transition in Argentina: New legislation and developments in the use of renewable energies

By Milagros Tallarico
| mtallarico@alfarolaw.com



Background

In Argentina, the main objective of the National Promotion Regime for the use of Renewable Energy Sources for the Production of Electric Power is to promote the use of renewable energy sources in the generation of electricity.

In 2015, through the enactment of Law No. 27,191, ambitious goals were established to increase the participation of renewable energies in the country's energy matrix. In particular, said regulatory body establishes that by the year 2025, 20% of the electrical energy consumed in Argentina must come from renewable sources.

Likewise, this regime includes a series of incentives for investment in electricity generation projects from renewable sources, such as tax exemption, priority connection to the electricity grid, and the purchase guarantee of the generated energy, at prices set by the government.

Mainly, said law establishes the creation of a Trust Fund (FODER), which is intended to finance renewable energy projects and

establishes the obligation for large consumers of electricity to acquire a certain proportion of their energy from renewable sources.

The National Promotion Regime for the use of Renewable Energy Sources for Electricity Production in Argentina seeks to promote the use of renewable energy in electricity generation and contribute to reducing the country's dependence on fossil fuels.

Recently, two new regulations were published (No. 34/2023 and No. 16/2023) that introduce modifications to the Regime for the promotion of distributed generation of renewable energy integrated into the public electricity network and to the Regime for Promotion for the use of Renewable Energy Sources destined to the production of Electric Energy.

Provision 34/2023 - Scope

In the month of April of the year 2023 through the normative resolution No. 34/2023 called "Regime to promote the distributed generation of renewable energy integrated into the public electricity network



and for the manufacture of systems, equipment and supplies for its generation' , an increase in the amounts of the tax credit certificate was established.

A new amount of the Tax Credit Certificate is established for the installation of Distributed Generation Equipment with connection to the electricity distribution network. The amounts will be applicable for the quota reservation requests approved from January 1, 2023 and until December 31, 2023. Said amounts will be calculated at \$120 per unit of power expressed in Watts with a maximum to be granted for each User-Generator of \$8,500,000. Said standard has been created taking into account the evolution of the market, the changes in the variables of the Argentine economy and its impact on the full application of the promotional benefit. Within the framework of the need to adopt measures to guarantee the effectiveness of the incentive in order to maintain the proportionality between the benefit and the costs of acquisition and installation of distributed generation equipment and ensure the normal operation of the Procedure for Obtaining the Certificate of Fiscal Credit of the Regime.

Regulatory Resolution (ARBA) 16/2023: Procedure for registering tax benefits

Through Law No. 14,838 and amendments, the Province of Buenos Aires adhered to National Law No. 26,190 by which the "Promotion Regime for the use of Renewable Energy Sources for the production of Electric Power" was established.

This regime, among other benefits, exemptions from payment of Real Estate Taxes, on Gross Income and Stamps, and fiscal stability in the Tax on Gross Income; in favor of natural and/or legal persons who are holders of investments and/or concessionaires of projects for the installation of electric power generation plants from the use of renewable energy sources located in the provincial territory, whose production is destined to the Wholesale Electricity Market and/or to the provision of public services.

In the month of April of the current year, resolution No. 16/2023 comes to regulate the "Promotion Regime for the use of Renewable Energy Sources for the production of Electric Power", establishing the procedure for the registration of tax benefits and other conditions to register in the databases of the Collection Agency of the Province of Buenos Aires (ARBA).



In this way, the benefits referred to the Gross Income Tax will be registered in the database of the collecting agency, as long as the subjects in favor of which they have been recognized are duly registered as taxpayers before this Collection Agency.

In addition, access to tax exemptions and other benefits is established for holders of investments and/or concessionaires of installation projects for electric power generation plants based on the use of renewable energy sources located in the territory of the Buenos Aires province.

Advances in the use of renewable energy: Argentina

Our country has made progress in terms of legal regulations on the use of renewable energy in recent years. As we have seen, in 2015, the Renewable Energy Law was enacted, which establishes a goal of 20% of electricity generation from renewable sources by the year 2025.

In 2017, the RenovAr Program was created, a bidding program for renewable energy projects that sought to boost investment in this sector. This program managed to promote an important development of renewable generation in Argentina, particularly from large-scale wind and

photovoltaic solar projects.

Likewise, measures have been promoted to encourage private investment in renewable energies, such as the possibility of accessing long-term financing through the Investment and Foreign Trade Bank (BICE).

Although there are important challenges to face, we understand that the regulatory framework in Argentina is moving in the right direction to promote the use of renewable energy. So much so, that the 2030 National Science, Technology and Innovation Plan outlines the 10 national challenges for the next decade, and among them is the energy transition.

Advances in the region: LATAM

Regarding comparative law in Latin America, each country has its own regulations on renewable energy, but in general, similar policies and regulatory frameworks have been adopted in the region, with the aim of promoting the use of clean sources and reducing dependency of fossil fuels.

Some examples of policies and laws regarding the development of renewable energies and the transition towards a more sustainable energy matrix in Latin America are the following:



Brazil: This country is leading the green energy boom, with 27 gigawatts of large-scale wind and solar plants in operation, and another 217 gigawatts expected through 2030. In addition, they have the Renewable Energy Law, which establishes objectives for the use of renewable energies in the country's energy matrix. This law establishes that 10% of the energy generated in the country must come from renewable sources by 2020, and 23% by 2030. Besides, Brazil has a series of specific environmental laws, such as the Protected Areas Law (Law 9,985), the Solid Waste Law (Law 12,305) and the Climate Change Law (Law 12,187), among others. Its main project is the Berço das Geraís Park, and although it does not yet have a stipulated date of entry into operation, it would be the largest solar park in Latin America, with a capacity of 5.7 MW.

Chile: For its part, Chile has also implemented a series of policies and laws to encourage the development of renewable energy. For example, the Distributed Generation Law, which allows users to generate and sell their own renewable energy to the national electricity grid. A large project that this country has is the H2 Magallanes Wind Farm, mainly for the production of green hydrogen, which will generate up to 10 gigawatts and which is expected to start operating by 2027.

Colombia: In Colombia, Law 1,715 of 2014 establishes measures to promote the use of non-conventional renewable energy in Colombia. This law sets goals for the use of renewable energy and establishes tax incentives for companies that invest in renewable energy projects.

Mexico: In Mexico, the Energy Transition Law establishes objectives for the use of renewable energies in the country's energy matrix. The law establishes that by the year 2024, 35% of the energy generated in the country must come from renewable sources.

Peru: Finally, in Peru the Law for the Promotion of Renewable Energies has been enacted, which establishes a legal framework to promote the development of renewable energies in Peru. Objectives for the use of renewable energy are proposed and tax incentives are established for companies that invest in renewable energy projects.

Conclusions

The transition to renewable energy is increasingly important globally due to the effects of climate change. Our country has great potential for the production of renewable energy thanks to its favorable climatic and geographical conditions.



The development of renewable energy in Argentina is an area of great potential and opportunity, which is why science and technology have to accompany this opportunity to industrialize and gain capacities. We understand that promoting as a country its use for the production of electrical energy generates a series of highly relevant benefits in environmental, economic and social matters.

In conclusion, the implementation of renewable energies in Argentina represents not only an opportunity to reduce dependence on fossil fuels and mitigate climate change, but also a boost for the economic and social development of the country. Their expansion can create jobs, attract investment and improve our quality of life. In addition, the transition to clean and sustainable energy sources can improve the country's energy security by reducing exposure to oil and gas price volatility.

It is necessary to continue working on the elimination of the barriers that hinder the growth of the sector and to continue encouraging investment in renewable energies so that Argentina can take full advantage of its potential. Investment and the implementation of adequate policies is the key to take advantage of the natural advantages of our country and make a

change towards a more sustainable future.

Sources

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