BUENOS AIRES, FEBRUARY 4, 2003

RESOLUTION ENARGAS Nr. 2793

PURSUANT TO law Nr. 24076, Resolution ENARGAS Nr. 139/95, Resolution ENARGAS Nr. 2603/02 and Resolution ENARGAS Nr. 2629/02 and,

WHEREAS:

Since devaluation of the national currency, the cost of an onboard CNG fuel system has dramatically gone up, especially due to the sensitive increase in the cylinder price, which resulted in more thefts of these cylinders.

That this type of practice jeopardizes people integrity, both when the theft is being committed and during the subsequent use of CNG vehicle installations performed at workshops that have not been approved by Fuel System Suppliers.

In order to deter the previously mentioned unlawful acts, the Regulatory Authority announced Resolution ENARGAS Nr. 2603/02 to discourage the commercialization of elements of suspicious origin.

Its implementation resulted in the opening of the CNG Centralized IT System (SIC GNC) which offers queries mechanisms for the individuals and legal entities involved in the system and users enabling at the same time, the identification of vehicle installation through records of CNG propelled motor vehicles.

Vehicle installation components can be identified by their serial numbers and homologation codes.

Even though the result of this Resolution was as expected, the use of forged stickers for whitewashing stolen elements constitutes a potential risk for the general safety of the public and for the users' safety in particular.

At the same time, present CNG market conditions foresee an increase in CNG fueled vehicles in the car fleet, owing to the marked difference between CNG fuel price and that of liquid fuels.

To reinforce control mechanisms, it is advisable to continue working on the implementation of an intelligent system that will make CNG filling operations independent of staff assigned to these operations.

Therefore, and considering that one of the main aims of Resolutions ENARGAS Nr. 139/95, Nr. 2603/02 and Nr. 2768/02 related to the regulation of the CNG system is to achieve an efficient control of CNG propelled Motor Vehicles before filling at qualified Fueling Stations, it is convenient to optimize the control schedule and/or mechanisms through the use of a more efficient technology.

Therefore, in order to increase knowledge of the different technologies available in the market, and meet the requirements of the control

system, it would be convenient to perform a study, with the help of specialists in the issue, to opt for the available technology that will allow for a more efficient control of the activity.

Based on the diversity of available technologies for the implementation of an intelligent control system, it is necessary to make a previous technical analysis supporting the chosen technology.

Therefore, before making any decision and initiating the pertinent procedures for its implementation, it is convenient to gather as much information as possible related to the development and/or existence of "intelligent systems" to optimize control operations, provide a cost-effective alternative for users and at the same time adapt to our own country characteristics.

Thus, the aforementioned study should consider the following:

Precise identification of the motor vehicle and CNG fuel system components installed in the vehicle, upon filling.

Enable CNG filling to every motor vehicle qualified for that purpose.

Prohibit CNG filling to every motor vehicle not qualified for that purpose.

Qualification for CNG filling will not depend on human will, but it will be based on the previous considerations. Verify that storage capacity and technology processing cover all the information provided in the corresponding Technical Sheet form.

Enable Fuel System Suppliers, Installation Workshops and Centers for CNG Cylinders Periodic Inspection to input data into the corresponding control system.

Implement an efficient control of CNG filling points allowing them to timely qualify or disqualify CNG filling easily and quickly.

Improve safety conditions through monitoring and possible record of CNG dispensing pressure and control the volume of dispensed gas based on the qualified storage capacity.

Guarantee the inviolability, unforgeability, impossibility of interchangeability of devices and other characteristics aimed at making the control system more efficient.

Ensure means for preventing and correcting possible damages of the system in filling station point of sales.

Likewise, to maximize the implementation efficacy of an intelligent control system, it is necessary to make a previous survey on the status of cylinders installed in the natural gas fuelled car fleet.

Successful implementation of an intelligent control system before its enforcement - is largely dependent on a deep knowledge of the status of compressed natural gas cylinders installed in CNG fuelled vehicles in Argentina, as a consequence of the importance that the control of this component bears on safety.

Therefore, it is necessary to make a survey of all the cylinders installed in natural gas propelled vehicles in the country.

The cylinder is the most critical registered asset of the installation as regards safety and also the most expensive one.

Therefore, the cylinder is the fuel system component most coveted by thieves, who try to commit different unlawful acts involving its commercialization, based on the marked difference between CNG price and that of other fuels in the market.

Crimes involving the theft of CNG cylinders can also lead to dangers related to the use of such elements illegally or irregularly installed in vehicles, apart from the dangers of the act of theft proper.

For that reason, many stolen cylinders are reinstalled by nonqualified Installation Workshops according to their standard, thus making precarious and dangerous installations that pose a risk to the vehicle passengers as well as to any person close to the vehicle during the filling operation; that is to say, it jeopardizes public safety in general.

The great amount of information that different Organizations specialized on prevention and research on the abovementioned issues (Courts, District attorney's offices, Police Departments), requested to ENARGAS support on the considerations of the previous paragraph. Therefore, ENARGAS continues cooperating to clarify the unlawful acts and to prevent future crimes, for example through the open access to the SIC GNC for Organizations associated to public security as Police Departments, National Border Guard and Argentine Coast Guard.

Likewise, it is worth mentioning many recorded cases of installation of cylinders that had been withdrawn by the Centers for CNG Cylinders Periodic Inspection (CRPC) for not complying with the minimum safety standards and which resulted in serious accidents with terrible consequences.

Likewise, some cylinders in use which were disqualified by the Regulatory Authority for jeopardizing public safety (Kalvanco, Comdyne, Minigas and Bogap cases) may be currently installed in motor vehicles.

The use of the irregularly installed cylinders specified in the previous paragraphs arises from the increase of unlawful methods such as commercialization of forged stickers.

As indicated in the Report GD/GA/ASI/GRI/GAL Nr. 92/02, cylinders with adulterated standardized marking were detected; thus, said survey will also be useful for controlling them.

It may also be used to verify that cylinders data entered into the SIC GNC by the CNG Fuel System Suppliers and the user's documentation of the fuel system corresponds to data surveyed by the intended control. The current CNG market conditions anticipate a high increase of CNG propelled car fleet due to the marked difference between its price and that of liquid fuels and to the government's decision to encourage its use in order to obtain liquid fuels exports balances.

In Resolution ENARGAS Nr. 2760/02, the Regulatory Authority ordered the publication of new CNG cylinders in its webpage after their approval by a Certification Organization and before their commercialization; thus strengthening controls before installation by making Fuel System Suppliers consult the data base before qualifying any new cylinder.

After the step mentioned in the previous paragraph, it is necessary to improve the control of already installed CNG cylinders before implementing an intelligent control system.

Therefore, it is necessary to revamp the CNG Centralized IT System (SICGNC) implemented through Resolution ENARGAS Nr. 139/95 so as to gradually turn it into an intelligent system enabling improved activity controls through the exchange of information related to vehicle installation provided by each person or legal entity involved in the system. This need to improve the system has been stated in Resolution ENARGAS Nr. 2603 in which the CNG equipment is considered a registered asset.

With the aim of reorganizing ENARGAS data base produced by the different individuals and legal entities involved in the system and to encourage the successful implementation of an intelligent control system of natural gas propelled car fleet, it is convenient to know the real status of installed CNG cylinders, before said implementation.

Therefore, a commission made up by staff of this Control Entity and headed by Eng. Osvaldo Sala as Director must be created to analyze the feasibility of the survey mentioned in the previous paragraph and in case it is feasible, provide the necessary methodology for materializing it.

The ENTE NACIONAL REGULADOR DEL GAS is empowered to issue this Resolution by virtue of the stipulations contained in section 42 of the National Constitution and section 52 subsections a), b) and x) of law 24076

Therefore;

THE ENTE NACIONAL REGULADOR DEL GAS BOARD OF DIRECTORS RESOLVES:

Section 1 – To order the creation of a "Technical Commission for the Analysis of Intelligent System Technologies" enabling the development of a comprehensive improvement of the natural gas propelled car fleet control.

Section 2 – Said Commission will invite experts from National Universities to take part in its activities.

Section 3 – To order the feasibility analysis and the subsequent implementation of a mandatory survey of all CNG cylinders installed in the car fleet.

Section 4 – To make up a Technical Commission with ENARGAS staff and headed by Eng. Osvaldo Sala, entrusting the feasibility analysis mentioned in the preceding Section and the establishment of the potential methodology and the subsequent implementation of such survey.

Section 5 – Communicate, publish, deliver to the NATIONAL BUREAU OF OFFICIAL REGISTRY and file.

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