

Mexico's Ministry of Energy Publishes Short-Term Market Guidelines

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PRACTICES Asia, Energy, Power and Natural Resources, Mexico, Mexico Energy Reform

On June 17, 2016 Mexico's Ministry of Energy ("**SENER**") published in the Federal Gazette the Short-Term Market Guidelines ("**Guidelines**") which will regulate during a first stage the transactions executed in the Real Time Market and Day Ahead Market and during a second stage that will take place between 2017 and 2018 with the Hour Ahead Market. These transactions will be supervised by the National Energy Control Center ("**CENACE**").

The Real Time Market transactions are the ones undertaken in the system resulting from the dispatch instructions given by CENACE for the delivery and reception of power and ancillary services based on the real time conditions of the transmission system.

The Day Ahead Market and Hour Ahead Market are the financially-binding forward transactions scheduled *a priori* that are dispatched in the corresponding day or hour of the day, respectively.

The Guidelines will be important for power plant operators, owners and advisors and other generators of electric power that may be interested in participating in the short-term market, either in the Real Time Market or Hour Ahead Market within the Wholesale Power Market for the purchase and sale of power and ancillary services (e.g., operative reserves, frequency regulation, voltage regulation, etc.) ("**Ancillary Services**").

The purpose of the short-term market is to balance the injections and extractions in each node in order to guarantee the continuous availability of power in the electric system. The effective date for the commencement of operations in the short-term market for the National Interconnected System was January 29, 2016, while the date for the Interconnected System of Baja California was January 27, 2016 and the date for the Southern Baja California System was March 23, 2016.

The Guidelines contain the procedures, rules, instructions, price calculation principles and methodology for the administration, allocation, operation and planning of power and Ancillary Services within the short-term market.

The Guidelines include the procedures under which the market participants may submit their offers of power and Ancillary Services to the participants of the short-term market as well as the criteria that CENACE will take into account to select the most suitable offers to be dispatched.

In order to submit the corresponding offers to sell power and Ancillary Services, the market participants need to register in the system administered by CENACE.

Should you have questions, please contact any of the lawyers listed below.