

CUSTOMERS

BAJA CALIFORNIA ELECTRIC GENERATION PROJECTS

The *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, announced plans in December 1994, to deal with the shortage of electricity on the Baja California peninsula. The shortfall has been filled temporarily by imports from Southern California Edison under a contract which will run until the summer of 1996.

The two states of Baja California are served by four 75 megawatt thermoelectric plants and six 100-megawatt gas turbine units. According to the *CFE*, the peninsula requires additional generating capacity of up to 800 megawatts over the next several years.

Under the *Ley de Servicio Eléctrico*, Electric Power Service Law, of December 23, 1992, the *CFE* can purchase this power from the private sector on a build-operate-transfer (BOT) basis, provided that a public tender is issued. The *CFE* has said that it will issue appropriate tenders for *El Rosario* and *Mexicali* thermoelectric projects before the end of 1995.

MÉRIDA III POWER PROJECT

Construction of the gas-fueled *Mérida III* plant in Yucatán was due to begin during 1995, but the concession award had not been announced as of early November.

Mérida III will differ from other recent projects in that private companies will be hired to manage and operate the facility after completing construction. The electricity generated at the 440-megawatt plant would then be sold to the *CFE*. This is considered a model for most major power developments in the future.

Concessions for *Mérida III* were originally due to be announced by mid-January of 1995. The delay in the announcement may affect the timetable for construction of the plant, which was due to open in two phases, one in April 1998 and the other in April of the year 2000. The plant is expected to cost about \$1 billion pesos.

A number of foreign companies are included in the list of those bidding for the concession, including four corporations from Japan, three from the U.S., and one each from Germany, Canada, Spain, and Brazil. In addition, most major Mexican engineering companies have also placed bids. According to press accounts, Gutsa is the Canadian company involved.

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Consortia of Mexican and foreign companies will develop most large electric power projects in the future, and will become the biggest purchasers of equipment and services.

Since the electric power company was nationalized in 1964, the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, has been the principal end-user of electric power generation, transmission and distribution equipment. The *CFE* generates approximately 90 percent of Mexico's electric power, and the private sector generates most of the other 10 percent. In August 1995, the *CFE* announced that six new facilities would be put out to tender for private construction.

In 1994, the *Compañía de Luz y Fuerza del Centro (LyF)*, Central Light and Power Company, became an independent utility. It is now responsible for all generation and distribution of electricity in the greater Mexico City area. The limits of its jurisdiction have been determined by technical factors, and do not correspond to any political entity. *LyF* has several major procurements in the planning stages.

In addition, *Petróleos Mexicanos (PEMEX)*, the national oil company, has some power plants to generate electricity for its own use. However, there are no statistics available on power generation by *PEMEX*.

Private companies, including many in the steel, sugar, chemical, metals and cement sectors, now generate their own electric power. A typical example is *HYLSA*, a company that manufactures tin plate and foil. In 1993, it generated about 46 million gigawatt-hours of electricity. In early 1995, new licences were issued for nine new private self-generation or co-generation facilities.

Government plans call for most major new power plants to be built on a turnkey basis by private developers, either on a build-lease-transfer (BLT) or a build-operate-transfer (BOT) basis. As these plans proceed, major multinational corporations and consortia of Mexican and foreign firms will become the major customers for electric power equipment and services in Mexico. The *CFE* will no longer be directly involved in the procurement of equipment for these major projects, although it will continue to implement distribution projects smaller than 230 KV.