

Non-Approval of the Energy Constitutional Reform Proposal

April 21, 2022 Eduardo Corzo

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

On April 17, 2022, the “Initiative to Amend Articles 25, 27 and 28 of the Mexican Constitution Regarding the Energy Sector” (“Initiative”), which had been promoted by the President of Mexico, Andrés Manuel López Obrador, on October 1, 2021, came to a vote in the House of Representatives.

For more detail on the content of the Initiative, see our *Client Alert* dated October 12, 2021, available [here](#).

With 275 votes in favor and 223 against, the Initiative did not achieve the qualified majority required for a constitutional amendment¹, and the project was dismissed. In consequence, the current participation of private parties in the generation of electricity will be maintained subject to the previous amendments to the Electricity Industry Law; permits for the generation of electricity, Clean Energy Certificates (“CEL's”), and Power Purchase Agreements (“PPA's”) will not be cancelled; the Federal Electricity Commission (“CFE”) and Petróleos Mexicanos (“PEMEX”) will continue to be State Productive Companies; and, the “Energy Regulators,” such as the Energy Regulatory Commission (“CRE”) and the National Hydrocarbons Commission, the Wholesale Electricity Market operator, and the National Center of Power Control, will retain their current structure and authority.

About two weeks prior to the vote, the Mexican Supreme Court had ruled on the constitutionality of the recent amendments to the Electricity Industry Law that entered into force on March 10, 2021. The Supreme Court recognized the constitutionality of certain amended articles of the Electricity Industry Law that, among other topics, (a) prioritize the dispatch of the power generated by CFE’s plants, (b) allow the CRE to revoke self-supply permits, and (c) review the contracts of independent producers.

So, although the proposed Initiative was rejected, many of the changes to the Electricity Industry Law sought by the current administration survived.

For more details on the amendments to the Electricity Industry Law, see our *Client Alert* dated March 4, 2021, available [here](#).

For more information, please contact any of the attorneys listed below.

¹ At least the votes of two-thirds of the legislators present and the majority of the State Legislatures is required for a Constitutional Amendment in Mexico.

To read en español, [click here](#).