

Mexico's new *Ley de Servicio Eléctrico*, Electric Power Service Law, has radically changed the terms under which foreign suppliers can participate in the planned system expansion. The new law privatized electrical project construction in Mexico, and provided for private self-generation of electricity by industries for their own use. This simplifies the bidding process for Canadian firms wishing to participate as subcontractors or to supply equipment or materials for these projects. Proposals will now be directed to private sector turnkey "constructors". The *CFE* will continue to implement distribution projects smaller than 230 KV.

ENERGY DIVERSIFICATION

One of the major objectives of the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, over the next ten years is to diversify the energy sources used for electricity generation, and to become less reliant on hydrocarbons in general and fuel oil in particular. The following alternative energy sources are being strongly promoted.

NATURAL GAS

In the past, much of Mexico's natural gas has been wasted. Several major planned power projects will either be gas-fueled or dual-fueled, and some older facilities have been converted. According to the *CFE* data, Mexico City's main generation plant is now 97 percent fueled by natural gas, and the proportion in the Monterrey plant is 60 percent gas. The use of gas has been motivated primarily by environmental considerations and the overall proportion used in the national system as a whole has not yet increased. The recent privatization of natural gas distribution was motivated mainly by the need to transport gas to electricity generating facilities.

SOLAR ENERGY

The direct generation of electricity by solar energy is considered one of the principal alternatives for remote locations. The *CFE* is experimenting with solar technologies, both in the laboratory and in test installations. Photovoltaic systems are considered to have major potential, especially as part of hybrid systems. The *CFE* also reports encouraging progress in its experiments with a "solar basin" at a facility of *Petróleos Mexicanos (PEMEX)*, the national oil company, in Tuzandepeti, Veracruz.