

Light and Power Company, to the union. The government reorganized LyF and its three subsidiaries, creating a new company called *Luz y Fuerza del Centro (LyF)*, Central Light and Power. The new company technically remains a government-owned property, but all decisions will be made by union-appointed executives.

Until recently, LyF was operated as a subsidiary of the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, and it was responsible only for distribution of electricity in the Mexico City metropolitan area. As an independent utility, it will now be responsible for generation as well as distribution. Initially, the company is looking for consultants to train its staff. Several tenders for projects to upgrade existing facilities are expected over the next two years, including some BOT projects.

#### Private Power Generation

The *Ley de Energía Eléctrica*, Electric Energy Law, allows private electricity generation for self-use by industrial operations and by small isolated communities. It also permits the development of independent power plants that sell exclusively to the CFE or in export markets.

Four permits for private electricity plants were issued in 1994 and nine more were awarded in early 1995. The plants will generate approximately 167 megawatts and will cost more than US \$160 million.

#### Product Opportunities

There are many opportunities for the construction of power plants for the private sector and for the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission. The greatest opportunities for small- and medium-sized Canadian engineering companies and equipment suppliers are in joint ventures with Mexican or foreign firms that will be bidding on these projects. Canadian companies might also consider forming

consortia with other Canadian companies to enter this market.

Several other thermoelectric generating plants that were originally intended for development by the CFE are likely to be put up for bids for private-sector participation. There are also a number of potential projects for which feasibility studies are in progress or have been recently completed.

intense pressure to modernize its operations and improve efficiency. Both utilities are facing the total removal of government subsidies over the next few years. This creates an opportunity for Canadian companies that can provide technical and consulting services, possibly in partnership with Mexican engineering firms.

### Hydroelectric Projects with Feasibility Studies Completed or in Process

Area	Project	Location	Capacity	Config.	Average Generation in gwh
East	El Ajón	Nayarit	750	3x250	1,630
West	La Parota	Guerrero	765	3x255	1,332
West	Atexcaco	Puebla	120	3x40	336
West	El Gallo	Guerrero	60	2x30	167
West	Copainala	Chiapas	240	3x80	680
Northwest	Soyopa	Sonora	50	2x25	195
East	Arroyo Hondo	Jalisco	170	2x85	366
East	Trojes	Jalisco	8	2x4	41
North	La Ciudad	Durango	110	2x55	240
East	Trigomil	Jalisco	18	2x9	42
East	San Francisco	Jalisco	328	2x164	716
West	Xuchiles	Veracruz	225	3x75	653
West	Omitlán	Guerrero	135	3x45	321
<b>Total</b>			<b>2,979</b>		<b>6,719</b>

Source: Import figures provided by the *Secretaría de Comercio y Fomento Industrial (SECOFI)*, Secretariat of Commerce and Industrial Development.

#### CONSULTING, MAINTENANCE AND RENOVATION

Many of the existing generation plants owned by the *Comisión Federal de Electricidad (CFE)*, Federal Electricity Commission, will be updated in the coming years. The commission has an active program underway to increase the efficiency of all of its existing plants. *Luz y Fuerza del Centro (LyF)*, Central Light and Power, will also be under

#### THE REGULATORY ENVIRONMENT

On December 28, 1994, the Mexican government dismantled the old *Secretaría de Energía, Minas e Industria Paraestatal (SEMIP)*, Secretariat of Energy, Mines, and State-owned Industries, and created a much slimmed-down *Secretaría de Energía (SE)*, Secretariat of Energy. Observers are doubtful that