Midstream gas opportunities

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The history

1937: large-scale expropriation of petroleum industry assets

1960s: definitive closure
- Whole hydrocarbons industry incorporated into the state-owned monopoly
- Nationalization of electricity industry

1990s: certain activities opened to private participation
- Gas transportation, storage and distribution
- Power generation for self-supply and IPPs
In the past two decades...

- Important transnational (and some national) players, **but**
- Pemex (PGPB) still the dominant player:
  - 90% of transportation infrastructure (SNG, Naco-Hermosillo)
  - Regulatory difficulties: no Chinese walls, no capacity reservation, gas delivery at the door (no “régimen permanente”)
The gas crisis

Source: SENER
The gas crisis

*Critical alerts: 2011-2012*

- Lack of supply from the Southeast
- Lack of infrastructure in the North
- Imports using the Manzanillo LNG terminal: higher prices
- Huge political pressure from the industrial sector (Nuevo León, Jalisco)
History is made...

December 2013:  CONSTITUTIONAL AMENDMENT

PARADIGM SHIFT:

Free market model with regulation where needed

21 transitory articles to guide further legislative and executive action
A new legal framework

After 3 months of Congressional debate:

9 new statutes
(inc. Hydrocarbons Law)

12 amended statutes

New midstream and downstream presidential regulations

Came into force on August 12th

Came into force on November 1st
System operators

New public organism (created last September):

**CENAGAS:** Inherits transportation pipelines and contracts from Pemex

+ Integrated system operator (inc. planning*)

Its mission:

bringing about effective **open access** to the networks

Other **independent** integrated systems’ operators
Open access

- Public capacity availability
- Secondary market
- Chinese walls / unbundling
- Users’ investments
- Fees’ regulation
- Almost no “self-supply” infrastructure
New permits

- Marketing
- Compression
- Decompression
- Liquefaction
- Regasification

Light regulation
Regulatory agencies

The **CRE** is stronger:

- Now independent federal agency, no longer part of SENER (just “coordinated”)
- Commissioners nominated by 2/3 Senate vote (now 7)
- Budgetary provisions
- Self-organization and consultative councils
- Transparency and accountability rules
Safety and the environment

ANSIPAH:

New agency specialized in the hydrocarbons sector, part of the Department of the Environment (SEMARNAT):

- Industrial and operational safety
- Facilities’ dismantling and abandonment
- Waste and emissions control
Gas infrastructure

Gas transportation 2014

Gas transportation 2018
Gas infrastructure

US foreign trade points
Other midstream opportunities

Services now opened for oil, petrochemicals and refined products, via permits granted by the Energy Regulatory Commission (CRE), also under open access conditions.

* Pemex will not transfer current assets
Thank you

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