The International Tracking Standard Foundation

Founder of I-REC

COUNTRY ASSESSMENT REPORT URUGUAY

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1.1 Country Assessment Report Template

Country Name	Uruguay

1.2 Electrical Generation and Demand

Complete based on the latest available data.

Generation	**Technology**	**Capacity (MW)**
	Wind	1506
	Hydro	1538
	Fossil/Thermal	1124
	Biomass	409
	Solar	285
	Total	4,826
Demand	**Sector**	**Demand** (GWh)
	Residential	3756
	Commercial/Service/Public Sector	2610
	Transport	6
	Industrial	2803
	Primary Activities	237
	Total	9,411

1.3 Electrical Interconnection and Import/Export

Complete for all interconnected countries based on the latest available data.

Connected country	**Capacity** (MW)	**Annual import from country** (GWh)	**Annual export tocountry** (GWh)
Argentina	2000	20 (2023)	229 (2023)
Brazil	570	1378 (2023)	15 (2023)

1.4 Market Structure

Complete based on latest available data. This section should describe the structure of the national electricity market and any existing markets for environmental attribute products, including I-REC(E) or other certificate systems. Include key characteristics such as the types of electricity generation (e.g., hydro, wind, solar, thermal), market participants (generators, distributors, retailers), how electricity is traded or sold (e.g., wholesale, bilateral contracts, power pools), and the level of market liberalization. Reference any relevant statistics on renewable energy generation, installed capacity, and market share of different energy sources.

UTE is the vertically integrated utility of Uruguay. Its organic law (Parliament of Uruguay, 1980) delineates the following activities: electricity generation, transformation, transmission, distribution, export, import and commercialization carried by one state-owned company.

In Uruguay, the enactment of Law No. 16,832 of June 1997 (hereinafter, "MMEE Framework Law") created a Regulatory Framework for Electric Energy that determined that the generation of electric energy did not constitute a public service and enabled this activity to be carried out by any agent, including its total or partial commercialization to third parties on a regular and permanent basis. For the purposes of this law, the aforementioned transmission, transformation and distribution activities will have the character of public service insofar as they are totally or partially destined to third parties on a regular and permanent basis, with the exception of the generation activity. Therefore, the MMEE Framework Law created the Wholesale Electricity Market ("MMEE") as a new market in Uruguay, which did not exist until then, since it was subject to a state monopoly. Thus, the MMEE Framework Law itself:

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1) created the UREE (Unidad Reguladora de la Energía Eléctrica), later Unidad de Regulación de Servicios de Energía y Agua (URSEA), as the regulatory entity of the MMEE.
2) created the Electricity Market Administration (ADME), as the entity that administers the MMEE and
3) defined that the MMEE would operate with shared use of the transmission system (monopolistic) and under a free access and competition regime for the supply to distributors and large consumers;
4) defined generators, transmitters, distributors and large consumers (hereinafter, "Agents") as agents of the MMEE, and determined that generators may enter into supply contracts directly with distributors and large consumers.

Consequently, as from the enactment of the MMEE Framework Law, the activity of generation and consequently the commercialization of electric energy may be developed by any agent, public or private, national or foreign, who has an interest in it, unlike the remaining activities of the energy sector that are legally considered as public service and whose development by private agents must have a public service concession contract granted by the competent state agency, UTE. To participate in the MMEE, Agents must comply with the MMEE rules and the energy will be dispatched through the National Load Dispatch ("DNC"). MMEE participants may sell and buy electric energy (1) in the contract market under the conditions freely agreed by the parties (subject to regulatory restrictions) or (2) in the spot market, that is, a market of occasional exchanges, where generators, distributors and large consumers exchange energy at a price that varies from hour to hour.

1.5 Responsible Government Department

Complete based on latest available data. Identify and briefly describe the government ministries, departments, or regulatory bodies with authority over the electricity sector, renewable energy policy, and environmental regulation. Indicate their roles in the oversight, support, or regulation of electricity markets and attribute tracking systems. Examples may include the energy ministry, environment agency, or national utility regulators. Specify if any agency acts as the official contact point for certification or environmental attributes.

National Energy Directorate: It is in charge of planning, organizing and supervising the human, material and financial resources of the energy sector, efficiently implementing policies and strategies for the fulfillment of the Unit's specific goals and tasks.

URSEA: establishes the regulation of quality, safety and consumer protection of all activities related to electric energy, and its subsequent control.

ADME: Manages the Wholesale Electricity Market; operates and manages the National Load Dispatch.

National Load Dispatch: technical dispatching of the National Interconnected System; execution of the contracts freely agreed between the parties, meaning generators, distributors and large consumers; dispatch the required demand, taking into account the optimization of the National Interconnected System, based on the recognition of energy and power prices.

1.6 Existing/Planned Legislation

Complete based on latest available data. Summarize existing or upcoming legislation that may have an impact on the issuance or recognition of environmental attribute products, including I-REC(E). Include laws and policies covering electricity market operation, energy regulation, renewable energy mandates, or national climate goals. Highlight if the legislation explicitly supports or restricts the use of environmental certificates, or if there is any ambiguity that could affect system implementation. Mention if any new legislation is currently in development or being reviewed.

Uruguay has a comprehensive, long-term energy plan - the National Energy Policy 2005- 2030 – with the overall objective to diversify the energy mix, reduce dependency from fossil fuels, improve energy efficiency, and increase the use of endogenous resources, mostly renewables. Auctions have been the main instrument

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for the promotion of renewable electricity in Uruguay, whereby the government-owned national electric company (UTE) awards power purchase agreements (PPAs) to successful bidders. From 2006 to 2011 several decrees established auctions for UTE's purchase of electricity from wind, solar, and biomass. Wind power for self-consumption for industrial consumers was regulated in 2012 through decrees 158/012 and 433/012. A further auction for solar was conducted in 2013 through a decree. Net metering for small wind power, solar, biomass and mini hydro systems is allowed since 2010 by Decree 173/010 on microgeneration. UTE is mandated to buy at retail price all the excess electricity produced by consumers for a period of ten years.

In 2023, the regulations of the wholesale electricity market in Uruguay were modified and renewable energies were recognized as firm power, which has enabled new projects and contracts between private generators and buyers.

1.7 Environmental and Renewable Electricity Legislation

Complete based on latest available data. Provide an overview of key national laws and regulations specifically targeting environmental protection, climate change mitigation, and renewable energy development. Include national targets for renewable energy, greenhouse gas emissions, or energy transition timelines. Identify whether the legal framework enables or restricts renewable electricity tracking mechanisms or certificate-based support systems. Specify if any policies require disclosure or verification of renewable electricity usage.

The Ministry of the Environment was created by Article 291 of Law No. 19,889 of July 9, 2020, as a Secretariat of State with exclusive competence in environmental matters. Within the Ministry, the National Directorate of Environmental Quality and Assessment is in charge of evaluating renewable energy projects for approval, as well as monitoring their operation and adherence to applicable laws. Uruguay has in place different laws related to the environment, use of water, sound emissions, cultural heritage, use of land, that can apply to renewable energy installations.

1.8 Existing/Planned Certificate or Support Systems

Complete based on latest available data. This section should describe policy frameworks or programs that affect environmental attribute ownership, use, or transfer such as existing certificate systems, support schemes, or relevant energy/environmental regulations. Include any restrictions on registry use or standard adoption that could impact I-REC(E) issuance.

In 2022, the Ministry of Industry, Energy and Mining (MIEM) and UTE developed the Renewable Energy Certification System. This system allows companies that purchase electricity, that so wish to obtain certificates with the traceability of the electric energy associated with the renewable sources used.

Customers with large consumer or medium consumer tariffs and non-residential consumers may request the assignment of certificates associated with their consumption through the system. These customers represent 41% of electricity demand in Uruguay.

The system certifies electricity from utility-scale biomass, solar PV, wind and hydro plants, connected to the grid. It also allows plants of 1 MW or more that are prosumers, to request certificates for their plants, under certain conditions. The system does not cover generators that do not comply with these conditions (plants smaller than 1 MW in size owned by businesses or residential customers for self-consumption; for example; small solar generated 50,8 GWh of electricity in 2022).

Uruguay's CERs cannot be used for SBTi, CDP, or other existing programs in the international market, as they have not yet been approved by these organizations. Therefore companies that wish to conform to these or other programs, are purchasing I-RECs: in 2023 over 54 thousand I-RECs were purchased by companies in Uruguay, and that figure has almost been already reached by February 15 2024.

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1.9 Extent of Engagement with Government

Complete based on latest available data. Detail the level and nature of engagement that has occurred between the I-TRACK Foundation and the national government or relevant authorities. Include timelines, types of engagement (e.g., meetings, workshops, official correspondence), and the government's responsiveness or expressed interest. Mention any memoranda of understanding (MOUs), letters of support, or formal working groups. This section should demonstrate the groundwork laid for the national implementation of an attribute tracking system.

We have spoken about Uruguay's current certification system (the Renewable Energy Certification System) with an official from the National Energy Directorate involved with this certification system development. The objective of the meeting was to learn more about the System and which types of generators are currently covered and which are not. The main takeaway was that Uruguay's system does not cover certain types of generators (mentioned previously) and due to technological challenges, there is no plan to include them in the system in the future.

1.10 Expected Response from Government

Complete based on latest available data. Based on past engagement and current political or institutional alignment, outline the anticipated position of the government regarding the introduction and operation of an attribute tracking system. Indicate the expected level of support or resistance, any political sensitivities, and if further action (e.g., additional approvals or consultations) will be required. If known, describe the timeframe for official decisions or responses.

Uruguay has been a leader in renewable energy adoption in Latin America and the Caribbean, and has often been used as an example and featured extensively in international publications. Government officials take pride in Uruguay's renewable energy adoption, and the possibilities it creates for another energy transition involving green hydrogen and derivative products. Given Uruguay's renewable energy leadership position; that the I-REC for Electricity is the leading tracking standard international extensively used in developing countries; and that there are companies in Uruguay already purchasing I-REC certificates but unable to do so from local generators; we expect a positive response from Uruguay's Government to adding Uruguay to the long list of countries where I-REC certificates can be issued.

1.11 Proposed Restrictions

Complete based on latest available data. Outline any country-specific limitations or restrictions that should be considered to preserve the environmental integrity of the tracking system and to avoid double issuance or double counting of environmental attributes. This may include restrictions on eligible generation types, limitations based on grid connectivity, or requirements for certain government approvals. Indicate whether certain products or participants should be excluded based on existing national practices, policies, or registry rules.

Given that Uruguay's Renewable Energy Certification System is in place since fairly recently, we suggest a two phase implementation for I-REC certificates in the country. In the first phase, I-REC certificates could be issued by all generators not covered in Uruguay's current system. In the second phase, generators currently covered in Uruguay's system (utility-scale wind, solar and biomass) can propose to opt-out of Uruguay's system (which they did not opt in to initially) and choose to generate certificates under the I-REC tracking standard. The first phase is easier to implement than the second, therefore we propose a two-part implementation timeline.

1.12 Any Other Relevant Information

Complete based on latest available data. Include any additional context or data that may support the assessment and decision-making process. This may cover market developments, regional initiatives, bilateral agreements, stakeholder feedback, potential risks, or lessons from other certificate systems in the country. Use this section to clarify uncertainties, flag known implementation challenges, or provide qualitative insights not covered in earlier sections.

Uruguay has an ambitious Green Hydrogen Roadmap (https://www.gub.uy/ministerio-industria-energia-mineria/green-hydrogen) and there are projects that have already been announced and are advancing in the development phase. Given the importance of certifying green hydrogen and derivative products, for export to Uruguay's potential trade partners (EU countries for example), we believe that now is an excellent time for

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The International Tracking Standard Foundation to begin operations in the country.

1.13 Author

Complete all fields.

Organization Name		Renovus Clean Energy Tech	
Signature			
Name (BLOCK CAPITALS)		DIEGO BLIXEN	
DATE	20	09	2024

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