

# CRE issues regulations in matters of assets' transfer for connection and interconnection

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On January 26, 2024, the Energy Regulatory Commission ("CRE") published the Resolution number A/065/2023 issuing the "General administrative provisions regarding contributions, the methodology for calculating contributions, the criteria and basis for determining and updating the amount for contributions and the corresponding template agreements" (the "Regulations").

The Regulations refer to the contributions provided for in Articles 35 of the Electricity Industry Law and 53 of its Regulations with respect to the construction of specific works, expansions or modifications to the existing infrastructure required for: (i) the connection of new charge centers, or changes in the interconnection point or increase of the contracted demand; (ii) the interconnection of a new power plant, changes in the interconnection point or increase of the contracted capacity; and (iii) the modification of existing facilities derived from a request made by a Generator.

For these purposes, the Regulations include the following framework: (i) a methodology for calculating the contributions and the net present value of the expected collection of the distribution tariff, (ii) the criteria and basis for determining the amount of the contributions, (iii) the template agreement for the payment of the contributions, (iv) the template for the agreement for the assignment of rights to the electricity demand in medium voltage services, (v) the template for the agreement for the assignment of interconnection works, (vi) the template minute for the delivery-reception of works, and (vii) the template of official works' and contributions' budget.

Any person requiring interconnecting or connecting to the grid (the "Applicant") must carry out the connection or interconnection process in terms of the Manual for the Interconnection of Power Plants and Connection of Load Centers. In this context, the National Center for Energy Control ("CENACE") will determine the reinforcement works, expansions and modifications that are necessary for the connection or interconnection and that are not included in the expansion and modernization programs of the electric grid. "Contributions" are defined as "the resources in cash or in kind, that the Applicant delivers to the Transporter or Distributor, as the case may be, for the Connection or Interconnection requested, to benefit from the specific works, expansions or modifications when the costs for their construction are not recovered through the collection of Regulated Tariffs."

The calculation must be notified to the Applicant through the official works' and contributions' budget, which must include the description of the specific works, reinforcement works, extensions or modifications and, if applicable, the metering system, as well as the calculation and amount of the corresponding Contributions, which must be formulated under the criterion of the most cost-efficient technical solution for the Applicant. Subsequently, the Applicant must enter into an asset transfer agreement with the Transporter or Distributor, and the works must be executed under the terms thereof and in accordance with the responsibilities set forth therein.

The Regulations establish the criteria to be applied by CENACE for the calculation of Contributions, which may vary, among others, depending on the voltage level of load centers, a scenario of interconnection of power plants when associated to a load center, installed capacity of the power plant - noting that for those with capacity equal to or greater than 0.5 MW, the total cost will be charged to the Applicant -, voltage levels for grouped requests for connection or interconnection, and voltage and demand levels with respect to metering systems.

The works for the connection of the load center or interconnection of power plants that are located between the connection point or interconnection, respectively, and the electric grids must be transferred to the Transporter or Distributor for their operation and maintenance and therefore will become part of the National Electric System. On the other hand, the works located between the connection or interconnection point and the load center or power plant, respectively, will remain under the ownership of the Applicant, and its operation and maintenance will be under its responsibility.

It is important to mention that the Contributions must be constructed in accordance with the Mexican Official Standards, and applicable technical specifications, regulations, and standards in force, including those determined by the Transporter or Distributor. Once the works are completed, they must be transferred free of charge to the Transporter or Distributor for their operation and maintenance, being subject to the rendering of the public service of electric energy, in the understanding that prior to the reception of the works, they must pass a period of tests to ensure their compliance with the Grid Code and the corresponding regulations. The Applicant will be liable for a period of one year from the date of delivery-reception of the work, for hidden defects and for the recovery in case of eviction.

The Regulations will become effective 365 calendar days after their publication, repealing any provision that opposes their content, including the Regulations of the Public Electricity Service Law in matters of Contributions, the Criteria and basis for determining and updating the amount of the Contributions referred to in Articles 12, 13 and the fourth transitory article of the Regulations of the Public Electricity Service Law, regarding Contributions, issued by Resolution RES/065/2000, published on April 18, 2000, modified by Resolution RES/263/2002 published on December 26, 2002; and the Models of Cash Contribution Agreement, Specific Work Contribution Agreement, Cash and In-Kind Contribution Agreement, and the Agreement for the Assignment of Rights of Electricity Demand in medium or low voltage services, as well as the model of Work Budget Official Letter, approved by Resolution RES/205/2014 and published on June 23, 2014.

The full text of the Regulations (in Spanish) can be accessed at the link [here](#).

For more information, do not hesitate to contact our team of experts in Energy and Infrastructure.

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