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México Projects Part V: Upcoming CFE Projects¹

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One of the goals of the Mexican Constitutional reforms opening both the oil and gas and electricity sectors to private investment is to make the Comisión Federal de Electricidad (CFE) an “*empresa productiva del Estado*” (a productive state-owned enterprise), standing side-by-side with private enterprise, and continuing to operate as a generator.

Notwithstanding the enactment of any Secondary Legislation by the Federal Congress – which is expected shortly – CFE will continue to be subject to procurement guidelines.

CFE continues to actively contract capacity in the midst of the energy reform, to satisfy projected demand, and install capacity in anticipation of a competitive electricity market. CFE is currently conducting, or expected to commence, bidding processes for the following power projects: (i) Topolobampo II, (ii) Topolobampo III, (iii) La Rumorosa I, II and III, (iv) Baja California II, (v) Noroeste, and (vi) Noreste (Escobedo).

CFE also expects to issue tenders for 700 MW of combined cycle generation capacity in each of the thermoelectric plants at Topolobampo II and Topolobampo III, both in the State of Sinaloa, under the independent power producer (IPP) model. The bidding process is expected to be commenced with the publication of the invitation to bid in August 2014, with commercial operations expected in mid-2018.

The project of the La Rumorosa is comprised of three wind farms for a total capacity of 296 MW (each stage to have capacity of approximately 100 MW +/- 2%) in one of Mexico's windiest regions, Baja California. The winning bidder will build and operate the wind farms under the IPP generation scheme. The tentative schedule for this project is: Bid Submission: July 31, 2014; Award: September 1, 2014; Commencement of Work: December 14, 2014; and Commercial Operations: November 1, 2016.

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CFE is expected to issue a tender for Baja California II, a 268 MW combined cycle capacity IPP project in the same Mexican State of Baja California, with a scheduled commercial operation date in July 2017.

Two more combined cycle plants are expected: the first, Noroeste located in the State of Sonora, and the second, Noreste Escobedo located in the State of Nuevo León. Each is expected to be a combined cycle thermoelectric power plant of 683 MW and 1,034 MW, respectively.

Additionally, CFE has many natural gas pipelines in construction or up for bid. TransCanada is currently developing the El Oro – Mazatlán pipeline, while the Topolobampo – El Encino pipeline is being built by TransCanada (and will service the fertilizer plant being built by Proman Group and Gas y Petroquímica de Occidente). IENova is developing the Sásabe – Guaymas and will begin construction of Guaymas – El Oro in July 2016. These pipelines are expected to meet the LNG capacity needs of CFE for the IPP projects described above and various public financed work power plants.

Finally, the Ojinaga – El Encino pipeline bid package is currently being prepared following receipt of comments from the public at large.

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This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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