

SUPPLYING TO INDEPENDENT POWER PRODUCERS

Canadian companies will now have expanded opportunities to provide construction and engineering services not only to the public utility but a host of new private players in the electricity sector. In May of 1993, new regulations opened the electricity sector to independent power producers. The regulations now make it possible for private firms to build four types of private power plants:

- self-supply plants (those producing power exclusively for the owners' needs);
- independent power-production plants (those producing power to be sold to the state);
- small production plants (those producing power for rural communities); and
- co-generation plants (those producing electricity with vapour).⁴

Taking advantage of the new law, a consortium formed by General Electric, Bechtel and El Paso Natural Gas is currently building a U.S. \$600 million power plant in northern Mexico.

OPPORTUNITIES FOR CANADIAN COMPANIES

Mexico's energy sector, traditionally a lucrative source of construction contracts, has become much more accessible to Canadian contractors with the implementation of the NAFTA. However, developing contracts with Pemex and CFE will require time and commitment to the market.

- To participate in the large turnkey projects being launched by Pemex and CFE, Canadian companies must be prepared to compete with the international and domestic consortia that offer design, construction, operating and financing skills. Smaller firms should consider forming alliances with other Canadian or Mexican companies in preparation for project opportunities.
- Bidding to CFE and to Pemex has all the risks inherent in doing business with a large organization. Tenacity and perseverance are characteristics that are essential when trying to sell to these enterprises. Both have the reputation of issuing call-for-tenders and then letting a considerable amount of time pass before advising bidders that the project has been canceled. It is important to conduct as much research as possible on the project's viability before committing considerable funds to preparing proposals. A local staff member or representative is necessary in order to keep a finger on the pulse of these entities.
- Contact the Canadian Embassy in Mexico City. The staff can assist by identifying key contacts within both CFE and Pemex.

