

The GENREN PROGRAM

Ricardo E. Barreiro Deymonnaz – Pablo Arrascaeta

Rattagan Macchiavello Arocena & Peña Robirosa, Buenos Aires

rebd@rmllex.com / pea@rmllex.com

1. A brief introduction. The new renewable energies regime in Argentina.

Law 26,190 sets a national program to promote the use of renewable sources for the generation of electricity.

The renewable energies program aims at achieving, in ten years, an eight percent contribution of renewable energy to the local electricity consumption. It also promotes new investments in alternative energy projects.

Law 26,190 allows the authority to grant tax benefits and incentive payments to investors and owners of new energy facilities, whose production will contribute to the *Mercado Eléctrico Mayorista* (Wholesale Electric Market – MEM).

2. The Genren Program

In line with Law 26,190, the Federal Secretariat of Energy launched the “Genren Program” in May 2009. The aim of this program is to incorporate 1,000 mW to the MEM by purchasing electricity from renewable energy generators, previously selected under a public tender.

According to the Genren Program, the 1,000 mW shall be composed as follows:

- Bio-fuels energy: 150 mW.
- Urban solid waste: 120 mW.
- Biomass energy: 100 mW.
- Small hydroelectric energy plants: 60 mW.
- Geothermal energy: 30 mW.
- Solar energy: 20 mW.
- Biogas energy: 20 mW.
- Wind energy: 500 mW.

Each project may contribute to the program up to 50 mW (when applicable).

The selling of electricity to the MEM under the Genren Program shall be implemented through a 15-year supply contract to be concluded between *Compañía Administradora del Mercado Mayorista Eléctrico S.A.* (CAMMESA), the buyer -which is a private company in charge of the dispatch and management of the MEM- and *Energía Argentina S.A.* (ENARSA, a state-owned energy company) as the seller on behalf of those electricity plants previously selected under the tenders of the Genren Program.

3. The first tender under the Genren Program

The first purchase of electricity under the Genren Program was put out to tender by ENARSA in December 2009.

The total amount of submitted bids went beyond the original target of 1,000 MW established by the Program, reaching the outstanding figure of 1,437 mW. From that number, 895 mW were pre-awarded in July 2010.

Most of the offers focused on wind energy projects (1203 MW out of 500 mW put out to tender), Photovoltaic Solar Power (22 MW out of 10 mW put out to tender) and biofuel (155 MW out of 150 mW put out to tender).

4. Next steps

Despite the success of wind energy or biofuel projects, those related to biomass, small hydro, thermal solar power, urban solid waste, geothermal or biogas did not reach the mW capacity put out to tender by ENARSA under the Genren Program.

As a consequence of this, ENARSA postponed biogas and geothermal tenders until 5 July 2010 and urban solid waste and thermal solar power tenders, until 16 July 2010.

However, it has to be pointed out that given the success of the Genren Program, it is quite likely that these deadlines are postponed and/or new tenders are conducted in the short time.