

MEXICO'S ENERGY REGULATORY FRAMEWORK



CONSTITUTIONAL ENERGY REFORM

- On 2013 Mexico reformed its Constitution in the energy sector (articles 25, 27 and 28) for the first time in the last six decades.



WITH THE CONSTITUCIONAL REFORM

- The exploration and extraction of hydrocarbons, the planning of the electric sector and the public service of distribution and transmission of electricity, are considered as strategic areas.
- Such activities can be made through State Productive Enterprises, or contracts awarded to private entities (except for the planning).
- The oil and hydrocarbons that lay in the subsoil are property of the Nation, and they will be exploited with a purpose to gain additional revenue for the State and contribute to the Nation's long-term development.



SECONDARY ENERGY REFORM

Regulatory Framework

- 21 Laws
- 26 Regulations

State Productive Enterprises

- PEMEX and CFE

Rounds

- Round Zero, Round One Bids

Institutions

- Strengthening of:
 - CRE & CNH
- Creation of:
 - ASEA, CENACE, CENAGAS, FMP

Special Funds

- Investment & National Suppliers Development
- Universal Power Service

ENERGY SECTOR'S REGULATORY COMMISSIONS



Comisión Nacional
de Hidrocarburos

National Hydrocarbons Commission (CNH)

- Own legal personality, with technical and managerial autonomy
- Budgetary self-sufficiency
- Collects geological and technical information from oil and gas fields
- Authorizes recognition services and superficial exploration activities
- Conducts bidding processes, decides on winning bids, awards and signs oil and gas exploration and extraction contracts
- Manages technical aspects of oil and gas assignments and contracts

Energy Regulatory Commission (CRE)



- Own legal personality, with technical and managerial autonomy
- Budgetary self-sufficiency
- Grants permits for transportation, storage and distribution activities through pipelines, of oil, gas, petroleum products and petrochemicals
- Grants permits for electricity generation
- Establishes electricity transmission and distribution rates

ENERGY SECTOR'S REGULATORY COMMISSIONS

Coordinated Regulatory Agencies (CNH / CRE)



Comisión Nacional
de Hidrocarburos

- All sessions, agreements, and resolutions will be **publicly available**.
- Commissioners are not allowed to participate in cases where **conflicts of interest** might arise.
- At least two commissioners must be present at **meetings between regulators and regulated parties**. Meetings' records must be disclosed.
- **Ethics code** (accepting allowances, travel expenses or gifts are strictly prohibited).

