



Mexico's Federal Electricity Commission Announces New Projects for US\$10 Billion

On June 23, 2015, Mexico's Federal Electricity Commission ("CFE") announced public tenders in Mexico and the United States for more than 150 billion pesos or almost US\$10 billion of new projects that will be called by the end of the year for completion by 2018. The most important of these 24 projects are the following.

South Texas-Tuxpan Natural Gas Pipeline

A US\$3.1 billion investment is expected for this submarine 42-inch natural gas pipeline with an expected daily transportation capacity of 2.6 billion cubic feet and an approximate length of 800 km and 42 inches in diameter. This project will interconnect with the Tuxpan-Tula and Nueces-Brownsville gas pipelines that are also being tendered. It will satisfy the natural gas requirements of CFE power-generating assets in the States of Tamaulipas and Veracruz, as well as in the eastern, central, and western regions of the country.

The pre-bidding and bidding guidelines will be published in July 2015, and the contract is expected to be awarded in December 2015. The pipeline is expected to be in commercial operation by July 2018.

Nueces-Brownsville Natural Gas Pipeline

The CFE expects a US\$1.5 billion investment for this natural gas pipeline, which will be completely within south Texas in the United States. It will therefore be tendered pursuant to U.S. procedures by means of a request for proposal.

The pipeline's approximate length will be 250 km and is proposed to have a daily transportation capacity equal to the South Texas-Tuxpan Natural Gas Pipeline.

The bidding guidelines will be published in July 2015 so that bidders may submit their proposals in November 2015. The contract is expected to be awarded in December 2015, and the pipeline is expected to be in commercial operation by June 2018.

La Laguna-Aguascalientes Natural Gas Pipeline

A US\$1 billion investment is expected for this pipeline, which will be approximately 600 km long and have a daily transportation capacity of 1.15 billion cubic feet. It will contribute to the natural gas requirements of CFE power-generating assets in the States of Durango, Zacatecas, and Aguascalientes.

The pre-bidding and bidding guidelines will be published in July and August 2015, respectively, with the contract expected to be awarded by December 2015. The pipeline is expected to begin commercial operation by June 2018.

Villa de Reyes-Aguascalientes-Guadalajara and Tula-Villa de Reyes Natural Gas Pipelines

The Villa de Reyes–Aguascalientes–Guadalajara Natural Gas Pipeline will be 355 km long and have a daily transportation capacity of a billion cubic feet. It is expected to contribute to the natural gas requirements of the CFE's power-generating assets in the States of Aguascalientes and Jalisco. A US\$555 million investment is expected for this project.

The Tula–Villa de Reyes Natural Gas Pipeline will have a length of 280 km and a daily transportation capacity of 550 million cubic feet. A US\$420 million investment is expected for this pipeline. The pipeline will interconnect with the La Laguna–Aguascalientes and Tula–Villa de Reyes Natural Gas Pipelines, which will also be tendered.

The pre-bidding and the bidding guidelines for these pipelines will be published in June and July 2015, respectively, and the respective contracts will be awarded in November 2015. The pipelines are expected to be in commercial operation by December 2017.

Southeast Wind Power Station II & III

The CFE expects an investment of almost US\$1.8 billion for the II & III stage of the Oaxaca Wind Power Station, which is expected to begin operations by December 2017. The capacity of the power station, divided into two sections, will be 585 MW.

The pre-bidding and bidding guidelines will be published on July 24 and September 3, 2015, respectively, and the contract will be awarded on March 16, 2016.

SLP Combined Cycle Station

Central Mexico's demand for electricity is expected to increase at an average annual rate of 4 percent between 2014 and 2028; therefore, a combined-cycle power plant will be built in San Luis Potosí with a 790 MW capacity and a US\$864 million investment.

The pre-bidding and bidding guidelines will be published on July 13 and August 21, 2015, respectively, and the contract will be awarded on March 3, 2016. The power plant is expected to begin commercial operations by April 2019.

Other Projects

Other projects include a 42 MW internal-combustion power plant in Baja California Sur with an expected investment of US\$105 million, and the second phase of a geothermal project in Michoacán, Los Azufres III with an expected investment of US\$63 million, as well as nine projects to reduce losses in the distribution of electricity in the central, south, and north-west regions of the country.

Lawyer Contacts

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