

SOUTH AMERICA

Argentina

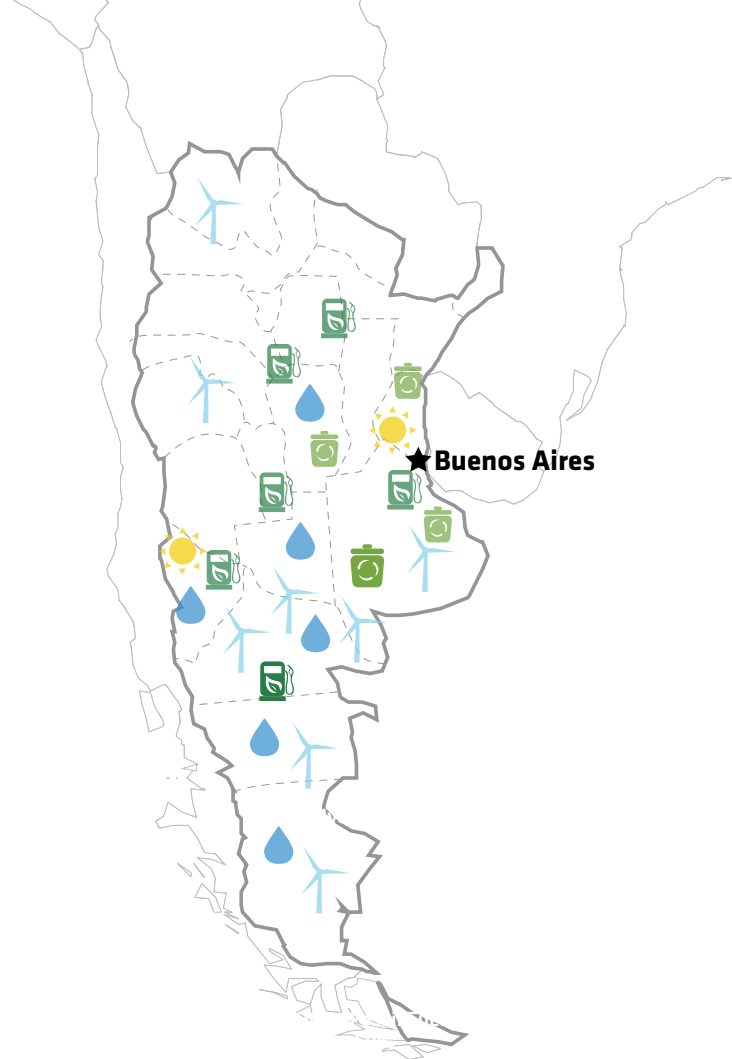
GDP: **\$611.8bn**
 Five-year economic growth rate: **10%**
 Population: **41.4m**
 Total clean energy investments, 2006-2013: **\$2.9bn**
 Installed power capacity: **33.8GW**
 Renewable share: **1.7%**
 Total clean energy generation: **1.944GWh**
 Top energy authority: **Ministry of Planning**

OVERALL RANKING
2014

20

OVERALL SCORE
2014

1.24



PARAMETER	RANKING	SCORE
I. Enabling Framework	28	1.17
II. Clean Energy Investment & Climate Financing	45	0.30
III. Low-Carbon Business & Clean Energy Value Chains	13	2.83
IV. Greenhouse Gas Management Activities	16	1.73

SUMMARY

Argentina reached 20th position among the 55 countries assessed in *Climatescope* 2014 with a 1.24 score out of a possible 5. Compared to its regional neighbors, the country ranked 9th among Latin American and Caribbean countries.

Once attractive for non-large hydro clean energy investment, Argentina has recently lost much of its luster. From 2006 to 2012, the country attracted \$2.7bn in such funding. However, in 2013, that fell 70% from prior year to just \$153m.

Overall market risk, lack of financing alternatives, subsidies, low tariffs and offtaker counterparty risk and policies not fully implemented are the main hurdles renewables face in Argentina today. As a result,

clean energy deployment has slowed, and today the country is far from achieving a previously announced 8% non-large hydro clean energy generation target by 2016.

Argentina is still home to important clean energy manufacturing and service provider value chains, but both are more a reflection of the size of its \$488bn economy than a currently thriving renewables sector. Looking ahead, there are few signs of substantial near-term clean energy growth unless macroeconomic conditions, conventional power subsidies, or both change significantly.

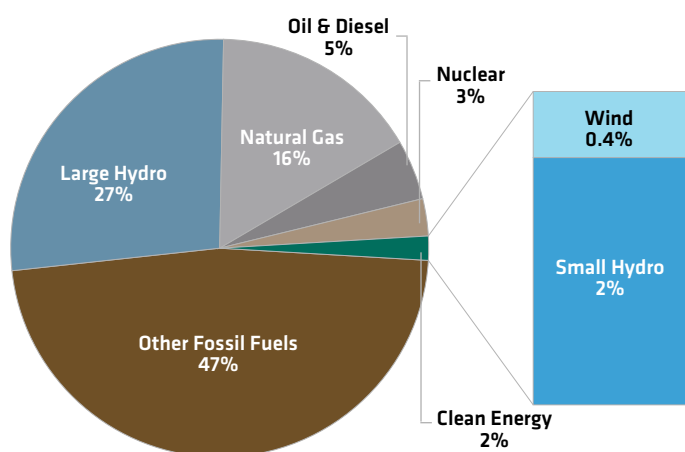
For further information, access www.global-climatescope.org/argentina

PARAMETERS AT A GLANCE

In the past few years, Argentina's clean energy market potential has gone largely unexploited largely due to factors that have buffeted the country's overall economy. Policies such as a 2006 feed-in tariff have gone unimplemented and chances of meeting the previously stated 2016 clean energy goals are remote at best. Today, non-large hydro renewables represent just 2% of the overall 39GW installed capacity and the pipeline for future projects is relatively small.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

33,8GW total installed capacity



Source: Bloomberg New Energy Finance, Comisión Nacional de Energía
Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers.

Argentina highly subsidized electricity tariffs, effectively discourages a market for distributed renewable generation including photovoltaic systems. The country's average retail electricity price in 2013 was \$0.05/kWh – far below its neighbors.

KEY POLICIES

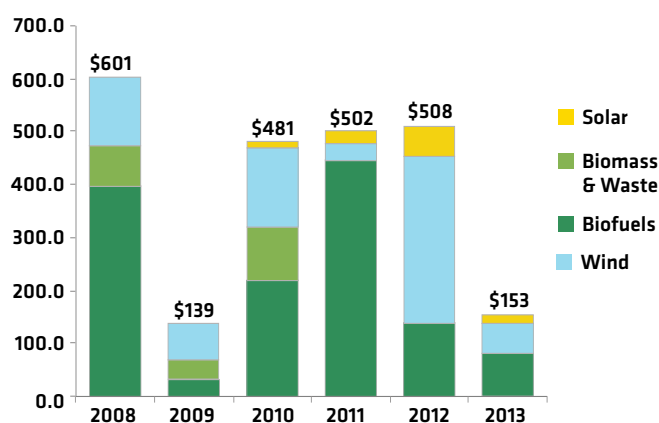
Energy Target	8% renewable electricity consumption by 2016.
Feed-in Tariff	FiT legislation approved in 2006, but has not been implemented.
Auction	GENREN held 1 auction, contracting 760MW of wind, 110MW of biomass, 20MW of solar PV and 10MW of small hydro plants.
Biofuels	10% biodiesel blend with conventional diesel and 5% ethanol blend with conventional gasoline.
Tax Incentives	VAT tax rebate and accelerated depreciation benefit.

Source: Bloomberg New Energy Finance

In 2013, Argentina did add 77MW of new non-large hydro renewable capacity. A 2MW photovoltaic plant and 50MW wind farm were contracted through its clean energy tender program GENREN. In total, GENREN has awarded PPA contracts to 32 projects. However, just 10 of these have since secured financing. Foreign financiers and development finance institutions have largely avoided Argentina in light of the country's recent fiscal troubles. What financing that has been available has come from state-owned banks or has been raised via debt offerings on the local bond market.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$2.9m total cumulative investment



Source: Bloomberg New Energy Finance
Notes: Total investments includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

Biofuel producers have also suffered since the European Union slapped anti-dumping tariffs on Argentine biodiesel imports. In response, the government raised the country's mandatory biofuel blending mandate from 7% to 10% to minimize the impact on local producers. Still, biofuels production sank 25% from 2012 levels to 2.2bn liters in 2013.

Argentina's position among the top 20 Global Climatescope nations is largely due to its strong showing on Clean Energy Value Chain Parameter III. The country maintains significant value chains for all six renewable sectors assessed. For the biofuels, biomass & waste and small hydro value chains, the country has nearly every value chain segment present. In addition, Argentina has substantial wind and solar value chains. In fact, it is one of only two South American countries that produce wind turbines and PV modules.