



[TRANSLATION FOR REFERENCE PURPOSES ONLY]

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DECREE amending and adding multiple provisions of the Electricity Industry Law.

(...)

Sole Article. - Articles 3, sections V, XII and XIV; 4, sections I and IV; 12, section I; 26, first paragraph; 53; 101; 108, sections V and VI, and 126, section II are amended; and a section XII Bis to article 3 is added to the Electricity Industry Law, to remain as follows:

Article 3.- ...

I. to IV. ...

V. Legacy Power Facility: Power Facility that is not included in a permit to generate electric energy under the modality of self-supply, cogeneration, small production, independent production or continuous self use, and:

- a) is owned by the bodies, entities or enterprises of the State, and
- b) its construction and delivery are independent to its financial model;

VI. to XI. ...

XII. Electric Hedging Agreement: Agreement between Market Participants through which they obligate themselves to the purchase and sale of electric energy or Ancillary Products on a future and determined time and date, or the performance of payments based on the prices of the same. The Basic Service Suppliers may exclusively execute Electric Hedging Agreements with Commitment to Physical Delivery;

XII Bis. Electric Hedging Agreements with Commitment to Physical Delivery: Agreement between a Basic Services Supplier and a Producer (*Generador*) through which they obligate themselves to the purchase and sale of electric energy or Ancillary Products on a future and determined time and date, with



the commitment to physically deliver the established energy, Ancillary Services or Power, and for which the Producer shall submit to the CENACE the generation schedules of the Power Facilities that are part of the Contract through offers of the fixed schedule in the Wholesale Electricity Market, pursuant to the Market Rules;

XIII. ...

XIV. Legacy Contract for Basic Supply: Electric Hedging Agreement that Basic Services Suppliers shall have the option to execute, with prices based on the respective costs and contracts, that include the electric energy and Ancillary Products of the Legacy Power Facilities and External Legacy Facilities, with commitment to physical delivery;

XV. to LVII. ...

Article 4.- ...

...

I. Grant open access to the National Transmission Grid and the General Distribution Grid in terms that are not unduly discriminatory, when technically feasible;

II. to V. ...

VI. Offer electric energy, power and Ancillary Services to the Wholesale Electricity Market based on unit production costs pursuant to the Market Rules, guaranteeing, first, the Electric Hedging Agreements with Commitment to Physical Delivery and, second, the supply by clean energies, delivering such products to the National Electric System when technically feasible, subject to the instructions of CENACE.

Article 12.- ...

I. Grant the permits referred in this Law, considering the planning criteria of the National Electric System established by the Ministry, and resolve on its amendment, revocation, assignment, extension or termination;

II. to LIII. ...

Article 26.- The Transporters and Distributors are responsible for the National Transmission Grid and General Distribution Grid and will operate their grids in accordance with the instructions from CENACE, who shall consider the priority in the use of these grids for the dispatch of Legacy Power Facilities and External Legacy Facilities with commitment to physical delivery. For the maintenance of the National Transmission Grid and the elements of the General Distribution Grids that correspond to the Wholesale Electric Market, the



Transporters and the Distributors shall be subject to the coordination and instruction of CENACE.

Article 35.- When the works, extensions or changes that are necessary to interconnect or connect are not included in the modernization or extension programs of the National Transmission Grid or the General Distribution Grids, the Producers, Exempt Producers, End Users and/or the applicants to interconnect Power Facilities and the connection of the Load Centers may opt to group between them to undertake them at their expense or make contributions to the Transporters or to the Distributors for their construction and benefit from them, under the terms, condition and methodologies that the CRE fixes through general administrative provisions, pursuant to the following general basis:

I. to V. ...

Article 53.- The Basic Services Supplier may execute Electricity Hedging Agreements through the auctions carried out by CENACE. The terms to carry out such auctions and award the respective Electricity Hedging Agreements shall be provided for in the Market Rules.

Article 101.- Based on the Safety of Dispatch and economic efficiency criteria, CENACE shall determine the allocation and dispatch of the Power Facilities, the Controllable Demand and the import and export programs. Said allocation and dispatch shall be executed independently to the ownership or representation of the Power Facilities, the Controllable Demand or offers to import and export. The foregoing, considering the Electric Hedging Agreements with Commitment to Physical Delivery.

Article 108.- ...

I. to IV. ...

V. Determine the allocation and dispatch of the Power Centrals, of the Controllable Demand and the import and export program, in order to satisfy the electric energy demand in the National Electric System, and maintain the Safety on Dispatch, Reliability, Quality and Continuity of the National Electric System;

VI. Receive offers and calculate the electric energy prices and Ancillary Products that derive from the Wholesale Electric Market, and receive the generation and consumption program associated to the Hedging Agreements with commitment to physical delivery, pursuant to the Market Rules;

VII. to XXXIV. ...

Article 126.- ...

I. ...



II. The Ministry shall establish the criteria to grant them in favor of Producers and Exempt Producers that produce electric energy from Clean Energies. The granting of the Clean Energy Certificates to Power Facilities, shall neither depend on ownership, nor the commercial operations commencement date of the same;

III. to V. ...

Transitory Provisions

First. This Decree shall be effective on the day following its publication in the Federal Register.

Second. Any provision in opposition to the content of this Decree is hereby repealed.

Third. The Ministry of Energy, the Energy Regulatory Commission and the National Center for Energy Control, within their scope of authority, will have a maximum term of 180 calendar days, counted as of the effective date of this Decree, to make the amendments that are necessary to all orders, resolution, guidelines, policies, criteria, manuals and other regulatory instruments issued on electricity matters, with the purpose of making them consistent with the provisions of this Decree.

Fourth. The self-supply permits, with its respective amendments, granted or applied for under the scope of the Electric Energy Public Service Law, that are still in effect, obtained through legal deceit (*fraude a la ley*), shall be revoked by the Energy Regulatory Commission through the relevant administrative procedure. If appropriate, the permit holders may apply for a generation permit, pursuant to the provisions of the Electricity Industry Law.

Fifth. The Contracts of Commitment for Electric Energy Generation Capacity and Sale of Electric Energy executed with independent power producers under the scope of the Electric Energy Public Service Law, shall be reviewed in order to guarantee its lawfulness and compliance with the profitability to the Federal Government requirement established in articles 74, section IV, of the Political Constitution of the United Mexican States, 32 of the Federal Law on Budget and Financial Discipline and 18 of the Federal Public Debt Law. As appropriate, said contracts shall be renegotiated or early terminated.

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