

# Energy Regulatory Commission modifies isolated supply regulations

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On December 31, 2021, the Energy Regulatory Commission ("CRE") published in the Official Gazette of the Federation the resolution number A/037/2021 (the "Resolution") whereby the regulations applicable to isolated supply and local generation regimes, which refer to the satisfaction of "own needs".

By way of context, on November 21, 2017, CRE issued resolution number A/049/2017 whereby it established the criterion to interpret the concept of "own needs" that is set forth in Article 22 of the Electricity Industry Law ("EIL"), and whereby the general aspects applicable to the Isolated Supply regime are described.

Pursuant to the EIL, isolated supply can be understood as on-site generation intended to satisfy the consumption needs of load centers (owned by the generator or any entity within its group of economic interest) connected to the power plant through a particular network, with the possibility of being connected to the National Grid ("Grid") for the sale of surpluses and purchase of shortages.

In this regard, it must be noted that the Resolution modified the concept of "own needs" (defined as generation or import of electricity, consumed by load points of the same person, or by one or more persons belonging to the same group of economic interest, or for export) to specify that it must not entail the transmission of electricity through the Grid. This is in line with the provisions of the EIL.

In addition, certain aspects of isolated supply were modified, as described below:

- Adding definitions related to the concepts of "Net Installed Capacity" and "Installed Capacity" for purposes of establishing that the net installed capacity of an isolated supply power plant must be equal to or less than the maximum demand of the load centers associated for the satisfaction of their own needs.
- Setting forth a prohibition to include power plants and load centers under an isolated supply scheme when they are already considered in Legacy Interconnection Contracts, eliminating the possibility of supplying energy under both schemes simultaneously.

- Including of a prohibition to inject to the Grid the electric energy generated in the isolated supply power plant that was not destined to satisfy the needs of the load centers or, even if the demand of these load centers is zero, since surpluses derived from their operation will not be considered. In other words, the injection of energy into the Grid is limited to actual surpluses.
- Establishing that power plants and load centers in isolated supply must register and be represented by Market Participants as long as the particular network does not have an interconnection or connection to the Grid - previously, this requirement was exempted if, having an interconnection or connection, mechanisms were implemented to ensure that there would be no injection of energy to the Grid, such as reverse power protection devices or low consumption protection.
- Finally, the provisions related to connection and interconnection guarantees are modified to eliminate the benefit allowing applicants under an isolated supply scheme to only post the guarantee corresponding to the largest capacity between the power plant and the load point, regardless of whether it is a request for interconnection or connection.

On the other hand, the regulation that was modified by the Resolution permitted a "local generation" regime, which, unlike the isolated supply regime, allowed the satisfaction of consumption needs of End Users that were not part of the economic interest group of the generator. The Resolution eliminates the "Local Generation" regime.

The Resolution came into force on January 1, 2021.

For further detail, you can access the full version of the Resolution [here](#).

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