

1. BACKGROUND

During the last two decades of the 19th century, Mexico began its electrification process, by supplying principally mines, textile firms and other industrial establishments, and later with public lighting in Mexico City and a few homes. By the beginning of this century, there were 177 plants throughout the Mexican territory and several private electrical companies supplying the country's most important cities.

During the era of Porfirio Díaz, foreign investors began to consolidate large electrical firms in Mexico. In 1902, the Mexican Light and Power Co. Ltd. was founded in Ottawa, Canada to create a hydroelectrical plant in Necaxa with a capacity for 31,500 kW, and to supply Mexico City's electricity needs. Later it expanded to supply the states of Puebla, Hidalgo, Mexico and Michoacán. During over 50 years, this company supplied electricity to these places and others that were gradually incorporated to its network.

In the state of Jalisco, operated the Compañía Hidroeléctrica de Chapala, later called Compañía de Chapala. In 1907 it was reorganized under the name of Guadalajara Tramway, Light & Power Co. In 1909, the Compañía Hidroeléctrica Irrigadora de Chapala was founded to substitute the previous companies. By 1928, the hydroelectrical plant of Puente Grande had a capacity 14,400 kW, in addition to the Las Juntas plant with 7,400 kW.

The American and Foreign Power Co. began operating in 1928 by purchasing several existing companies, and began operating under the Compañía Impulsora de Empresas Eléctricas. After a few years, this group had three interconnected systems and four isolated companies.

By 1937, these three large conglomerates had an installed capacity of 628,980 kW. The consumers, however, were not satisfied with the supply of electricity by these companies. Service was defficient, tariffs were high, electricity was scarce and most of rural Mexico and marginal areas of cities were not being targeted at all to receive electricity.

On January 20, 1934, the Government published its initiative to create the Comisión Federal de Electricidad (CFE) in order to respond to these needs. It wasn't until 1937, however, under Presidente Lázaro Cárdenas, that the law creating CFE was passed.

The first major construction undertaken by CFE was the hydroelectrical plant of Ixtapantongo, in the state of Mexico, to supply Mexico City. This was mostly built with German equipment, since other countries, in particular the United States and Canada, were presssuring Mexico through an economic blockage in response to the 1938 nationalization of the petroleum industry. In order to finance this and other projects of CFE, in 1939 a 10% tax was assessed on the consumption of electricity.