

ELECTRIC POWER EQUIPMENT AND SERVICES

Until recently, the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, was the sole operator of electric power generation facilities. The *CFE* retains a constitutional monopoly as a provider of power to the public, but it has recently announced that it will rely on private sector turnkey projects for about 60 percent of its new facilities.

Since 1992, private companies have been allowed to generate power for their own use. For example, in association with an American firm, *Grupo Alfa* is building a 150 megawatt gas fuelled co-generation plant in Altamira. The project will eventually be expanded to 450 megawatts. *Alfa* plans other co-generation plants, including the 550 megawatt *Planta Eléctrica Grupo Industrial (PEGI)* project in Monterrey.

There are also opportunities for Canadian companies to participate as members of consortia bidding on *CFE* build-lease (BLT) and build-operate-transfer (BOT) contracts. Bidding closed for five new concessions for power generation facilities totalling 1,600 megawatts in July 1996. One of the proposed plants was for a 450 megawatt combined-cycle facility in Monterrey. Two Canadian companies were reportedly among the bidders but the names of the companies involved were not announced. Another combined cycle plant, with a capacity of 225 megawatts, is scheduled to be built near the American border in Río Bravo, Tamaulipas in 2001. Expansions to both the Monterrey and Río Bravo facilities are scheduled over the next several years and in 1998, a new facility is also planned for Altamira, Tamaulipas.

In spite of these ambitious plans, progress has been slow, and no *CFE* power plants have yet been built by the private sector. One problem is that BOT financing is new to Mexico and officials are not experienced in executing contracts once a winning bid has been selected. There is a lack of clear ground rules, including a price schedule for surplus power which must, by law, be sold only to the *CFE*.

These difficulties led to the abandonment of one of the first planned private power projects in Mexico in Coahuila. This was to be a coal-fired plant with a capacity of 350 megawatts, located close to the American border at Piedras Negras. According to media reports, this project, known as *Carbón II*, ran into difficulty when the major partners demanded the right to set rates for electricity generated at the plant in order to pay for costly antipollution equipment required by the government.