Mexico’s Energy Regulatory Commission: Challenges and Opportunities in Reforming the Energy Industry

Guillermo I. García Alcocer
Chairman

April 20th, 2017
Panama
“In terms of scope, depth and space of implementation, Mexico’s energy reform ranks as the most ambitious energy system transformation worldwide in a long time”

Paul Simons, International Energy Agency (IEA), Deputy Executive Director (February, 2017)*

The Energy Reform ended the long-decades monopolies in the sector

Interest (trust) shown by international investors

Incorporates lessons learned and best international practices

Will boost oil production, increase the share of renewable energy sources and increase energy efficiency

* Source: IEA, 2017. Active competition key policy to Mexico’s successful energy reform
The International Energy Agency’s special report “Mexico Energy Outlook” compares the estimated benefits of the Energy Reform by 2040, with a No Reform scenario.

<table>
<thead>
<tr>
<th>NO REFORM</th>
<th>REFORM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil production would be around 1 mb/d lower than in the Reform scenario.</td>
<td>Oil and gas production will increase and petroleum product imports will decrease.</td>
</tr>
<tr>
<td>Electricity rates for industrial consumers would be 14% higher in 2040.</td>
<td>Lower electricity rates for industrial consumers.</td>
</tr>
<tr>
<td>The cost of generating and delivering electricity to the residential sector would be 16% higher; the additional accumulated subsidy would be 50 billion dollars.</td>
<td>Subsidies will be gradually phased out by 2035.</td>
</tr>
<tr>
<td>Mexico would not meet its clean energy targets, nor its GHG emissions reduction goals.</td>
<td>Mexico will meet the 35% clean power generation target by 2024 and reduce its GHG emissions.</td>
</tr>
<tr>
<td>Mexico’s economy would be 4% smaller.</td>
<td>Mexico’s economy will double, it will be more efficient and its energy intensity will improve.</td>
</tr>
<tr>
<td></td>
<td>Energy efficiency standards will significantly decrease Mexico’s energy consumption.</td>
</tr>
</tbody>
</table>

Mexico’s landmark Energy Reform is now a reality, creating significant investment opportunities throughout the entire value chain.

**Estimated Investment:** 242 billion dollars

**Committed Investment:** 70 billion dollars (30 billion more in 2017)

**Hydrocarbons “Rounds One and Two”**

**Round 1:**
- 1st Tender: 2.7 billion USD
- 2nd Tender: 3.1 billion USD
- 3rd Tender: 1.1 billion USD
- 4th Tender: 34.4 billion USD
  - Tríón: 11 billion USD

**Round 2:**
- 1st Tender: 11.3 billion USD
- 2nd Tender: 5.0 billion USD
- 3rd Tender: 1.0 billion USD
- Seismic data: 2.5 billion USD

**Natural Gas and Petroleum Products**

- Gas pipelines: 16 billion USD
- Petroleum Products: 16 billion USD
  - Transportation and Storage: 4.0 billion USD
  - Distribution and Retailing: 12.0 billion USD

**Power Sector**

- First Power Auction: 2.6 billion USD
- Second Power Auction: 4.0 billion USD
- Generation: 98.7 billion USD *
- Transmission: 15.3 billion USD *
- Distribution: 17.7 billion USD *

A total of **82 companies** from **18 countries** have won contracts for the development of hydrocarbons and electricity projects.

*Total expected investment by PRODESEN throughout 2030. Source: Mexico’s Ministry of Energy*
The Energy Regulatory Commission (CRE) has become the regulator of the mid and downstream segments of the oil and gas value chain, as well as the electricity supply chain.
The energy reform laid the foundations for an open and competitive natural gas market

1. **Enhance**
   natural gas availability throughout the country

2. **Separate**
   pipeline transportation from natural gas commercialization

3. **Establish**
   open access and pipeline capacity reserve conditions

4. **Issue**
   asymmetric regulation for high market concentration and in case of price distortions (First-Hand Sales in the south, gas release program)

5. **Publish**
   volumes, prices, discounts, locations and trade information for retailing and commercialization of natural gas
Mexico’s Gas Pipeline Network will expand considerably from 2012 to 2019

Total expected investment

16 billion dollars

New transportation infrastructure by 2019, according to the Five Year Gas Pipeline Plan:
• 10 new strategic gas pipelines
• 2 social coverage gas pipelines
• 7 interconnection points with the US
• 1 interconnection with Central America

*Participation of American and Canadian capital in Mexico’s Gas Pipeline Network

Geographic Areas of Natural Gas Distribution*

Total investment**

1,847 Million dollars

Pipeline network

52,818 kilometers

Geographic Areas in Operation

Geographic Areas with Construction permits

*/ Units in million dollars (USD)

**/ Investment corresponds to Geographic Areas in Operation. Geographic Areas with Construction permits estimate an investment of 42.3 million dollars.
The distribution of natural gas has been considered a natural monopoly. However, if the relevant market is defined as the consumption of energy, we observe that it doesn’t have most of the characteristics of a monopoly.
The Gas Release Program, an asymmetrical regulation instrument to Pemex, seeks to promote the participation of new stakeholders in the industry.

Contracts that represent 30% of the volume and will remain as customers of Pemex.

Contracts that represent 70% of the volume and will be available for release.

Public Act (random selection of contracts)

Total commercialization portfolio: approximately 3.6 bcf
Deadline for the reception of applications: March 10th, 2017

Release portfolio: approximately 2.5 bcf

- **Phase I**
  - 20% of the volume (0.7 bcf)
  - February 1st, 2017

- **Phase II**
  - 20% of the volume (0.7 bcf)
  - Date to be defined

- **Phase III**
  - 30% of the volume (1.1 bcf)
  - Date to be defined

OUTCOMES OF PHASE 1:
- Contracts subject to release: 111 contracts (758 Mcf)
- Contracts that remain with Pemex: 133 contracts (1,104 Mcf)

Process duration: at least one year

CRE will be able to merge Phase II and Phase III and reduce the time-lapse between them.
On February 17th of 2017, CENAGAS executed the first annual auction of import pipelines’ capacity. A total capacity of 718 Mcf/d was offered, of which, 29.2% (210 Mcf/d) was allocated.

**Results**

- **Fábrica de Envases de Vidrio de Potosí**
  - Requested injection point: NET ETP – Delmita Los Ramones
  - Requested capacity: 3.96 Mcf/d
  - Overprice offered: 1.05 USD/Mcf
  - Granted capacity: 3.96 Mcf/d

- **Industria de Alcali (Grupo Vitro)**
  - Requested injection point: NET ETP – Delmita Los Ramones
  - Requested capacity: 15.79 Mcf/d
  - Overprice offered: 0.00000 USD/Mcf
  - Granted capacity: 15.79 Mcf/d

- **BP Energía de México**
  - Requested injection point: NET EFM – Nueces – Los Ramones
  - Requested capacity: 181 Mcf/d
  - Overprice offered: 0.01050 USD/Mcf
  - Granted capacity: 181 Mcf/d

- **BP Energía de México**
  - Requested injection point: NET DCP-Gulf Plais Los Ramones
  - Requested capacity: 9.52 Mcf/d
  - Overprice offered: 0.01050 USD/Mcf
  - Granted capacity: 9.52 Mcf/d

The awarded contracts will be valid from July 1st, 2017 to June 30th, 2018.

As a result of this process, BP, the largest natural gas trader in North America, begins its participation in the national market. Also, Mexican industries have begun to diversify their portfolio options to satisfy their supply needs.

*Mcf/d: one million of cubic feet per day*
76% of Mexican households use Liquefied Petroleum Gas (LPG) as the main fuel for cooking and water heating, followed by firewood with 16% of households.

The government has various tools to promote a competitive environment in the LP Gas industry.

1. **Provide** accurate and timely Information + transparency
2. **Incorporate** storage capacity with open access
3. **Establish** new forms of distribution
4. **Encourage** the replacement of firewood with LPG
5. **Deregulate** LPG prices by 2017

Source: Encuesta Nacional de Ingresos Gastos de los Hogares (ENIGH), 2014 and CONEVAL 2015.
2016-2017 LPG planned investment per state* (in thousands of pesos)

<table>
<thead>
<tr>
<th>State</th>
<th>Distribution</th>
<th>Retail</th>
<th>Transport</th>
<th>State</th>
<th>Distribution</th>
<th>Retail</th>
<th>Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aguascalientes</td>
<td>--</td>
<td>2,587</td>
<td>--</td>
<td>Nuevo León</td>
<td>10,781</td>
<td>3,973</td>
<td>197,603</td>
</tr>
<tr>
<td>Baja California</td>
<td>13,364</td>
<td>12,871</td>
<td>--</td>
<td>Oaxaca</td>
<td>--</td>
<td>917</td>
<td>--</td>
</tr>
<tr>
<td>Baja California Sur</td>
<td>50,000</td>
<td>--</td>
<td>--</td>
<td>Puebla</td>
<td>--</td>
<td>4,916</td>
<td>--</td>
</tr>
<tr>
<td>Chiapas</td>
<td>13,858</td>
<td>2,174</td>
<td>--</td>
<td>Querétaro</td>
<td>--</td>
<td>2,417</td>
<td>--</td>
</tr>
<tr>
<td>Chihuahua</td>
<td>20,127</td>
<td>5,215</td>
<td>--</td>
<td>Quintana Roo</td>
<td>2,469</td>
<td>334</td>
<td>--</td>
</tr>
<tr>
<td>Ciudad de México</td>
<td>--</td>
<td>781</td>
<td>--</td>
<td>San Luis</td>
<td>--</td>
<td>725</td>
<td>--</td>
</tr>
<tr>
<td>Coahuila</td>
<td>21,385</td>
<td>5,260</td>
<td>--</td>
<td>Potosí</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Durango</td>
<td>--</td>
<td>677</td>
<td>--</td>
<td>Sinaloa</td>
<td>--</td>
<td>--</td>
<td>31,318</td>
</tr>
<tr>
<td>Estado de México</td>
<td>6,085</td>
<td>33,774</td>
<td>--</td>
<td>Sonora</td>
<td>--</td>
<td>20,250</td>
<td>4,000</td>
</tr>
<tr>
<td>Guanajuato</td>
<td>4,000</td>
<td>14,745</td>
<td>--</td>
<td>Tabasco</td>
<td>--</td>
<td>1,158</td>
<td>--</td>
</tr>
<tr>
<td>Guerrero</td>
<td>--</td>
<td>1,043</td>
<td>--</td>
<td>Tamaulipas</td>
<td>6,100</td>
<td>2,271</td>
<td>--</td>
</tr>
<tr>
<td>Hidalgo</td>
<td>4,858</td>
<td>11,044</td>
<td>--</td>
<td>Tlaxcala</td>
<td>3,920</td>
<td>6,325</td>
<td>--</td>
</tr>
<tr>
<td>Jalisco</td>
<td>--</td>
<td>7,869</td>
<td>--</td>
<td>Veracruz</td>
<td>23,923</td>
<td>12,098</td>
<td>--</td>
</tr>
<tr>
<td>Michoacán</td>
<td>--</td>
<td>10,159</td>
<td>--</td>
<td>Yucatán</td>
<td>--</td>
<td>307</td>
<td>--</td>
</tr>
<tr>
<td>Nayarit</td>
<td>--</td>
<td>1,487</td>
<td>1,275</td>
<td>Zacatecas</td>
<td>604</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

* Information up to February 16th, 2017

Activity Total investment (thousand pesos)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>181,475</td>
</tr>
<tr>
<td>Retail</td>
<td>165,377</td>
</tr>
<tr>
<td>Means of transport other than pipeline</td>
<td>234,196</td>
</tr>
<tr>
<td>Total</td>
<td>581,048</td>
</tr>
</tbody>
</table>
Prior to the Reform, Mexico’s fuel retail model generated significant inefficiencies:

**Fixed Price Regime**
- National single price (prevented adequate cost recognition on a regional basis)
- Fluctuations of international prices were reflected with a delay
- Lack of efficient price signals resulted in underinvestment throughout the value chain
- The excessive subsidy benefited the population with the highest income (200 billion pesos per year)

**Pemex did not recover logistical costs**
- Pemex lost resources for unacknowledged logistical costs in the overall gas price

**Underinvestment in the industry**
- Limited infrastructure: low capacity and vulnerability (extreme weather events)
- Lack of incentives to improve service quality in gas stations
- 40% of municipalities do not have gas stations
Fuel price flexibility will trigger significant investments and create new jobs at the retail level. Also, it will enhance fuel availability and supply security for consumers.

Source: US Department of Transportation, Country Meters, "Global Health Observatory Data Repository" by World Health Organization (ONU); "Anuario estadístico de 2016" published by Agencia Nacional del petróleo, gas natural y biocombustibles.
Logistical routes for imports and supply of gasoline in Mexico

Cost of transporting one barrel of gasoline:
- Pipeline
- Vessel (2 times pipeline cost)
- Train (6 times pipeline cost)
- Tank truck (14 times pipeline cost)
Fuel price liberalization strategy in Mexico

- **MAR-30th-2017**
  - Baja California
  - Sonora

- **OCT-30th-2017**
  - Baja California Sur
  - Durango
  - Sinaloa

- **JUN-15th-2017**
  - Chihuahua
  - Coahuila
  - Nuevo León
  - Tamaulipas
  - Municipio de Gómez Palacio, Durango

- **NOV-30th-2017**
  - Aguascalientes
  - Ciudad de México
  - Colima
  - Chiapas
  - Estado de México
  - Guanajuato
  - Guerrero
  - Hidalgo
  - Jalisco
  - Michoacán
  - Morelos
  - Nayarit
  - Puebla
  - Querétaro
  - San Luis Potosí
  - Oaxaca
  - Tabasco
  - Tlaxcala
  - Veracruz
  - Zacatecas

- **DEC-30th-2017**
  - Campeche
  - Quintana Roo
  - Yucatán
The opening of refined product logistics (gasoline, diesel and jet fuel) has triggered the interest of new investors in the energy sector.

**Monterra Polyduct**
- Route: Tuxpan, Veracruz - Tula, Hidalgo
- Project: 1 storage terminal and 1 polyduct
- Diameter and length: 18 inches and 270 Km
- Operational capacity: 100 thousand barrels per day
- Will transport: gasoline, diesel and jet fuel
- Final ruling: July 1, 2016
- Opening: Second half of 2018
- Estimated investment: 600 million USD

**Polyduct INI4**
- Route: Tuxpan, Veracruz — Tizayuca y Tula, Hidalgo
- Project: 3 storage terminals, 1 polyduct and 3 pumping stations
- Diameter and length: 24 inches and 265 Km
- Operational capacity: 140 thousand barrels per day
- Will transport: gasoline and diesel
- Final ruling: 20 working days after the deadline for receipt of applications
- Opening: First trimester of 2018
- Estimated investment: 350 million USD

**Frontera-Norte Polyduct**
- Route: Corpus Christi, Texas — Nuevo Laredo, Tamps. — Santa Catarina, Nuevo León
- Project: 4 storage terminals and 1 polyduct
- Diameter and length: 12 inches and 242 Km (USA) and 218 Km (Mexico) = 460 Km
- Operational capacity: 90 thousand barrels per day
- Will transport: gasoline, diesel and jet fuel
- CRE's approval (TA): March 10, 2016
- Final ruling: May 23, 2016
- Opening: First trimester of 2018
- Estimated investment: 500 million USD

In September 2016, Novum Energy completed México's first private import of diesel fuel. Transportation of the diesel into Mexico was by road for a mining company.
CRE also grants permits for transportation of petroleum products by means other than pipeline, such as railways.

**Ferrocarril Mexicano, S. A. de C. V.**
**Permit:** PL/12953/TRA/OM/2015
**Destinations:** Guadalajara, Jalisco; Chihuahua; Piedras Negras; Nogales, Sonora; Baja California and Manzanillo, Colima.

**Kansas City Southern de México, S.A. de C.V.**
**Permit:** PL/12952/TRA/OM/2015
**Destinations:** Puebla, Puebla; Distrito Federal; Tampico y Ciudad Madero; Tamaulipas; Lázaro Cárdenas, Michoacán; Durango, Durango; Minatitlán y Coatzacoalcos, Veracruz; Salina Cruz, Oaxaca; Tula de Allende, Hidalgo, as well as Salamanca and Irapuato, Guanajuato.

**Ferrosur, S. A. DE C. V.**
**Permit:** PL/12954/TRA/OM/2015
**Destinations:** Veracruz and Coatzacoalcos, Veracruz.

**Línea Coahuila Durango, S.A. de C.V.**
**Permit:** PL/13373/TRA/OM/2016
**Destinations:** Durango, Durango.

**Ferrocarril del Istmo de Tehuantepec, S. A. de C. V.**
**Permit:** PL/13551/TRA/OM/2016
**Destinations:** Valladolid and Mérida, Yucatán.

In the first quarter of 2017, for the first time, Pemex started importing diesel and gasoline by train.
- **Operating capacity:** 240 thousand barrels
- **Destination:** San José Iturbide, Guanajuato
- **Terminal:** Gas Natural del Noroeste S.A. de C.V. operated by Grupo SIMSA
- **Permit holder:** Kansas City Southern de México, S.A. de C.V.

Storage plan for hydrocarbons K’eri (5 rail port)
- **First Rail port:** Aguascalientes
- **Investment:** 900 millones de pesos
- **Started construction:** en 2 meses
- **Volume:** solicitarán permiso para 220 mil barriles
- **Influence Zone:** Zacatecas, San Luis Potosí, Aguascalientes

**Investment:** 1.5 billion dollars
Gasoline and diesel storage is a business line which is also drawing investment attention

1. **Cabo Fuels Las Torres, S.A. de C.V.**
   - Capacity: 7,296 bls.
   - Investment: 24.6 million pesos
   - Location: La Paz, Baja California Sur

2. **Combustibles de Oriente, S.A. de C.V.**
   - Capacity: 5,606 bls.
   - Investment: 143.3 million pesos
   - Location: Matamoros, Tamaulipas

3. **Hydrocarbon Storage Terminal, S.A.P.I. de C.V.**
   - Capacity: 280,500 bls.
   - Investment: 1,073.4 million pesos
   - Location: Acolman, Estado de México

4. **Interport FTZ S.A. de C.V.**
   - Capacity: 280,500 bls.
   - Investment: 1,073.4 million pesos
   - Location: Acolman, Estado de México

5. **Gas Natural del Noroeste S.A. de C.V.**
   - Capacity: 48,000 bls.
   - Investment: 380.3 million pesos
   - Location: San José de Iturbide, Guanajuato

6. **Orizaba Energía, S. de R.L. de C.V.**
   - Capacity: 2,310,000 bls.
   - Investment: 2,308.8 million pesos
   - Location: Tuxpan, Veracruz

7. **VOPAK México, S.A. de C.V.**
   - Capacity: 415,190 bls.
   - Investment: 787.1 million pesos
   - Location: Veracruz, Veracruz

8. **Hidrocarburos del Sureste, S.A. de C.V. (Distribución)**
   - Capacity: 450,000 bls.
   - Investment: 766.1 million pesos
   - Location: Progreso, Yucatán

9. **Comercializadora Larpod, S. A. de C. V. (Distribución)**
   - Capacity: 11,007 bls.
   - Investment: 19.2 million pesos
   - Location: Puerto Madero, Chiapas

10. **Bulkmatic de México (Distribución)**
    - Investment: 1 billion pesos
    - Location: Salinas Victoria, Nuevo León

11. **Bulkmatic de México (Distribución)**
    - Investment: 1 billion pesos
    - Location: Tula, Hidalgo

---

*Storage permits granted*  
*New storage projects in development*  
*CFE power stations with available capacity for investment*  
*Pipelines*
Furthermore, the new business environment allows greater competition and differentiation in product supply, services and retail prices at gas stations in Mexico.
A key tool to enhance the consumer’s empowerment and price monitoring is the mobile application "Gaso-App"

1. The app updates based on the user’s location.
2. The app displays the closest gas stations from the user.
3. By selecting the icon of a gas station, information on their products, prices, permit number and address will be displayed. Also, the app allows to rate the station’s service.
4. It will be possible to submit a report with a picture to CRE when the offered prices do not match those published in the app.
Energy production and use accounts for two-thirds of GHG emissions at a global level. In this regard, Mexico is working closely with the international community to meet multilateral climate goals.

**PARIS2015**

Conférence des Nations Unies sur les Changements Climatiques

COP21·CMP11

- **<2 °C** max global average temperature increase
- **187** signatory countries are invited to submit their INDCs*
- **55%** ratification instruments
- + **55%** of global GHG* conditions for entry into force¹

On March 28th, 2015, Mexico became the first developing country to present its INDC. Mexico has committed to:

- **25%** Unconditional reduction of its Greenhouse Gases and Short Lived Climate Pollutants emissions by 2030
- **Up to 40%** Conditional reduction subject to a global agreement providing an international price on carbon, access to financing and technology transfer

On **September 21st, 2016**, Mexico ratified the Paris Agreement

---

On September 22nd, 60 Parties have ratified accounting for 47.6% of the total GHG emissions.

* INDC: Intended Nationally Determined Contributions; GHG: Greenhouse Gas

**NORTH AMERICAN LEADERS’ SUMMIT**

Ottawa 2016

- **45%** reduction of methane emissions in North America by 2025
- **50%** of clean power generation by 2025

Collaborating on cross-border transmission projects

- At least 6 transmission lines currently proposed or in permitting review, such as the Great North Transmission Line, the New England Clean Power Link, and the Nogales Interconnection, would add approximately 5,000 MW of new cross-border transmission capacity.
As a result of the two Long-Term Auctions, 15 states will benefit from the development of new clean energy projects in Mexico.

34 companies from more than 10 countries, including Mexico.

6.6 billion of investment in the coming years.

Increase of 5,000 MW to the current generation capacity in Mexico.

Maximum Price VS Average Price

- **Clean Energy Package (Cumulative Energy + CEL)**
  - **First Auction**
    - Maximum Price: 70 dollars/MWh
    - Average Price: 60 dollars/MWh
    - Saving: 31.4%
  - **Second Auction**
    - Maximum Price: 90,016 dollars/MWh
    - Average Price: 32,258 dollars/MWh
    - Saving: 64.1%

**Increase of 5,000 MW to the current generation capacity in Mexico.**

Companies from more than 10 countries, including Mexico, have committed 6.6 billion of investment in the coming years.

As a result of the two Long-Term Auctions, 15 states will benefit from the development of new clean energy projects in Mexico.
Awarded companies of the two Long-Term Auctions

1st Auction = 11 companies

2nd Auction = 24 companies
Evolution of average solar prices in auctions, January 2010- September 2016

Source: IRENA, 2017
Energy-related opportunities for businessmen and households: Clean Energies

Mexico has a significant, constant and highly predictable renewable potential: a medium annual irradiation of approximately 5.5 kWh/m² per day

Leaders of solar capture in Europe*:
- Sevilla with 4.7 kWh/m²
- Leipzing with 2.7 kWh/m²

Daily average of solar radiation

Source: SIGER, Instituto Nacional de Electricidad y Energías Limpias.
*Sistema Geográfico de Información Fotovoltaica de la Comisión Europea
In December 2016, CRE issued a new set of regulations to foster the sustainable integration of distributed generation nationwide.

Distributed generation installed capacity: **247.6 MW which represent 0.35%** of total capacity

Additional investment of nearly **220 million dollars** in 2016*

Projection for 2017: **202% growth** in installed capacity for distributed generation

Note: Elaborated with information provided by CFE. Preliminary data up to December 31st, 2016.

*Considering an average investment of 1.7 million dollars per MW of installed capacity, according to Bloomberg
Energy-related opportunities for businessmen and households: Clean Energies

A new set of rules for solar rooftops have been developed, promoting the democratization of electricity in Mexico.

- Easier procedures, with very simple contracts
- New contract models for interconnection (net metering, net billing and direct sales)
- Decrease in the response time (18 days max.)

Clean Distributed Generation has the potential of:

- Reducing 1.9 tons of CO2 per year
- Saving 6.6 billion pesos in subsidies, by the incorporation of 5% of Distributed Generation
- Saving 680 million liters of water per year

1 out of 50 new jobs created in the United States come from the solar industry (twice as much as in the coal industry)
The implementation of the Energy Reform is moving towards the consolidation of a dynamic and competitive Wholesale Electricity Market (WEM).

- **Electricity Industry Law (2014)**
- **Energy Transition Law (2015)**
- **WEM Starts Operations (2016)**
- **Creation of CFE’s enterprises (2016)**
- **Universal Electric Service Fund (2016)**
- **Transmission and Distribution Rates 2016-2018 (2015)**
- **WEM’s Operation Rules (2015)**
- **1st and 2nd Long-Term Power Auctions (2016)**
- **Publication of the Grid Code (2016)**
- **CRE assumes market surveillance (2017)**
- **Congress**
- **Assignment of Legacy Contracts (2017)**
- **CRE Basic Supply Rates (2017)**
- **Subsidy policy for Basic Supply Service (2017)**
- **Awarding and Registration of CELs (2018)**
Mexico is taking steps in the right direction in terms of strengthening its transparency, accountability and anti-corruption frameworks. Recent legal reforms and policies are designed to reinforce the rule of law and enable a more attractive business environment.

Establishment of a **National Anticorruption System (NAS)**.

Constitutional amendment and 7 legal reforms.

Streamlined and strengthened procedures focused on preempting, overseeing and penalizing corruption.

**NAS: institutional coordination platform** among federal and local authorities. Checks and balances.

Establishment of a **National Transparency System (NTS)** covering federal, state and municipal authorities.

Steering Committee led by an independent citizen to oversee the NAS’s performance.

New transparency framework enhancing access to public information, increasing the number of regulated entities and promoting open government best practices.
CRE has published online tutorials and initiated a workshop program to explain the application process and issuance of permits. Obtaining a permit is easy, fast and transparent.

Procedures and Online Services

Format for requesting hearings

16 working days, on average, to hold a hearing.
Mexico’s Energy Regulatory Commission: Challenges and Opportunities in Reforming the Energy Industry

Guillermo I. García Alcocer
Chairman

April 20th, 2017
Panama