



Emgasud S.A. (Emgasud)



Quick Facts

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| ■ Country of Operation: | Argentina |
| ■ Business Segment: | Power Generation Natural Gas Distribution Natural Gas Transportation and Services |
| ■ Asset Details: | 205 MW installed capacity; 482 miles of natural gas distribution pipelines; 354 miles of gas transportation pipelines |
| ■ Operating Since: | 1997 |
| ■ AEI Ownership: | 42.73% |



Emgasud is an Argentine energy company which primarily operates in power generation, but also currently operates in the natural gas transportation and services, natural gas distribution, natural gas pipeline construction and energy commercialization businesses. Emgasud is currently reviewing its non-power generation businesses. As a result of this review, Emgasud may consider the sale, or discontinuation of these businesses. Emgasud's power generation business consists of various natural gas-fired simple cycle power generation plants with a combined nominal capacity of approximately 205 MW. The power plants are located at various locations in Argentina and commenced commercial operations at various times throughout 2009. Emgasud has contracts in place to develop a 63 MW power plant which is currently scheduled to come on line in 2011. We own 42.73% of Emgasud. The remaining ownership interest is owned by local Argentine investors. Our acquisition of Emgasud is still pending local anti-trust approval.



Emgasud's revenue from its power generation business is derived from selling the capacity and energy produced by the power plants to Energía Argentina S.A., or ENARSA, a state-run power company, entered into an agreement with Compañía Administradora del Mercado Mayorista Eléctrico S.A., or CAMMESA, the state-run power pool administrator, who ceded rights to Emgasud, under PPAs with terms ending in 2011 and 2012 with an option for CAMMESA to extend for two additional years. The tariffs under the PPAs with CAMMESA are based on a structure with fixed capacity and variable energy components that allow for pass-through of fuel and other variable costs and recovery of operation and maintenance costs, fixed capital costs, servicing of debt and a return on investment. The tariffs are denominated and paid in U.S. dollars.

Natural gas is the power plants' primary fuel and is provided by Repsol YPF, PanAmerican Energy, Petrobras, and Total Austral under monthly fuel supply agreements. The dispatch for power plants in Argentina is based on a marginal cost and merit-based system with the most efficient power plants being the first to be dispatched. The agreement that we currently have with Emgasud provides for the acquisition by us or our affiliates of an equity interest in Emgasud of up to a total of 63.1% through our contribution of certain assets to Emgasud, subject to certain conditions including local anti-trust and regulatory approvals.

Contact EMGASUD:

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